

VTSF

VIRGINIA TOBACCO SETTLEMENT FOUNDATION

Board of Trustees Meeting Minutes January 26, 2007

Members present

Sanjeev K. Aggarwal, MD., Curtis Coleburn, Edda Collins Coleman, Kevin R. Cooper, M.D, Rickie E. Fulcher, Don Gehring, Patrick Hughes, John O. James, Jr., Debra E. Keith, RN, Rakesh C. Kukreja, PhD., Delegate John O'Bannon (arrived: 2:30), III, MD, Robert Stroube, MD, MPH.

Members not present

Audrey Douglas-Cooke, RN, Richard A. Crittenden, Pamela J. Daffern, Jose Dimas, Senator Emmett W. Hanger, Jr., Delegate William Janis, James McDaniel, MD; Ralph Northam, MD, Carlos Quintela, Senator John Watkins.

Staff

Eloise Burke, Richard Foster, Donna Gassie, Marty Kilgore, Danny Saggese, and Margaret White.

Counsel

Gary L. Conover, Senior Assistant Attorney General

Called to order

Rickie Fulcher called the meeting to order at 2:20 p.m. He noted he would share information only with the board and would not conduct actual business until such time as a quorum was achieved.

Rickie Fulcher welcomed two new board members: Don Gehring and John O. James, Jr. Two other new board members who were not able to attend today are Ralph Northam, M.D. and Carlos Quintela.

Re-appointed board members are: Jose Dimas, Dr. James McDaniel, Jr., and Rickie Fulcher. Rickie Fulcher also welcomed our new appointed Senior Attorney General Gary L. Conover.

Chairman's Comments

The year is starting off normally with the big topics of discussion being Iraqi, the Presidential race, Educational and Transportation needs, Clean Air, (second-hand smoke concerns in public), MSA payments possibly going into escrow accounts, securitizing of future MSA funds, maintaining a high recognition level within the state of VTFSF programs and marketing, along with the ever looming question, Are we really making a difference?.

These are all tough issues and genuine concerns, but we will work our way through them as long as we keep our mind and eye focused on our goal of discouraging, eliminating and preventing the use of tobacco products by Virginia's young people.

It takes us all working together, the Board establishing policy and giving guidance, the Staff following those policies while being willing to voice concerns and point out areas in which we can improve.

It takes us as a Board being committed to setting aside the time to be prepared to openly discuss concerns and reach a consensus on a course of action.

It takes each of us as Board Members showing our commitment to Virginia's young people in being vocal about smoking issues and supporting efforts to curb smoking even by adults when their actions directly affect the health and welfare of children.

It takes each of us being willing to set aside the time to be present and participate at Board meetings.

Working together we will accomplish great things, no matter how small they may seem at the time.

We have an honorable gift placed upon our shoulders, the opportunity to help save the life of a child, thank you for your willingness to shouldering that gift.

Business Meeting Called to Order:

At 2:30 p.m. a quorum was achieved with 12 of 23 members present. Rickie Fulcher officially called the business portion of the meeting to order.

Director's Report

PROGRAMS:

The 5th Annual VTFSF Grantee Training Conference was held in Roanoke on September 27, 2006. The theme of this year's conference was cultural competency. Senator Brandon Bell kicked off the conference. Conference participants learned about proven strategies for working with vulnerable populations such as girls, African-American youth and youth who live in rural communities. Additionally, participants learned about the importance of understanding youth sub-cultures such as rap, hip-hop, goth and grunge when providing direct services. A total of 150 participants attended the conference.

Quarterly reports were received for the first and second quarter from the grantees. Most grantees were on target with their workplan. Grantee Networking Sessions took place across the state in the various regions. The meetings provided an opportunity to meet and share stories on

successful program implementation, ways to overcome barriers in program implementation, and increase collaboration between grantees. Site visits are being scheduled during the month of February.

Regional Advisory Boards (RABs) met during the months of December-February. This is the first RAB meeting since the reorganization of the four regions of VTSF. RAB members were presented with an overview of the newly conformed four regions, an explanation of the Best Value RFP, and discussed the statewide review committee which will meet on April 24 to discuss the proposals received.

On January 18, RFP #852P008, a Best Value RFP, was released for one-year, non-renewal tobacco-use prevention and cessation grants beginning July 1, 2007 and ending June 30, 2008. Utilizing a Best Value format will allow for more flexibility and an extended reach when awarding grants to organizations across the state.

Optional Pre-proposal Offeror's Conferences will be held at the following locations to review the RFP and to answer questions: Roanoke, Norfolk, and Fredericksburg. More than 4,000 were mailed, emailed or sent notification of its availability to nonprofit organizations, faith-based groups, CSBs and school divisions. A total of \$1.75 million is available to fund local grants to provide tobacco use prevention and reduction/cessation programs across the state with awards up to \$75,000 per grant. Proposals are due to VTSF by March 20, 2007 by 4 pm.

All of the statewide trainings to help achieve our mission while helping to build capacity among stakeholders and other statewide agencies were completed with our collaborating partners, JMU and Tobacco Technical Assistance Consortium (TTAC). Approximately 332 individuals completed the trainings, and evaluation results were extremely positive. Program Specialists continue to facilitate training on compendium programs throughout the state and provide technical assistance when needed. (This past year, 19 compendium trainings took place with 235 individuals trained to conduct tobacco-use prevention programs).

On Sept. 21 and 22, I visited VTSF grantee programs in Southwest Virginia. Stops included: Fort Lewis Elementary School in Roanoke County; Rocky Gap High School in Bland County; and Virginia Wilderness Institute (VWI) in Buchanan County, an educational and treatment facility for juvenile offenders. I was joined at VWI by state Sen. Phillip Puckett and state Del. Daniel Bowling. I spoke to the youth at the various grantee programs and observed the work that VTSF is funding in Southwest Virginia.

MARKETING:

On behalf of the VTSF, the *ydouthink* marketing campaign and VTSF contractor RescueSCG jointly presented at two roundtable sessions at the 2006 CDC/OSH National Tobacco Control Program and Evaluation Meeting in Atlanta. The roundtable presentations were entitled: "Utilization of identity research in segmentation to reach at-risk youth and young adults in tobacco prevention". Both sessions were fully attended. Also, a number of the VTSF's *ydouthink* campaign television advertisements were selected to be shown during the conference's "AdFest 2006," which highlights the best ads within the CDC's Media Campaign Resource Center database.

VTSF, in coordination with marketing partner Rescue Social Change Group, conducted a formative research project to better understand the cultural similarities and role images amongst specific groups of teens in Southeast and Central Virginia who are likely to or currently smoke to appropriately position a new brand to prevent smoking. The focus market for this study is comprised of teens that identify with hip hop culture and smoke (cigarettes or Black and Mild's) in Southeastern and Central Virginia. The onsite research included 5 different focus groups, 3 observational events, and numerous interviews in both the Richmond and Norfolk markets. This brand will reach the urban populations in central and southeastern Virginia; particularly high-risk and minority populations.

On October 14th and November 11th, the inaugural events of the Foundation's most recent effort to reduce smoking among youth on the streets of Virginia took place. The focus market for the launch of this new brand, 2Up2Down, is comprised of teens that identify with hip hop culture and smoke (cigarettes or Black and Mild's) in Southeastern and Central Virginia. The "Crisp Party" was held at the Virginia Sports Hall of Fame and Museum in Portsmouth and also at Plant Zero in Richmond which attracted over 500 youth, many of whom waited over an hour to gain access to the event. A third event took place in Norfolk on Dec. 9th again drew over 500 youth.

The VTSF has received the results of the tenth wave of our bi-annual field study conducted by the Southeastern Institute of Research. This study is responsible for measuring the awareness and effectiveness of the VTSF youth tobacco use prevention marketing campaign among the youth of Virginia. After 4 years, the awareness level of the VTSF's *ydouthink* Campaign remains high at 74% among the target audience: kids in Virginia ages 10-17. The Campaign's awareness has now been consistently strong (between 74% and 79%) for 36 consecutive months.

The statewide youth tobacco use prevention movement of the VTSF hosted the Y St. (Street) Trainings all over Virginia. *Ydouthink* has searched for the most influential high school students who know what's hot and what's not around the state, and these students have been invited to be a part of the Y St. Trainings. Besides being the champions of tobacco use prevention among middle schoolers, Y St. youth will also get to give their input on the direction of the *ydouthink* marketing campaign. Trainings took place in Fairfax, Roanoke, Norfolk, and Richmond. After all four trainings were completed, there are now over 1,700 youth statewide that are advocating amongst their peers for *ydouthink* and tobacco use prevention.

RESEARCH:

The VCU Youth Tobacco Project (a VTSF research grantee) convened a research translation advisory group on December 14. A committee was formed to develop the structure and recruitment strategies for the translation advisory group and to continue its discussion for selecting advisory members, creating background materials, and planning the group's first meeting.

VCU's Youth Tobacco Project Coalition will meet on January 31, 2007, 10 a.m. – 3 p.m., at the VCU Siegel Center Founder's Room. The purpose of the meeting will be to review small grant research projects as well as the progress and future plans for the research translation workgroup.

EXECUTIVE COMMITTEE:

The Executive Committee of the VTSF Board of Trustees met on Wednesday, January 3 at 11 am. The issue of Securitization was the focus of the discussion. Securitizing funds would allow VTSF to receive a lump payment by selling tobacco bonds that are backed by future Master Settlement Agreement payments. The committee came to consensus to support legislation that would provide authority to the VTSF Board to pursue securitization. The legislation would not require VTSF to securitize, but would provide that option for the future.

LEGISLATION:

HB 3111, introduced by Del. Janis, a member of the VTSF Board of Trustees, would give the VTSF Board of Trustees the optional authority to securitize portions of VTSF's 10% share of the funds Virginia receives through the Master Settlement Agreement (MSA). It would also establish a VTSF endowment fund, a non-reverting fund.

Senate Budget Amendment – SB 750, introduced by Sen. John Watkins, a member of the VTSF Board of Trustees would seek to add an additional \$9.2 million in funds to VTSF in FY08. This \$9.2 million is the first installment of a bonus payment system established in the Master Settlement Agreement (MSA) to begin in FY08 and to be paid in addition to the regular MSA payment amounts. VTSF is already entitled to 10 percent of this bonus payment, but Sen. Watkins is seeking the full \$9.2 million because VTSF has faced numerous budgetary challenges over the last several years. In 2003, VTSF had \$15.5 million transferred from its fund to the General Fund. In April 2006, tobacco companies withheld funds pending a dispute resolution, and VTSF has been informed the companies intend to withhold a similar amount in April 2007. The withholding equates to about \$1.6 million/year or 8% of VTSF's budget. These events have caused VTSF to reduce funding for all of its initiatives. As a result, VTSF's impact on youth smoking has remained steady rather than continuing to decline at a rapid pace. These budgetary issues have also required VTSF to use its line of credit each year to maintain an adequate cash flow between MSA payments that occur each April.

MEDIA/PUBLIC RELATIONS:

According to a Bloomberg News Service report published in the Jan. 19 Richmond Times-Dispatch, unnamed industry sources say that cigarette manufacturers participating in the Master Settlement Agreement (MSA) may withhold \$1.14 billion from the scheduled MSA payment coming up to the states this spring. As a result of tobacco companies withholding MSA funds pending arbitration, Virginia had \$16 million of its MSA payment put into escrow, which amounted to \$1.6 million for VTSF, or 8 percent of VTSF's FY07 budget.

STAKEHOLDER ISSUES/COLLABORATION:

VTSF staff continues to collaborate with numerous state agencies and various stakeholders. Staff collaborate with the American Lung Association, American Heart Association, American Cancer Society, Virginia Department of Health, Tobacco-Free Kids, Governor's Office on Substance Abuse Prevention—collaboration with 12+ agencies (GOSAP), Youth Alcohol and Drug Abuse Prevention Project (YADAPP), Cancer Plan Action Coalition (CPAC), Substance Abuse Services Council (SASC), Grant Managers Network (GMN), and National Grants Management Association. Grants Program Administrators are instrumental in finding numerous ways to collaborate in each locality by helping to further the VTSF message locally by speaking to various groups, doing interviews, serving on local coalitions, etc.

The Governor's Health Reform Commission is studying the issue of teen smoking prevention. The Deputy Director made a presentation to the subcommittee and has been asked to participate on the workgroup that will propose recommendations.

YTS:

The Youth Tobacco Survey (YTS) will be conducted in the fall of 2007 and will be administered by the VCU Community Health Research Institute. VDH's epidemiologist will assist with the school sampling process (which is completed in coordination with the CDC) and in reviewing the data and reports prepared by VCU.

BOARD EXPIRATIONS:

The following individuals have terms that expire on June 30th:

Patrick J. Hughes—Citizen

Dr. Rakesh Kukreja—Cardiologist

Audrey Douglas-Cooke—Public Health Organization

Debbie E. Keith—Public Health Organization

Edda Collins Coleman--Citizen

Please let the Governor know whether you are interested in being considered for reappointment by submitting a letter of intent with your resume/bio attached. Send your letter and resume to the following address:

Office of the Governor
Patrick Henry Building, 3rd Floor
1111 East Broad Street
Richmond, VA 23219

Also, please send a copy of the packet to the following address:

Secretary of the Commonwealth
Appointments Division
Post Office Box 2454
Richmond, VA 23218-2454

Please submit both packets (your letter and resume) ASAP.

Minutes

Motion: to approve the minutes as presented: Curtis Coleburn.

Second: Dr. Kevin Cooper

Vote: Unanimous in favor.

Budget

Expenditures

Marge White reported there are a number of line items that appear to be well under budget. A number of our contractors have not invoiced for their quarterly or monthly payments. It is anticipated budget vs. expenditures will equalize in the next couple of months as invoices are received. The business manager does not anticipate the need to use our line of credit, but if our cash flow changes significantly and we get a lot of invoicing in February, we will utilize our line of credit in March and repay that amount in April when our MSA payment arrives. The business manager will continue to monitor the monthly cash flow.

Proposed Budget Revision

Staff presented a revised FY07 budget and the proposed budgets for FY08 and FY09 for approval. The MSA revenue amounts shown for the budget are taken from the state's Budget Bill and the FY09 projected MSA payment.

Motion: Approve the revised and proposed budgets for FY07 – FY09 as presented: Dr. Robert Stroube.

Second: Patrick Hughes

Vote: Unanimous

Marge White presented the original budgets for FY07 and FY08 with full payment and with no withholding in the MSA payment. She also presented budget scenarios in the event of various levels of escrow withholding by tobacco companies. She noted the board should be aware there may be a withholding of \$1.6-\$2.3 million in the VTSF budget and that staff will be developing recommendations for the board to consider at a future meeting once the actual payment level is known in April. The withholding issue is still in arbitration with the Attorney General and the tobacco companies.

The auditors previously recommended there be a formal policy to review the budget on an annual basis. The auditors noted when the board implements a three year budget, the board should review it annually as an agenda item to ensure the annual budget for each fiscal year still fits the needs of the organization.

Motion: The board adopt a policy to require board review of the budget annually prior to the beginning of each fiscal year: Curtis Coleburn.

Second: Delegate John O' Bannon, III.

Vote: Unanimous

Public Comment

None

Rickie announced that Richard Crittenden, a VTSF board member, lost his grandfather and was therefore unable to attend the meeting today.

Committee Reports/Business:

Programs:

Donna Gassie, Director of Programs, reported that RFP # 852P008 for one year non-renewable grants was issued January 18, 2007. This RFP utilizes Best Value procurement methods. Best Value means the overall combination of quality, price, and elements of required services that in total are optimal relative to a public body's needs. For the purposes of this RFP, various elements may include location, target population, and type of program. VTSF will use an adjectival rating system and will consider awards to other than the highest rated offeror proposals. This change is based on comments from the Regional Advisory Board members and from individuals. All proposals will be reviewed and evaluated by a Statewide Panel comprised of members from the VTSF Regional Advisory Boards.

Awarded grants will begin in July 1, 2007. Over 4,000 notices were sent out via postcards, email and hard copies.

Rickie Fulcher added that the Central, North and Southeast Regions are in need of board liaisons. The following board liaison appointments were made:

Delegate John O'Bannon, III – Central

Edda Collins Coleman – North

Patrick Hughes - Southeast

Marketing

Danny Saggese, Director of Marketing, reported that VTSF has received the results of the tenth wave of our bi-annual field study conducted by the Southeastern Institute of Research. After 4 years, the awareness level of the VTSF's *ydouthink* Campaign remains high at 74% among the target audience: kids in Virginia ages 10-17. The Campaign's awareness has now been consistently strong (between 74% and 79%) for 36 consecutive months.

Mr. Saggese also reported that the inaugural events of the Foundation's most recent effort to reduce smoking among youth on the streets of Virginia took place and were extremely successful. The focus market for the launch of this new brand, 2Up2Down, is comprised of teens that identify with hip hop culture and smoke (cigarettes or Black and Mild's) in Southeastern and Central Virginia. The "Crisp Party" was held at the Virginia Sports Hall of Fame and Museum in Portsmouth and also at Plant Zero in Richmond which attracted over 500 youth, many of whom waited over an hour to gain access to the event. A third event took place in Norfolk on Dec. 9th, and again drew over 500 youth.

Research

Marge White reported the Research Committee discussed the use of unobligated funds for FY07 and FY08. The committee determined it would not expend those funds because of the potential MSA withholding. However, the committee discussed several ideas for potential projects that could be implemented in the event some of the MSA escrow money is released.

VCU will be administering the Youth Tobacco Survey for VTSF again this fall. VCU has been in contact with the CDC which draws the random school sample for middle and high schools.

VCU has a contract with VTSF for the Virginia Youth Tobacco Project. They are currently recruiting both researchers and prevention professionals to be part of a new research translation work group. They have a lot of interest from community organizations and research universities to

participate in that effort. They will finalize the work group membership and call their first meeting within the next couple of months.

Old Business

None

New Business

Election of Executive Committee Member

Rickie Fulcher read the names of the current members of the Executive Committee:

Curtis Coleburn, Rickie Fulcher, Patrick Hughes, and Senator Watkins. Dr. Kevin Cooper serves as an ad-hoc member of the committee.

Motion: To nominate Dr. Kevin Cooper to the Executive Committee by John O. James, Jr.

Second: Dr. Robert Stroube

Vote: Unanimous in favor.

Motion: To close nominations by Dr. Robert Stroube.

Second: Dr. Rakesh C. Kukreja.

Vote: Unanimous in favor.

Rickie Fulcher called for a vote for Dr. Kevin Cooper as the new member to the Executive Committee.

Vote: Unanimous in favor.

Securitization Legislation

Motion: To affirm the action of the executive committee to support legislation that would grant authority to the VTSF Board of Trustees to request the Governor securitize any or all of its funds received from the Master Settlement Agreement: Curtis Coleburn.

Second: Patrick Hughes

Vote: Unanimous in favor.

Announcements:

Next Board Meeting Dates:

May 22, 2007

September 11, 2007

December 4, 2007

Adjournment

Meeting adjourned by Rickie Fulcher at 3:25 p.m.