

**TOBACCO SETTLEMENT AUTHORITY  
Special Meeting**

**Minutes**

**August 1, 2023**

Board Chair, Ms. Carla DewBerry, called the meeting of the Tobacco Settlement Authority (the “Authority”) to order at 11:03 a.m.

Board members present on the line were Mr. Wolf Opitz, Mr. Ken Vyhmeister, Mr. James Krejci, and Ms. Elya Prystowsky.

Authority staff present were Mr. Steve Walker, Executive Director; Ms. Carol Johnson, Assistant Director; Ms. Fenice Taylor, Senior Finance Director; Mr. Lucas Loranger, Senior Controller; and Ms. Rona Monillas, Program Coordinator.

Also present were Ms. Faith Pettis of Pacifica Law Group; Ms. Christine Ok of U.S. Bank; and Mr. Dan Jensen from the Washington Attorney General’s Office.

Also present via Zoom were Mr. Nam Nguyen and Mr. Rene Tomisser from the Attorney General’s Office.

**Approval of the minutes**

The minutes of the February 3, 2023, special meeting were approved as mailed.

**Status of Bond Payoff**

Ms. Johnson gave details on the status of bond payoff. She summarized that the bonds would not pay off this year, but likely in 2024 instead.

**Election of the Secretary and Treasurer**

Ms. DewBerry introduced Ms. Carol Johnson to present staff recommendations for the election of Board Secretary and Treasurer.

Ms. Johnson stated that each year the Board elects a Secretary and Treasurer. She noted that in the past year, Mr. Vyhmeister served as Secretary and Mr. Opitz served as Treasurer.

Ms. Johnson stated that both Mr. Vyhmeister and Mr. Opitz agreed to continue in their roles as Secretary and Treasurer if the Board chooses to nominate and re-elect them.

Ms. Prystowsky made the motion to re-elect Mr. Vyhmeister as Secretary and Mr. Opitz as Treasurer. The motion was seconded by Mr. Krejci. The motion was approved unanimously, 5-0.

**Action Item:  
Approval of  
the Annual  
Budget**

Ms. DewBerry introduced Ms. Fenice Taylor to present the proposed annual budget for the fiscal year beginning July 1, 2023, through June 30, 2024.

Ms. Taylor presented an overview of the expense budget for the fiscal year ending June 30, 2024. She said that a high Authority funding request from fiscal year 2022 strengthened the Authority's cash position which carried through fiscal year 2023. She expects that these funds will continue to support the Authority's operations for fiscal year 2024.

Ms. DewBerry asked for a motion to accept the budget for the fiscal year 2023-2024. Mr. Opitz made the motion, and it was seconded by Mr. Vyhmeister. The motion was accepted unanimously, 5-0.

**Action Item:  
Approval of the  
Current Financial  
Statement**

Ms. Taylor presented the unaudited, current financial statement of the Authority's General Operating Fund. Ms. Taylor stated that the financial statements as of May 31, 2023 show assets of approximately \$267,000 with nearly \$22,000 in liabilities, leaving a net position of approximately \$246,000.

Ms. Taylor stated that the two invoices from the Housing Finance Commission covering October 2022 through March 2023, have been approved for payment by the Board Treasurer, Mr. Opitz.

Ms. DewBerry asked for a motion to approve the current financial statement. Mr.

Opitz made the motion, and it was seconded by Ms. Prystowsky. The motion was approved unanimously, 5-0.

## **Trustee Report**

Ms. DewBerry introduced Ms. Christine Ok, from U.S. Bank Trust Company, National Association, the Bond Trustee, to present the Trustee's Report.

Ms. Ok reported that in April 2023, the annual Tobacco Settlement Revenue (TSR) received was \$24,767,983.90. She said that this sum is lower than what the Authority had been receiving in previous years.

Ms. Ok stated that the current total bond outstanding for Series 2013 and Series 2018 is \$33,340,000. She said that the current reserve balance is approximately \$29.7 million.

Ms. Ok stated that the required semi-annual report was submitted to the rating agency.

Mr. Vyhmeister inquired about when the reserve balance will be fully depleted. Ms. Ok said that the reserve balance will be used to pay off the bonds in June 2024, in addition to the TSR payment the Authority will receive in April 2024. Mr. Loranger said that the Authority is in no danger of depleting the reserve funds. He added that it will be used to pay down the bonds and that any excess could be retained to fund the wind down of the TSA, with any balance being transferred to the State.

Ms. DewBerry inquired about what the Authority will expect in the next TSR payment. Mr. Loranger said that the TSR received in April 2023 was reduced due to the 2004 arbitration ruling. He added that the next TSR payment should be back to the normal payment stream.

Ms. Pettis stated that a small amount of funds should be retained after wind-down in the event of an IRS audit, and that the Authority will be able to wind down immediately after paying off the bonds.

**Status of  
2004 NPM  
Adjustment  
Arbitration**

Ms. DewBerry introduced Mr. Rene Tomisser from the Attorney General's Office to give a report on the status of the 2004 Nonparticipating Manufacturer (NPM) adjustment arbitration.

Mr. Tomisser shared that the 2004 NPM adjustment arbitration panel made a final ruling that the states deemed non diligent, including Washington, and all other term sheet states would share the adjustment burden. This ruling dramatically reduced the amount of loss suffered by Washington and the other two losing states.

Mr. Tomisser suggested that judging by the case's current speed, the chances of a status modification before April 2024 appeared slim. Therefore, we should expect a normal MSA payout in April 2024.

**Executive  
Director's  
Report**

Mr. Walker expressed his appreciation to the board for conducting an efficient meeting.

Mr. Walker gave a summary of relevant articles and correspondence in the board meeting packet.

Mr. Walker said that the next Authority board meeting will be on December 6, 2023.

**Public  
Comment**

Ms. DewBerry asked if there were any comments from the public. There were none.

**Adjournment**

Ms. DewBerry adjourned the meeting at 11:37 a.m.

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Ms. Carla DewBerry, Chair