

**BOARD OF TRUSTEES
FOR THE TRUST FUND FOR PUBLIC HEALTH**

**Draft
April 14, 2006
Via Videoconference:**

Legislative Building
401 S. Carson Street, Room 3137
Carson City, NV 89701

Grant Sawyer Building
555 E. Washington Avenue, Room 4412
Las Vegas, NV 89102

TRUSTEES PRESENT:

Robin Titus, MD
Terrence McGaw, MD
Jade Miller, DDS
Bradford Lee, MD
Donald Kwalick, MD, MPH
Carol Sala
David Lupan, PhD
Alex Haartz, MPH
Mary Anderson, MD, MPH
Sally Jost for Walt Rulffes, PhD

TRUSTEES ABSENT:

Tyree Carr, MD

OTHERS IN ATTENDANCE:

Dr. Isaccs, Fallon Tribe
Cheri Ward, Nevada Health Centers/Miles for Smiles
Janice Wright, State Treasurer's Office
Karen Brumhall, Nevada State Health Division
Kathy Barlow, Saint Mary's
Lori Smith-Ingberg, N. NV HOPES, Aids Foundation
Doreen Begley, Orvis Nursing Clinic
Robert Mirisch, Second Chance Foundation
David Parks, MD, University of NV School of Medicine, Dept. of Pediatrics
Dorcas Masson, Area Health Education Center of So. NV
Liz Carrasco, Planned Parenthood
Renee McConey, Planned Parenthood
Stephanie Rogerson, Sanford Center for Aging

1. Call to Order

Dr. Titus, Chairperson, called the meeting to order at 9:37 a.m. and a quorum was established.

2. Approval of the Minutes from January 13, 2006, meeting

MOTION: Dr. Lupan moved to approve the minutes of the January 13, 2006, meeting
SECOND: Dr. Miller
PASSED: Unanimously

3. Financial Statement Report on Trust Fund for Public Health Investments

Janice Wright, State Treasurer's Office, stated the four original participants of the Master Settlement Agreement may not be making their full payment this year. It's due April 15 but because that's not a working day the payment will be on Monday, April 17. Phillip Morris has made the full payment. Ms. Wright said she had been in touch with the Attorney General's office and the expectation is that the full payment will be made. If it comes in, it will be in the range of \$40 million. Press articles have been saying there might be a \$7 million shortfall and if that happens the TFPH Board is in a better position than the Fund for a Healthy Nevada (50% of MSA) and the Millennium Scholarship Fund (40% of MSA). The Trust Fund for Public Health receives 10% of the MSA and it is a nonexpendable fund where only the interest and income may be spent, so the impact will be minimal compared to the other funds. If the payment is not received, the maximum impact to the Trust Fund would be \$120,000, but at this point Ms. Wright said we think the money is going to be paid.

The spreadsheet for the Trust Fund shows \$455,000 generated in interest earnings through March of this year. \$220,000 has been expended in grants of the \$738,000 that has been awarded. We expect that by the end of this year another \$464,000 will have been earned, bringing the annual interest earnings up to almost a million dollars - \$919,000. Approximately \$71,000 in administrative costs will be paid. If all the money we expect in interest earnings comes in this year and all the expected expenditures are made this year, we will finish with \$566,000. If we do end the year with \$566,000, another \$1.1 million in interest earnings will be added, reduced by \$75,000 in administrative costs, leaving discretionary income of \$1.6 million.

The good news is that interest earnings in this fund are changing with earnings generating interest in the 4% range. With \$24 million currently in the Trust Fund and the anticipated \$3.9 to \$4 million with this current payment, the Fund will be over \$28 million. We expect about the same, \$4 million, in April '07, bringing the Fund to \$32 million.

Ms. Wright reported she also had information on the Nursing Loans. A tiny bit of the borrowed \$95,000 has been repaid. \$8,400 has been paid back, leaving a balance of \$87,000.

If you look at what's happening economically, the short-term interest rates have risen but the long-term rates do not seem to be rising. The federal rate of 4 ³/₄% is anticipated to be raised on May 10 to another 25 basis points to 5%. The good news is for the short-term earnings rate.

At the last meeting the Board heard from Diane Van Sickle on investment issues. She provided information on how the general fund is currently invested. We think being in the general portfolio may not be as bad as it has been in the past couple of years. Now it's starting to generate sufficient returns. Looking at the historical investment earnings of 1996-1997, they were in excess of 6% in the general portfolio. When the Trust Fund came into being the rates started dropping from 6% to 1%. The trend is now turning around.

The advantage of being in the general portfolio is safety. The statutes do provide that the State Treasurer shall invest the Trust Fund monies which can be in the general portfolio or other investments. Ms. Wright provided a handout for the Board members to look at later of information about how she manages another trust fund for prepaid tuition. She said the indicator return for that particular portfolio was the last quarter of 2005; it was only in the area of 1.3%.

Ms. Wright cautioned, if the Trust Fund moves out of the general portfolio there is additional risk; it requires active investment management responsibility; it is time intensive and takes a lot of

expertise. As the Board looks at the issue it should be aware that the general portfolio interest rates are rising; it doesn't take a lot of action on the Board's part; it's safe; and you don't have to worry about liquidity. With interest rates rising you want to be on the short end and don't want to be out long-term because you can't take advantage of higher interest rates. Perhaps the safest place to be right now is in the general portfolio fund.

Another option coming up that has not been tried in the State of Nevada by governmental agencies until now is called guaranteed investment contracts. Carson City's government is going to try it and then several state agencies will follow. If that looks like it has the same investment goals and is appropriate for the Trust Fund, Ms. Wright will bring information back to the Board. It is fairly risk free and low cost. Later the Board may want to take a portion of the Trust Fund and put it into slightly different types of securities and that might generate better returns, but for now Ms. Wright does not recommend that. Until other entities have tried this she would rather wait and watch interest rates and the market for the next couple of months. She will look for appropriate investment opportunities and will bring them to the Board.

Dr. Lee asked if the money from the tobacco settlement stayed roughly the same, is this seen as a downward trend?

Ms. Wright replied the settlement is based on the prior year's tobacco sales which is now at a 55 year low and does cause an impact on what is happening in the MS payments. While the volume of consumption is decreasing and this is good from a health standpoint, the biggest concern with respect to Monday's payment is whether the other three participating manufacturers will make full payment or will it be \$7 million short because they recognize the market share is going down. This is certainly a risk and something that is being watched closely. \$4 million is expected Monday and about the same amount is expected next year so this should be stable enough for the Board to make projections for grant awards.

4. Discussion and guidance to staff on how to apply the 8% Indirect Costs [NRS 439.615 (1)(c)] to future grants

Karen Brumhall stated the NRS for the Trust Fund states that a "condition of each grant must be that not more than 8% of the grant may be used for administrative expenses and other indirect costs." She asked for clarification by the Board for which costs to include in the 8%. Should the 8% just be personnel (salaries and wages) and fringe costs (taxes, workers' compensation, insurance)? Or should the 8% include other budget categories such as consultants, operating costs? Or should the 8% be across the board for the total amount of the grant?

Because of the nonclarification many of the proposals have taken 8% of the total of the grant request and others have only used indirect for personnel. Ms. Brumhall asked for a definitive decision so it could be written into the language of the next solicitation document and there would be no question as to what the 8% indirect cost will cover.

Dr. Lupan spoke that traditionally indirect costs have been used to cover the costs of operations; so personnel is a cost of operation, travel is a cost of operation, but buying computers is not a cost of operations. His suggestion would be that the indirect cost rate of 8% should be charged for only those things which are involved in executing the grant. That would include personnel, fringe, travel, training, everything but the things you buy. Those things would include paper goods, supplies, computers, hard equipment and other things that become a part of the agency.

Dr. Titus asked if the current policy has just been personnel covered for indirect?

Karen Brumhall replied yes and the fringe.

Dr. Miller asked Dr. Lupan if consultants would be included in indirect costs.

Dr. Lupan said yes. When you accrue things like equipment, that becomes part of the ownership of the agency and the consequence of that is that you do not charge indirect costs to that because you have been awarded something you would not ordinarily get. Personnel doesn't fit that category and travel doesn't fit that category. The accrual of things like computers is not indirect because at the end of the grant the grantee gets to keep those things.

Alex Haartz spoke of asking Ms. Brumhall to add the indirect question on the agenda mostly because in this last solicitation many of the requestors made incorrect mathematical calculations. This seemed an opportune time to ask for a clarification so the next solicitation would have clearer direction concerning indirect costs.

Dr. Titus said she thought it is important to be consistent.

Dr. Kwalick remarked if we have done it for personnel and fringe and the law says it's up to 8% why don't we simplify it and say we're going to pay 8% on the salaries and fringe and forget the rest?

Dr. Lupan replied we have paid indirect costs on salaries and fringe. The issue is whether to pay on operating and travel and other things. He went on to say that an 8% rate is a relatively small rate for indirect charges. It is not an excessive charge and is rather modest, so we could simplify things and pay 8% on everything.

Mr. Haartz stated that administratively it is the simplest thing to do, but one of the reasons it had been talked about previously is that the Board had small amounts of money to disburse and there was concern that with the limited amounts of funds going out, supporting indirect costs didn't seem the best use of the funds. He went on to say he would be concerned if there were a proposal asking for \$200,000 in fixed or durable equipment and the Board would be in a position of having made a policy decision to pay 8% indirect. Some of the proposals before us today deal with equipment and I would be leery paying 8% on those.

Dr. Titus said she agreed. She asked that it be put into a statement that the 8% indirect rate would be paid on personnel including fringe, consultants/contract, travel, training but not including capital equipment.

Dr. Kwalick added, or supplies as Dr. Lupan said.

MOTION: Dr. Lupan said he was making a motion to formally recommend that the Board approve the indirect cost of 8% to be charged against all expenses except those of capital equipment, goods and supplies.

SECOND: Dr. McGaw

PASSED: Unanimously

5. Selection of Grantees for 2006-2007, in accordance with RFQ0003

Ms. Brumhall gave a summation of the response to the Trust Fund's 2006-2007 RFQ solicitation saying 15 proposals had been submitted. Of those, two had been eliminated during the technical review; nine had selected focus area #1 (Promotion of public health programs); one selected focus area #2 (Research); and three selected focus area #3 (Direct health care services). A total of \$1,143,290 was requested by the 13 applicants. The Trust Fund has approximately \$750,000 for granting in this cycle. A ranked list was provided to the Board members.

Dr. Titus asked if there suggestions on how to proceed?

Dr. Kwalick moved that the Board approve the first eight proposals on the ranked list for a total of \$490,000 and leave several hundred thousand dollars in the Fund. Since reviewers felt that three of the applications could not be approved at the present time as they had been written, they should be put in abeyance with specific things that have to be answered by the applicants. At the next meeting we can decide whether or not to award any of those three with funds.

Dr. Lupan seconded.

Dr. Lee asked Ms. Brumhall how were the three committees' recommendations put into one list. She replied by scores.

Dr. Titus asked Dr. Kwalick if his motion was that the three proposals that couldn't be supported *as is* could possibly be looked at again but that the last two proposals of Rural Healthy Lifestyles and HOPES wouldn't be awarded any money.

Dr. Kwalick replied that was his motion at this point in time. He further commented that the scoring indicated that was a good break off point.

Dr. Lupan commented he wanted to bring forward to the Board's attention that proposal #5 for SAFE House was a refunding and even though it was a small award, would this put the Board in the business of refunding projects?

Dr. Kwalick spoke saying we do have to consider the kind of organizations applying for funding and realize there may be programs that can not be sustained except through the Trust Fund and if it's an important activity that should be maintained the Trust Fund may have to do it.

Dr. Titus said the evaluation committee clearly felt there was enough quality to award as they did. She then called for a vote to accept the top eight applications and award funds to them.

Dr. McGaw said he would like to comment about the first proposal from Saint Mary's about oral health and low birth weights. He stated it's an excellent recommendation, but can we be assured that all patients have prenatal care since that's the most important component? He would recommend the Board include this qualification.

Dr. Titus asked if anyone in the audience was from Saint Mary's and could address the concern?

Ms. Cathy Barlow from Saint Mary's Outreach spoke to the Board saying they make every effort to get all of the women into prenatal care. Saint Mary's has an integrated system so that's part of the

whole package but there is the issue of compliance with the patients. Saint Mary's can make all the arrangements but it's up to the patients to get to prenatal care.

Dr. Titus asked who was in favor of the motion.

PASSED: Unanimously

Ms. Brumhall asked the Board how would they like her to proceed with proposals #9, 10 and 11. Did the Board want her to notify the applicants to rewrite their proposals and come back to the July Board meeting?

Dr. Titus asked for any thoughts from the members and then stated the final proposals #12 and #13 should receive letters that they weren't accepted but they were welcome to reapply at another time.

Dr. Kwalick asked if in the interest of time could the agenda be changed to public comment. He stated the audience in Las Vegas wanted to know their scores but he thought in the past scores were not given out.

Ms. Brumhall said scores have not been given out in the past but ranks have. She said to clarify she would give the names of the eight applicants who had been funded.

Dr. Titus asked the names be read into the record.

Ms. Brumhall read the names of the eight organizations with funded projects.

- Saint Mary's Foundation
- Te-Moak Tribe of Western Shoshone
- Nevada Health Centers, Inc.
- UNR, School of Medicine Chronic Respiratory Disease
- SAFE House
- UNR, School of Medicine Organ Donation
- Planned Parenthood of Southern Nevada
- UNR, Orvis Nursing Clinic

Mr. Haartz asked when the organizations are notified they are not funded do we provide information on the strengths and weaknesses of their applications.

Ms. Brumhall said historically we have not.

Mr. Haartz then asked if in the past had applicants contacted her to ask questions.

Ms. Brumhall said no.

Dr. Titus asked for legal counsel to clarify for the Board, what from a legal standpoint does the notification need to include.

Ms. Pyzel from the Attorney General's office said the question being asked was mixed legal and policy. Legally you need to notify people if they've been awarded a grant or have not been awarded a grant, how much that would be for and what the approved grant is for. In terms of how far you want to go in coaching people or saying this is what the Board is looking for and these are the realms

in which your proposal fell short is a matter of discretion for the group. She cautioned not to put into writing what will be funded and what will not.

Dr. Titus spoke saying the history of the Board has been one of being very careful not to show any promise or encouragement to any particular applicant or to say if one reappplies it might have better luck if X, Y and Z are changed then it will be funded. So, we give a blanket comment that they are welcome to reapply and we'll look at them again, but we do not tell them one way or the other because if they are denied again we don't want anyone to feel we have promised anything.

Ms. Pyzel commented this Board has gone above and beyond what other boards do in terms of trying to provide guidance and direction to applicants. The process provides enough public transparency to satisfy questions that might be out there. If people need technical assistance in grant writing it's not up to Karen to furnish it.

Dr. Titus asked if anyone wanted to make a public statement they were welcome to do so.

6. Consideration of extended timeline for UNR Polymorphism Research Grant

Ms. Brumhall reported that Dr. Chris Pritsos from UNR had asked for a time extension for this research grant.

Dr. Titus said she saw no reason not to honor that request.

Mr. Haartz asked if that request was in writing?

Ms. Brumhall said yes.

Mr. Haartz asked if it could be read into the record.

Ms. Brumhall read April 12, 2006. Dear Karen, I am currently in the last few months of my study funded by the Trust Fund for Public Health, "Genetic Polymorphisms in Asthmatic Children". We are making good progress on the grant and have completed nearly all of the subject recruitment. We are also in the midst of our analyses of the blood samples. By the end of June we will have all of the analyses completed. We will, however, not have time to complete writing up our findings for publication by that time. What I would like to ask of the Trust Fund is to be allowed to carry over \$1,667 in graduate student salary and \$167 in fringe benefits for a total of \$1,834 one additional month (through July 31, 2006) in order to pay my graduate student while he works on preparation of the publication. I am not requesting additional funding from what was originally allocated to the project but merely to allow me an additional month in which to spend these funds. This would be extremely helpful for the completion of the project and dissemination of the results. I thank you for your consideration of this request. Sincerely, Dr. Chris A. Pritsos.

Mr. Haartz asked if the Trust Fund for Public Health has a requirement for getting credit for publications.

Ms. Brumhall replied yes.

MOTION: Alex Haartz

SECOND: Dr. Lupan

PASSED: Unanimously

7. Election of chairperson to serve May 2006 through April 2007

Dr. Titus said nominations were open for a new chairperson.

Dr. Kwalick made the motion for Dr. Titus to again be the chair, if she were willing for another year.

SECOND: Dr. Lupan said I agree it's an excellent nomination.

PASSED: Unanimously

8. Staff Report of TFPH Activities

Ms. Brumhall reported that site visits had been arranged for the end of April and into May for the ten current grantees. She said the projects seem to be finishing out the year without any difficulties.

9. Direction to Staff

Dr. Titus thanked Ms. Brumhall for all her efforts and asked if the Board had any directions to staff.

Dr. Lupan asked if he could go back with the Board and revisit the directions to Karen in regard to responding to the grant applicants who were not awarded grants. He said when considering #9-13 first of all there had to be fairness. They all have to be treated equally except for the two who did not meet the technical requirements. We can't just take three out and ask them to reply to an invitation to reapply and not to the others. For the five if we invite one to come back with application we need to invite all of them. It seems difficult to respond without knowing what is deficient in the application. They will be in no better position if they don't know where the shortfalls lie to better their applications.

Ms. Sala spoke saying she had a suggestion for a general Board response. She suggested putting out a general statement saying we as the Board are looking for things like: (a.) the numbers being served and the cost per unit. The Board weighs the benefits against the cost. (b.) measurability. What are the outcomes and the performance indicators? Ms. Sala indicated this would be a better approach than saying for each specific grant that the scores were low because of this and this and this.

Dr. Kwalick commented that in looking at the scoring and listing of the thirteen applications, #'s 9 and 10 should get the request to supply more information; #11 was repetitious because the report had already been done by the Health Division and the Sanford Center; and with #'s 12 and 13 there was such a discrepancy in scores that they shouldn't be asked to redo the application.

Dr. McGaw asked if there were a possibility of the entire Board reviewing the two proposals, #'s 9 and 10. He agreed with giving feedback considering all the work that had gone into the proposals and giving the applicants the opportunity to know the shortcomings with no intent to say yea or nay on a further reapplication. The others, #12 and #13 had specific shortfalls and #11 did appear to be redundant.

Dr. Titus said again we want to be careful not to encourage people that the Board is going to fund if they rewrite these. Her thoughts were that #9 and #10 be told they were rejected because of their

writing and even if they are rewritten that would not mean they would be funded, but they are welcome to try. She said that one of the things done in the past, when looking at the finances in July, is to again look at the proposals which were not awarded funding in April and perhaps fund them in July or not.

She then asked if she were hearing that the direction for Karen, for the ones that were rejected for funding (#'s 12 and 13) should be to send them a letter stating they were rejected because of the way they were written and #11 for redundancy, but they are welcome to reapply another time and may contact her anytime if they have questions?

Dr. Lee asked if proposals #14 and #15 got letters saying they were technically insufficient?

Ms. Brumhall said yes and that one had asked why they were deficient and she had replied to them.

Dr. Lee asked further if those two would be considered if they made changes.

Dr. Titus replied that it was her impression that they had failed to get a proper application in for the initial request so they would be subject to next year's new application process.

Dr. Titus then asked for any further comments.

10. Confirmation of the next meeting date: July 14, 2006

The next meeting of the Board of Trustees for the Trust Fund for Public Health will be July 14, 2006.

11. Public Comment

Public comments were taken during agenda item #5, selection of 2006-2007 grantees.

12. Adjourn

The meeting adjourned at 10:40 a.m.