

Application for Recognition of Exemption
Under Section 501(c)(3) of the Internal Revenue Code

OMB No. 1545-0056
Note: If exempt status is approved, this application will be open for public inspection

Read the instructions for each Part carefully.
A User Fee must be attached to this application.
If the required information and appropriate documents are not submitted along with Form 8718 (with payment of the appropriate user fee), the application may be returned to you.
Complete the Procedural Checklist on page 8 of the instructions.

Part I Identification of Applicant

1a Full name of organization (as shown in organizing document) Minnesota Partnership for Action Against Tobacco		2 Employer identification number (EIN) (If none, see page 3 of the Specific Instructions.) 41-1921094
1b c/o Name (if applicable)		3 Name and telephone number of person to be contacted if additional information is needed Eve Borenstein, t/p repr: 612.822.2677 Kathy Harty, Exec. Dir. 651.224.0900
1c Address (number and street) 590 Park street	Room/Suite 400	4 Month the annual accounting period ends June
1d City, town, or post office, state, and ZIP + 4. If you have a foreign address, see Specific Instructions for Part I, page 3. St. Paul, MN 55103		5 Date incorporated or formed September 21, 1998
1e Web site address temporarily http://www.tobacco.org/mpaat/mpaat.html		6 Check here if applying under section: a <input type="checkbox"/> 501(e) b <input type="checkbox"/> 501(f) c <input type="checkbox"/> 501(k) d <input type="checkbox"/> 501(n)
7 Did the organization previously apply for recognition of exemption under this Code section or under any other section of the Code? If "Yes," attach an explanation. <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		
8 Is the organization required to file Form 990 (or Form 990-EZ)? If "No," attach an explanation (see page 3 of the Specific Instructions). <input type="checkbox"/> N/A <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
9 Has the organization filed Federal income tax returns or exempt organization information returns? If "Yes," state the form numbers, years filed, and Internal Revenue office where filed. <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		

10 Check the box for the type of organization. ATTACH A CONFORMED COPY OF THE CORRESPONDING ORGANIZING DOCUMENTS TO THE APPLICATION BEFORE MAILING. (See Specific Instructions For Part I, Line 10, on page 3.) See also Pub. 557 for examples of organizational documents.)

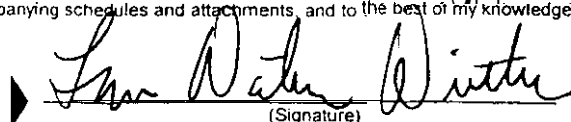
See Articles of Incorporation (as amended) and By-laws, both, at new address

- a ☒ Corporation - Attach a copy of the Articles of Incorporation (including amendments and restatements) showing approval by the appropriate state official; also include a copy of the bylaws.
- b ☐ Trust - Attach a copy of the Trust indenture or Agreement, including all appropriate signatures and dates
- c ☐ Association - Attach a copy of the Articles of Association, Constitution, or other creating document, with a declaration (see instructions) or other evidence the organization was formed by adoption of the document by more than one person; also include a copy of the bylaws.

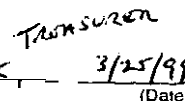
IF the organization is a corporation or an unincorporated association that has not yet adopted bylaws, check here ☐

I declare under the penalties of perjury that I am authorized to sign this application on behalf of the above organization and that I have examined this application, including the accompanying schedules and attachments, and to the best of my knowledge and belief, it is true, correct, and complete.

Please
Sign
Here


(Signature)


(Type or print name and title of authorized signer)


(Date)

For Paperwork Reduction Act Notice, see page 7 of the instructions.

Part II Activities and Operational Information

- 1 Provide a **detailed** narrative description of all the activities of the organization — past, present, **and planned**. **Do not merely** refer to or repeat the **language in the organizational document**. List each activity, separately in the order of importance based on the relative time and **other** resources devoted to the activity. Indicate the percentage of time for each activity. Each description should include, as a minimum, the following: (a) a detailed description of the activity including its purpose and how each activity furthers your exempt purpose; (b) when the activity was or will be initiated; and (c) where and by whom the activity will be conducted.

See Attachment B

- 2 What are or will be the organization's sources of financial support? List in order of size

Investment income and State grants from tobacco settlement funds are the largest sources of support. Some additional grants may be received from public health-related organizations.

- 3 Describe the organization's fundraising program, both actual and planned, and explain to what extent it has been put into effect. Include details of fundraising activities such as selective mailings, formation of fundraising committees, use of volunteers or professional fundraisers, etc. Attach representative copies of solicitations for financial support.

There will not be a formal fundraising program,

Part II **Activities and Operational Information** (Continued)

4 Give the following information about the organization's governing body:

a Names, addresses, and titles of officers, directors, trustees, etc.

b Annual compensation

See Attachment C

None

c Do any of the above persons serve as members of the governing body by reason of being public officials or being appointed by public officials? ☐ Yes ☐ No

If "Yes," name those persons and explain the basis of their selection or appointment.

See Articles of Incorporation enclosed as Attachment A, also see Attachment D

d Are any members of the organization's governing body "disqualified persons" with respect to the organization (other than by reason of being a member of the governing body) or do any of the members have either a business or family relationship with "disqualified persons"? (See Specific Instructions for Part II, Line 4d. on page 3.) ☐ Yes ☐ No

If "Yes," explain.

5 Does the organization control or is it controlled by any other organization? ☐ Yes ☐ No

Is the organization the outgrowth of (or successor to) another organization, or does it have a special relationship with another organization by reason of interlocking directorates or other factors? ☐ Yes ☐ No

If either of these questions is answered "Yes," explain.

6 Does or will the organization directly or indirectly engage in any of the following transactions with any political organization or other exempt organization (other than a 501(c)(3) organization): (a) grants; (b) purchases or sales of assets; (c) rental of facilities or equipment; (d) loans or loan guarantees; (e) reimbursement arrangements; (f) performance of services, membership, or fundraising solicitations; or (g) sharing of facilities, equipment, mailing lists or other assets, or paid employees? ☐ Yes ☒ No

If "Yes," explain fully and identify the other organizations involved.

7 Is the organization financially accountable to any other organization? ☐ Yes ☐ No

If "Yes," explain and identify the other organization. Include details concerning accountability or attach copies of reports if any have been submitted.

See District Court's Order Approving Plan of Administration Pursuant to Consent Judgment (at Att. B's Tab 3) which approves applicant's structure, requiring via such Plan (at Att. B's Tab 2, therein page 3 --) "Report[ing] to court when initial Board members and advisory Committees are selected; when initial Advisory Committee recommendations are completed and prior to any expenditures pursuant to those recommendations; one year after incorporation; and thereafter to Court and Legislature in January of even-numbered years."

Part II Activities and Operational Information (Continued)

- 8** What assets does the organization have that are used in the performance of its exempt function? (Do not include property Producing investment income.) If any assets are not fully operational, explain their status, what additional steps remain to be completed, and when such final steps will be taken. If none, indicate "N/A."
 Cash assets (including investments valued at cost) in hand at 1/31/99 was \$112,876,000 (rounded to nearest \$1,000). Fixed assets same date were valued at \$25,000 (rounded to nearest \$1,000).

9 Will the organization be the beneficiary of tax-exempt bond financing within the next 2 years? ☐ Yes ☒ No

- 10a** Will any of the organization's facilities or operations be managed by another organization or individual under
 a contractual agreement? ☐ Yes ☒ No
- b Is the organization a party to any leases? ☐ Yes ☒ No
- If either of these questions is answered "Yes," attach a copy of the contracts and explain the relationship between the applicant and the other parties.
 No relationship. See Attachment E.

11 Is the organization a membership organization? ☐ Yes ☒ No

If "Yes," complete the following:

a Describe the organization's membership requirements and attach a schedule of membership fees and dues.

b Describe the organization's present and proposed efforts to attract members and attach a copy of any descriptive literature or promotional material used for this purpose.

c What benefits do (or will) the members receive in exchange for their payment of dues?

12a If the organization provides benefits, services, or products, are the recipients required, or will they be required, to pay for them? ☐ N/A ☐ Yes ☒ No

If "Yes," explain how the charges are determined and attach a copy of the current fee schedule.

b Does or will the organization limit its benefits, services, or products to specific individuals or classes of individuals? ☐ N/A ☐ Yes ☒ No

If "Yes," explain how the recipients or beneficiaries are or will be selected.

13 Does or will the organization attempt to influence legislation? ☒ Yes ☐ No

If "Yes," explain. Also, give an estimate of the percentage of the organization's time and funds that it devotes or plans to devote to this activity.

Applicant will make the 501(h) election by filing Form 5768 with Dallas Midstates KDO and intends to exercise its advocacy efforts in accord with, and in no case exceeding the annual expenditure limits as stipulated by, that Section and the related Income Tax Regulations under Sections 501(h) and 491 I as issued in August 1990.

14 Does or will the organization intervene in any way in political campaigns, including the publication or distribution of statements? ☐ Yes ☒ No

If "Yes," explain fully.

Part III Technical Requirements

- 1 Are you filing Form 1023 within 15 months from the end of the month in which your organization was created or formed? ☒ Yes ☐ No

If you answer "Yes," do not answer questions on lines 2 through 6 below.

- 2 If one of the exceptions to the 15-month filing requirement shown below applies, check the appropriate box and proceed to question 7.

Exceptions -You are not required to file an exemption application within 15 months if the organization:

- ☐ a Is a church, interchurch organization of local units of a church, a convention or association of churches, or an integrated auxiliary of a church. See Specific **Instructions**, Line 2a, on page 4;
- ☐ b is not a private foundation and normally has gross receipts of not more than \$5,000 in each tax year; or
- ☐ c Is a subordinate organization covered by a group exemption letter, but only if the parent or supervisory organization timely submitted a notice covering the subordinate.

- 3 If the organization does not meet any of the exceptions on line 2 above, are you filing Form 1023 within 27 months from the end of the month in which the organization was created or formed? ☐ Yes ☐ No

If "Yes," your organization qualifies under Regulation section 301.9100-Z. for an automatic 12-month extension of the 15-month filing requirement. Do not answer questions 4 through 6.

If "No," answer question 4.

- 4 If you answer "No" to question 3, does the organization wish to request an extension of time to apply under the "reasonable action and good faith" and the "no prejudice to the interest of the government" requirements of Regulations section 301.9100-3? ☐ Yes ☐ No

If "Yes," give the reasons for not filing this application within the 27-month period described in question 3. See Specific **Instructions**, Part III, Line 4. before completing this item. Do not answer questions 5 and 6.

If "No," answer questions 5 and 6.

- 5 If you answer "No" to question 4, your organization's qualification as a section 501(c)(3) organization can be recognized only from the date this application is filed. Therefore, do you want us to consider the application as a request for recognition of exemption as a section 501(c)(3) organization from the date the application is received and not retroactively to the date the organization was created or formed? ☐ Yes ☐ No
- 6 If you answer "Yes" to question 5 above and wish to request recognition of section 501(c)(4) status for the period beginning with the date the organization was formed and ending with the date the Form 1023 application was received (the effective date of the organization's section 501(c)(3) status), check here ☐ and attach a completed page 1 of Form 1024 to this application.

Part III Technical Requirements (Continued)

7 Is the organization a private foundation?

- ☐ Yes (Answer question 8.)
☒ No (Answer question 9 and proceed as instructed)

8 If you answer "Yes" to question 7, does the organization claim to be a private operating foundation?

- ☐ Yes (Complete Schedule E.)
☐ No

After answering question 8 on this line, go to line 14 on page 7.

3 If you answer "No" to question 7, indicate the public charity classification the organization is requesting by checking the box below that most appropriately applies:

THE ORGANIZATION IS NOT A PRIVATE FOUNDATION BECAUSE IT QUALIFIES:

- | | | |
|---------------------------------------|---|--|
| a <input type="checkbox"/> | As a church or a convention or association of churches
(CHURCHES MUST COMPLETE SCHEDULE A.) | Sections 509(a)(1)
and 170(b)(1)(A)(i) |
| b <input type="checkbox"/> | As a school (MUST COMPLETE SCHEDULE B.) | Sections 509(a)(1)
and 170(b)(1)(A)(ii) |
| c <input type="checkbox"/> | As a hospital or cooperative hospital service organization , or a medical research organization operated in conjunction with a hospital (These organizations, except for hospital service organizations, MUST COMPLETE SCHEDULE C.) | Sections 509(a)(1)
and 170(b)(1)(A)(iii) |
| d <input type="checkbox"/> | As a governmental unit described in section 170(c)(1). | Sections 509(a)(1)
and 170(b)(1)(A)(v) |
| e <input checked="" type="checkbox"/> | As being operated solely for the benefit of, or in connection with, one or more of the organizations described in a through d, g, h, or i (MUST COMPLETE SCHEDULE D.) | Section 509(a)(3) |
| f <input type="checkbox"/> | As being organized and operated exclusively for testing for public safety. | Section 509(a)(4) |
| s o <input type="checkbox"/> | As being operated for the benefit of a college or university that is owned or operated by a governmental unit. | Sections 509(a)(1)
and 170(b)(1)(A)(vi) |
| h <input type="checkbox"/> | As receiving a substantial part of its support in the form of contributions from publicly supported organizations , from a governmental unit, or from the general public. | Sections 509(a)(1)
and 170(b)(1)(A)(vi) |
| i <input type="checkbox"/> | As normally receiving not more than one-third of its support from gross investment income and more than one-third of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions (subject to certain exceptions). | Section 509(a)(2) |
| j <input type="checkbox"/> | The organization is a publicly supported organization but is not sure whether it meets the public support test of h or i. The organization would like the IRS to decide the proper classification. | Sections 509(a)(1)
and 170(b)(1)(A)(vi)
or Section 509(a)(2) |

If you checked one of the boxes a through fin question 9, go to question

14. If you checked box g in question 9, go to questions 11 and 12.

If you checked box h, i, or j, in question 9, go to question 10.

Part III Technical Requirements (Continued)

- 10 If you checked box **h**, **i**, or **j** in question 9, has the organization completed a tax year of at least 8 months?
- ☐ Yes — Indicate whether you are requesting:
- ☐ A definitive ruling. (Answer questions 11 through 14.)
- ☐ An advance ruling. (Answer questions 11 and 14 and attach **two** Forms 872-C completed and signed.)
- ☐ No—You must request an **advance** ruling by completing and signing two Forms 872-C and attaching them to the **Form 1023**.

- 11 If the organization received any unusual grants during any of the tax years shown in Part IV-A, Statement of Revenue and Expenses, attach a list for each year showing the name of the contributor; the date and the amount of the grant; and a brief description of the nature of the grant.

- 12 If you are requesting a definitive ruling under section 170(b)(1)(A)(iv) or (vi), check here ☐ and:

- a Enter 2% of line 8, column (e). Total, of Part IV-A. _____
- b Attach a list showing the name and amount contributed by each person (other than a governmental unit or "publicly supported" organization) whose total gifts, grants, contributions, etc., were more than the amount entered on line **12a** above.

- 13 If you are requesting a definitive ruling under section 509(a)(2), check here. ☐ and:

- a For each of the years included on lines 1, 2, and 9 of Part IV-A, attach a list showing the name of and amount received from each "disqualified person." (For a definition of "disqualified person," see Specific Instructions, Part II, Line 4d, on page 3.)
- b For each of the years included on line 9 of Part IV-A, attach a list showing the name of and amount received from each payer (other than a "disqualified person") whose payments to the organization were more than \$5,000. For this purpose, "payer" includes, but is not limited to, any organization described in sections 170(b)(1)(A)(i) through (vi) and any governmental agency or bureau.

- 14 Indicate if your organization is one of the following. If so, complete the required schedule. (Submit only those schedules that apply to your organization. Do not submit blank schedules.)

Is the organization a church?

Yes	No	If "Yes," complete Schedule:
-----	----	------------------------------------

	X	A
--	---	---

Is the organization, or any part of it, a school?

	X	B
--	---	---

Is the organization, or any part of it, a hospital or medical research organization?

	X	C
--	---	---

Is the organization a section 509(a)(3) supporting organization?

X		D
---	--	---

Is the organization a private operating foundation?

	X	E
--	---	---

Is the organization, or any part of it, a home for the aged or handicapped?

	X	F
--	---	---

Is the organization, or any part of it, a child care organization?

	X	G
--	---	---

Does the organization provide or administer any scholarship benefits, student aid, etc.?

	X	H
--	---	---

Has the organization taken over, or will it take over, the facilities of a "for profit" institution?

	X	I
--	---	---

Part IV Financial Data

Complete the financial statements for the current year and for each of the 3 years immediately before it. If in existence less than 4 years, complete the statements for each year in existence. If in existence less than 1 year, also provide proposed budgets for the 2 years following the current year.

A. Statement of Revenue and Expenses

	Current tax year	3 prior tax years or proposed budget for 2 years			(e) TOTAL
	(a) From 9/21/98 to 11/31/99	(b) 1999 ye 6/30/00	(c) 2000 ye 6/30/01	(d)	
Revenue					
1 Gifts, grants, and contributions received (not including unusual grants — see page 6 of the instructions) . . .	112,258,333				112,258,333
2 Membership fees received					
3 Gross investment income (see instructions for definition)	750,206	4,537,000	5,426,000		10,713,206
4 Net income from organization's unrelated business activities not included on line 3					
5 Tax revenues levied for and either paid to or spent on behalf of the organization					
6 Value of services or facilities furnished by a governmental unit to the organization without charge (not including the value of services or facilities generally furnished the public without charge).					
7 Other income (not including gain or loss from sale of capital assets) (attach schedule)					
8 Total (add lines 1 through 7).	113,008,539	4,537,000	5,426,000		122,971,539
9 Gross receipts from admissions, sales of merchandise or services, or furnishing of facilities in any activity that is not an unrelated business within the meaning of section 513. Include related-cost of sales on line 22.					
10 Total (add lines 8 and 9).	113,008,539	4,537,000	5,426,000		122,971,539
11 Gain or loss from sale of capital assets (attach schedule)					
12 Unusual grants					
13 Total revenue (add lines 10 through 12) .	113,008,539	4,537,000	5,426,000		122,971,539
Expenses					
14 Fundraising expenses.					
15 Contributions, gifts, grants, and similar amounts paid (attach schedule)					
16 Disbursements to or for benefit of members (attach schedule), . .					
17 Compensation of officers, directors, and trustees (attach schedule)					
18 Other salaries and wages					
19 Interest . . .					
20 Occupancy (rent, utilities, etc.)					
21 Depreciation and depletion					
22 Other (attach schedule) See Att. F	107,075	11,000,000	16,100,000		
23 Total expenses (add lines 14 through 22)	107,075	11,000,000	16,100,000		
24 Excess of revenue over expenses (line 13 minus line 23)	112,901,464	(6,463,000)	(10,674,000)		

Part IV Financial Data (Continued)**B. Balance Sheet (at the end of the period shown)**Current tax year
Date 1/3 1199

Assets			
1	Cash	1	428,759
2	Accounts receivable, net	2	
3	Inventories	3	
4	Bonds and notes receivable (attach schedule)	4	
5	Corporate stocks (attach schedule)	5	
6	Mortgage loans (attach schedule)	6	
7	Other investments (attach schedule)	7	112,447,697
8	Depreciable and depletable assets Furniture/fixtures office equipment (attach schedule)	8	25,019
9	Land	9	
10	Other assets (attach schedule) Unpaid/future scheduled Consent Judgment Funds	10	80,000,000
11	Total assets (add lines 1 through 10)	11	192,901,475
Liabilities			
12	Accounts payable	12	10
13	Contributions, gifts, grants, etc., payable	13	
14	Mortgages and notes payable (attach schedule)	14	
15	Other liabilities (attach schedule)	15	
16	Total liabilities (add lines 12 through 15)	16	10
Fund Balances or Net Assets			
17	Total fund balances or net assets	17	192,901,465
18	Total liabilities and fund balances or net assets (add line 16 and line 17)	18	192,901,475

If there has been any substantial change in any aspect of the organization's financial activities since the end of the period shown above, check the box and attach a detailed explanation. ☐

Schedule D. Section 509(a)(3) Supporting Organizations

1a Organizations supported by the applicant organization:	b Has the supported organization received a ruling or determination letter that it is not a private foundation by reason of section 509(a)(1) or (2)?
Name and address of supported organization	
State of Minnesota	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
	<input type="checkbox"/> Yes <input type="checkbox"/> No
	<input type="checkbox"/> Yes <input type="checkbox"/> No
	<input type="checkbox"/> Yes <input type="checkbox"/> No
	<input type="checkbox"/> Yes <input type="checkbox"/> No
	<input type="checkbox"/> Yes <input type="checkbox"/> No

c If "No" for any of the organizations listed in 1a, explain.

The supported organization is itself a political subdivision and is not classified as a 501(c)(3) entity.

2 Does the supported organization have tax-exempt status under section 501 (c)(4), 501 (c)(5), or 501 (c)(S)? ☐ Yes ☒ No
If "Yes," attach: (a) a copy of its ruling or determination letter, and (b) an analysis of its revenue for the current year and the preceding 3 years. (Provide the financial data using the formats in Part IV-A (lines 1-13) and Part III (lines 12, 13, and 14).)

3 Does your organization's governing document indicate that the majority of its governing board is elected or appointed by the supported organizations? ☐ Yes ☐ No
If "Yes," skip to line 9. See Attachment D for explanation
If "No," you must answer the questions on lines 4 through 9.

4 Does your organization's governing document indicate the common supervision or control that it and the supported organizations share? ☐ Yes ☐ No
If "Yes," give the article and paragraph numbers. If "No," explain.

For explanation (were this question mandated), see Attachment D

5 To what extent do the supported organizations have a significant voice in your organization's investment policies, in the making and timing of grants, and in otherwise directing the use of your organization's income or assets?

For explanation (were this question mandated)? see Attachment D. Also note that Articles of Incorporation require that the corporation's assets be distributed, upon dissolution, to the supported organization for a purely public purpose.

6 Does the mentioning of the supported organizations in your organization's governing instrument make it a trust that the supported organizations can enforce under state law and compel to make an accounting? ☒ Yes ☐ No
If "Yes," explain.

For explanation (were this question mandated), see Attachment D.

7a What percentage of your organization's income does it pay to each supported organization?

N/A

b What is the total annual income of each supported organization?

N/A

c How much does your organization contribute annually to each supported organization?

N/A

For more information, see back of Schedule D.

Schedule D. Section 509(a)(3) Supporting Organizations (Continued)

- 8 To what extent does your organization conduct activities that would otherwise be carried on by the supported organizations? Explain why these activities would otherwise be carried on by the supported organizations.

For explication (were this question mandated), see Attachment D

- 9 Is the applicant organization controlled directly or indirectly by one or more "disqualified persons" (other than one who is a disqualified person solely because he or she is a manager) or by an organization that is not described in section 509(a)(1) or (2)? ☐ Yes ☒ No
If "Yes," explain.

Instructions

For an explanation of the types of organizations defined in section 509(a)(3) as being excluded from the definition of a private foundation, see Pub. 557, Chapter 3.

Line 1

List each organization that is supported by your organization and indicate in item 1 b if the supported organization has received a letter recognizing exempt status as a section 501(c)(3) public charity as defined in section 509(a)(1) or 509(a)(2). If you answer "No" in 1b to any of the listed organizations, please explain in 1c.

Line 3

Your organization's governing document may be articles of incorporation, articles of association, constitution, trust indenture, or trust agreement.

Line 9

For a definition of a "disqualified person," see Specific Instructions, Part II, Line 4d, on page 3 of the application's instructions.

duplicate

Amendment of Articles of Incorporation

Minnesota Partnership for Action Against Tobacco

Pursuant to Minnesota Statutes Chapter 317A, the following amendment to the corporation's Articles of Incorporation (changes noted in bold) has been properly adopted by the Board of Directors.

Article I

Name/Registered Office

The name of this corporation shall be the Minnesota Partnership for Action Against Tobacco. The corporation's registered office is located at **Suite 400, 590 Park Street, St. Paul, MN 55103.**

The undersigned officer certifies both that she executes this Amendment for the purposes herein stated, and that by such execution, affirms the understanding that should any of the information in this Amendment be intentionally or knowingly misstated, she is subject to the penalties for perjury set forth in Minnesota Statutes section 609.48 as if this document had been executed under oath.

Lee Water Outh

signature

3/17/99

date

STATE OF MINNESOTA
CORPORATE COPY

MAR 25 1999

Mary Kiffmeyer

Secretary of State

009921

State of Minnesota

4329

SECRETARY OF STATE

CERTIFICATE OF INCORPORATION

I, Joan Anderson Grove, Secretary of State of Minnesota, do certify that: Articles of Incorporation, duly signed and acknowledged under oath, have been filed on this date in the Office of the Secretary of State, for the incorporation of the following corporation, under and in accordance with the provisions of the chapter of Minnesota Statutes listed below.

This corporation is now legally organized under the laws Of Minnesota.

Corporate Name: Minnesota Partnership for Action
Against Tobacco

Corporate Charter Number: 18-229

Chapter Formed Under: 317A

This certificate has been issued on 09/21/1993.



Joan Anderson Grove
Secretary of State.

15-329

ARTICLES OF INCORPORATION
OF
MINNESOTA PARTNERSHIP FOR ACTION AGAINST TOBACCO

The undersigned incorporators, natural persons 18 years of age or older, *in* order to form a corporate entity under Minnesota Statutes, Chapter 317A, adopt the following articles of incorporation.

ARTICLE I
NAME/REGISTERED OFFICE

The name of this corporation shall be the Minnesota Partnership for Action Against Tobacco. The corporation's registered office is located at 1400 North Central Life Tower, 445 Minnesota Street, Saint Paul, Minnesota 55101.

ARTICLE II
PURPOSE

This corporation is organized exclusively for scientific, educational and charitable purposes, within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1956, as now enacted or hereafter amended. To this end, the corporation shall, through grants and programs, manage the smoking cessation and national research accounts ordered established by the Consent Judgment in *State of Minnesota, by Hubert H. Humphrey III, and Blue Cross-Blue Shield of Minnesota v. Philip Morris Incorporated, et al*, Ramsey County File No. C1-94-8565 (May 8, 1998), in compliance with the Court's Order Approving Plan of Administration Pursuant to Consent Judgment dated August 27, 1998. The corporation may similarly administer any other funds, grants or appropriations, including other funds from the settlement of the lawsuit, as the Legislature may request, or as may lawfully otherwise become available to it; and engage in activities intended to diminish the human and economic costs of the use of tobacco products. All funds, whether income or principal, and whether acquired by gift or contribution or otherwise, shall be devoted to said purposes.

ARTICLE III
LIMITATIONS

At all times the following shall operate as conditions restricting the operations and activities of the corporation:

1. No part of the net earnings of the corporation shall inure to any Director or officer of the corporation, nor to any other private persons, excepting solely such reasonable compensation that the corporation shall pay for services actually rendered to the corporation, or allowed by the corporation as a reasonable allowance for authorized expenditures incurred on behalf of the corporation;

2. No substantial part of the activities of the corporation shall constitute the carrying on of propaganda or otherwise attempting to influence legislation, or any initiative or referendum before the public, and the corporation shall not participate in, or intervene in (including by publication or distribution of statements), any political campaign on behalf of, or in opposition to, any candidate for public office;

3. Notwithstanding any other provision of these articles, the corporation shall not carry on any other activities not permitted to be carried on by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as now enacted or hereafter amended; and

4. The corporation shall not lend any of its assets to any officer or director of this corporation, or guarantee to any person the payment of a loan by an officer or director of this corporation.

ARTICLE IV **DIRECTORS/MEMBERS**

The corporation shall have no voting members. The management and affairs of the corporation shall be at all times under the direction of a Board of Directors, whose operations in governing the corporation shall be defined by statute and by the corporation's Bylaws. No Director shall have any right, title, or interest in or to any property of the corporation devolve from their relationship to the corporation as a Director. The powers, authorities and duties of the Board, the time and place of its meetings, and all other matters concerning the Board, subject to the provisions of applicable law and the other provisions of these Articles, shall be prescribed in the Bylaws.

The corporation's Board of Directors shall consist of 21 persons. No person may be a Director

i. If that person

- a. is, or has been within the ten years before becoming a director, the agent, attorney, employee, lobbyist, or representative of; or
- b. receives, or has received within the ten years before becoming a director, any compensation from; or
- c. is, or has been within the ten years before becoming a director, otherwise affiliated with

any business or organization which sells tobacco products, or any trade association the majority of the members of which sell tobacco or tobacco products; or

If that person or a political committee, political fund or principal campaign committee acting on behalf of that person receives or has received within two years before the person becomes a director, any political "contribution" under Minn. Stat. Section 10A.01, subd. 7 or 2 U.S.C. Section 431(8)(A) from a tobacco manufacturer, whether made directly by the manufacturer or indirectly through an employee acting in the scope of his employment, affiliate, lobbyist or other agent acting under the substantial control of a tobacco manufacturer and

2. Unless that person has a demonstrated history of activities directed at or expertise related *to reducing the human and economic consequences of tobacco use.*

The Board of Directors shall consist of:

- Two Directors, of different political parties, appointed by the Speaker of the House
- Two Directors, of different political parties, appointed by the Senate Majority Leader
- Two Directors appointed by the Governor
- Two Directors appointed by the Attorney General
- Two Directors who are employees or officials of city, county or other local government
- Eight directors from the public health community, as follows:
 - Two persons who are employees or representatives of organizations which have as their primary organizational purpose reducing the human, social and economic consequences of tobacco use;
 - Two persons employed by or representing non-profit organizations a substantial purpose of which is to ameliorate the effects of and reduce the incidence of particular diseases or health conditions associated with tobacco use;
 - Two persons, employed by or representing accredited teaching and/or research institutions and foundations; and
 - Two persons employed by or representing health care providers or payors.
- Two persons who shall, by education, training or experience, have demonstrated special skills in community organizing.
- One at-large director.

ARTICLE V

DEBT OBLIGATIONS AND PERSONAL LIABILITY

No officer or Director of this corporation shall be personally liable for the debts or obligations of this corporation of any nature whatsoever, nor shall any of the property of the officers or Directors be subject to the payment of the debts or obligations of this corporation.

ARTICLE VI

DURATION

This corporation shall remain in existence for 25 years from the date of incorporation.

ARTICLE VII

DISSOLUTION

Upon the time of dissolution of the corporation, the Board of Directors shall distribute the corporation's assets to the State for a purely public purpose, in accordance with IRS Code Section 170 (c)(1), after paying, or making provisions for the payment of, all debts, obligations, liabilities, costs and expenses of the corporation.

ARTICLE VIII
AMENDMENTS TO ARTICLES OF INCORPORATION

These articles may be amended by the affirmative vote of 14 members of the Board of Directors.

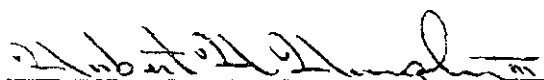
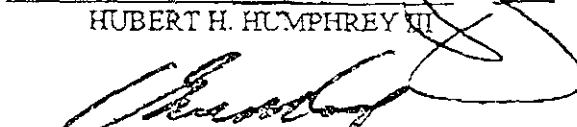
ARTICLE IX
INCORPORATORS

The incorporators of this corporation are:

Hubert H. Humphrey III
102 State Capitol
Saint Paul, Minnesota 55155

C. Everett Koop
6706 Democracy Boulevard
Suite 107
Bethesda, Maryland 20817-i 129

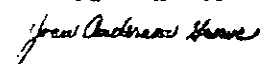
The undersigned incorporators certify both that they execute these Articles for the purposes stated herein, and that by such execution, they affirm the understanding that should any of the information in these Articles be intentionally or knowingly misstated, they are subject to criminal penalties for perjury set forth in Minnesota Statutes Section 639.48 as if this document had been executed under oath.


HUBERT H. HUMPHREY III

C. EVERETT KOOP

9-18-98
Date

9.16.98
Date

AG:131922 v1

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED
SEP 21 1998

Secretary of State

BYLAWS
of the
MINNESOTA PARTNERSHIP FOR ACTION AGAINST TOBACCO

ARTICLE I
PRINCIPAL OFFICE

The principal office of this corporation shall be located at Suite 400, 590 Park Street, St. Paul, Minnesota 55 103.

ARTICLE II
BOARD OF DIRECTORS

Section 1. **Powers.** This corporation **shall** have powers to the **full** extent allowed by the law. All powers and activities of this corporation shall be exercised and managed by the Board of Directors of this corporation directly or, if delegated, under the ultimate direction of the Board.

Section 2. In accordance with the Court's Order and the Articles of Incorporation the Board of Directors shall consist of persons drawn **from** the following eleven director categories:

- A. Two directors, of different political parties, appointed by the Speaker of the House.
- B. Two directors, of different political parties, appointed by the Senate Majority Leader.
- C. Two directors appointed by the Governor.
- D. Two directors appointed by the Attorney General.
- E. Two directors who are employees or officials of city, county or other local government.
- F. Two directors who are employees or representatives of organizations which have as their primary organizational purpose reducing the human social and economic consequences of tobacco use.
- G. Two directors employed by or representing non-profit organizations a substantial purpose of which is to ameliorate the effects of and reduce the incidence of particular diseases or health conditions associated with tobacco use.
- H. Two directors employed by or representing accredited teaching and/or research institutions and foundations.

- I. Two directors employed *by* or representing **health** care providers **or** payors
- J. Two **directors** who *shah*, by education, training or experience, have demonstrated special skills in community organizing.
- K. One at-large director,

A person represents an organization if the organization's **board** of directors so notifies the Chair in writing.

Section 3. Appointed Directors. Those directors appointed by the Governor, the Attorney General, the Speaker of the House and the Senate Majority Leader *shah* **be** referred to as the "appointed directors". Appointed directors **shall** serve three year terms, except as provided for initial terms in Section 6, but, in accordance with **Minn. Stat. § 3 17A.225 (1996)**, as amended, serve **and** may be removed at the pleasure of the appointing authorities.

Section 4. Nomination and Election of Non-Appointed Directors. Each year subsequent to the creation of the initial **board** of directors, and whenever there is a vacancy, the Board *shah* solicit nominations for Board positions *to be* filled. The solicitation of nominees *shah* proceed in a manner to be prescribed by the Board. The directors then in office *shah* elect new directors.

Section 5. Terms of Office. **After** the initial staggered terms as set forth in Section 6, directors *shah* be appointed or elected, as applicable, to three-year terms. No director may serve more than three consecutive terms, *not* including, for purposes of this section, a one-year term under Section 6, or a partial term if a director takes office with less than 18 months remaining in the predecessor's term. For purposes of calculating terms of office, the **first** Board of Directors *shah* be deemed to have *taken office* on September 29, 1998. Board terms *shah* be deemed to begin at **12:01** a.m. on September 29 of each year, and expire at midnight on September 28, and years of service shall be deemed to begin and end at those same times. A director holds **office** until expiration of the term for which the director was elected *or* appointed and until a successor is elected or appointed, and qualified, or until the earlier **death**, resignation, removal or disqualification of the director."

Section 6. Staggered Terms. In order to provide for staggered terms of office, the directors, except for the Chair, who *shah* serve an initial three-year term *shah* be divided into three initial *term* groups as follows:

There *shah* be: seven Group I directors who shall serve a one-year initial term; seven Group **II** directors who *shah* serve a two-year initial term; and six Group III directors who **shall** serve a three-year initial term. Directors (other than the Chair) *shah* be assigned to groups by a random selection process which the Board *shah* determine, provided that the directors in any given director category must be in different initial term groups.

Section 7. Vacancies; Election of Directors. A vacancy shall be deemed to exist on the Board in the event that the actual number of directors is less than the authorized number for any reason and the Board declares a position vacant. Vacancies among non-appointed directors may be filled for the unexpired portion of the term. When a vacancy occurs among the appointed directors, the Board shall as soon as practicable notify the appointing authority, in writing, that it has declared the vacancy. The Board shall establish a process for the selection of candidates for vacant or expiring terms. Directors are elected by the vote of a majority of the directors then in office. No director may vote on his/her reelection.

Section 8. Change in Eligibility Status. A director who, because of a change in the director's employment or other status, no longer qualifies as eligible to represent the director category from which he/she was appointed or elected, may continue to serve for 90 days from the date of the change in status or until a successor is appointed or elected, whichever is sooner. This continued service is not available to a director who loses eligibility by knowingly accepting affiliation with the tobacco industry, as prohibited by Article IV, Paragraph 1 of the Articles of Incorporation.

Section 9. Resignation and Removal. Resignations shall be effective upon receipt in writing by the Chair, the Secretary, the Executive Director, or the Board of Directors of this corporation, unless a later effective date is specified in the resignation. A two-thirds majority of the directors then in office may remove any non-appointed director at any time, with or without cause.

Section 10. Annual and Regular Meetings. An annual meeting of the Board of Directors shall be held at least once a year. Annual meetings shall be called by the Chair, or by a majority of directors. Notice of the annual or a regular meeting shall be given in accordance with Section 12.

Section 11. Special Meetings. Special meetings of the Board of Directors may be called by the Chair, or by a majority of the directors. Notice of the meeting shall be given in accordance with Section 12.

Section 12. Notice, Place and Time of Meetings. Notice of the place and time of the annual meeting, regular meetings, and any special meetings of the Board of Directors shall be given to each director at least five days before any such meeting if given by first-class mail or forty-eight hours before any such meeting if given personally or by telephone (including a voice messaging system), telegraph, facsimile, electronic mail, or other electronic means, and shall state the date, place, and time of the meeting. The Board shall take reasonable steps to give notice to any member of the public who has, in writing, requested notice of meetings. Board meetings shall be held at the corporation's principal offices, unless otherwise noticed.

Section 13. Meetings and Minutes of Meetings Open to the Public. All meetings of the Board of Directors shall be open to the public, provided that the Chair may close a meeting to

the extent necessary to protect attorney-client or other privileged communications including but not limited to personnel evaluations and **similar** private, personnel information. Minutes of meetings shall be kept and, when adopted by the Board, shall be available for inspection by members of the public at the corporation's **offices** during normal business hours. The Chair of the Board may, in the Chair's discretion, recognize and allow presentations by members of the public present at the meetings,

Section 14. Validity of Board Action, Curing a Failure of Notice. A director may waive notice of a meeting of the Board. A waiver of notice by a director entitled to notice is effective whether given before, at, or **after** the meeting, and whether given in writing, orally, or by attendance. Attendance by a director at a meeting is a waiver of notice of that meeting, unless the director objects at the beginning of the meeting to the transaction of business because the meeting is **not lawfully called** or convened and does not participate in the meeting.

Section 15. Quorum; Act of the Board. A majority of the total number of directors then in office shall constitute a quorum. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, except as otherwise provided in these Bylaws or in Minnesota Statutes Chapter 317A. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum of such meeting.

Section 16. Action Without a Meeting. Any action required or permitted to be taken by the Board may be taken without a meeting if **all** members of the Board shall individually or collectively consent in writing to such action. Such written consents shall be filed with the minutes of the proceedings of the Board. Such written consents shall have the same force and effect as the unanimous vote of such directors.

Section 17. Electronic Communications.

A. Telephone and Electronic Meetings. A conference among directors by a means of communication through which the directors may simultaneously hear each other during the conference is a board meeting, if the same notice is given of the conference as would be required for a meeting, and if the number of directors participating in the conference is a quorum, and if the meeting complies with Section 13.

B. Director Participation by Electronic Communications. A director may participate in a board meeting by any means of communication through which the director, other directors participating, and all directors physically present at the meeting may simultaneously hear each other during the meeting. Participation in a meeting by this means is a personal presence at the meeting.

Section 18. Standard of Care.

A. **General.** A director shall discharge the duties of the position of director, in good faith, in a manner the director reasonably believes to be in the best interest *of* this corporation and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. A person who so performs those duties is not liable by reason of being or having been a director of the corporation. In performing the duties of a director, a director shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by:

- (i) one or more officers or employees of this corporation whom the director believes to be reliable and competent as to the matters presented;
- (ii) counsel, public accountants, or other persons as to matters which the director believes to be within such person's professional or expert competence; or
- (iii) a duly established Board or Advisory Committee upon which the director does not serve, as to matters within its designated authority, provided that the director believes such Committee merits confidence;

so long as in any such case, the director acts in good faith after reasonable inquiry when the need ~~therefor~~ is indicated by the circumstances and without knowledge that would cause such reliance to be unwarranted.

B. **Investments.** In investing, reinvesting, purchasing or acquiring, exchanging, selling, and managing this corporation's investments, the Board shall avoid speculation, looking instead to the long-term mission of MPAAT over its **25-year** existence, and considering the probable income as well as the probable safety of this corporation's capital. Because MPAAT will actively seek to fund cutting edge program proposals this standard does not apply to the **funding** of grants or the expenditure of money for program activities. The Board may accept any restrictions on investment imposed by any contributor, donor, or grantor of funds, and no investment consistent with such restrictions violates this section. The Board shall not invest in the shares of any company which produces tobacco products, or in any mutual **fund** or similar investment **fund** which holds shares in any company which produces tobacco products.

Section 19. **Inspection of books and records.** Every director shall have the absolute right at any reasonable time to inspect and copy all books, records, and documents, and to inspect the physical properties of this corporation.

Section 20. **Directors not compensated; reimbursement for out-of-pocket expenses authorized.** Directors serve without per *diem* or other compensation. The Board of Directors

may authorize, by resolution, the payment to directors, honorary chairs, and Advisory Committee members, of reasonable out-of-pocket expenses actually incurred in the authorized course of **MPAAT's** business, which may include the expense of attending Board of Directors, Board Committee, Advisory Committee meetings and attending and participating in other **MPAAT** activities.

ARTICLE III **COMMITTEES**

Section 1. **Board Committees.** The Board of Directors may, by resolution adopted by a majority of the directors then in office, create any number of Board Committees, each consisting of two or more directors, to serve at the pleasure of the Board. Appointments to any Board Committee shall be made by any method determined by a majority vote of the directors then in office. Board Committees have those powers delegated by the Board, but may in no case:

- (a) elect directors, or remove directors without cause;
- (b) fill vacancies on the Board of Directors or on any Board or Advisory Committee;
- (c) amend or repeal these Bylaws or adopt new Bylaws;
- (d) adopt amendments to the Articles of Incorporation of this corporation;
- (e) amend or repeal any resolution of the Board of Directors which by its express terms may not be so amended or repealed;
- (f) create any other Board or Advisory Committees, or appoint the members of any such Committees;
- (g) approve any merger, reorganization, voluntary dissolution, or disposition of substantially all of the assets of this corporation, or approve the formation or acquisition of subsidiaries;
- (h) hire or fire employees;
- (i) adopt investment policies.

Section 2. **Advisory Committees.** The Board of Directors may establish one or more Advisory Committees to the Board. The members of any Advisory Committee may consist of directors or non-directors and may be appointed as the Board determines, provided that each Advisory Committee shall have at least one director as a member, and the chair of an Advisory Committee shall not be a director. Advisory Committees may not exercise the authority of the Board to make decisions on behalf of this corporation, but shall be restricted to making

recommendations to the Board or Board Committees, and implementing Board or Board Committee decisions and policies under the supervision and control of the Board or Board Committee.

Section 3. Meetings of Committees.

A. **Board Committees.** Meetings and actions of Board Committees shall be governed by and held and taken in the manner provided in Article II of these Bylaws with respect to meetings and actions of the Board of Directors.

B. **Advisory Committee-s.** Advisory Committees shall determine their own meeting rules and whether minutes shall be kept.

C. **Rules Governing Committees.** The Board of Directors may adopt rules for the governance of any Board or Advisory Committee so long as the rules are not inconsistent with the provisions of these Bylaws.

ARTICLE IV OFFICERS

Section 1. **Officers.** The officers of this corporation shall include a Chair, who shall also be the President, a Vice-Chair, a Secretary, and a Treasurer, each of whom shall ~~also~~ be a Director, and up to two Honorary Chairs. The corporation may also have, at the discretion of the Directors, such other officers as may be appointed by the Board of Directors. No two offices may be held by the same person. The Initial Chair of the Board shall be appointed by the Incorporators for a period of three years. **After** the Initial Chair's three-year appointed term, the Chair of the Board shall be elected from among the directors of the corporation.

Section 2. **Election.** The officers of this corporation shall be elected annually by the Board of Directors, and each shall serve at the pleasure of the Board, subject to the rights, if any, of an officer under any contract of employment.

Section 3. **Removal.** Subject to the rights, if any, of an officer under any contract of employment, any officer may be removed, **with** or without cause, by the Board of Directors or by an officer on whom such power of removal may be conferred by the Board of Directors.

Section 4. **Resignation.** Any officer may resign at any time by giving written notice to this corporation. Any resignation shall take ~~effect~~ on receipt of that notice of such officer or at any later time specified by that notice and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of this corporation under any contract to which the **officer** is a party.

Section **5. Vacancies.** A vacancy in any office for any reason shall be filled in the same manner as the Bylaws provide for election to that office.

Section **6. Chair.** The Chair shall have general active management of the business of the corporation; when present, preside at meetings of the board and of the members; see that orders and resolutions of the board are carried into effect; sign and deliver in the name of the corporation deeds, mortgages, bonds, contracts, or other instruments pertaining to the business of the corporation, except **incases** in which the authority to sign and deliver is required by law to be exercised by another person or is expressly delegated by the articles or bylaws or by the board to another officer or agent of the corporation; and perform other duties prescribed by the board.

Section **7. Vice-Chair.** The Vice-Chair shall preside at meetings and otherwise act for the Chair in the absence of the Chair, and shall have such other powers and duties as the Chair or the Board may delegate consistent with these bylaws and applicable law.

Section **8. Honorary Chair.** An Honorary Chair shall be entitled to propose programs and participate in Board meetings, including participating in debates and discussions, but an Honorary Chair who is not also a director may not vote. An Honorary Chair shall have such other privileges and duties as the Chair may cede, consistent with these Bylaws and applicable law.

Section **9. Secretary.** The Secretary shall supervise the keeping of a **full** and complete record of the proceedings of the Board of Directors and its committees, shall supervise the giving of such notices as may be proper or necessary, shall supervise the keeping of the minute books of this corporation, and shall have such other powers and duties as may be prescribed by the Board or these Bylaws.

Section **IO. Treasurer.** The Treasurer shall supervise the charge and custody of all **funds** of this corporation, the deposit of such funds in the manner prescribed by the Board of Directors, and the keeping and maintaining of adequate and correct accounts of this corporation's property and business transactions, shall render reports and accountings as required, and shall have such other powers and duties as may be prescribed by the Board or these Bylaws.

ARTICLE V

CONFLICT OF INTEREST: ACCEPTANCE OF GIFTS

Section 1. **Loans.** This corporation shall not make any loan of money or property to, or guarantee the obligations of, any person.

Section 2

A. **Certain Contracts and Grants Prohibited.** This corporation shall not give grants or contracts to any director, board committee member, or advisory committee member, or a **family** member of any such person.

B. Certain Contracts and Grants Limited. This corporation shall not give grants or contracts to any organization in which a director, board committee member, or advisory committee member, or a **family** member or any such person, has a material financial interest, unless

- (i) the Board finds that the contract or grant is fair and reasonable as to the corporation when it was authorized, approved or ratified; and
- (ii) the material facts as to the contract or grant are fully disclosed or known to the Board, and the Board authorizes, approves or ratifies the contract or grant by a majority of the Board, not counting any vote that an interested director might have, and not counting the director in determining the presence of a quorum; and
- (iii) an interested director complies with section 4.

C. Notification and Recusal on Certain Contracts. Subject to the notification and **recusal** requirement of section 4, this corporation may give grants or contracts to an organization with which a director, board committee member, or advisory committee member is **affiliated**.

Section 3. **Definitions.** For purposes of this Article:

- (i) A “member of the family” of a director is a spouse, parent, child, spouse of a child, sibling, or spouse of a sibling.
- (ii) A director or advisory committee member is “**affiliated**” with an organization if the person is an officer or director, employed by, under contract with, or is receiving proceeds of a grant **from** the organization.

Section 4. **Notification.** A director or advisory committee member who has a **conflict** or **affiliation**, as defined in Section 2, shall notify the Chair of the Board or of the advisory committee of the existence of the conflict or **affiliation**, and shall absent **him/herself from** any part of a meeting where the proposal is discussed or voted upon, and shall **take** no other part in connection with the proposal.

Section 5. **Acceptance of Gifts, Favors.** Directors, employees and advisory committee members may not accept a **gift from** any third party in connection with their service to **MPAAT**, except as would be permitted to public officials under **Minn. Stat. § 10A.071**, subd. 3, as amended.

ARTICLE VI

INDEMNIFICATION AND INSURANCE

Section 1. Right of Indemnity. To the fullest extent allowed by Minnesota **Statutes** Chapter 3 **17A** as amended, this corporation shall defend and indemnify and advance expenses to its agents, in connection with any proceeding. For purpose of this Article, an agent includes but is not

necessarily limited to an Officer, Director, Employee or Advisory Committee Member.

Section 2. **Approval of Indemnity.** On written request to the Board of Directors in each specific case by any agent seeking indemnification, to the extent that the agent has been successful on the merits, the Board shall promptly authorize indemnification. Otherwise, the Board shall promptly determine, by a majority vote of a quorum *consisting* of directors who are not parties to the proceeding, whether, in the specific case, the agent has met the applicable standard of conduct state in Minnesota Statutes Chapter 317A and, if so, **shall** authorize indemnification to the extent permitted thereby.

Section 3. **Insurance.** The Board of Directors shall adopt a resolution authorizing the purchase of insurance on behalf of any agent against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, and such insurance shall provide for coverage against liabilities beyond this corporation's power to indemnify the agent under the law.

ARTICLE VII

GRANTS AND CONTRACTS AND OTHER PROGRAM ACTIVITIES

Section 1. **Purpose of Grants and Contracts.** In addition to the power to engage directly in activities which further this corporation's purposes, as expressed in the Articles of Incorporation, this corporation shall have the power to make grants and contributions, render other financial assistance, and enter into contracts to **further** said purposes. In accordance with the Court's Order in *State by Humphrey, et al. v. Philip Morris, Incorporated, et al*, Ramsey County District Court **File** No. CI-94-8565 (August 28, 1998), this corporation may not make any grant, contribution or contract, or render any other financial assistance, if the Board determines that the effect of the grant would be to reduce or substitute for benefits available from private insurance or other programs, or to offset a reduction in benefits made in anticipation of MPAAT funding.

Section 2. **General Criteria for Grants, Contracts and Other Plans and Programs:** In developing its plans for grants, contracts and other projects and programs, the Board of Directors shall:

- (a) Build upon the plans and recommendations of The Final Report of the Advisory Committee on Tobacco Policy and Public Health, and other planning efforts for tobacco control, including efforts of the Minnesota Health Improvement Partnership, the "Vision for Minnesota's Future" process of the Minnesota Smoke-Free Coalition, the Blue Cross-Blue Shield "Minnesota Decides" process, Tobacco Control Models of other health plans, and similar efforts, local and national.
- (b) Work to reinforce and strengthen the public infrastructure for tobacco control at the community and state level.

(c) Draw upon the experiences of other states and other groups in developing and evaluating similar programs and make use of the expertise and technical assistance of the United States *Centers* for Disease Control and Prevention and other experts in designing effective programs, evaluating them, and ensuring accountability.

(d) Rely extensively on advisory committees of stakeholders and experts with specialized expertise, to develop plans and programs for cessation, research and other tobacco control initiatives.

(e) Incorporate strong evaluation components from the inception of programs and modify as necessary to maximize health outcomes.

Section 3. Power in Board of Directors. The Board of Directors shall have control over grants, contributions, other financial assistance and contracts given by this corporation. The Board **shall** review requests for **funds** and shall require that such requests specify the use to which the **funds** will be put. The Board may establish and authorize a process for **staff or** advisory committees authorization of grants up to a specified amount.

Section 4. Refusal, Withdrawal. The Board of Directors, in its absolute discretion, shall have the right to **refuse** to make any grants, contracts, or contributions, or to render other financial assistance, for any or all of the purposes for which the funds are requested. In addition, the Board, in its absolute discretion, shall have the right to withdraw its approval of any grant at any time and use the **funds** for other purposes consistent with the corporation's Articles of Incorporation.

Section 5. Accountability and Evaluation. The Board of Directors shall develop and apply criteria for the evaluation of grant projects and Board activities, and to ensure the accountability of grantees or other recipients of Board **funding**. The criteria may take into account the size of the grant or other expenditure, and such other factors as the Board determines will maximize the effectiveness of and accountability for, authorized Board activities.

Section 6. Restrictions on Contributions. To the maximum extent allowed by the conditions, if any, attached to a contribution, this corporation shall retain complete control and discretion over the use of all contributions it receives. Contributions received by the corporation from solicitations for specific grants shall be regarded as for the use of this corporation and not for any particular organization or individual mentioned in the solicitation. This corporation may accept contributions earmarked by the donor exclusively for allocation to *one or* more foreign organizations or individuals **only** if the Board of Directors of this corporation has approved in advance the charitable activity for **which** the donation was made.

ARTICLE VIII **MISCELLANEOUS**

Section 1. Fiscal Year. The fiscal year of this corporation shall end each year on June 30.

Section 2. Contracts, Notes, Checks. Except as the Board may generally or in a particular case otherwise authorize the execution thereof, all contracts, grants entered into on behalf of this corporation and every check, draft, promissory note, money order or other evidence of indebtedness of this corporation shall be signed by the Chair or Treasurer. The Board of Directors may delegate the authority to sign contracts, grants, checks, drafts, and money orders to the Executive Director.

Section 3. Annual Audit. The Board shall contract for an annual financial audit by a certified public accountant. The audit shall be available to the public. MPAAT shall also be subject to audit, upon request, by the Legislative Auditor, and the Board shall take all necessary steps to cooperate with such an audit.

Section 4. Annual Reports. Within 120 days after the end of this corporation's fiscal year, the Chair shall furnish a written report to all directors of this corporation. The annual report shall be open to the public and shall contain the following information:

- (a) the assets and liabilities of the corporation, including the principal balance of the court-ordered cessation and national research accounts and any other dedicated funds, as of the end of the fiscal year;
- (b) the principal changes in assets and liabilities, including trust funds, during the fiscal year;
- (c) the revenue or receipts of this corporation both unrestricted and restricted for particular purposes, for the fiscal year;
- (d) the expenses or disbursements of this corporation, for both general and restricted purposes, for the fiscal year; and
- (e) the annual audit report and any report by the Legislative Auditor.

The foregoing report shall be accompanied by any report thereon of independent accountants or, if there is no such report, the certificate of an authorized officer of this corporation that such statements were prepared without an audit from the books and records of this corporation.

Section 5. Regular Reports. In addition to the annual reports, the Chair of the Board shall, one year after the date of the filing of the Articles of Incorporation of this corporation, and thereafter by the end of January in each even-numbered year, send to the Judge of Ramsey County District Court then assigned to exercise continuing jurisdiction over the Consent Judgment in *State of Minnesota, by Hubert H. Humphrey III, its Attorney General, and Blue Cross and Blue Shield of Minnesota v. Philip Morris, Incorporated et al.*, File No. C1-94-8565, a report with the corporation's most recent financial statements and a summary of projects completed during the

previous year. The Chair shall also send a similar report to the Speaker of the House and the Senate Majority Leader by the end of January in each even-numbered year. The report to the Legislature shall include in addition any tobacco control recommendations for action by the Legislature or other public bodies.

Section **6. Amendments.** Proposed amendments to these Bylaws shall be submitted in writing to the directors at least two weeks in advance of the Board meeting at **which** they will be considered for adoption. The vote of a majority of the directors then in office shall be required to adopt a bylaw amendment.

Section **7. Governing Law.** In all matters not specified in these Bylaws, or in the event these Bylaws shall not comply with applicable law, the laws of the State of Minnesota shall apply,

Narrative of Proposed Activities
(Form 1023, Part II, Question I)

History and Structure

The **Minnesota Partnership for Action Against Tobacco** (hereinafter, "MPAAT" or "applicant") is a non-profit corporation whose parameters of purpose, governance, duration, certain modes of operation, and underlying creation were authorized by the Ramsey County (Minnesota) District Court. The Court's authority in this regard was exercised to the end of implementing a portion of the Consent Judgment (specifically, Section VIII.A.3.) entered on May 8, 1998 [same is omitted from this submission due to its length; it is a matter of public record and may be accessed via the internet at <http://www.tobacco.org/mpaat/mpaat.html>; once there click on the link for "Consent Judgment"] between the litigants in *State of Minnesota and Blue Cross-Blue Shield of Minnesota v. Philip Morris, Incorporated, et al.* Pursuant to the relevant section of that Consent Judgment, the State of Minnesota filed with the Court a proposed "Plan for Administration of Consent Judgment Funds" (the memorandum in support of same is appended as part of this Attachment B at Tab 1; the plan itself is also appended, at Tab 2) on July 6, 1998. The proposal relates the specifics under which a Court-authorized Minnesota non-profit corporation would administer certain funds payable by the defendant tobacco companies under the settlement and consent decree's provisions. With one modification, the Court approved the State's plan on August 28, 1998. (The Court's order to such end is appended as part of this Attachment B, at Tab 3.)

Thereunder, MPAAT was created via Articles of Incorporation (included earlier as Attachment A) approved by the Court and filed with the Secretary of State on September 21, 1998, which express first that the prescribed scope of activities shall be "manag[ing] the smoking cessation and national research accounts ordered established by the Consent Judgment. in compliance with the Court's Order Approving Plan of Administration dated August 27, 1998." Pursuant to State statute, and in accord with that Court order, the incorporators named a first Board of Directors on September 29, 1998 and convened the first meeting of the Board that same day. The Board, acting for the corporation, has taken custody of the funds from the Consent Judgment (as well as others which have, as contemplated in the Articles of incorporation, already been made available to it), which had prior to such title change been held in trust by the State of Minnesota. These Consent Judgment funds are themselves devoted to two purposes: (1) smoking cessation and (2) general tobacco control purposes, including but not limited to, research regarding youth and smoking.

Thus you will note that MPAAT's overall mission, in line with the Court's order and applicant's Articles of Incorporation, is to *reduce* the human and economic consequences of tobacco use in Minnesota. Applicant is limited to 25-year existence; its structure and accountability mandates may be found fully expressed in the summary titled "Court Approved Structure and Operation of [MPAAT]" (same is appended as part of this Attachment B, at Tab 4.)

Activities

Much of the organization's activity to **date** has involved establishing the infrastructure necessary to responsibly administer the more than \$12 million MPAAT has received in Consent Judgment Funds (the remaining court-ordered contributions thereunder will raise total Consent Judgment receipts to \$202 million over the next nine years), plus additional receipts of \$238,000 from two other litigation settlements, and a donation of approximately \$5 million (retail value) in Nicotrol brand nicotine patches.

Accordingly, MPAAT has established key committees in the area of personnel, facilities, and finance:

* The Personnel Committee advertised nationwide for an executive director with proven management **skills** and a history of anti-tobacco work, and hired Kathleen Harty effective January 15, 1999. Ms. Harty previously directed the Smokeless States Project of the American Medical Association. Before that, she worked on tobacco control issues at the Minnesota Department of Health. Over the near future, especially during applicant's initial year, the committee will **work** intensively with her to hire support and program staff, and develop and implement personnel policies. A major task will be to settle on a staff structure; this **task will be** deferred until it becomes clear whether the *organization* will play a role in administering additional money which might be made available by the Minnesota Legislature, and until MPAAT develops a more comprehensive work plan based on recommendations from the Court-ordered and Board created Advisory Committees. MPAAT's information sheet on both Ms. Harty and her Executive Assistant, Lois Martens, are appended as part of this Attachment B, at **Tab 5**.

* With the organization's move into permanent office quarters on March 15, 1999, and the procurement of necessary supplies and equipment, the Facilities Committee had completed its mission and was dissolved on March 17, 1999.

* The Finance Committee has hired investment advisors and chosen an interim investment strategy designed to preserve the principal and earn a rate of return equivalent to that earned by State of Minnesota Invested Treasurer's Cash. In addition, the committee has developed comprehensive accounting and financial policies. Over the next two years the Finance Committee will be required to monitor the investment performance and that of its money managers; develop a long-term investment strategy; work with the personnel committee to identify the duties of and hire in-house financial management employees; and monitor and implement the newly developed internal financial and accounting procedures.

It is anticipated that much of the policy direction and suggestions for specific policies will come from program advisory committees. Therefore, over the foreseeable future one of MPAAT's most significant challenges **will be** to organize and staff these committees, develop committee

operating policies and procedures, and begin to develop and implement programs based on committee recommendations. It should be noted that the committees are purely advisory committees; final decisions on committee recommendations will be made by the Board of Directors.

To date, MPAAT, though still in its infancy, has taken advantage of opportunities to embark on two major projects in pursuit of its mission, even before the development of the committee recommendations. First, in recognition of the need for information about current tobacco use among Minnesotans, and to establish a benchmark for both measuring future performance and to help design strategies and programs, the organization has agreed to partner with Blue Cross-Blue Shield of Minnesota in a survey of current adult tobacco use in the State. Creation of the survey design is being done in cooperation with staff from the Minnesota Department of Health and experts from the University of Minnesota. This "adult base line survey", being conducted during the early part of 1999, will be a significant first step towards enabling the corporation to evaluate the problem which it was formed to address.

Second, in late 1998 MPAAT accepted a donation of approximately \$5 million (retail) of nicotine patches from McNeil Consumer Products, which had excess inventory of the product. Nicotine patches are a recognized treatment for nicotine addiction, but the-substantial cost of patches has kept many tobacco users from taking advantage of the treatment. MPAAT contracted with a prominent local health research and services organization, HealthSystem Minnesota, to formulate a plan for the distribution of the nicotine patches, giving first priority to persons who would not otherwise be able to afford them. This project will conclude in late 1999 with the expiration of the product's effectiveness.

As noted above, much program activity will come out of the committees:

* The Cessation Advisory Committee's charge is to make recommendations to the MPAAT Board for the best use of the \$102 million Cessation Account from Minnesota's tobacco settlement in order to reduce the human and economic consequences of tobacco use in Minnesota. Specifically, the Committee will develop cost effective and evidence-based plans to offer cessation to all Minnesotans; develop a plan for selecting appropriate treatments; motivate tobacco users to seek cessation services; leverage MPAAT funds through partnerships with others; recommend an annual funding level; encourage participation and consultation with stakeholders in the health care communities, and in the communities most affected by tobacco use; recommend evaluation strategies for untested cessation activities; and recommend a system for communicating with the public about MPAAT-funded cessation activities. The Cessation Advisory Committee has been asked to submit an action plan to the July, 1999 Board meeting. The membership of the Cessation Advisory Committee is provided as part of this Attachment B, at Tab 6.

* The Research Advisory Committee's charge is to make recommendations to the Board for

the best use of the "National Research Account", again with the goal of reducing the human and economic consequences of tobacco use. The Research Committee will: create a broad plan for generating useful research on prevention and cessation; recommend an annual funding level; develop criteria for research funding; develop criteria for selection of competing proposals; encourage leveraging of settlement funds through partnerships with others; assist MPAAT staff in developing **and** implementing internal policies for grant management, evaluation and reporting; recommend wide dissemination of research findings; and encourage participation by stakeholders in the medical and public health communities most affected by tobacco **use**. The Research Committee will **make** program recommendations to the full Board at the July, 1999 Board meeting. The membership of the Research Advisory Committee is provided as part of this Attachment B, at Tab 7.

* The Evaluation Committee will develop recommended techniques to measure the effectiveness of MPAAT activities undertaken in support of its mission and will measure actual results of program activities and recommend changes accordingly. This committee is in the process of being selected.

MPAAT is also deeply concerned with the effect of tobacco use on youth and on specific populations which have in the past been targeted by the tobacco industry for special advertising. Thus, task forces of the three main advisory committees will be formed to study and make recommendations regarding the special issues of Youth and Targeted Populations.

All of these committees will over the first two years work closely to learn from experience in other states and at the national level; will coordinate MPAAT's activities with those at the federal level **and** with the parallel programs that may be made available through the recent national tobacco settlement; and will constantly communicate with people inside and outside Minnesota.

MPAAT will, over the next two years, complete its organizational infrastructure and move toward full scale program implementation through the organization, staffing and work of corporate staff and the committees which are intended to **be** the sources of policy and program recommendations.

Additional public information pieces on MPAAT (on the organization's activities and accomplishments through February 1999, on the organization in general, and on mechanisms of accountability to the public) are appended to this Attachment B, at Tab 8.

STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF RAMSEY

SECOND JUDICIAL DISTRICT

Case Type: Other Civil

THE STATE OF MINNESOTA,

Court File No. C I-94-8565

BY HUBERT H. HUMPHREY, III,
ITS ATTORNEY GENERAL,

BLUE CROSS AND BLUE SHIELD
OF MINNESOTA,

Plaintiffs,

vs.

PHILIP MORRIS INCORPORATED,
R.J. REYNOLDS TOBACCO COMPANY,
BROWN & WILLIAMSON TOBACCO
CORPORATION, B.A.T. INDUSTRIES
P.L.C., BRITISH-AMERICAN TOBACCO
COMPANY LIMITED, BAT (U.K. &
EXPORT) LIMITED, LORILLARD
TOBACCO COMPANY, THE
AMERICAN TOBACCO COMPANY.
LIGGETT GROUP, INC., THE COUNCIL
FOR TOBACCO RESEARCH-U.S.A.,
MC., and THE TOBACCO INSTITUTE,
INC.,

**STATE OF MINNESOTA'S
MEMORANDUM IN SUPPORT OF PLAN
FOR ADMINISTRATION OF CONSENT
JUDGMENT FUNDS**

Defendants

INTRODUCTION AND SUMMARY

On May 8, 1998, after seventeen weeks of trial, the State of Minnesota entered into a Settlement Agreement and Stipulation for Entry of Consent Judgment with defendants Philip Morris Incorporated, R.J. Reynolds Tobacco Company, Brown & Williamson Tobacco

Corporation and Lorillard Tobacco Company. The Court approved the Consent Judgment that same day. Judgment was entered pursuant to the Consent Judgment on May 19, 1998

Section VIII.A.3. of the Court's Consent Judgment requires the State of Minnesota to submit a plan for administration of the \$102 million dollar smoking cessation account and the \$100 million dollar national research account established by the Court. The State's plan provides that the accounts be administered, consistent with the provisions of the Settlement Agreement and Consent Judgment, by a newly-incorporated board of governmental and public health leaders.

Appendix A to the Nyberg Affidavit contains the State's proposed plan. Appendix B contains the proposed Articles of Incorporation for the non-profit organization, the Minnesota Partnership for Action Against Tobacco, which the State proposes as administrator for the cessation and national research accounts. These two documents, along with the proposed Court Order submitted herewith, comprise the State's plan, submitted pursuant to Section VIII.A.3. of the Consent Judgment

The State's plan includes the following:

- The cessation and national research account administrator will be a non-profit corporation, the Minnesota Partnership for Action Against Tobacco, dedicated to reducing the human and economic consequences of tobacco use.
- The Partnership will be incorporated by former Surgeon General Dr. C. Everett Koop and Attorney General Hubert H. Humphrey III, will be organized under IRS Code Section 501(c)(3) and Chapter 317A of the Minnesota statutes, and will be subject to further operational limitations imposed by the District Court.
- The Board will be composed of nineteen directors. All directors must have a history of activities directed at or expertise related to reducing the human and economic consequences of tobacco use.
- A majority of the directors will be drawn from or appointed by state and local government officials; eight of the directors will be drawn from the public health community. Dr. C. Everett Koop and Dr. David A. Kessler, former head of the Food & Drug Administration, will be honorary co-chairs of the Board of Directors.

- Advisory committees composed of additional experts in the cessation and research fields will recommend to the Board of Directors specific plans, programs and uses for the cessation and national research funds.
- The Partnership will have a twenty-five year duration, with the intent that all available funds will be spent during that period on purposes contemplated by the Consent Judgment and Settlement Agreement. Reasonable costs of administration will be payable out of settlement accounts, with staff compensation limited under Minn. Stat. § 15A.0815, subd. 3 (Supp. 1997), as amended, and director compensation limited to reasonable expenses.
- The Board's activities will be fully accountable to the Court and the public. Reports will be made to the Court when initial Board Members and Advisory Committees are selected; when initial Advisory Committee recommendations are completed and prior to any expenditures pursuant to those recommendations; one year after incorporation; and thereafter to the Court and Legislature in **January** of even-numbered years. Board meetings will be open to the public; grants, contracts and meeting minutes will be available to the public; and the organization will be subject to audit by the Legislative Auditor.

The State's plan for administration of the cessation and national research funds should be approved by this Court as consistent with the equitable relief initially sought by the State in its Complaint, well within the Court's equitable powers to shape appropriate injunctive relief directed at the compelling public health interests demonstrated by the evidence in this case, and in accordance with the agreement of the parties,

BACKGROUND

On August 17, 1994, the State of Minnesota, by its Attorney General, Hubert H. Humphrey III, and Blue Cross Blue Shield of Minnesota filed their Complaint in this action.

A. The Complaint Allegations and Requested Relief

The Complaint alleged the cigarette manufacturers and their trade associations had engaged in a decades-long conspiracy to mislead the people of the State of **Minnesota**, to suppress information and research about the safety and health consequences of tobacco products, and to suppress the development of safer cigarettes. E.g., Complaint ¶¶ I, 30, 35, 44. The Complaint alleged that Defendants voluntarily assumed a duty to accept an interest in people's

health as a basic responsibility, paramount to every other consideration in their business. but then violated that duty; that the Defendants promised to cooperate closely with public health officials. but then broke that promise; and that the Defendants pledged aid and assistance to the research effort into all phases of tobacco use and health, but then concealed and distorted the truth. E.g., Complaint ¶ 24.

The Complaint further alleged that the tobacco industry and its trade associations. the Council for Tobacco Research (CTR) and the Tobacco Institute (TI), concealed unfavorable research that might confii the health risks of smoking and used CTR and TI as industry fronts in a campaign of deceit and misinformation about the health risks of smoking and the addictiveness of nicotine. Complaint ¶¶ 30-34. As a result of the industry's conduct, the Complaint alleged, many Minnesotans began to smoke, particularly young people; many Minnesotans became addicted to tobacco products and continued to smoke; and many Minnesotans suffered and continue to suffer from the illnesses and death caused by smoking, creating the most pervasive public health issue of our time. Complaint ¶¶ 71-77.

For this conduct, the Complaint sought declaratory and injunctive relief under state antitrust and consumer laws, damages, disgorgement of profits from sales of cigarettes in Minnesota, attorneys' fees, civil penalties and such other legal or equitable relief as the Court deemed just. Complaint ¶¶ 134, 135. A significant portion of the relief requested by the State on behalf of all Minnesotans focused on preventing tobacco use by young people, sharing with the public research on smoking and health, and providing access to smoking cessation programs.

B. The Harm to Minnesotans Caused by Tobacco Products

The smoking cessation and national research accounts and the State's proposed plan for administration of those accounts are intended to diminish the harm which tobacco use causes to the people of Minnesota. That harm is significant. Today, more than 6,000 Minnesotans die each year from smoking-related diseases. Complaint ¶ 77; Minnesota Estimates of Mortality and Economic Costs Due to Smoking, Based on 1995 Data, Minnesota Department of Health Center for Health Promotion, November 1996; State Tobacco Control Highlights 1996, U.S.

Department of Health and Human Services, Centers for Disease Control and Prevention 56 (Trial Ex. 26,012). Nationwide, the death toll from smoking-related diseases exceeds 400,000 people per year --more than the deaths caused by alcohol, suicide, homicide, AIDS, cocaine, heroin and motor vehicles combined. Complaint ¶ 77; Trial Ex. 26,012 at 112. See Regulations Restricting the Sale and Distribution of Cigarettes and Smokeless Tobacco to Protect Children and Adolescents, 61 Fed. Reg. 44,396, 44,398 (1996).

When used as intended, tobacco causes disease and premature death. Dr. Jonathan Samet, a physician and epidemiologist from Johns Hopkins University and a frequent contributor to U.S. Surgeon General reports on smoking and health; Dr. Kenneth Graham, a cardiologist at the Minneapolis Heart Institute; and Dr. Scott F. Davies, Director of Pulmonary and Critical Care Medicine, Department of Internal Medicine at the Hennepin County Government Center, testified at trial concerning the many diseases associated with smoking. Tr. 3,434-3,941; 4,032-4,127; 4,132-4,329.

Tobacco smoke contains over 70 known carcinogens and causes at least eight different cancers. Tr. 3,580, 3,594-96. Perhaps the best known of these is lung cancer, now the leading cause of cancer deaths among both men and women in the United States. Tr. 3,579. Other diseases caused by smoking include chronic obstructive pulmonary disease, coronary heart disease, stroke and general diminished health status. Tr. 3,439-40; 3,598; 3,617; 6,647-48.

In addition to the human toll caused by smoking-related diseases, smoking imposes a huge economic burden. The estimated cost of treating smoking-related diseases in Minnesota was \$513 million dollars per year in 1995. Minnesota Estimates of Mortality and Economic Costs Due to Smoking, Based on 1995 Data, Minnesota Department of Health Center for Health Promotion, November 1996. Smoking costs Minnesotans an additional \$776,000,000 per year for income lost as a result of premature death or disability attributable to smoking. Id. The Minnesota Department of Health estimates that in 1995, the total annual costs of smoking in Minnesota were \$1.3 billion dollars per year or \$277 per Minnesota resident. Id.

C. The Addictiveness of Nicotine and the Problem of Youth Smoking

The smoking cessation fund directly addresses the addictiveness of nicotine, a central theme in the litigation. Dr. Richard Hurt, Director of the Mayo Nicotine Dependence Center, testified at trial concerning the addictiveness of tobacco products and the need for smoking cessation programs to help those who want to quit. Tr. 1,170-2,017. Dr. Cheryl Perry of the University of Minnesota and the Senior Scientific Editor of the 1994 Surgeon General's Report, *Preventing Tobacco Use Among Young People*, summarized the research concerning the problems of youth smoking. Tr. 6,884-7,488.

The current data on smoking by children and young teenagers is sobering. The mean age for beginning smokers is between 12 1/2 and 14 1/2 years old -- before graduation from the eighth grade. Trial Ex. 3,824 at 67; *Final Report of the Advisory Committee on Tobacco Policy and Public Health*, C. Everett Koop, M.D., Sc.D. and David Kessler, M.D., co-chairs, 5 (July 1997)(“Koop-Kessler Report,” Nyberg Aff. Ex. 3). In Minnesota, roughly a third of all high school students reported smoking in the past month, Trial Ex. 26,012 at 56, and smoking among teenagers is on the rise. Cigarette Use Among Minnesota Teens, 1995 Minnesota Student Survey; see 61 Fed. Reg. at 45,240.

Once they start, many young smokers become addicted to tobacco products and report that they want to quit but are unable to do so. *Preventing Tobacco Use Among Young People*, Trial Ex. 3,824 at 78; Tr. at 6,919-21. The data reviewed for *Preventing Tobacco Use Among Young People* “indicate consistently that adolescent smokers frequently try to quit but are usually unsuccessful, often have withdrawal reactions much like adult smokers, are difficult to recruit and retain in formal cessation programs, and are not responsive to programs thus far developed. Further basic research and new directions for intervention are clearly needed.” Trial Ex. 3,824 at 230.

Smokers become addicted to tobacco products because the tobacco products **contain** the drug nicotine. Koop-Kessler Report at 5 (Nyberg Aff. Ex. 3). Dr. Richard Hurt of the Mayo Nicotine Dependence Center, a nationally renowned leader in the cessation field, testified that

nicotine is an addictive **drug** and that many smokers who **try to** quit are not able to stop smoking on their own. Tr. 1,234; 1,515. Even some people with severe medical complications from smoking still have difficulty quitting. Tr. 1,195-96.¹

If smokers stop smoking, however, they decrease dramatically their chances of contracting smoking-related diseases, including lung cancer, heart disease and chronic obstructive pulmonary disease. Tr. 3,546-47; 3,615; 3,634-37; 4,076-78. According to Dr. Kevin **Graham** of the Minneapolis Heart Institute, if there were no smoking, the number of people requiring cardiovascular care, for example, would decrease by half within five years. Tr. 4,250.

D. The Settlement Agreement and Consent Judgment

Section VIII. of the Consent Judgment establishes the smoking cessation and national research accounts as part of the settlement in this case. Consistent with the request in the Complaint that the Defendants fund smoking cessation programs in the State of Minnesota, Section VIII.A.1. of the Court's judgment requires the Settling Defendants to pay \$102 million dollars into a smoking cessation **account** in December of this year, to be used to offer *smoking* cessation opportunities to Minnesota smokers and to be administered **as ordered by the Court**.

In addition, Section VIII.A.2. of the Court's judgment requires the Defendants to pay a total of \$100 million dollars over a period of 10 years, to be deposited into a national research account and to be administered as ordered by the Court. The Consent Judgment recites that the parties envision that approximately 70% of the \$100 million total will be used for research grants relating to the elimination of tobacco use by children and 30% for program implementation, evaluation and other tobacco control purposes. The administrator for the national research

¹ Dr. Scott Davies of the **Hennepin** County Medical Center described the difficulties experienced by one of his patients, a former nurse at the University of Minnesota Hospitals, who started smoking at age 13 and developed chronic obstructive pulmonary disease. Davies' patient, like many others, "has never been able to quit despite really heroic attempts," even though she now requires treatment with a bronchodilator and has been hospitalized several times. Tr. 4,082-84.

account retains the discretion, however, to change this allocation. The first \$10 million dollar national research account payment was paid by the Defendants on June 1, 1998.

The remainder of the settlement payments to the State of Minnesota, beginning with a \$240 million dollar payment in September, 1998, must be deposited into the general fund of the State of Minnesota. Section II.C. of the Settlement Agreement acknowledges that the Attorney General will propose, and the Settling Defendants agree not to oppose, that the Legislature appropriate to a public health foundation one-half the Defendants' settlement payments due in September, 1998, and in January of the years 1999 through 2003, or approximately \$650 million additional dollars, to be used to diminish the human and economic consequences of tobacco use. The Settlement Agreement contemplates that the directors of the public health foundation will include public representatives and representatives of the public health community.

I. THE STATE'S PROPOSED PLAN FOR ADMINISTRATION OF THE CESSATION AND NATIONAL RESEARCH FUNDS SHOULD BE APPROVED

Section VIII.A.3. of the Consent Judgment requires the State to submit a plan to the Court for administration of the cessation and national research accounts. The State's proposed plan is now before the Court for approval. Health authorities confirm that tobacco use remains the most serious public health problem of our time. The Court's judgment forbids the tobacco companies from targeting youth and misrepresenting the health effects of their products, but only through concerted efforts designed to prevent tobacco use by tomorrow's young smokers and to help current smokers break their addiction can real progress be made against tobacco-induced disease and death. The State's proposed plan is not a detailed roadmap to a solution of these problems. Rather, it is intended to establish the best possible structure to achieve the solutions, a structure marked by program expertise and public accountability

A. The State's Plan for Administration

The State's plan proposes the creation of a non-profit corporation, the Minnesota Partnership for Action Against Tobacco, to bring together the expertise of government, public health and citizen-at-large interests and to enable a sustained commitment to reducing the human

and economic consequences of tobacco use. The purpose of the corporation will be, if the Court approves, to administer the smoking cessation and national research accounts ordered established by the Consent Judgment, as well as to administer any other grants or appropriations, including such other funds from the settlement as the Legislature may appropriate or as may lawfully otherwise become available.

Decisions about how to spend the cessation and national research accounts will be made by the corporation's nineteen-member Board of Directors. A majority of the Directors will be appointed by elected officials of the State of Minnesota and each Director must have a demonstrated history of activities directed at or expertise related to reducing the human and economic consequences of tobacco use.

The nineteen Directors will be selected as follows:

- Two Directors, of different political parties, appointed by the Speaker of the House;
- Two Directors, of different political parties, appointed by the Senate Majority Leader;
- Two Directors appointed by the Governor;
- Two Directors appointed by the Attorney General;
- Two Directors who are employees or officials of city, county or other local government;
- Two Directors representing organizations whose primary purpose is to reduce the human, social and economic **consequences of tobacco use**;
- ~~Two~~ Two Directors representing non-profit organizations, a substantial purpose of which is to reduce *diseases* associated with tobacco use;
- Two Directors representing accredited teaching and/or research institutions and foundations;
- Two Directors representing health care providers or payors; and
- One additional at-large Director,

The State's Plan for Administration of Consent Judgment Funds, Appendix A to the Nyberg Affidavit, and the proposed Articles of Incorporation for the Minnesota Partnership for Action Against Tobacco, Appendix B to the Nyberg Affidavit, set forth the membership of the Board of Directors and **restrict** the corporation's purposes to those set forth in the Consent Judgment and Settlement Agreement: namely, to administer the cessation and national research accounts and to engage in other activities intended to diminish the human and economic costs of the use of tobacco products. The corporation will be organized under IRS Code section 501(c)(3) and Chapter 317A of the Minnesota Statutes, with a twenty-five year duration, with the intent that all available **funds** will be spent during that twenty-five year period. The Board will be advised by at least **two** Advisory Committees, one to develop state-of-the-art cessation plans for the smoking cessation **account** funds and one to recommend the best uses for the national research account **funds**.

The Board will report periodically to the Court and to the Legislature, and its expenditures will be subject to audit by the Legislative Auditor. Board meetings will be open to the public and grants, contracts and Board meeting minutes will be available to the public. Directors *will serve* without *per diem* or other compensation, except for reimbursement of reasonable out-of-pocket expenses actually incurred. Directors must have had no affiliation with the tobacco industry within the last ten years, to ensure the Board is independent of industry influence. The Attorney General's Office will support the Partnership during the initial start-up phase, with a transition, by the end of the year, to staff hired by the Minnesota Partnership for Action Against Tobacco. Salaries for Minnesota Partnership staff will be set by the Board (or by delegation from the Board), subject to the limits in Minn. Stat. § 15A.0815, subd. 3 (Supp. 1997) as amended (salaries may not exceed 75% of the Governor's salary).

The proposed **timeline** for initial start-up activities is included in the Plan for Administration submitted to the Court, Nyberg Affidavit Appendix A. An initial report to the Court will be made once the Board and Advisory Committees have been named. Once program recommendations have been completed by Advisory Committees, there will be another report

prior to any expenditures pursuant to those recommendations. A third report will be made one year after incorporation and will include a report on Board activities as well as a tentative plan for administration of any additional money which the Legislature may choose to appropriate to the Partnership. Reports to the Court and Legislature will be made every two years thereafter, in January of even-numbered years (commencing in January, 2000).

B. A Non-Profit Corporation Fund Administrator Will Permit A Comprehensive, Sustained Cessation and Research Effort

The Affidavit of Luanne Nyberg sets forth some of the work and recommendations of leading public health authorities in the tobacco control, smoking cessation and tobacco research fields. Unquestionably, these authorities support that cessation and research are key components to any effective program aimed at reducing the harm caused by tobacco products. The creation of a new nonprofit organization to support tobacco prevention and control programs and to administer the cessation and national research accounts is fully consistent with the recommendations of these public health authorities. Nyberg Aff. ¶¶ 5-17, 24-26.

Both former Surgeon General C. Everett Koop, M.D. and former FDA Commissioner David A. Kessler, M.D. have indicated their support for the State of Minnesota's plan in this case. Dr. Koop has agreed to serve as co-incorporator of the Minnesota Partnership for Action Against Tobacco. Nyberg Aff. ¶5. Dr. Koop and Dr. Kessler have agreed to serve as honorary co-chairs of the Board. Nyberg Aff. ¶¶ 5-6.

The creation of an independent non-profit organization is one of the recommendations of the Koop-Kessler Advisory Committee, a bipartisan group of twenty-five leading public health and tobacco control organizations, convened at the request of Congress in 1997. Nyberg Aff. ¶ 15. Other Koop-Kessler recommendations stress the importance of the cessation and research effort. The final report issued by the Advisory Committee recommends that: "Tobacco use cessation programs and services should be funded or supported by the tobacco industry at a level sufficient to ensure that they are provided universally and in a manner most likely to prove effective." Nyberg Aff. ¶ 8. The report also states that: "Well-funded research is essential to

solving the personal health, medical care delivery and public health problems related tobacco use.” Nyberg Aff. ¶ 9. Consistent with the State’s proposed plan, the Koop-Kessler Advisor) Committee recommends all tobacco control activities funded or supported by the tobacco industry should be developed and implemented in a manner entirely independent of the industry. Nyberg Aff. ¶ 15.

Minnesota’s own public health leaders also support the creation of an independent organization to oversee comprehensive tobacco control efforts. The Minnesota Public Health Association, an association of public health professionals, passed a resolution on June 19, 1998. in favor of a public health foundation administering the settlement funds in this case, and Association representatives have *written* in support of the direction proposed by the State for the administration of the cessation and national research accounts. Nyberg Aff. ¶ 16.

Minnesota Decides, a statewide, year-long effort by over 600 Minnesotans, also resulted in recommendations which are consistent with the State’s proposed plan for administration of the cessation and research accounts. *Minnesota Decides: A Community Blueprint for Tobacco Reduction* calls for program integration:

A challenge in reducing tobacco use is that many of the necessary systems and activities aren’t integrated. An infrastructure to develop, support, promote, integrate and evaluate tobacco reduction programs is needed to assure integration.

Nyberg Aff. ¶ 12. *Minnesota Decides* contains further recommendations for additional research and a mandate to provide assistance for those tobacco users who want to quit. Nyberg Aff. Ex. 7. According to the *Minnesota Decides* report, “The critical point” is that the tobacco control effort “be adequate and sustained.” Nyberg Aff. Ex. 7 at 34. The Minnesota Partnership for Action Against Tobacco will permit such a sustained, coordinated public health-oriented effort.

The Minnesota Plan for Nonsmoking and Health, issued by the Minnesota Department of Health, supports the coordination of approaches among groups interested in smoking cessation and research programs, which the nineteen-member Board will make possible:

If there is one lesson to be learned from the vast literature on smoking control, it is that many approaches to promoting nonsmoking are partially but not completely effective and that combined strategies are likely to be more successful than any one alone.

* * * *

Minnesota state government, health care facilities, business, labor, voluntary organizations, communities and individual smokers and nonsmokers [should] join together in carrying out the recommendations in The Minnesota Plan for Nonsmoking and Health.

Nyberg Aff. ¶ 14.

The Minnesota Smoke-Free 2000 Coalition's Great Minnesota Tobacco Control Get Together process resulted in similar recommendations. The Smoke-Free process brought together over 100 Minnesotans to develop recommendations on cessation, research and other tobacco initiatives. Smoke-Free's Get Together recommendations include "a sustained, comprehensive, coordinated plan:"

Minnesota is in need of a comprehensive, statewide plan that will put in place action to effectively reduce and prevent tobacco use, especially among children. These efforts should include prevention, education, and treatment components. To accomplish this, funding should be aimed at policies and programs that will spur innovative partnerships and collaborations among the broad spectrum of groups working to confront tobacco use.

Nyberg Aff. ¶ 13

Public health leaders, including John Garrison, CEO and Managing Director of the American Lung Association; Dr. Richard Hurt of the Mayo Clinic; and Dr. A. Stuart Hanson, President of the Minnesota Smoke-Free 2000 Coalition, have all written to the Attorney General in support of the State's proposed plan. Nyberg Aff. ¶¶ 24-26

The State has begun to receive more specific information and proposals from experts in the cessation and research fields for how plans for the cessation and research accounts might be developed. See Nyberg Aff. ¶ 10. These are the types of recommendations which the Board of Directors of the Minnesota Partnership for Action Against Tobacco will consider, once the Board is incorporated and the Cessation and Research Advisory Committees have had the opportunity to do their work. The State has also met with the Office on Smoking and Health of the national

Centers for Disease Control and Prevention (CDC). Nyberg Aff. ¶ 17. The CDC has offered to provide further assistance to the State and to the Board as it develops plans for the most effective use of the cessation and research funds. Nyberg Aff. ¶ 18. Michael P. Erickson, Director of the CDC's Office on Smoking and Health, states in his letter to Attorney General Humphrey: "The most successful tobacco control programs utilize partnerships consisting of diverse organizations and institutions the Office on Smoking and Health looks forward to contributing to this partnership." Nyberg Aff. Ex. 12.

The proposed plan now before the Court does not contain any specific blueprint or program for the cessation accounts or the national research accounts. Rather, it sets forth a process which builds on the recommendations of those with experience and expertise in the smoking and health field and which brings together those public health experts and government representatives to consider, implement, and evaluate the smoking cessation and research work which the settlement funds will make possible over a period of twenty-five years. The State will return to the Court with a report, once the Board of Directors is selected, the Advisory Committees have met, and recommendations have been made to the **Board** for use of the cessation and research accounts.

C. **The Court Has Broad Authority to Approve the Plan as Proposed**

Approval of the State's plan is well within the broad authority granted to this Court to award relief in cases, such as this, brought by the Attorney General on behalf of the public. State of Minnesota by Humphrey v. Alpine Air Products, Inc., 490 N.W.2d 888, 892 (Minn. Ct. App. 1992), aff'd, 500 N.W.2d 788 (Minn. 1993); State of Minnesota by Humphrey v. Ri-Mel, Inc., 417 N.W.2d 102, 112 (Minn. Ct. App. 1987) rev. denied (Minn. Feb. 17, 1988); see Beliveau v. Beliveau, 217 Minn. 235, 245, 14 N.W.2d 360, 366 (1944), cited in City of Cloquet v. Cloquet Sand & Gravel, Inc., 312 Minn. 277, 251 N.W.2d 642, 644 (1977).

Courts have approved the funding of remedial programs and the use of trust accounts in other cases, as a means to fairly allocate settlement funds intended **for the benefit of the public**. See, e.g., Bebachick v. Public Utilities Comm'n, 3 18 F.2d 187, 203-04 (D.C. Cir.), cert. denied,

373 U.S. 913 (1963); United States v. Exxon Corp., 561 F. Supp. 816, 853-57 (D. D.C. 1983). aff'd, 773 F.2d 1240 (TECA 1985), cert. denied, 474 U.S. 1105 (1986).

Administration of funds by an independent entity or Board of Directors has also been approved in a variety of public interest cases throughout the country. See In re Mike Moore. Attorney General ex rel. State of Mississippi Tobacco Litigation, Jackson County, Mississippi Chancery Court File No.. 94-1429 (June 5, 1998)(Nyberg Aff. ¶ 19); United States v. Metropolitan District Commission et al., Civ. No. 85-0489-MA & 83-1614-MA (D. Mass., Aug. 23, 1988)(Nyberg Aff. ¶ 21); Frank J. Kelley, Attorney General et al. v. Consumers Power Company et al., Ingham County, Michigan Circuit Court File No. 86-57075 & 87-60020-CE (March 17, 1995)(Nyberg Aff. ¶ 22). See also the California Environmental Trust, selected to administer natural resource damages fund in United States v. Shell Oil Co., Civ. No. 89-4220 (N.D. Cal. March 26, 1990)(Nyberg Aff. ¶ 23).

Finally, this Court has previously approved settlements in which a portion of the settlement payments are used to fund research, as well as settlements in which funds are directed to a third party to address issues involved in the case. E.g., In re McNeil-PPC, Inc., Order Approving Assurance of Discontinuance, Ramsey County District Court File No. C4-96-10427 (Minn. 2nd Judicial Dist., October 16, 1996)(copy attached as Appendix C to the Nyberg Affidavit); In re Walser Ford, Inc., Order Approving Assurance of Discontinuance, Ramsey County District Court File No. 469545 (Minn. 2nd Judicial Dist., October 3, 1984); In re Brookdale Ford, Ramsey County District Court File No. C7-90-11347 (Minn. 2d Judicial Dist., October 4, 1990)(copies attached as Appendix D to Nyberg Affidavit).

The State's proposed plan for administration of the smoking cessation and national research accounts advances the purposes of the Consent Judgment, is consistent with other cases resolved for the benefit of the public, will ensure the best, most effective use of the Consent Judgment cessation and research funds, and is well within this Court's broad authority to approve pursuant to the **Settlement** Agreement and Consent Judgment already entered in this case.

CONCLUSION

For all of the foregoing reasons, the State of Minnesota requests the Court approve the State's plan for administration of the cessation and national research accounts by a nonprofit organization whose purpose is to oversee the administration of these and such other funds as the Minnesota Legislature may hereafter appropriate to diminish the human and economic consequences of tobacco use.

Dated: July 6, 1998

Respectfully submitted,

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State of Minnesota

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STATE OF MINNESOTA

STATE OF MINNESOTA

COUNTY OF RAMSEY

DISTRICT COURT

SECOND JUDICIAL DISTRICT

Case Type: Other Civil

Court File No. C1-94-8565

THE STATE OF MINNESOTA,

BY HUBERT H. HUMPHREY, III,
ITS ATTORNEY GENERAL,

and

BLUE CROSS AND BLUE SHIELD
OF MINNESOTA,

Plaintiffs,

vs.

PLAN FOR ADMINISTRATION OF
CONSENT JUDGMENT FUNDS

PHILIP MORRIS INCORPORATED,
R.J. REYNOLDS TOBACCO COMPANY,
BROWN & WILLIAMSON TOBACCO
CORPORATION, B.A.T. INDUSTRIES
P.L.C., BRITISH-AMERICAN TOBACCO
COMPANY LIMITED, BAT (U.K. &
EXPORT) LIMITED, LORILLARD
TOBACCO COMPANY, THE
AMERICAN TOBACCO COMPANY,
LIGGETT GROUP, INC., THE COUNCIL
FORTOBACCO RESEARCH-U.S.A.,
MC., and THE TOBACCO INSTITUTE,
INC..

Defendants.

Proposed Structure and Operation of Consent Judgment Fund Administrator

- Administrator for the two funds established by the Consent Judgment (approximately 3% of the **total settlement funds**); administrator would develop specific plans and programs to effectuate the purposes of the Consent Judgment funds and conduct other tobacco control activities.
- Administrator organized as a non-profit, the Minnesota Partnership for Action Against Tobacco (MPAAT), dedicated to reducing the human and economic consequences of tobacco use; organized under IRS Code Section 501(c)(3) and Chapter 317A of Minnesota Statutes, and subject to further operational limitations imposed by the District Court. Incorporators are former Surgeon General C. Everett Koop and Attorney General Hubert H. Humphrey III.
- Board meetings open to the public; grants, contracts and meeting minutes available to the public; subject to audit by the Legislative Auditor.
- 25-year duration, with the intent that all available funds will be spent during that period on purposes contemplated by the Settlement and Consent Judgment:
 - Consent Judgment funds may not be used to reduce or substitute for benefits available from private insurance or other programs
 - Reasonable costs of administration payable out of settlement accounts
 - Upon sunset, remaining assets distributed to the State for public purposes.
- Directors must have no affiliation with the tobacco industry or certain trade associations within the last ten years and must have a demonstrated history of activities directed at or expertise related to reducing the human and economic consequences of tobacco use.
- 19-person board of directors, with a majority of members drawn from or appointed by state and local government officials:
 - Two directors, of different political parties, appointed by the Speaker of the House
 - Two directors, of different political parties, appointed by the Senate Majority Leader
 - Two directors appointed by the Governor
 - Two directors appointed by the Attorney General
 - Two directors who are employees or **officials** of city, county or other local government
 - Eight directors from the public health community, including two each employed by or representing:
 - organizations which have as their primary organizational purpose reducing the **human, social and economic consequences of tobacco use**
 - **non-profit** organizations a substantial purpose of which is to ameliorate **the** effects of and reduce incidence of particular diseases or **health** conditions associated with tobacco use

- accredited teaching and/or research institutions and foundations
 - health care providers or payors
- One at-large director
- Directors serve without per diem or other compensation, except for reasonable out-of-pocket expenses actually incurred.
- Directors must adopt, in bylaws, a conflict-of-interest policy requiring officers and directors to disclose fully to decision-making bodies of the organization whenever they may have a conflict of interest within the meaning of Minn. Stat. Section 317A.255, subd. 2 (1996).
- Attorney General's Office will support during organization, with transition by the end of the year to MPAAT staff; MPAAT staff compensation capped at the Group II salary limits provided in Minn. Stat. Section 15A.08 15, subd. 3 (Supp. 1997), as amended.
- Reports to Court when initial Board Members and Advisory Committees are selected; when initial Advisory Committee recommendations are completed and prior to any expenditures pursuant to those recommendations; one year after incorporation; and thereafter to Court and Legislature in January of even-numbered years.
- In developing plans or programs, it is contemplated that the board of directors will:
 - Build upon the plans and recommendations of other Minnesota planning efforts for tobacco control, including efforts of the Minnesota Health Improvement Partnership, the "Vision for Minnesota's Future" process of the Minnesota Smoke Free Coalition, the Blue Cross-Blue Shield "Minnesota Decides" process, Tobacco Control Models of other health plans, and similar efforts, local and national.
 - Work to reinforce and strengthen the public infrastructure for tobacco control at the community and state level.
 - Draw upon the experiences of California, Massachusetts, Florida, Oregon and other states in developing and evaluating similar programs and will make extensive use of the expertise and technical assistance of the United States Centers for Disease Control and Prevention in designing effective programs, evaluating them, and ensuring accountability.
 - Rely extensively on advisory committees of stakeholders and experts with specialized expertise, to develop plans and programs for cessation, research and other initiatives.
 - Incorporate strong evaluation components from the inception of programs and modify as necessary to maximize health outcomes.
- May administer additional funds if the Legislature, in its *discretion*, chooses to grant or appropriate any further settlement payments or if the organization receives funds from other sources.

5049
STATE OF MINNESOTA
COUNTY OF RAMSEY

DISTRICT COURT
SECOND JUDICIAL DISTRICT

Case **Type:** Other Civil

THE STATE OF MINNESOTA,

Court File No. CI-94-8565

BY HUBERT H. HUMPHREY, III,
ITS ATTORNEY GENERAL,

and

BLUE CROSS AND BLUE SHIELD
OF MINNESOTA,

Plaintiffs,

vs.

PHILIP MORRIS INCORPORATED,
R.J. REYNOLDS TOBACCO COMPANY,
BROWN & WILLIAMSON TOBACCO
CORPORATION, B.A.T. INDUSTRIES
P.L.C., BRITISH-AMERICAN TOBACCO
COMPANY LIMITED, BAT (U.K. &
EXPORT) LIMITED, LORILLARD
TOBACCO COMPANY, THE
AMERICAN TOBACCO COMPANY,
LIGGETT GROUP, INC., THE COUNCIL
FORTOBACCO RESEARCH-U.S.A.,
INC., and THE TOBACCO INSTITUTE,
INC.,

Defendants.

FILED
Court Administrator

AUG 28 1998

J.E. GOCKOWSKI
By [Signature] Deputy

**ORDER APPROVING PLAN
OF ADMINISTRATION
PURSUANT TO CONSENT
JUDGMENT**

The State of Minnesota, by its submission filed on July 6, 1998, has presented to the Court a proposed plan for administering the cessation and national research fund accounts established by the **Court** in Section **VIII.A.** of the Consent Judgment of May 8, 1998. The Court held a hearing on the proposal on July 22, 1998. A copy of the State's submission was served on counsel for the Settling Defendants, who were present at the hearing.

The State proposes the funds be administered by a non-profit corporation, the Minnesota Partnership for Action Against Tobacco. The State has submitted to the Court proposed articles of incorporation for the non-profit organization; a plan for the organizational structure and operation of the non-profit organization; and a suggested timeline which includes the convening of expert Cessation and Research Advisory Committees to recommend uses for the cessation and national research accounts to the nineteen-member Board of Directors. The State has also submitted a memorandum in support of the proposed plan and the affidavit of Luanne Nyberg and various exhibits and appendices thereto.

Based on all of these submissions, on the evidence presented during the trial, on the arguments of counsel and on all the files and records herein, the Court makes the following:

FINDINGS OF FACT

1. In its original and amended complaints herein, the State requested relief intended to diminish the future harm from smoking. Specifically, the State requested orders of the Court:

Ordering defendants to fund a corrective public education campaign relating to the issue of smoking and health, administered and controlled by an independent, third party;

Ordering defendants to take reasonable and necessary affirmative steps to prevent the distribution and sale of cigarettes to minors under the age of 18; and

Ordering defendants to fund clinical smoking cessation programs in the State of Minnesota.

Complaint and Amended Complaints ¶ 134(d), (e) & (f). The complaints also requested “such other legal or equitable relief...as the Court deems just and equitable.” Id. ¶ 134(m).

2. Consistent with the State’s prayer for relief, the Consent Judgment, which was approved by the Court on May 8, 1998 and entered as a judgment on May 19, 1998, requires the defendants to pay \$102 million into a separate smoking cessation account in December, 1998, with the money to be used to offer smoking cessation opportunities to Minnesota smokers. The Consent Judgment also requires defendants to pay \$100 million over ten years into a national

research account. The first \$10 million dollar national research account payment has been made by the Defendants. The money in this account is intended to further the elimination of tobacco use by children and for other tobacco control purposes, as determined by the fund administrator.

3. The Consent Judgment requires-the State to submit a plan for the administration of the smoking cessation and research accounts. The State's submission is now before the Court for approval.

4. The independent, non-profit corporation proposed by the State to administer the cessation and national research accounts will utilize experts drawn from a broad spectrum of government, community and public health organizations to determine the best use of the cessation accounts and the national research accounts, consistent with the Consent Judgment and the Settlement Agreement.

5. The requirements for the operation of the proposed organization, as outlined in the plan and reflected in the proposed articles of incorporation and this Order, will help to ensure that the organization remains focused on its mission and accountable to the public

CONCLUSIONS OF LAW

1. This Court has jurisdiction over this matter and the power to approve the plan for administration of the smoking cessation and national research accounts set forth in the Consent Judgment.

2. The State's plan for administering the Consent Judgment funds through a newly-incorporated non-profit organization is consistent with the Consent Judgment, with the other orders of *this* Court, and with *Minnesota law*.

ORDER

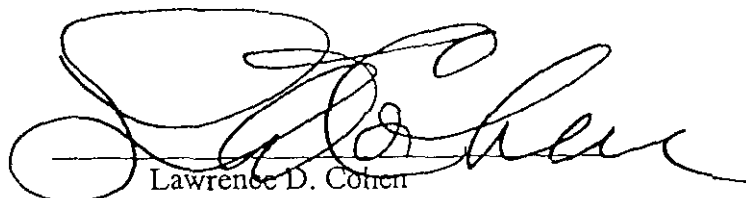
NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. The State's Plan for Administration of Consent Judgment Funds, including the proposed Articles of Incorporation for the Minnesota Partnership for Action Against Tobacco, is hereby approved, provided that the Board of Directors shall be enlarged to include two additional directors, who shall, by education, training or experience, have demonstrated special skills in community organizing. The specific provisions contained in the Proposed Structure and Operation of Consent Judgment Fund Administrator (attached hereto and as modified by the addition of the two directors) are incorporated herein by reference as operational Plan requirements. The State shall make all other changes, to the Articles of Incorporation and other documents, necessary to conform to the additions to the Board of Directors.

2. The Minnesota Partnership for Action Against Tobacco is authorized to expend from the accounts established by the Consent Judgment, or from funds which otherwise become available to it, reasonable sums for any start-up costs, operational expenses and information-gathering which the Board may authorize consistent with the Plan.

3. Pursuant to the terms of the Plan incorporated herein, the State shall report to the Court when the initial Board Members and Advisory Committees are selected; when initial Advisory Committee recommendations are completed and prior to any expenditures pursuant to those recommendations; one year after incorporation; and thereafter to the Court and the Legislature in January of even-numbered years.

Dated: Aug. 27, 1998



Lawrence D. Cohen
Chief Judge
Ramsey County District Court

J. E. GOCKOWSKI, District Court Administrator,
Ramsey County, State of Minnesota, does hereby
certify that the attached instrument is a true
and correct copy of the original on file and
of record in my office.

Dated this 31st day of Aug, 19 98
J. E. GOCKOWSKI, District Court Administrator
By Elizabeth Nelson Deputy
File No. CI-94-8565

Court Approved Structure and Operation of
Minnesota Partnership for Action Against Tobacco

- Administrator for the two funds established by the Consent Judgment (approximately 3% of the total settlement funds); administrator would develop specific plans and programs to effectuate the purposes of the Consent Judgment funds and conduct other tobacco control activities.
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- Board meetings open to the public; grants, contracts and meeting minutes available to the public; subject to audit by the Legislative Auditor.
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- 21-person board of directors, with a majority of members drawn from or appointed by state and local government officials:
 - Two directors, of different political parties, appointed by the Speaker of the House
 - Two directors, of different political parties, appointed by the Senate Majority Leader
 - Two directors appointed by the Governor
 - Two directors appointed by the Attorney General
 - Two directors who are employees or officials of city, county or other local governmentEight directors from the public health community, including two each employed by or representing:
 - organizations which have as their primary organizational purpose reducing the human, social and economic consequences of tobacco use
 - non-profit organizations a substantial purpose of which is to ameliorate the effects of and reduce incidence of particular diseases or health conditions associated with tobacco use
 - accredited teaching and/or research institutions and foundations

- health care providers or payors
 - Two directors with special skills in community organization
 - One at-large director
- Directors serve without *per diem* or other compensation, except for reasonable out-of-pocket expenses actually incurred.
- Directors must adopt, in bylaws, a conflict-of-interest policy requiring officers and directors to disclose fully to decision-making bodies of the organization whenever they may have a conflict of interest within the meaning of Minn. Stat. Section 317A.255, subd. 2 (1996).
- Attorney General's Office will support during organization, with transition by the end of the year to MPAAT staff; MPAAT staff compensation capped at the Group II salary limits provided in Minn. Stat. Section 15A.0815, subd. 3 (Supp. 1997), as amended.
- Reports to the Legislature when initial Board Members and Advisory Committees are selected; when initial Advisory Committee recommendations are completed and prior to any expenditures pursuant to those recommendations; one year after incorporation; and thereafter to Court and Legislature in January of even-numbered years.
- In developing plans or programs, it is contemplated that the board of directors will:
 - Build upon the plans and recommendations of other Minnesota planning efforts for tobacco control, including efforts of the Minnesota Health Improvement Partnership, the "Vision for Minnesota's Future" process of the Minnesota Smoke Free Coalition, the Blue Cross-Blue Shield "Minnesota Decides" process, Tobacco Control Models of other health plans, and similar efforts, local and national.
 - Work to reinforce and strengthen the public infrastructure for tobacco control at the community and state level.
 - Draw upon the experiences of California, Massachusetts, Florida, Oregon and other states in developing and evaluating similar programs and will make extensive use of the expertise and technical assistance of the United States Centers for Disease Control and Prevention in designing effective programs, evaluating them, and ensuring accountability.
 - Rely extensively on advisory committees of stakeholders and experts with specialized expertise, to develop plans and programs for cessation, research and other initiatives.
 - Incorporate strong evaluation components from the inception of programs and modify as necessary to maximize health outcomes.

May administer additional funds if the Legislature, in its discretion, chooses to grant or appropriate any further settlement payments or if the organization receives funds from other sources.



**Kathleen C. Harty, MEd
Executive Director**

Ms. Harty recently accepted the position as the first Executive Director of the Minnesota Partnership for Action Against Tobacco (MPAAT). She comes to MPAAT **from** the American Medical Association in Chicago where she was the first Deputy Director of the **SmokeLess** States National Program Office (NPO) established in 1993 under a grant **from** The Robert Wood Johnson **Foundation**, the largest private health care funder in the United States. Under her direction, the program has grown **from** \$10-million, funding 19 sites and a staff of three, to a **\$30-million** program funding 31 sites and a staff of seven.

Ms. Harty's background in education, training, communications, and large-scale project management has equipped **her** to provide expertise to multiple national committees, task forces, and strategic advisory groups. She is currently serving on the planning committee for the 12th World Conference on Tobacco and Health to be held in Chicago in the summer of 2000.

Ms. Harty is a nationally recognized expert in the use of print and electronic media in smoking control education programs. Award-winning **radio**, video, and print media created under her direction while director of comprehensive smoking control programs in Minnesota are in use in 26 states and foreign countries. In 1990, C. Everett Koop, MD awarded Ms. Harty the Surgeon General's Medallion, and in 1996 she was recognized by Today's Chicago Woman newspaper as one of the "100 Chicago Women Making a Difference."

**Lois E. Martens
Executive Assistant**

Ms. Martens is a highly experienced Executive Assistant. During the nineties she held several Executive Assistant positions within the **Minnesota Vikings** organization working for several high-level Executives including, the President and CEO, the Vice President for Marketing and Business Development, the Vice President of Finance, and the Vice President of Team Operations.

She has also been a property manager, a small business owner and comes to MPAAT from the Elizabeth **Arden** Salons, Inc. where she was an **Executive Assistant** simultaneously to the President and CEO and **the Executive Vice President and Chief Financial Officer**.

MPAAT

Minnesota Partnership for Action Against Tobacco

MPAAT CESSATION ADVISORY COMMITTEE

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Darla Havlicek

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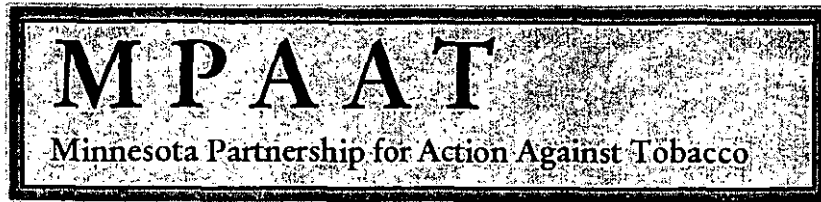
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Activities and Accomplishments Through March 1, 1999

- July 6, 1998** The State of Minnesota submitted the "Plan for Administration of Consent Judgement Funds," along with supporting memorandums and affidavits. This plan proposed the creation of the Minnesota Partnership for Action Against Tobacco (MPAAT) as the administrator of three percent of the tobacco settlement recovery, a one-time payment of \$102 million for cessation and a series of \$10 million payments over ten years for research and other tobacco control activities.
- July 22, 1998** Hearing before Ramsey County District Court Chief Judge Lawrence Cohen to consider "Plan for Administration of Consent Judgement Funds."
- August 27, 1998** Chief Judge Lawrence Cohen approved the plan establishing MPAAT with slight modifications.
- September 21, 1998** MPAAT is incorporated as a not-for-profit organization at the Minnesota Secretary of State's Office.
- September 28, 1998** The political appointing authorities designated by the Court-approved plan and MPAAT's co-incorporators announced the selection of MPAAT's first Board of Directors.
- September 29, 1998** MPAAT's Board of Directors held its inaugural meeting, opened by honorary co-chairs Dr. C. Everett Koop and Dr. David Kessler. As with all subsequent board meetings, the meeting was open to members of the media and public.

The Board:

- Passed a resolution ratifying Dr. Richard Hurt as President and Board Chair, and naming Laura Waterman Wittstock as Treasurer.
- Passed resolutions creating Board Committees and Advisory Committees to develop recommendations for the Board on the use of settlement funds.

MPAAT Activities and Accomplishments

Page Two

OCTOBER 1998 ACCOMPLISHMENTS

- The MPAAT Board of Directors held its second meeting. The Board:
 - Voted to explore funding options for a comprehensive tobacco survey of MN adults in conjunction with Blue Cross-Blue Shield of MN.
 - Voted to accept a donation of 1.4 million Nicotrol patches with a retail value of \$5 million from McNeil Consumer Products.
 - Heard a presentation from representatives of the Centers for Disease Control and Prevention, U.S. Department of Health and Human Services on evidence-based approaches to tobacco control.
- The MPAAT Executive Committee named chairs and members of Board committees, chose a management consultant to assist with organizational start-up, and developed a process to solicit members for the advisory committees.
- The MPAAT Personnel Committee developed a search process for the Executive Director position.
- The MPAAT Finance Committee adopted three separate resolutions recommending the establishment of an initial operating account at Bremer Bank, authorizing the Finance Committee chair to sign checks up to \$2,500, and recommending the adoption of a reimbursement policy modeled after the State of Minnesota reimbursement policy.
- The MPAAT Facilities Committee recommended three office space sites to be visited by the entire committee.
- The MPAAT Public Information Committee began to more specifically define the mission and public messages of the organization.

NOVEMBER 1998 ACCOMPLISHMENTS

- MPAAT delivered its first report of activities to the Ramsey County District Court in support of transferring \$500,000 to the MPAAT operating account.
- The MPAAT Executive Committee developed a process to form advisory committees and to accept the donation of Nicotrol patches.
- The MPAAT Personnel Committee passed a resolution adopting a benefit package similar to the State of Minnesota for all MPAAT staff.

MPAAT Activities and Accomplishments

Page Three

NOVEMBER 1998 ACCOMPLISHMENTS (continued)

- The MPAAT Finance Committee implemented the Court's release of funds to cover start-up expenses and approved the job description for the Controller's position.
- The MPAAT Facilities Committee recommended office space at 590 Park in St. Paul and provided options for optimal use of space.
- The MPAAT Public Information Committee created a list of questions to facilitate a Board retreat scheduled in December and further defined MPAAT's public message.

DECEMBER 1998 ACCOMPLISHMENTS

- The Board of Directors hired Kathleen Harty as MPAAT's first Executive Director, after an exhaustive search and interview process conducted by the Executive Committee, the Personnel Committee, and the full Board.
- The MPAAT Board held its third business meeting and participated in a Board retreat. The Board:
 - Heard a presentation by Legislative Auditor Jim Nobles on the functions of his office and offered advice regarding the formation of various policies. Mr. Nobles offered model policies for the Board's consideration.
 - Approved the negotiation of a contract with Clearwater Research, Inc. to design, implement and report on the adult baseline tobacco survey.
 - Adopted a policy to address donated gifts and services.
 - Approved a budget for a three-month distribution period for the Nictotrol patches.
 - Approved two co-chairs for both the Cessation and Research Advisory Committees and discussed proposed processes to form these committees.
- MPAAT representatives appeared at a hearing before Chief Judge Cohen regarding the transfer of remaining Court-dedicated funds to MPAAT's account.
- The MPAAT Finance Committee, after gathering input from various community sources, hired Jeffrey Slocum and Associates to develop an interim investment policy and voted to invest MPAAT's Court-designated funds in Lotsoff Capital Management's enhanced cash portfolio strategy.
- The Facilities Committee approved a lease for office space at 590 Park examined discussed quotes for network computer systems and telecommunications systems.

MPAAT Activities and Accomplishments

Page Four

JANUARY 1999 ACCOMPLISHMENTS

- The MPAAT Board of Directors held its fourth meeting. Dr. Hurt officially introduced Kathleen Harty as MPAAT's first Executive Director. The Board:
 - Received reports on the adult baseline survey, and the findings of the Hennepin County tobacco survey.
 - Discussed a draft of MPAAT's bylaws,
 - Ratified the decision of the Finance Committee to invest MPAAT's funds in Lotsoff Capital Management's enhanced cash portfolio.
 - Approved the negotiation of a contract with HealthSystem Minnesota to manage the distribution of 1.4 million Nicotrol patches.
- The Facilities Committee met to approve contracts for network computer systems, telecommunication systems, and network and telephone cabling.
- The Personnel Committee met to define priority staff positions to fill in the short term, including a finance director, communications director, and an executive assistant to Executive Director Harty.

FEBRUARY 1999 ACCOMPLISHMENTS

- The MPAAT Board of Directors held its fifth meeting. The Board:
 - Adopted bylaws for the organization.
 - Approved the membership of both the Research Advisory Committee and the Cessation Advisory Committee.
 - Agreed to modify the advisory committee structure to create a strategically selected Evaluation Advisory Committee and a Task Force to gather input from youth and populations historically targeted by the tobacco industry.
 - Discussed a draft MPAAT Mission Statement and an abbreviated slogan.
- The Personnel Committee developed a draft personnel handbook,
- The Facilities Committee met to examine price quotes for office machines, including a copier and fax machine for MPAAT's permanent office space.
- The Executive Committee met to discuss several policy options regarding board succession and the advisory committee structure.

MPAAT

Minnesota Partnership for Action Against Tobacco

Description

- The State of Minnesota's settlement with the tobacco industry required the defendants to pay \$102 million into a special long-term fund to offer stop-smoking opportunities to Minnesota smokers. Defendants were also forced to pay \$100 million into a second account, for research into smoking and health issues, including research on tobacco use by children, and for other tobacco control purposes.
- While the Legislature will decide how to use the rest of the settlement money, the two earmarked funds, which represent about three percent of the overall settlement, remain under the control of the District Court.
- The Court has appointed a new non-profit organization, the Minnesota Partnership for Action Against Tobacco (MPAAT), to administer the two earmarked funds. MPAAT is a Minnesota non-profit corporation, subject to the specific, ongoing supervision of the District Court, as well as the legal restrictions that govern all non-profit corporations and the Attorney General's oversight over charitable organizations.
- MPAAT will administer the Court-controlled funds for twenty-five years, at which time it will go out of existence. Depending on how it allocates the funds over the twenty-five year period, MPAAT will be able to spend perhaps eight to ten million dollars annually on stop-smoking programs and research. By contrast, the tobacco industry spends nearly one hundred million dollars on advertising and promotion in Minnesota every year.
- The Honorary Co-Chairs of MPAAT are two of America's most highly-regarded public health leaders, Dr. C. Everett Koop, who served as Surgeon General under Presidents Reagan and Bush, and Dr. David Kessler, who headed the U.S. Food and Drug Administration under Presidents Bush and Clinton.
- MPAAT is chaired by one of the world's foremost experts on nicotine, addiction and smoking cessation, Dr. Richard D. Hurt, the Director of the Nicotine Dependence Center at the Mayo Clinic and Professor of Medicine at the Mayo Medical School.
- MPAAT's twenty-one Directors are drawn from diverse fields of expertise, but are united by their commitment to solving this problem. Elected officials of the State (the Governor, Attorney General, Speaker of the House and Senate Majority Leader) appoint eight of the Directors. Two other Directors represent local government. The remaining Directors are experts drawn from fields specified by the Court, such as researchers and health care providers. The current Board includes two legislators, two county commissioners and a

mayor, as well as the President of the American Lung Association, five physicians and two nurses. The Board is unpaid.

- MPAAT's Board is aided by the work of Advisory Committees made up of Board members, leading experts and committed community members from across the state. MPAAT's Cessation Advisory Committee, made up of fifty experts from around the state and chaired by experts from HealthPartners and the Mayo Clinic, will help MPAAT identify the most cost-effective ways to use the cessation account. The Research Advisory Committee, chaired by experts from the University of Minnesota and the Hazelden Foundation, will develop recommendations for effective use of the research account.
- In all its activities, MPAAT will emphasize rigorous evaluation of its efforts, to measure what works and what doesn't. It will set goals and objectives, and will be accountable to the Court and the public for demonstrating progress toward them.
- The Court Order and Plan governing MPAAT created a series of safeguards to make MPAAT accountable to the public, such as a requirement that meetings be public and that its minutes, grants and contracts be available for public inspection. MPAAT will be subject to audit by the Legislative Auditor, in addition to an annual audit by an independent accounting firm. It must report periodically to the District Court and the Legislature on its activities and progress.
- MPAAT's by-laws contain a best-practices conflict of interest policy requiring Board members to remove themselves from the room prior to any discussion or vote involving organizations with which they are affiliated. Board members and officers receive no compensation or per diem for their service, other than reimbursement for out-of-pocket expenses. Staff salaries are limited to the caps on comparable positions in state agencies



Designed for Accountability

The Minnesota Partnership for Action Against Tobacco, MPAAT, is a new private, nonprofit health foundation created as part of the Minnesota tobacco settlement. Under the authority of the Ramsey County District Court, MPAAT was carefully designed to balance two goals: accountability and independence. The Court has entrusted MPAAT with long-term funding to help smokers who want to quit and to fund new research on smoking and health. MPAAT's twenty-five year endowment of \$202 million will allow it to spend between \$5 and \$10 million annually for stop-smoking programs and research projects.

For these efforts to succeed, MPAAT was designed to balance two key goals. First, it must be independent of the influence of the tobacco lobby and shifting budget priorities. Second, it is accountable to the District Court and the public. Some of the safeguards that ensure its accountability include:

- MPAAT is a creature of the District Court, and operates under the Court's permanent supervision and oversight.
- MPAAT's activities will be guided by performance measures that the public and the Legislature can use to judge its success. Every MPAAT program must include a strong evaluation component to measure its effectiveness.
- MPAAT's Board of Directors is a blue-ribbon group of twenty-one experts drawn from different disciplines, but united by a commitment to public health. Eight of the Directors are appointed directly by elected state officials, who can remove their appointees at any time. At least two more Directors must represent local units of government. The initial Board of Directors includes two legislators, two county commissioners, a mayor and a former Legislative Auditor.
- MPAAT is subject to audit by the Legislative Auditor, and to an annual audit by an independent accounting firm.
- Board meetings are open to the public, as are minutes, grants and contracts.
- MPAAT directors and employees are governed by conflict-of-interest rules stricter than those applicable to the State or other nonprofits.
- MPAAT submits biennial written reports to the District Court and the Legislature.
- As a private, nonprofit corporation, MPAAT files annual disclosure reports with the Attorney General and is subject to oversight by the Attorney General.
- MPAAT's Directors receive no compensation or per diem.
- Employees' compensation cannot exceed that of comparable state employees.
- After twenty-five years, MPAAT must go out of existence and return any remaining funds to the State.

MINNESOTA PARTNERSHIP FOR ACTION AGAINST TOBACCO

Biographies of Board of Directors

ABRIDGED WITH OFFICERS' TITLES
FOLLOWS

GERALD W. CHRISTENSON

Distinguished Adjunct Professor, University of St. Thomas

Dr. Christenson served as Chancellor of the Minnesota Community College System from 1983 until his retirement from that position in 1992. As the chief executive officer of the Minnesota Community College System, Dr. Christenson directed the operation of twenty-one campuses with total enrollment of over 56,000 students, 4,000 employees and an annual budget of \$150 million. During his tenure there, he worked toward a smoke-free environment on all campuses, and Christenson's frequent attendance at the Minnesota tobacco trial attests to his interest in reducing the human and economic consequences of tobacco use. Under his leadership, enrollment in Minnesota's Community Colleges increased by 50 percent, the number of minority students tripled, services to non-traditional students were vastly expanded, and the Legislature authorized over \$140 million in construction projects on community college campuses. Following his retirement as Chancellor, Dr. Christenson accepted an appointment as Distinguished Adjunct Professor at the University of St. Thomas. Prior to his service to the Minnesota Community College System, Dr. Christenson held a number of high level positions in Minnesota state government, including Commissioner of Finance, State Planning Director, and Legislative Auditor. Christenson holds a BA from St. John's University and an MA and Ph.D. from the University of Minnesota.

JOHN R. GARRISON

Managing Director, American Lung Association

John Garrison has served as Managing Director of the American Lung Association since 1990. The Lung Association, founded in 1904, speaks with a strong voice on national health issues as well as involves hundreds of thousands of volunteers in fighting to prevent lung disease and promote lung health through more than 90 affiliates across the U.S. Under Garrison's leadership, the Lung Association has stood firm in its opposition to any Congressional action on tobacco that fails to achieve meaningful public health protections or that grants the tobacco industry any special legal protections. Garrison and ALA asked Congress and President Clinton to scrap the inadequate deal presented by the industry in 1997, and worked effectively with organizations across the country to strengthen federal tobacco legislation considered in 1998. Prior to his work with the Lung Association, Mr. Garrison served for more than a decade as President and Chief Executive Officer of the National Easter Seal Society. He has also served as Deputy Commissioner for Administration in the New York State Department of Health, and spent seven years on health and social welfare policies in the office of New York Governor Nelson Rockefeller. In 1990, Mr. Garrison was recognized by *Business Week* as one of America's five top social service executives. Mr. Garrison did his undergraduate work at Harvard College, and earned his Masters in Public Administration at New York University.

LEE GREENFIELD

Chair, Health and Human Services Finance Division, Health and Human Services Committee, Minnesota House of Representatives

Lee Greenfield was elected to the Minnesota House of Representatives in 1978. He is chair of the Health and Human Services Finance Division of the Health and Human Services Committee, a position he has held since 1987. He is also Co-Chair of the Joint Legislative Commission on Health Care Access. He was one of the HealthRight's "gang of seven," the group of seven legislators who developed the bipartisan agreement on health care reform in 1992 (now known as "Minnesota Care"). He is a member of the steering committee and past chair of the Reforming States Group, a member of the Health Committee of the National Conference of State Legislators (NCSL), and a member of the steering committee of the National Academy of State Health Policy's Managed Care and Purchasing Strategies. Lee is also on the advisory committees of the Intergovernmental Health Policy Project of NCSL and the Center for Studying Health System Change. Greenfield supported funding for tobacco control and was also a strong supporter of the three-year effort to pass Minnesota's landmark youth access tobacco legislation, as well as any legislation presented to the House to strengthen clean indoor air measures. Representative Greenfield holds a BS in Physics from Purdue University and has done graduate studies in the history and philosophy of science at the University of Minnesota.

A. STUART HANSON

President, Minnesota Coalition for a Smoke Free Society 2000

Since 1971, Dr. Hanson has had a private practice in Internal Medicine, subspecializing in lung disease, at the Park Nicollet Clinic in Minneapolis, Minnesota. Dr. Hanson is the President and CEO of the Institute for Research and Education Health System Minnesota. He is also the current President of the Minnesota Coalition for a Smoke Free Society 2000, having served as its first and founding President in 1984. During the 1980s and early 1990s Dr. Hanson lead the Minnesota Smoke Free Health Care project, and Dr. Hanson served as President and Chair of the Smoke Free Generation - Minnesota effort from 1984 to 1990. He has been an advocate for tobacco control in many public policy forums, including regional health boards, organized medicine, and state and national legislative processes. In addition to his work for a smoke free environment, Dr. Hanson has served as President of the Minnesota Medical Association, chair of the Minnesota delegation to the American Medical Association House of Delegates, vice chair of the Minnesota Health Data Institute, and chair of the Committee on Workplace Violence, Minnesota Healthcare Coalition on Violence. Dr. Hanson is a graduate of Dartmouth College and received his MD from the University of Minnesota School of Medicine.

JEAN L. HARRIS

Mayor, Eden Prairie

Chair, Health Subcommittee, U.S. Conference of Mayors

Since she was a young woman, Dr. Jean Harris has waged a personal crusade against environmental tobacco smoke and has advocated for smoke free rooms in public buildings. As a local government official, Harris has worked for and passed one of the first and toughest local ordinances against youth access to tobacco in Minnesota. The Eden Prairie tobacco control ordinance became a model for other communities in the state when enacted over six years ago. As Mayor, Harris has set the tone for aggressive enforcement of the provisions of the ordinance. As Chair of the Health Subcommittee for the U.S. Conference of Mayors, Harris was instrumental in persuading that body to pass a resolution supporting tobacco control. She is currently working with the national office of USCOM on strategies for greater involvement of cities in tobacco control and prevention activities. For the past year, Harris has functioned as a consultant to the Minnesota Department of Health on tobacco related issues and is currently co-chair of the Department's MHIP tobacco task force. In her long and distinguished years of public service, Dr. Harris has served as Director of Medical Affairs for the University of Minnesota Hospitals and Clinics; as President and CEO of the Ramsey Foundation, the medical education and research arm of the St. Paul Ramsey Medical Center; as Secretary of Human Resources for the State of Virginia; and as a consultant to the U.S. Agency for International Development, the National Institute of Health, the U.S. Department of Health and Human Services, and the U.S. Congress. Dr. Harris was appointed to Task Forces by both Presidents Carter and Reagan. She is currently a member of the Institute of Medicine of the National Academy of Sciences. She attended Virginia Union University for her BS in chemistry and holds an MD from the Medical College of Virginia, earning the distinction of being the first black to graduate from the University of Virginia Medical School. Harris also holds a Ph.D. in science from the University of Richmond.

RICHARD D. HURT

Director, Mayo Nicotine Dependence Center, Mayo Clinic, Rochester, MN

Doctor Richard Hurt is the Director of the Nicotine Dependence Center at the Mayo Clinic and Professor of Medicine at the Mayo Medical School in Rochester, Minnesota. Doctor Hurt and colleagues at Mayo have developed a treatment program for nicotine dependence based on behavioral treatment, addictions treatment, pharmacological treatment, and relapse prevention. Since its inception in April of 1988, the Nicotine Dependence Center has treated over 16,000 patients with services including individual counseling, group programs, telephone counseling and an intensive residential treatment program. The Center also provides educational services for medical students, residents, trainees, and fellows and has developed a training program for health care providers who want to provide clinical services to patients with nicotine dependence. The research activities of the Center have included randomized clinical trials with pharmacological agents in addition to outcomes research, epidemiological studies, and basic science research. The goal of the Center is to enhance the quality of life for patients with nicotine dependence by providing the best treatment possible through a program that fully integrates practice, education and research. Dr. Hurt has written and spoken widely on addiction and addiction treatment, and serves as a scientific reviewer for numerous journals and research study sections. Dr. Hurt earned his BA at Murray State University, and his MD at the University of Louisville.

ARLA JOHNSON

Chair, Advocacy Group - American Cancer Society, Minnesota Council

Arla Johnson has been a volunteer with the American Cancer Society for 29 years, serving in several leadership roles, including Minnesota Division Chairman of the Board, Tobacco Control Subgroup Chair and, most recently, Chair of the Advocacy Group at the state level. She has represented ACS on Minnesota ASSIST's Executive Committee and is also a member of the ACS National Public Issues Committee, which determines tobacco policy at the Congressional level. Johnson represents Minnesota on the National ACS Assembly, as well as the new ACS Midwest Division Board of Directors. Arla began her involvement in the tobacco control arena 20 years ago when she conducted ACS Quit Smoking programs for adults who needed help quitting. That experience led to tobacco control leadership responsibilities at the ACS state level and eventually to her major role in ensuring passage of the 1992 Tobacco Free Schools Bill. She was actively involved in the long struggle to pass Minnesota's landmark Youth Access to Tobacco bill, which became law in 1997. Last year Arla also helped pass a local youth access ordinance in her own part of the state. Johnson owned and managed a retail business for 14 years, supervising a staff of 8 to 10 employees, and has served on the Board of her local Chamber of Commerce. Johnson attended Mankato State University and Metropolitan State University.

RANDY JOHNSON

Chair, Hennepin County Board of Commissioners

Randy Johnson was first elected to the Hennepin County Board of Commissioners in 1978. As a first-year Board member nearly 20 years ago, Johnson introduced the first resolution seeking to safeguard the public and employees from tobacco smoke by making Hennepin buildings smoke-free. Since then he has introduced or co-authored every resolution on tobacco control considered by the Board, successfully making all 99 county buildings smoke-free, sponsoring smoking cessation programs for employees, and supporting *Send The Camel Packing* and other groundbreaking public information programs sponsored by County Community Health staff. Johnson is the immediate past President of the National Association of Counties (NACo), representing more than 5,000 Counties across the U.S. As President of NACo he has been an outspoken proponent of strong local government tobacco control efforts throughout the nation and for federal policies that will aid in these efforts. Recently Johnson met with White House officials to urge the President to oppose the proposed tobacco settlement. In February 1998, Johnson presented a "Statement on the Proposed Tobacco Settlement" at the National Press Club in Washington D.C. Johnson received his BA from Macalester College and his JD from the University of Minnesota Law School.

ANNE JOSEPH

**Associate Professor of Medicine, University of Minnesota Medical School;
General Internist, V.A. Medical Center**

Dr. Joseph has worked almost exclusively in tobacco control since the mid-1980's. Under her leadership, the Minneapolis V.A. was one of the first acute care hospitals in the nation to become smoke-free. Joseph was also instrumental in developing and implementing the national Department of Veterans Affairs smoke-free policy. Dr. Joseph's clinical activities include supervision of smoking cessation services at the Minneapolis V.A. and design of national standards for smoking cessation intervention for veterans. Her teaching activities include education about nicotine dependence in the University of Minnesota Medical School and Internal Medicine training program. She has conducted research on public policy approaches to tobacco control, including work site smoking policies and their effect on employee smoking, and the epidemiology of smoking among U.S. veterans. Dr. Joseph has also studied smoking cessation interventions for special populations; in particular patients with cardiac disease, and she is currently Principal Investigator on two studies: an examination of optimal intervention for patients with concurrent nicotine and alcohol dependence, and strategies to implement the AHCPR Smoking Cessation Clinical Practices Guidelines in 20 V.A. hospitals around the U.S. Dr. Joseph earned her BA and MD at the University of Michigan and earned her Masters of Public Health in Epidemiology from the University of Minnesota.

PEGGY LEPPIK
State Representative

Peggy Leppik, co-author of Minnesota's ground-breaking 1997 youth access to tobacco legislation, as well as bills to limit tobacco billboards to areas not frequented by children, and to remedy second-hand smoke problems in multi-tenant living units, was elected to the Minnesota House of Representatives in 1990. She sits on the Education; Higher Education Finance; Environmental and Natural Resources; Commerce, Tourism and Consumer Affairs Committees, and also serves as Chair of the Higher Education Subcommittee on Reform, and as Vice Chair of the Select Committee on Technology. Deeply involved in her community, Representative Leppik is a long-time resident of Golden Valley and a past member of Golden Valley's Planning Commission, its Board of Zoning Appeals and its Civic Center Task Force. She currently co-chairs the Success by Six Northwest Public Awareness Committee, serves on the Advisory Committee of the Independent School District 281 Ridgedale Alternative Program, and the Advisory Council of the Children, Youth & Family Consortium, is a member of the Board of Directors of Minnesota Project Innovation and of the City Tree Project, and volunteers at the University of Minnesota Landscape Arboretum. Representative Leppik has worked as an editorial consultant for a medical periodical and as a research assistant in biochemistry. She received her BA from Smith College and did post-graduate work at the University of Pennsylvania.

GRETCHEN MUSICANT

Vice President, Community Health, Minnesota Hospital & Healthcare Partnership

Gretchen Musicant is vice president, community health, Minnesota Hospital and Healthcare Partnership. Musicant is responsible for overseeing and coordinating MHHP's efforts to build healthier communities through partnering activities among MHHP's members, public health and social service agencies, and other organizations so that community health issues may be addressed in a collaborative manner. One important focus of her work has been to support and encourage Minnesota's hospitals and health systems to address tobacco use among youth. She has helped shape the association's advocacy positions on tobacco related legislation and in 1996 oversaw the creation of the STAT! Campaign which successfully involved local hospitals and health systems in efforts to pass city and county tobacco control ordinances. As a result of the STAT! Campaign seventy health care institutions made a commitment to this goal and more ordinances were passed in 1996 and 1997 than in any previous year. The network established through the STAT! Campaign helped to pass state-wide legislation in 1997 and supported local efforts to pass stronger local ordinances in 1998. Musicant will be a speaker at the National Tobacco Control Conference in Minneapolis October 26, 1998. Currently she is Co-chair of the Smoke Free 2000 Public Policy and Legislative Committee. Musicant earned a Bachelor of Science in Nursing and a Masters of Public Health from the University of Minnesota. She also holds a Bachelor of Arts in Biology from St. Cloud State University.

MATTHEW RAMADAN

Executive Director, Northside Residents Redevelopment Council

Matthew Ramadan was a founding board member of the Community Prevention Coalition (CPC), whose main goal is to reduce alcohol, tobacco and other drug problems in Hennepin County. During his four year involvement with the coalition, he co-chaired the Public Awareness/Media Action Group and initiated a number of adolescent mentoring programs in the community for African American youth. During Ramadan's tenure, CPC developed the innovative *Send the Camel Packing* and *Young Rebels* projects targeted at reducing youth tobacco use and creating awareness of how insidious and pervasive tobacco advertising is with our youth. He has a history of championing issues that affect his community and the lives of young people, and is a strong advocate of population level health strategies. Currently, Ramadan is the Executive Director of the Northside Residents Redevelopment Council, which improves and rehabilitates single family homes in north Minneapolis for ownership. Ramadan also acts as the Resident Imam at the Masjid An-Nur. Ramadan has served on many boards, including Turning Point and the Minneapolis Foundation, has been appointed to two Governor's Task Forces, and currently chairs the American Muslim Council - Minnesota Chapter. He received his BA from the University of Minnesota and has participated in numerous continuing education institutes, including several focused on multi-cultural substance abuse prevention.

LAWRENCE M. REDMOND
President, Redmond Associates, Inc.

Lawrence M. Redmond is president of Redmond Associates, Inc., a public affairs consulting firm founded in 1977. Mr. Redmond advises a variety of non-profit and commercial organizations on governmental and political trends and policies. Redmond Associates additionally provides representation for these organizations at the federal, state and local levels of government. In recent years Mr. Redmond has been active in efforts to secure state and federal legislation concerning tobacco abuse. He has been particularly active in regard to Minnesota legislation concerning youth access to tobacco products. Over the past 25 years Mr. Redmond has been involved in the following community projects: Minnesota Mental Health Association, board member; Minnesota Board on Judicial Standards, chairman; Deafness Education and Advocacy Foundation; Minnesota Citizens League; St. Louis Park Charter Commission; Governor's Open Appointments Commission; President Mikhail Gorbachev Visit Committee; Advisory Committee to Review the American Bar Association Model of Judicial Conduct and the Rules of the Minnesota Board on Judicial Standards, appointed by the Chief Justice. Mr. Redmond has also been a leader in his professional association. He has served as a board member of the Minnesota Governmental Relations Council and has chaired both their ethics and legislative committees. Mr. Redmond attended the University of Minnesota with concentrated study in English literature and political science.

CHRISTINE D. RICE**Former Deputy Commissioner, Minnesota Department of Health**

Ms. Rice held high-level positions with the Minnesota Department of Health (MDH) through 1997. As Deputy Commissioner, Ms. Rice was second in command at MDH, responsible for regulation and policy oversight of most MDH operations. Ms. Rice paid particular attention to MDH legislative initiatives during this time, as well as the representation of MDH as a board member with the Minnesota Health Data Institute. Prior to becoming Deputy Commissioner, Ms. Rice served as an Assistant Commissioner at MDH. In that role, Ms. Rice managed the Bureau of Health Protection, which divisions included disease prevention and control, environmental health, and public health laboratories. Ms. Rice's MDH experience also included a two-year stint as Director of Public and Legislative Affairs. Ms. Rice received her BA from the University of Wisconsin in 1971.

TERRY SLUSS

Commissioner, Crow Wing County & Chair of the Crow Wing County Tobacco Ordinance Committee

Terry L. Sluss began teaching in 1976 and for the past eight years has specialized in “at-risk” emotional and behavior disorders and crisis intervention. In addition to duties in the Brainerd Public School District, he was elected Crow Wing County Commissioner in 1996, representing Brainerd and Baxter, Minnesota. Sluss has significant specialized experience working with youth in crisis and youth vulnerable for becoming future tobacco users. He is chair of the Crow Wing County Tobacco Ordinance Committee which developed and is currently enforcing a county wide ordinance more restrictive than the minimum state requirements. Sluss is a member of the County Health Board as well as an alternate member of the Minnesota State Community Health Service Advisory Committee. Sluss is also active with the Minnesota Education Association, having participated in statewide discussions to bring school districts and education organizations together. He has held numerous leadership positions in his profession as well as chaired or participated many community committees. Sluss is a panel member at the 1998 Community Health Conference Tobacco Early Bird Session entitled “Lessons Learned From Local Tobacco Prevention and Control Efforts” at the annual statewide meeting of Minnesota county health officials. Sluss holds a Bachelor of Science degree from St. Cloud State University, and will be awarded his Master of Arts in Special Education by St. Cloud State.

JEANNE WEIGUM

President, Association for Nonsmokers - Minnesota (ANSR)

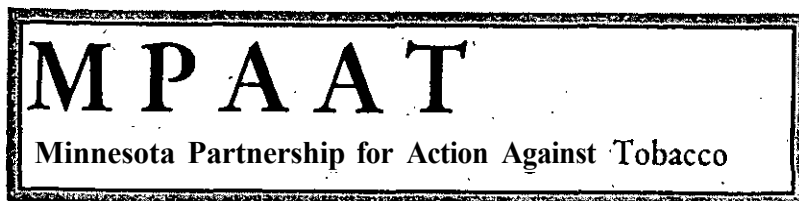
Jeanne Weigum has been a volunteer working on reducing the ill effects of tobacco use since 1975. Weigum was named 1998 Minnesotan of the Year by the *Minnesota Monthly* for her untiring and successful activism to improve public health through tobacco control. Weigum has also spent twenty years in corrections as a mental health professional. She has served as President of the Association for Nonsmokers - Minnesota Board of Directors; founding director, North Suburban Tobacco Task Compliance Project; director of the American Lung Association of Minnesota and Minnesota Coalition for a Smoke-Free Society 2000; member of the Technical Advisory Committee on Nonsmoking and Health for the Minnesota Department of Health; and has served on various committees for the Hennepin County Department of Health, the American Lung Associations of Minnesota and Hennepin County, and the Minnesota Department of Health. Weigum is founder of the Fire Safe Cigarette Committee and the Ad-hoc Committee on Smoke-Free Day Care and has been a tireless volunteer lobbyist on various tobacco issues before local units of government and the Minnesota legislature. Weigum is in demand as a speaker, having presented, for example, at the 5th and 6th World Conference on Smoking and Health; Tobacco Use Prevention Summer Institute, 1995-1997; Tobacco Prevention: The Next Generation, 1995; Communities for Tobacco-Free Kids: Drawing the Line 1996; and Reducing Youth Access to Tobacco (several presentation sites statewide) ASSIST meetings. Weigum's areas of expertise include: youth access to tobacco, tobacco restrictions in the work site, smoke-free housing, clean indoor air restrictions, community organizing, public policy approaches to tobacco control, tobacco industry tactics, history of tobacco control in Minnesota, grass roots community action, fire-safe cigarettes, media advocacy, and small nonprofit management. Weigum holds a BA from Bethel College and earned her Masters of Social Work at the University of Minnesota.

LAURA WATERMAN WITTSTOCK
President, MIGIZI Communications

Laura Waterman Wittstock, a member of the Seneca Nation, is President of MIGIZI Communications, a Minnesota nonprofit serving the American Indian community locally and nationally through communications-based education. Her columns appear in the Minneapolis Star-Tribune and numerous community newspapers. She serves on the boards of the Minneapolis Foundation, Abbott Northwestern Hospital, Twin Cities Public Television and American Indian Business Development Corporation, and chairs the Communities of Color Institute in Minneapolis and Independent Television Service in San Francisco. In 1992, Wittstock received the Minnesota Advocates for Human Rights Award for twenty years of work in alternative media coverage of American Indians and free expression. As a member of the Minnesota Smoke-Free Society 2000 Coalition, Wittstock helped recommend legislative changes to limit the use of tobacco by minors. Her proposal for limiting smoking sections in restaurants to those over 18 years of age has not been adopted, but she has campaigned for its inclusion after seeing infants in smoking sections of restaurants forced to inhale not only their parents' smoke, but that of others in the area. Wittstock is currently a member of the Minnesota Minority Health Advisory Committee to the Minnesota Department of Health, and of the Minnesota Health Improvement Partnership Tobacco Work Group, which is advising the Commissioner of Health on tobacco issues. Her children's book, *Ininatig's Gift of Sugar.. Traditional Native Sugarmaking*, was published in 1993 and nominated for a Minnesota Book Award. Her second book, *Changing Communities, Changing Foundations: The Story of the Diversity Efforts of Twenty Community Foundations*, is in publication.

JULIE WOODRUFF**Minnesota ASSIST, Scott County Coordinator**

Julie Woodruff has been the Scott County Coordinator for Minnesota ASSIST since 1994. In that role, she has been instrumental in mobilizing community members, health organizations, educators and law enforcement officials to successfully advocate for the adoption of strong tobacco ordinances. The majority of these ordinances contain provisions that surpass the minimum standard set by the 1997 Minnesota Youth Access Law. This fall, Julie will be collaborating with the Scott County Attorney's Office to facilitate diversion classes for Scott County youth who have been charged with using, possessing or purchasing tobacco products. In addition, Julie will be a panelist for two workshops at the Fourth Annual Conference on Tobacco and Health in St. Paul and a co-presenter for an Allina symposium at the 1998 Annual Meeting of the American Public Health Association in Washington D.C. Julie has been Co-Chair of the Minnesota ASSIST Coordinating and Advisory Committee and a member of the ASSIST Executive Committee since December 1994. She is also Unit Tobacco Control Leader on the Scott County Board of the American Cancer Society, the Scott County Coordinator for Tobacco-Free Communities for Children, and a consultant for the University of Minnesota Research Team for Tobacco-Free Future. Julie is also a charter member of the Healthy Communities Coalition of Scott County. Her background includes 14 years as both a practicing nurse and as a teacher of nurses. As Clinical Nurse Specialist at the Mayo Medical Center in Rochester, Julie was a member of the Mayo Center for Nursing Research Committee and the Smoke-Free Task Force for the Mayo Department of Psychiatry. Woodruff holds a Masters of Science in Nursing from the University of Wisconsin.



Board of Directors

Richard D. Hurt, M.D., Chair (President)

Director of the Nicotine Dependence Center at the Mayo Clinic and Professor of Medicine at the Mayo Medical School in Rochester.

A nationally recognized researcher, practitioner, teacher and administrator, Dr. Hurt is one of the world's foremost experts in nicotine addiction and smoking cessation. He developed and heads one of America's most successful stop-smoking clinics. He has published widely in major medical journals; serves as an advisor reviewer for numerous journal and research study sections in other states and at the federal level; reviewed thousands of tobacco industry documents and served as lead witness in Minnesota's tobacco litigation.

Special expertise: nicotine addiction and treatment; tobacco industry behavior.

Gerald W. Christenson, M.A., Ph. D.

Distinguished Adjunct Professor, University of St. Thomas.

As Chancellor of the Minnesota Community College System (1983-1992), Dr. Christenson administered an annual budget of \$150 million and worked for a smoke-free environment on 21 college campuses. Former Minnesota Commissioner of Finance; Former Legislative Auditor and former Director of the Minnesota Department of Planning.

Special expertise: financial management and administration.

John R. Garrison, M.P.A.

CEO, American Lung Association.

Head of one of America's leading health voluntary organizations, promoting public health, especially lung health, through 90 affiliates nationwide. Former President, National Easter Seal Society; named one of America's five top social service executives by Business Week; and leader of efforts to strengthen America's tobacco policies in 1997 and 1998.

Special expertise: nonprofit management, voluntary organizations, public-private partnerships.

Representative Lee Greenfield

Member, Minnesota House of Representatives.

Ranking minority member and former Chair, Finance Division of the Health and Human Services Committee of the Minnesota House of Representatives. Long-time tobacco control advocate and one of the legislature's most respected voices on health issues for 20 years.

Special expertise: health care finance.

A. Stuart Hanson, M.D.

(VICE PRESIDENT)

Founding President, Minnesota SmokeFree Coalition.

Former President, Minnesota Medical Association; former President, Smoke Free Generation Minnesota and the Minnesota Smoke Free Health Care project; 28 years in private practice as a pulmonologist treating tobacco-induced diseases; CEO, Institute for Research and Education, HealthSystem Minnesota. One of Minnesota's first and most respected tobacco control leaders. Special expertise: tobacco-related diseases; tobacco control policies.

Jean Harris, M.D., Ph.D.

Mayor of Eden Prairie, Minnesota, and Chair of the Health Subcommittee of the U.S. Conference of Mayors.

Co-chair, Tobacco Task Force, Minnesota Health Improvement Partnership; former President, Ramsey Foundation; former Secretary, Department of Human Services, State of Virginia; first African-American graduate, University of Virginia Medical School.

Special expertise: local and state public health infrastructure and programs; medical consequences of tobacco use.

Arla Johnson

Chair, Advocacy Group, American Cancer Society, Minnesota Division.

Former Board Chair, American Cancer Society, Minnesota Division; member, National Public Issues Committee, American Cancer Society; rural small business owner and 29-year ACS volunteer.

Special expertise: role of health voluntary organizations; needs of rural communities.

Randy Johnson, J.D.

Chair, Hennepin County Board of Commissioners and Immediate Past President, National Association of Counties.

Twenty-year successful advocate for smoke-free policies, including adoption of smoke-free policies in all 99 Hennepin County office buildings and advocacy at the White House for effective tobacco legislation in 1998.

Special expertise: local public health infrastructure; role of local governments.

Anne Joseph, M.D., M.P.H.

Associate Professor, University of Minnesota School of Medicine.

General Internist, Veterans Affairs Medical Center, Minneapolis. President, Minnesota SmokeFree Coalition; helped develop and win nationwide adoption of smoke-free policies within U. S. Department of Veterans' Affairs.

Special expertise: nicotine addiction and cessation; issues affecting veterans and other special populations.

David A. Kessler, M.D., J.D.

Dean, Yale University School of Medicine

(HONORARY CHAIRMAN) (NONVOTING DIRECTOR)

Commissioner of the Food and Drug Administration under Presidents Bush and Clinton. Currently Dean of the Yale University Medical School.,

C. Everett Koop, M.D.

(Honorary Co-Chair) (Nonsmoking Director)

Former Surgeon General, United States of America.

Dr. Koop earned a reputation as a skilled clinician, brilliant researcher and outstanding surgeon during his lengthy career as a medical practitioner, and went on to serve as Surgeon General for eight years, during which he became the most respected public health leader in living memory and the nation's leading voice for tobacco control.

Representative Peggy Leppik

Member, Minnesota House of Representatives.

Legislator since 1990, frequent author and consistent supporter of tobacco control initiatives and other health improvement measures; Advisory Council, Children, Youth & Family Consortium; former Vice President, League of Women Voters of Minnesota.

Special expertise: legislative process and coalition-building.

Gretchen Musicant, M.P.H.

(Secretary)

Vice President, Minnesota Hospital and Healthcare Partnership.

Co-Chair, Public Policy Committee, Minnesota Smoke-Free Coalition; former Staff Specialist, Governmental Affairs, Minnesota Nurses Association. Oversaw "STAT" campaign that enlisted 70 community hospitals in local tobacco control efforts.

Special expertise: community health care partnerships and coalitions; role of hospitals and health care systems in tobacco and health.

Matthew Ramadan

Chair, American Muslim Council, Minnesota Chapter.

Executive Director, Northside Residents Redevelopment Council; Member, Board of Directors, Joint Religious Legislative Coalition; founding member, Community Prevention Coalition (CPC); helped CPC launch innovative "Send the Camel Packing" and "Young Rebels" campaigns to counter tobacco industry marketing to youth; champion of community-based health improvement strategies, mentoring programs and neighborhood redevelopment.

Special expertise: community organizing; spiritual and moral issues related to substance abuse; impact of tobacco use on character, self-esteem and youth development.

Lawrence M. Redmond

Legislative Affairs Specialist, Redmond and Associates.

Expert in governmental and legislative relations, representing health care providers and systems, advocate for strengthened youth access legislation in 1997.

Special expertise: legislative process and coalition building; health care policy.

Christine D. Rice

Former Deputy Commissioner, Minnesota Department of Health.

Former Deputy Commissioner of Health, former Assistant Commissioner; former Director of Public and Legislative Affairs, Department of Health. Oversaw regulation, policy initiatives and legislative proposals of the Department and managed the Bureau of Public Health, with responsibility for disease prevention and control.

Special Expertise: public health infrastructure, programs and policies.

Terry L. Sluss, M.A.

Commissioner, Crow Wing County, and Chair, Crow Wing County Tobacco Ordinance Committee.

Member, County Health Board; educator specializing in behavioral and emotional issues affecting vulnerable and “at risk” youth; past President, Brainerd Education Association; holder of numerous professional positions in Minnesota Education Association and other education organizations. Special expertise: local public health infrastructure; education about tobacco and health; adolescent development; needs of “at risk” youth.

Jeanne Weigum, M.S.W.

President, Association for Nonsmokers-Minnesota.

Named “Minnesotan of the Year” by Minnesota Monthly magazine, 1998, for her 20 years of tobacco control advocacy; founding director, North Suburban Tobacco Compliance Project; mental health professional.

Special expertise: grassroots organizing; tobacco control policies; tobacco industry tactics and small nonprofit management.

Laura Waterman Wittstock *(Tronson)*

President, MIGIZI Communications, a nonprofit communications and education organization serving the American Indian Community.

Minnesota Advocates for Human Rights Award, 1992; Member, Minority Health Advisory Committee, Minnesota Department of Health; Member, Tobacco Work Group, Minnesota Health Improvement Partnership; Chair, Communities of Color Institute; Board member, Abbott Northwestern Hospital, Twin Cities Public Television and American Indian Business Development Council; author and expert on diversity issues in nonprofit organizations.

Special expertise: role and impact of tobacco in Native American communities; culturally-sensitive health initiatives.

Julie Woodruff, M.S.N.

Scott County Coordinator, ASSIST Project, and Co-chair, Coordinating Committee, Minnesota ASSIST Project.

Unit Tobacco Control Leader, Scott County Board, American Cancer Society; mobilized four community coalitions to enact standard-setting tobacco ordinances; facilitates local diversion program for youth charged with tobacco violations; fourteen years as a clinical nurse specialist and nurse educator.

Special expertise: grassroots coalition building.

In Reference to Schedule D and the Mandates for
NPF Qualification Under §509(a)(3)

In light of the relevant law and facts specific to applicant's circumstances enumerated below, classification of MPAAT as a 509(a)(3) nonprivate foundation is sought. The very anomaly of applicant's situation as shown in **Attachment B** earlier -- MPAAT was created by (and remains subject to) authority vested in the judicial branch of government for the State of Minnesota; it exists to serve in quasi-executive shoes as an administrator of funds won by the State of Minnesota in the State's successful lawsuit pursuing equitable remedies and relief against the injuries to the health and welfare of the people of the State; and its governance structure is subservient to mechanisms of control which relate directly back to both the legislative and judicial branches of the State of Minnesota -- demonstrates that MPAAT readily meets the following four tests allowing it such classification:

1. Relationship test under §509(a)(3)(B). Attachment B has shown that MPAAT was organized under the authority of (indeed having its organizational document specifically approved by), and remains under the control of, the judicial branch of government for the State of Minnesota, specifically the District Court for the Second Judicial District. Applicant's organizing document requires the Board of Directors be appointed by the State of Minnesota's Governor, Attorney General, Speaker of the House, and Senate Majority Leader to the end of having these four executive or legislative officials of the State in the aggregate appoint 8 of applicant's 21 Directors (per Articles of Incorporation, Article IV, enclosed at Attachment A); the remaining Directors (two of whom must be officials of local governments) are elected after a nomination process to fulfill the requirements of representation within the remaining 13 seats. As the entirety of Directors' seats are staggered to expire 1/3 each year (per By-laws adopted February 17, 1999), the 8 appointed Directors have virtual parity with the non-appointed Directors in controlling the Board (as the non-appointed Directors may only vote in electing Directors to the extent they themselves occupy non-expiring elected Directors' seats). These indices, bifurcated as they are between judicial mandate, and appointment rights dedicated to the State's executive and legislative officers, are tantamount to effective control by the "supported" organization (the State of Minnesota). in line with the requirements of Regs. §1.509(a)-4(g).

2. Organizational test under §509(a)(3)(A). The State of Minnesota is not specifically named as the "supported" organization in taxpayer's organizational document purpose clause (see Articles of Incorporation, Article II, enclosed at Attachment A), but the exclusive reference in that clause to the State of Minnesota's court order which underlies the creation and governance of this applicant, as well as the dedication of applicant's operations to administering the outcomes mandated by that order, delineate that applicant's purpose at organization was synchronized with §501(c)(3) outcomes which themselves fit within the State's mission. The fact of the coterminous missions of MPAAT and the State of Minnesota is demonstrated by the remedy sought by the State of Minnesota in its litigation -- the amelioration of the detriments the State's citizens have incurred to their health and welfare was the very result sought by the State in its litigation and Consent Judgement. It is thus clearly the case that MPAAT's purpose clause is sufficient to meet the requirements of Regs. §1.509(a)-4(c) and (d).

3. Operational test under §509(a)(3)(A). As expressed in the preceding paragraph, the functions and operations of the applicant organization are limited by the State of Minnesota's court order to those activities which are of benefit to the State of Minnesota, the "supported" organization, thus meeting the requirements of Regs. §1.509(a)-4(e)(1) and (2).

4. Disqualified persons' control test under §509(a)(3)(C). There is no control of taxpayer by disqualified persons other than foundation managers, meeting the standard of §1.509(a)-4(j).

In Reference to Form 1023, Part IV-A, Line 22

Detail of Expenses:

<i>Category</i>	col. a	col. b	col. c
Grants Out	0	10,000,000	15~000,000
Salaries (including benefits/taxes)	1,427	570,000	625,000
occupancy	1,062	145,000	155,000
other Ops/Program expense	ITEMIZED BELOW	285,000	320,000
miscellaneous	39		
workers comp	2,070		
consultants	88,855		
legal fees	10,205		
other professional svcs	728		
conferences/meetings	1,985		
travel/parking	1,803		
publications	901		
TOTAL	107,075	11,000,000	16,100,000

**LEASE AGREEMENT
KRAUS-ANDERSON**

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KRAUS-ANDERSON OFFICE LEASE AGREEMENT

THIS LEASE, Made this 16th day of January, 19 99, between ENGELSMAN LIMITED PARTNERSHIP, a
Minnesota limited partnership (LANDLORD) and Minnesota Partnership for Action Against
(TENANT, whether one or more) Tobacco, a Minnesota Corporation

WITNESSETH:

PREMISES: 1. LANDLORD does hereby lease to TENANT and TENANT does hereby take from LANDLORD, the Leased Premises, being that area on the 4th Floor of the Capitol Professional Office Building (Building) crosshatched in red on attached Exhibit A, which Building is located at and situated on the premises legally described on attached Exhibit B.

TERM: 2. Subject to and upon the terms and conditions set forth herein, or in any exhibit or addendum hereto, this Lease shall be for a term beginning on the 15th day of February, 19 99, and continue thereafter to and including the 29th day of February, 19 2004, unless earlier terminated as hereinafter provided.

USE OF LEASED PREMISES: 3. The Leased Premises are to be used and occupied by TENANT solely for the purpose of general office use

BASE RENT: ~~4. TENANT shall pay to LANDLORD an Annual Base Rent in the sum of~~
~~EXHIBIT F~~ ~~Dollar \$6~~

ADDITIONAL RENT: 5. TENANT shall also pay, as additional rent, its proportionate share of Estimated Operating Cost, as hereinafter defined, and all other sums of money as shall become due and payable by TENANT to LANDLORD under this Lease. The Annual Base Rent together with TENANT's proportionate share of Estimated Operating Cost and any other additional rent shall be collectively referred to as "Annual Gross Rental".

RENT PAYMENT: 6. One-twelfth (1/12) of the Annual Gross Rental shall be paid, in lawful money of the United States, to the LANDLORD at ~~* 527 South Eighth Street, Minneapolis, Minnesota 55404~~ or such other place or places or to such other party or parties as LANDLORD from time to time shall designate. ~~**~~ On or before the first day of each calendar month during the initial term and any extensions or renewal thereof without demand and without any reduction, abatement, counterclaim or setoff. If the term of this Lease, as heretofore established, commences on other than the first day of a month or terminates on other than the last day of a month, then the monthly installments of Annual Gross Rental provided for herein for such month or months shall be prorated and the installments so prorated shall be paid in advance.

* 4210 West Old Shakopee Road, Bloomington, Minnesota
SERVICE CHARGE: 7. All rental and other sums payable hereunder by TENANT which are not paid when due shall bear interest from the date due to the date paid at the rate of eighteen percent (18%) per annum or the highest rate permitted by law, whichever is less. In addition to the above, TENANT shall pay LANDLORD a \$25.00 service charge for all monthly rental payments not paid by the 10th day of the month for which they are payable. Said \$25.00 charge is a service charge to partially cover extra expenses involved in handling delinquent payments.

** In writing

DEFINITIONS: 8. For the purpose of this Lease:
(a) "Building" means the structure situated at the above-referenced location, including any areas servicing the same such as adjoining skyways, lobby areas, access areas, or other public areas, whether now or hereinafter constructed.

(b) "Operating Cost" (sometimes herein referred to as "Actual Operating Cost") shall include all operating expenses of the Building. The term "Operating Expenses" as used herein shall mean all expenses and costs which LANDLORD shall pay or become obligated to pay because of or in connection with the ownership and operation of the Building, including the total of all taxes and installments of assessments (and interest thereon), general and special, ordinary and extraordinary, assessed, levied or imposed upon and payable with respect to the Building and the cost of capital expenditures made for repairs or replacements to the Building or purchase of equipment which will be amortized over the expected life of such improvements, excluding, however, depreciation, interest or payments of principal on any mortgage or other encumbrance. The annual assessment of Operating Costs shall be determined in accordance with general accepted accounting principles which shall be consistently applied (with appropriate accruals).

(c) "Estimated Operating Cost" means, for any particular calendar year, the estimate of the LANDLORD of the Operating Cost for the Building for such calendar year, computed prior to commencement of such calendar year.

(d) "Operating Cost Adjustment" means, the difference between the "Estimated Operating Cost" and the "Actual Operating Cost" computed according to the provisions of Article 9 herein.

(e) "Rentable Area" means the area or areas of space within the Building determined by the measurement standard set forth on attached Exhibit E.

(f) "TENANT" means TENANT, and TENANTS in all cases where there is more than one TENANT, and the necessary grammatical changes required to make the provisions hereof apply to corporations, partnerships or individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

(g) "TENANT Improvements" shall mean all improvements and additions performed by TENANT or by LANDLORD or its agents for TENANT as designated in Exhibit D.

**OPERATING
COST
ADJUSTMENT:**

9.

(a) For purposes of determining TENANT's proportionate share of Estimated Operating Costs and Operating Cost Adjustment, TENANT's proportionate share is estimated initially to equal approximately 15.7 % and will be computed at all times as the percentage which the Rentable Area of the Leased Premises bears to the Rentable Area of the Building.

(b) In the event that the actual Operating Cost for any calendar year during the term of this Lease exceeds the Estimated Operating Cost for such calendar year, TENANT shall pay to LANDLORD, as additional rent for such year, a sum (Operating Cost Adjustment) equal to TENANT's proportionate share of the difference between the Actual Operating Cost for that year and the Estimated Operating Cost.

(c) LANDLORD shall, within a reasonable period of time and after the end of any calendar year for which additional rent is due under the provisions of this Article 9, give written notice thereof to TENANT, which notice shall contain or be accompanied by a statement of the Actual Operating Cost of LANDLORD's operation of the Building during such calendar year,* and also accompanied by a computation of such additional rent. TENANT shall make payment of such additional rent to LANDLORD within a period of thirty (30) days after receipt of such notice,** LANDLORD's failure to so notify TENANT within a reasonable period of time after the closing of any calendar year for which additional rent is due under the provisions of this Article 9 shall not release TENANT from paying nor diminish TENANT's obligation to pay such additional rent. **

(d) TENANT may examine the books of the LANDLORD relating to the Building provided that such examination is requested within sixty days (60) of the receipt of the notice of the Operating Cost Adjustment. The period of examination shall not extend the due date of any payment.

(e) If this Lease commences at any time other than the first day of the calendar year, the Operating Cost Adjustment referred to herein will be prorated, based on the calendar days during such calendar year for which the TENANT is obligated to pay rent with respect to the Leased Premises.

(f) Notwithstanding any other provision herein to the contrary, it is agreed that in the event the building is not fully occupied during any partial year or any full calendar year, an adjustment shall be made in computing the operating expenses for such year so that the Operating Cost shall be computed for such year as though the Building has been fully occupied during such year.

* as certified by an officer of Landlord

** provided, however, Tenant shall not be liable for any interest or penalties due to Landlord's failure to notify tenant

**ADDITIONAL
OCCUPANCY
TAXES:**

10. TENANT shall pay, as additional rent to LANDLORD, the amount of any tax (but excluding therefrom any income tax) paid, or which will be payable, by LANDLORD by reason of the receipt of monthly installments of Annual Gross Rental, or by reason of renting the Building or TENANT's occupancy thereof.

• ** or if Tenant is not then in default under this Lease beyond the applicable period, Landlord shall refund, the difference (as the case may be) without interest within sixty (60) days after the date of delivery of the statement.

**ACCEPTANCE
OF PREMISES:**

11. Taking of possession of the Leased Premises by TENANT shall be conclusive evidence that the Leased Premises were, on that date, in good, clean and tenantable condition as represented by LANDLORD. TENANT acknowledges that no representations as to the repair of the Leased Premises or promises to alter, remodel or improve the Leased Premises, have been made by LANDLORD, except as may be provided in attached Exhibit C and Exhibit D.

**TIME OF
POSSESSION
AND OCCUPANCY
OF PREMISES:**

12. In the event the Leased Premises should not be ready for occupancy by the commencement date of this Lease, LANDLORD shall not be liable or responsible for any claims, damages or liabilities in connection therewith or by reason thereof.

**ALTERATIONS,
ADDITIONS,
IMPROVEMENTS
BY TENANT:**

13. TENANT agrees not to permit the Leased Premises to be used for any purpose other than stated above, or to make or allow to be made any alterations or physical additions in or about the Leased Premises without first obtaining the written consent of LANDLORD. Any and all such alterations, physical additions or improvements, when made to the Leased Premises shall at once become the property of LANDLORD and shall be surrendered to LANDLORD upon the termination of this Lease by lapse of time or otherwise; provided, however, this clause shall not apply to movable equipment or furniture owned by TENANT. Without limiting the foregoing, TENANT hereby agrees to deliver to LANDLORD satisfactory proof that all workmen of TENANT or of TENANT's contractor or sub-contractors entering upon the Leased Premises are properly covered by workmen's compensation insurance and, if required by LANDLORD, satisfactory proof that all such workmen are union workmen.

* which consent shall not be unreasonably withheld or delayed

**REPAIRS BY
TENANT:**

14. At TENANT's own cost and expense, TENANT agrees to repair or replace any damage or injury done to the Building, or any part thereof, caused by TENANT or TENANT agents, employees, invitees or visitors; provided, however, if TENANT fails to make such repairs or replacements promptly, LANDLORD may, at its option, make such repairs or replacements, and TENANT shall repay the cost thereof to the LANDLORD on demand.

** With written notice to Tenant

**MECHANIC'S
LIENS:**

15. TENANT will not permit any mechanic's, laborer's or materialmen's liens, ^{over \$2,500 in value} to stand against the Leased Premises or the Building for any labor or material furnished to or on account of TENANT or claimed to have been so furnished in connection with any work performed or claimed to have been performed in, on or about the Leased Premises.

**SURRENDER
OF PREMISES:**

16. Upon the expiration or termination of the Lease Term, TENANT shall, at its expense (i) remove TENANT's goods and effects and those of all persons claiming under TENANT, (ii) quit and deliver up the Leased Premises to LANDLORD peaceably and quietly in as good order and condition as the same were in on the date the Lease Term commenced or were thereafter placed by LANDLORD, reasonable wear and tear excepted, and (iii) at LANDLORD's request, restore the Leased Premises to general office standards in existence at the date of execution of this Lease for general application throughout the Building. Any property left in the Leased Premises after expiration or termination of the Lease Term, may be disposed of by LANDLORD as LANDLORD deems expedient.

*** Landlord agrees that leased premises as improved in accordance with Exhibit C comprise General Office Standards and tenant shall have no restoration obligations with respect to this original work.

**COMPLIANCE
WITH
ORDINANCES,
RULES AND
REGULATIONS:**

17. (a) TENANT agrees not to occupy or use, or permit any portion of the Leased Premises to be occupied or used for any business or purpose which is unlawful, disreputable, or deemed to be extrahazardous on account of fire, or permit anything to be done which would in any way increase the rate of fire insurance coverage on the Building or its contents.

(b) TENANT agrees to comply with all ^{applicable} laws, ordinances, orders, rules and regulations (state, federal, municipal, or promulgated by other agencies or bodies having any jurisdiction thereof) relating to the use, condition or occupancy of the Leased Premises. TENANT will comply with the rules of the LANDLORD adopted by LANDLORD from time to time for the safety, care and cleanliness of the Leased Premises and the Building and for the preservation of good order therein, all of which will be sent by LANDLORD to TENANT in writing and shall be thereafter carried out and observed by TENANT.

**LANDLORD'S
RIGHT
OF ENTRY:**

18. TENANT agrees to permit LANDLORD, ^{****} or its agents or representatives to enter into and upon any part of the Leased Premises at all reasonable hours to inspect the same, clean, make repairs, alterations or additions thereto or exhibit the Leased Premises to prospective tenants, purchasers or others, or for other reasonable purposes as LANDLORD may deem necessary or desirable, and TENANT shall not be entitled to any abatement or reduction of Base Rent, Operating Cost Adjustment, or any other sums due under this Lease by reason thereof. LANDLORD has the right to enter upon the Leased Premises at any time in case of emergency.

**** with reasonable notice given to Tenant.

NUISANCE:

19. TENANT agrees to conduct its business and control its agents, employees, invitees and visitors in such manner as not to create any nuisance,* or interfere with, annoy or disturb any other tenant or LANDLORD in its operation of the Building. TENANT agrees that no overshoes, rubbers or mats or objects of any sort will be placed in the public areas.

* unreasonably

**ASSIGNMENT
OR SUBLEASE
BY TENANT:**

20.

(a) TENANT shall not assign or in any manner transfer this Lease or any interest therein nor sublet the Leased Premises or any part or parts thereof, nor permit occupancy by anyone without the prior written consent of LANDLORD. Consent by LANDLORD to one or more assignments of this Lease or to one or more sublettings of the Leased Premises shall not operate as a waiver of LANDLORD's rights under this Article. No assignment shall release TENANT of any of its obligations under this Lease or be construed or taken as a waiver of any of LANDLORD's rights hereunder. The acceptance of rent from someone other than TENANT shall not be deemed to be a waiver of any of the provisions of this Lease or consent to any assignment or subletting of the Leased Premises. LANDLORD shall have the right to terminate this Lease in the event of TENANT's failure to comply with the terms of this Article.

*** which consent shall not be unreasonably withheld or delayed

(b) Neither this Lease nor any interest therein shall pass to any trustees or receiver in bankruptcy, or any assignee for the benefit of creditors, or by operation of law. This Lease shall terminate ipso facto upon the happening of any one of the events in this sub-paragraph (b).

**SUBORDINATION
TO MORTGAGE:**

21. TENANT covenants and agrees that this Lease is subject and subordinate to any mortgage or deed of trust which may now or hereafter encumber the building, and to all renewals, modifications, consolidations, replacements and extensions thereof. This clause shall be self-operative and no further instrument of subordination need be requested by any mortgagee. In confirmation of such subordination, however, TENANT shall at LANDLORD's request execute promptly any appropriate certificate, instrument or other document that LANDLORD may request. ~~TENANT hereby constitutes and appoints LANDLORD the TE. The attorney in fact to execute any such certificate, instrument or document for and on behalf of TENANT.~~ In the event of the enforcement by the trustee, mortgagee or the beneficiary under any such mortgage or deed of trust of the remedies provided for by law or by such mortgage or deed of trust, TENANT, will, upon request of any person or parties succeeding to the interest of LANDLORD as a result of such enforcement, automatically become the TENANT of such successor interest without change in the terms of other provisions of this Lease. TENANT shall execute and deliver any instrument or instruments confirming the attornment herein provided for.

**** reasonably
ESTOPPEL
CERTIFICATE:**

22. At LANDLORD's request, TENANT will execute either an estoppel certificate addressed to any mortgagee, assignee or transferee of LANDLORD or any other agreement certifying as to information**** required by such mortgagee, assignee or transferee and agreeing to such notice provisions and other matters as any mortgagee may reasonably require in connection with LANDLORD's financing.

****** reasonably
SIGNS AND
GRAPHICS:**

23. TENANT shall permit no lettering, sign, advertisement, notice or object and permit no such display on the windows or doors or on the outside of the perimeter walls of the Leased Premises except with the prior written consent of LANDLORD.***** Any sign or lettering not approved by the LANDLORD may be removed by it and the cost of such removal and the restoration of the Leased Premises resulting therefrom shall be paid forthwith by TENANT.

***** which consent shall not be unreasonably withheld or delayed

**WINDOW
COVERINGS:**

24. TENANT, at its expense, may install drapes and window coverings and if installed, TENANT shall maintain them in an attractive and safe condition provided, however, in the sole discretion of LANDLORD, they are in harmony with the exterior and interior appearance of the Building and create no safety or fire hazard.

**ACCEPTANCE
OF GOODS:**

25. TENANT hereby releases LANDLORD from any and all liabilities resulting from or related to the acceptance by LANDLORD of goods addressed to TENANT and delivered to the Building's loading dock. TENANT authorizes LANDLORD to accept and sign for such shipments as a convenience and a measure of traffic control.

**TENANT
INSURANCE**

26. TENANT agrees to procure and maintain a policy or policies of liability insurance, at its own cost and expense, insuring LANDLORD and TENANT from all claims, demands, or actions for injury or death sustained by one or more persons as a result of any one occurrence in the amount of One Million Dollars (\$1,000,000), and for damage to property in an amount of not less than One Hundred Thousand Dollars (\$100,000) made by or on behalf of any person or persons, firm or corporation arising from, related to or connected with, the conduct and operation of TENANT's business in the Leased Premises. Said insurance shall not be subject to cancellation except after at least ten (10) days' prior written notice to LANDLORD, and the policy or policies, or duly executed certificate or certificates for the same, together with satisfactory evidence of the payment of premium thereon, shall be deposited with LANDLORD at the commencement of the term and upon any renewal of said insurance not less than thirty (30) days prior to the expiration of the term of such coverage. TENANT shall also provide its own fire and extended coverage insurance covering all TENANT Improvements and TENANT's personal property.

**LANDLORD'S
COVENANTS:**

27. LANDLORD covenants and agrees as follows:

(a) To cause public utilities to furnish any electricity and water utilized in operating any and all of the facilities serving the Leased Premises.

(b) To furnish TENANT during TENANT's occupancy of the Leased Premises:

(1) Hot and cold water at those points of supply provided for general use of other tenants in the Building; central heat and air conditioning in season, at such times as LANDLORD normally furnishes these services to other tenants in the Building and at such temperatures and in such amounts as are ^{reasonably} considered by LANDLORD to be standard; *such services to be during normal business hours for the Building on week days and Saturdays.

* for similar office buildings in St. Paul, Minnesota.

(2) Routine maintenance for all public areas and special service areas of the Building in the manner and to the extent/deemed by LANDLORD to be standard.

(3) Passenger elevator service in common with others at all times. Freight elevator service as scheduled by LANDLORD.

(4) Standard janitorial service on a five (5) day/^{per} week basis.

(5) Electrical facilities to provide sufficient power for typewriters and other office machines of similar low electrical consumption, but not including electricity required for electronic data processing equipment, special lighting in excess of building standard, and any other item of electrical equipment which (singly) consumes more than .5 kilowatts per hour at rated capacity or requires a voltage other than one hundred twenty (120) volts single phase; and provided that if the installation of said electrical equipment requires additional air conditioning capacity above that provided by the building standard system, then the additional air conditioning installation and operating costs will be the obligation of TENANT. SEE EXHIBIT F

(6) Initial lamps, bulbs, starters and ballasts used in the Leased Premises: TENANT agrees to reimburse LANDLORD for the cost and expense (including labor) of maintaining and replacing such lamps, bulbs, starters and ballasts.

(7) Security for the Building, as ^{reasonably} determined by LANDLORD, during weekends, holidays, and after normal working hours during the week; provided, however, LANDLORD shall not be liable to TENANT for injury to its agents, employees, customers or invitees, or for losses due to theft or burglary, or for damages done by unauthorized persons in the Building.

(8) In the event TENANT desires any of the aforementioned services in amounts in excess of those deemed by LANDLORD to be building standard and in the event LANDLORD elects to provide such additional quantities, TENANT shall pay to LANDLORD as additional rent hereunder the cost of providing such additional quantities. SEE EXHIBIT F

Failure by LANDLORD to any extent to furnish any defined services, or any cessation thereof, resulting from causes beyond the control of LANDLORD, shall not render LANDLORD liable in any respect for damages to either person or property, nor be construed as an eviction of TENANT, nor work an abatement of rent, nor relieve TENANT from fulfillment of any covenant or agreement hereof. Should any of the equipment or machinery utilized in supplying the services listed herein break down, or for any cause cease to function properly, LANDLORD shall use reasonable diligence to repair the same promptly, but TENANT shall have no right to terminate this Lease, and shall have no claim for rebate of rent or damages, on account of any interruption in service occasioned thereby or resulting therefrom. **

** Less such interruption exceeds ten (10) consecutive business days, Tenant shall have the right, and only the right claim rebate of rent.

(c) To furnish TENANT with ^{ten (10)}~~two (2)~~ keys for the corridor door entering the Leased Premises, and additional keys at a charge by LANDLORD on an order signed by TENANT. All such keys shall remain the property of LANDLORD. No additional locks shall be allowed on any door of the Leased Premises without LANDLORD's written permission, and TENANT shall not make, or permit to be made any duplicate keys, except those furnished by LANDLORD. Upon termination of this Lease, TENANT shall surrender to LANDLORD all keys to the Leased Premises, and give to LANDLORD the combination of all locks for safes, safe cabinets and vault doors, if any, in the Leased Premises.

(d) That TENANT shall, and may peacefully have, hold and enjoy the Leased Premises, subject to the other terms hereof, provided that TENANT pays the rental herein recited and performs all of TENANT's covenants and agreements herein contained. It is understood and agreed that this covenant and any and all other covenants of LANDLORD contained in this Lease shall be binding upon LANDLORD and its successors or assigns only with respect to breaches occurring during its and their respective ownerships of the LANDLORD's interest hereunder.

ASSIGNMENT BY LANDLORD: 28. LANDLORD shall have the right to transfer and assign, in whole or in part, all its rights and obligations hereunder and in the Building and the property referred to herein, and in such event and upon its transferee's assumption of LANDLORD's obligations hereunder (any such transferee to have the benefit of, and be subject to, the provisions of this Lease), no further liability of obligations shall thereafter accrue against LANDLORD hereunder. TENANT agrees to attorn to such transferee.

CONDEMNATION: 29. If the Leased Premises shall be taken or condemned for any public purpose to such an extent as to render the Leased Premises untenable, this Lease shall, at the option of either party, forthwith cease and terminate. All proceeds from any taking or condemnation of the Leased Premises shall belong to and be paid to LANDLORD. *

* except for any award separately made to Tenant

DAMAGE TO BUILDING: 30. If the Building is damaged or destroyed by fire or other casualty, the LANDLORD shall have the right to terminate this lease provided it gives written notice thereof to TENANT within ninety (90) days after such damage or destruction. If a portion of the Leased Premises is damaged by fire or other casualty and this Lease is not thereby terminated, the LANDLORD shall, at its expense, ^{**}restore the Leased Premises, exclusive of any TENANT Improvements, or other changes made to the premises by TENANT ^{***}or by LANDLORD on behalf of TENANT, to as near the condition which existed prior to such damage or destruction as reasonably possible, and rent shall abate during such time as the Leased Premises are untenable, in the proportion that the untenable portion of the Leased Premises bears to the entire Leased Premises. LANDLORD shall not be responsible to the TENANT for damage to, or destruction of, TENANT's fixtures, furniture, furnishing, floor coverings, equipment, improvements or other changes made by TENANT in, on or about the Leased Premises regardless of the cause of damage or destruction. LANDLORD on behalf of TENANT, and at expense of TENANT, shall promptly restore Tenant Improvements.

** promptly and diligently

*** but exclusive of any improvements described on Exhibit C

HOLDING OVER: 31. In the event of holding over by TENANT after expiration or termination of this Lease without written consent of LANDLORD, TENANT shall pay as liquidated damages ^{one and one-half times}~~three times~~ the Annual Base Rent which TENANT was obligated to pay for the month immediately preceding the end of the term of this Lease plus additional rent for each month or any part thereof of any such holdover period. No holding over by TENANT after the term of this Lease shall operate to extend the lease terms. In event of any unauthorized holding over, TENANT shall indemnify LANDLORD against all claims for damages by any other tenant to whom LANDLORD may have leased all or any part of the Leased Premises covered hereby effective upon the termination of this Lease. Any holding over with the consent of LANDLORD in writing shall thereafter constitute this Lease a lease from month to month.

ATTORNEYS FEES AND COURT COSTS: 32. In the event either party places the enforcement of ~~the lease~~ or any part thereof, or the collection of any rent due, or to become due hereunder, or recovery of the possession of the Leased Premises in the hands of an attorney, or files suit upon the same, the nonprevailing (or defaulting) party shall pay the other party's reasonable attorneys' fees and court costs.

DEFAULT BY TENANT: 33. If default be made in the payment of any sum to be paid by TENANT under this Lease, and default shall continue for ^{****}ten (10) days, or default shall be made in the performance of any of the other covenants or conditions which TENANT is required to observe and to perform, and such default shall continue for ^{*****}twenty (20) days, or if the interest of TENANT under this Lease shall be levied on under execution or other legal process, or if any petition shall be filed by or against TENANT to declare TENANT a bankrupt or to delay, reduce or modify TENANT's debts or obligations, or if any petition shall be filed or other action taken to reorganize or modify TENANT's capital structure if TENANT be a corporation or other entity, or if TENANT be declared insolvent according to law, or if any assignment of TENANT's property shall be made for the benefit of creditors, or if a receiver or trustee is

**** after written notice thereof
***** after written notice thereof

appointed for TENANT or its property, ~~or if TENANT shall abandon the leased Premises during the term of this Lease or any renewals or extensions thereof~~ then LANDLORD may treat the occurrence of any one or more of the foregoing events as a breach of this Lease (provided that no such levy, execution, legal process or petition filed against TENANT shall constitute a breach of this Lease if TENANT shall vigorously contest the same by appropriate proceedings and shall remove or vacate the same within sixty (60) days from the date of its creation, service or filing) and thereupon, at LANDLORD's option, LANDLORD may have any one or more of the following described remedies in addition to all other rights and remedies provided at law or in equity:

(a) LANDLORD may terminate this Lease and forthwith repossess the Leased Premises and remove all persons or property therefrom, and be entitled to recover forthwith as damages a sum of money equal to the total of (i) the cost of recovering the Leased Premises, (ii) the unpaid Gross Rental owed at the time of termination, plus interest thereon from due date at the maximum rate permitted by law, (iii) the balance of the Gross Rental for the remainder of the term less the fair market rental value of the Leased Premises for said period and (iv) any other sum of money, late charges and damages owed by TENANT to LANDLORD; or

(b) LANDLORD may terminate TENANT's right of possession (but not the Lease) and may repossess the Leased Premises without demand or notice of any kind to TENANT and without terminating this Lease, in which event LANDLORD may, but shall be under no obligation to do so, relet the same for the account of TENANT for such rent and upon such terms as shall be satisfactory to LANDLORD. For the purpose of such reletting, LANDLORD is authorized to restore the Leased Premises to building standard, and (i) if LANDLORD shall fail or refuse to relet the Leased Premises, or (ii) if the same are relet and a sufficient sum shall not be realized from such reletting after paying the unpaid Gross Rental due hereunder earned but unpaid at the time of reletting plus interest thereon at the maximum rate permitted by applicable law, the cost of recovering possession, and all of the costs and expenses of decorations, repairs, changes, alterations and additions by LANDLORD and the expense of such reletting and of the collection of the rent accruing therefrom, to satisfy the rent provided for in this Lease to be paid, then TENANT shall pay to LANDLORD as damages a sum equal to the amount of the rent reserved in this Lease for such period or periods, or if the Leased Premises have been relet, TENANT shall satisfy and pay any such deficiency upon demand therefor from time to time and TENANT agrees that LANDLORD may file suit to recover any sums falling due under the terms of this Article from time to time on one or more occasions without LANDLORD being obligated to wait until expiration of the term of this Lease; such reletting shall not be construed as an election on the part of LANDLORD to terminate this Lease unless a written notice of such intention be given to TENANT by LANDLORD. Notwithstanding any such reletting without termination, LANDLORD may at any time thereafter elect to terminate this Lease for such previous breach.

Failure of LANDLORD to declare any default immediately upon occurrence thereof, or delay in taking any action in connection therewith, shall not waive such default, but LANDLORD shall have the right to declare any such default at any time thereafter.

If TENANT defaults in the observance or performance of any of TENANT's covenants, agreements or obligations hereunder wherein the default can be cured by the expenditure of money, LANDLORD may, but without obligation, and without limiting any other remedies which it may have by reason of such default, cure the default, charge the costs thereof to TENANT, and TENANT shall pay the same as additional rent forthwith upon demand, together with interest thereon at the maximum rate allowed by law.

**HOLD
HARMLESS:**

34. LANDLORD and its representatives shall not be liable to TENANT or to TENANT's agents, servants, employees, customers or invitees for any damage to person or property caused by any act, omission or neglect of TENANT, and TENANT agrees to hold LANDLORD harmless from all claims for any such damage. TENANT shall not be liable to LANDLORD, or to LANDLORD's agents, servants, employees, customers or invitees for any damage to person or property caused by any act, omission or neglect of LANDLORD, and LANDLORD agrees to hold TENANT harmless from all claims for any such damage.

**WAIVER OF
SUBROGATION:**

35. Anything in this Lease to the contrary notwithstanding, LANDLORD and TENANT each hereby waives any and all rights of recovery, claim, action or cause-of-action, against the other, its agents (including partners, both general and limited), officers, directors, shareholders or employees, for any loss or damage that may occur to the Leased Premises, or any improvements thereto, or said Building of which the Leased Premises are a part, or any improvements thereto, or any property of such party therein, by reason of fire, the elements, or any other cause which could be insured against under the terms of standard fire and extended coverage insurance policies, regardless of cause or origin, including negligence of the other party hereto, its agents, officers or employees, and covenants that no insurer shall hold any right of subrogation against such other party.

SEVERABILITY:

36. If any term or provision of this Lease, or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this Lease shall be valid and enforceable to the extent permitted by law.

WAIVER OF COVENANTS:

37. Failure of LANDLORD to insist in any one or more instances upon strict performance of any term, covenant or condition of this Lease or to exercise any option herein contained, shall not be construed as a waiver or a relinquishment for the future of such term, covenant, condition or option, but the same shall continue and remain in full force and effect. The receipt by LANDLORD of rents with knowledge of a breach in any of the terms, covenants or conditions of this Lease to be kept and performed by TENANT shall not be deemed a waiver of such breach, and LANDLORD shall not be deemed to have waived any provision of this Lease until expressed in writing and signed by LANDLORD.

SUBSTITUTION OF LEASED PREMISES:

~~38. At any time after the execution of this Lease, LANDLORD may substitute for the Leased Premises other premises in the Building (the "New Premises") in which event the New Premises shall be deemed to be the Leased Premises for all purposes hereunder, provided:~~

- ~~(a) The Rentable Area in the Leased Premises is less than five thousand (5,000) square feet;~~
- ~~(b) The New Premises shall be similar in area and in appropriateness for TENANT's purposes;~~
- ~~(c) Any such substitution is effected for the purpose of accommodating a tenant that will occupy all or a substantial portion of the Rentable Area of the floor on which the Leased Premises are located; and~~
- ~~(d) If TENANT is occupying the Leased Premises at the time of any such substitution, LANDLORD shall pay the expenses of moving TENANT, its property and equipment to the New Premises and shall, at its sole cost, improve the New Premises with improvements substantially similar to those located in the Leased Premises.~~

NOTICES:

39. All notices, demands, consents and approvals which may or are required to be given by either party to the other hereunder shall be in writing and shall be deemed to have been fully given when deposited in the United States mail, certified or registered, return receipt requested, postage prepaid, and addressed to the party to be notified at the address for such party specified in this Lease, or to such other place as the party to be notified may from time to time designate by at least fifteen (15) days notice to the notifying party. TENANT hereby appoints as its agent to receive the service of all dispossessory or distraint proceedings and notices thereunder the person in charge of or occupying the Leased Premises at the time, and, if no person shall be in charge of or occupying the same, then such service may be made by attaching the same on the main entrance of the Leased Premises.

MISCELLANEOUS: 40.

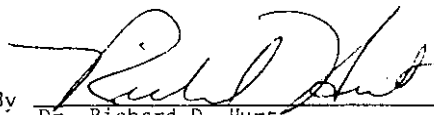
- (a) This Lease shall be binding upon and inure to the benefit of LANDLORD, its successors and assigns, and shall be binding upon and inure to the benefit of TENANT, its successors, and, to the extent assignment may be approved by LANDLORD hereunder, TENANT's assigns.
- (b) All rights and remedies of LANDLORD under this Lease shall be cumulative and none shall exclude any other rights or remedies allowed by law; and this Lease is declared to be a Minnesota contract, and all of the terms hereof shall be construed according to the laws of the State of Minnesota.
- (c) The captions in this Lease are for convenience only and are not part of this Lease.
- (d) This Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.
- (e) The submission of this document for examination and negotiation does not constitute an offer to lease, or a reservation of, or option for, the Leased Premises and this document becomes effective and binding only upon the execution and delivery hereof by LANDLORD and TENANT. All negotiations, considerations, representations and understandings between LANDLORD and TENANT are incorporated herein and may be modified or altered only by agreement in writing between LANDLORD and TENANT and no act or omission of any employee or agent of LANDLORD or of LANDLORD's broker shall alter, change or modify any of the provisions hereof. Further, if the LANDLORD or any successors in interest shall be in individual, joint venture, tenancy in common, firm, or partnership, general or limited, there shall be no personal liability on such individual or on the members of such joint venture, tenancy in common, firm, or partnership or on such joint venture, tenancy in common, firm, or partnership, in respect to any of the covenants or conditions of this Lease, and in the event of any default or breach by LANDLORD with respect to any of the terms, covenants and conditions of this Lease to be observed, honored or performed by LANDLORD, TENANT shall look solely to the estate and property of

LANDLORD in the land and buildings owned by LANDLORD comprising the Building for the collection of any judgment (or any other judicial procedures requiring the payment of money by LANDLORD) and no other property or assets of LANDLORD shall be subject to levy, execution, or other procedures for satisfaction of TENANT's remedies.

In Testimony, LANDLORD and TENANT respectively, have duly signed and sealed these presents the day and year first above written.

MINNESOTA PARTNERSHIP FOR ACTION AGAINST

Tenant
TOBACCO, a Minnesota Corporation

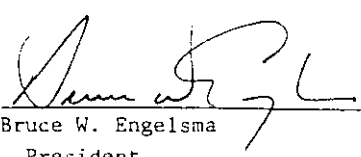
By 
Dr. Richard D. Hurt
Its Chairman of the Board

Address:

590 Park Street
St. Paul, MN 55103

ENGELSMA LIMITED PARTNERSHIP

Landlord
By: Engelsma, LLC, its
general partner

By 
Bruce W. Engelsma
Its President

Address:

4210 West Old Shakopee Road
Bloomington, MN 55437-2995

Kraus Anderson agrees to use its best efforts to cause the owners of the parking ramp immediately East of 590 Park to add more lighting inside the ramp.

STATE OF MINNESOTA)
) ss
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this 6th day of January, 1999, by Bruce W. Engelsma, the President of ENGELSMA, LLC, a limited liability company **created** under the laws of the State of Delaware and the general partner of Engelsma Limited Partnership, a Minnesota limited partnership, on behalf of the limited partnership. [LANDLORD]

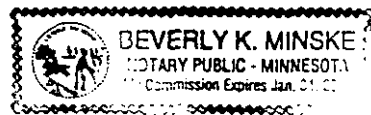


Sharon L. Fliear
Notary Public

STATE OF MINNESOTA)
) ss
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this 23rd day of December, 1998, by Dr. Richard D. Hurt, the Chairman of the Board of Minnesota Partnership For Action Against Tobacco, a Minnesota Corporation, on behalf of the corporation. [TENANT]

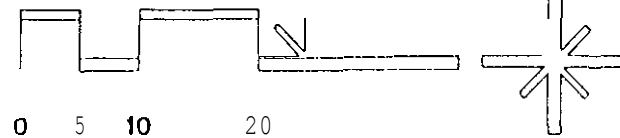
Beverly K. Minske
Notary Public



Premises Approximately 4,727 sq. ft.



fourth floor plan



TO BE ATTACHED TO AND BECOME A PART OF THAT CERTAIN LEASE AGREEMENT COVERING SPACE
IN THE CAPITOL PROFESSIONAL OFFICE BUILDING

capitol professional building
590 park street saint paul, minnesota



KRAUS-ANDERSON REALTY COMPANY
DEVELOPMENT • LEASING • MANAGEMENT

EXHIBIT B

LEGAL DESCRIPTION

Lots 1 and 2, Block 14, Brewsters Addition, Ramsey County, Minnesota.

TO BE ATTACHED TO AND BECOME A PART OF THAT CERTAIN LEASE AGREEMENT
COVERING SPACE IN THE CAPITOL PROFESSIONAL OFFICE BUILDING.

EXHIBIT C

PLANS AND SPECIFICATIONS

LANDLORD'S AND TENANT'S CONSTRUCTION

Tenant hereby acknowledges and agrees that it is aware of the requirements set forth in the Americans with Disabilities Act 42 U.S.C. Secs. 12101-12213 (the "ADA") and warrants that all construction done by Tenant during the term of this Lease, shall be in compliance with the requirements of the ADA. If the Landlord grants its consent to proposed changes to be made by the Tenant in the leased premises, the granting of such consent by the Landlord will not mean that the Tenant's proposed changes necessarily comply with the ADA; the question of compliance is the Tenant's responsibility.

Tenant shall hold Landlord harmless and shall protect and defend Landlord in any cause of action brought against Landlord or to which Landlord is a defendant, arising out of alleged violations of the ADA, wherein, by the provisions of this lease, Tenant was obligated to and failed to comply with any provision of the ADA.

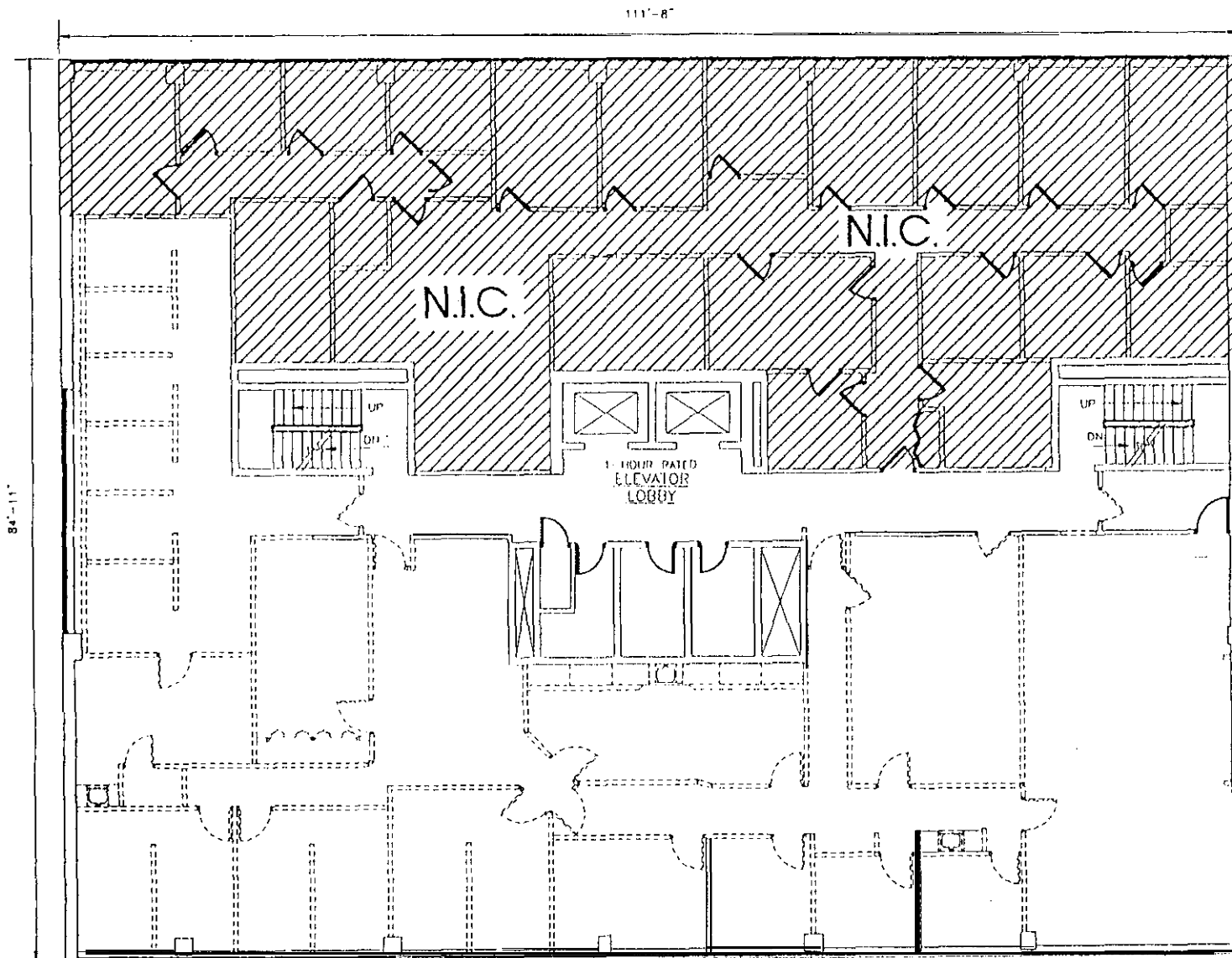
LEASEHOLD IMPROVEMENTS:

Landlord and Tenant acknowledge and agree that Landlord will make certain improvements to the leased premises in accordance with the plan, estimates, and construction work letter, attached hereto as Exhibit C-1 (the Leasehold Improvements), and that Landlord will pay for the entire actual cost of said Improvements to the extent that the cost of said Improvements does not exceed Ninety-nine Thousand Five Hundred Twenty-two and no/100 Dollars (\$99,522.00).

TO BE ATTACHED TO AND BECOME A PART OF THAT CERTAIN LEASE AGREEMENT COVERING SPACE IN THE CAPITOL PROFESSIONAL OFFICE BUILDING.

Exhibit C-1

FOURTH FLOOR DEMO PLAN



ARCHITECT:
BOUWMAN
 ARCHITECTS
 815 Third Street SW
 Minneapolis, MN 55412
 (612) 681-0000
 Fax (612) 681-0776

THESE DEMO AND PLAN INFORMATION
 ARE NOT TO BE USED FOR ANY OTHER
 PURPOSES WITHOUT THE WRITTEN CONSENT OF
 BOUWMAN ARCHITECTS. ANY OTHER USE IS
 AT THE USER'S RISK.

BUILDING MANAGER:
KRAUS-ANDERSON
 4220 W. OLD SHARON RD.
 SUITE 200
 BLOOMINGTON, MN 55437
 (612) 661-6166
 FAX (612) 661-6114

PROJECT LOCATION:
 590 PARK STREET
 ST PAUL, MN

MINNESOTA
 PARTNERSHIP FOR
 ACTION AGAINST
 TOBACCO
 590 PARK STREET
 ST PAUL, MN

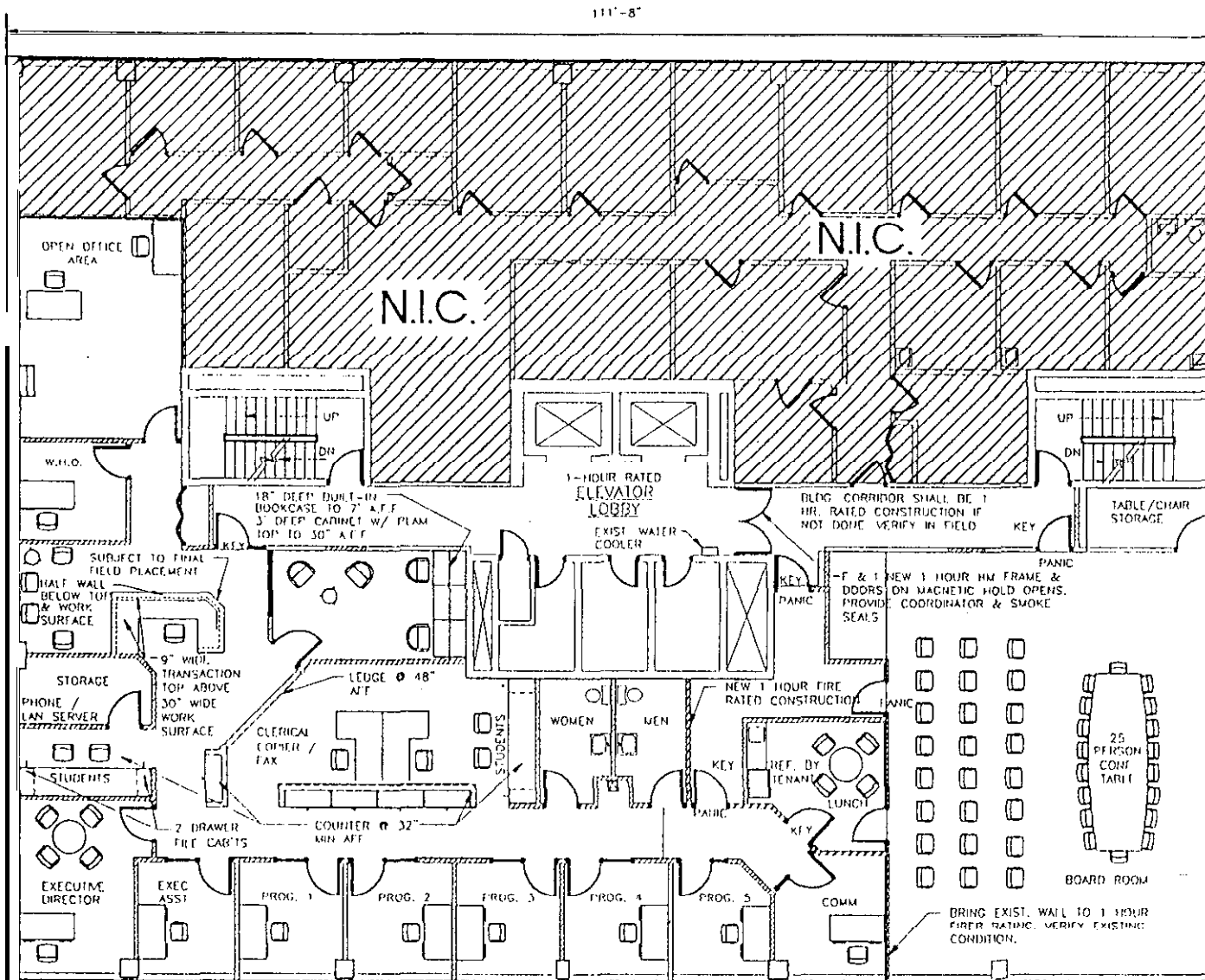
CHANGES FOR THIS & CITY
 CONSTRUCTION DOCUMENTS 1/28/98

DATE: 01/28/98
 DRAWN: JCB
 CHECKED: JCB

Sheet A-1 of 2

it
Exhib C 1

FOURTH FLOOR REMODELING PLAN



ARCHITECT



1975 Third Street SW
New Brighton, MN 55118
(612) 881-0800
Fax (612) 881-0776

Owner: Agency for Health and Environmental Services and Minnesota State Office of Health Management Services
Architect: Houwman Architects
Contract No. 1999-0000000000000000

DATE: 10/1/99

BUILDING MANAGER

KRAUS-ANDERSON
4220 W. OLD SHAKOPEE RD
SUITE 200
BLOOMINGTON, MN 55437

(612) 881-6166
FAX (612) 881-8114

PROJECT LOCATION

590 PARK STREET
ST PAUL, MN

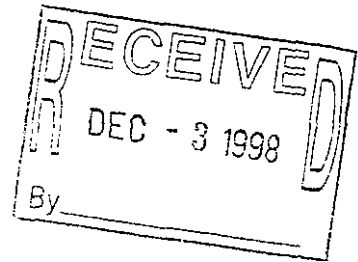
MINNESOTA
PARTNERSHIP FOR
ACTION AGAINST
TOBACCO

590 PARK STREET
ST PAUL, MN

ISSUED FOR FINAL CITY
CONSTRUCTION DOCUMENTS

DATE: 10/1/99
DRAWN: J. HOUWMAN
CHECKED: J. HOUWMAN

SHEET A-2 OF 2



ESTIMATE

December 1, 1998

Hans Okerstrom
Kraus-Anderson Realty Company
4220 Old Shakopee Road
Bloomington, MN 55439

Re: MN Partnership for Action Against Tobacco
Construction Estimate

Dear Hans:

The following is a breakdown of costs to remodel the 4th floor space at 590 Park, per Houwman Architect's revised drawings, dated December 22, 1998.

	<u>Option #2</u>
General Conditions	\$2,600
Demolition and Cleanup	8,910
Glazing	875
New Doors and Hardware	10,730
Restroom Accessories	800
Millwork	6,800
Carpentry	6,860
Drywall Walls	13,900
Paint and Stain	6,400
Carpeting (allowance)	9,450
Ceramic Tile Restrooms	2,200
Acoustical Ceiling Patch	2,500
Electrical	8,150
Plumbing	6,400
HVAC	3,900
Sprinklers	NIC
Overhead and Profit	<u>9,047</u>
TOTALS	\$99,522.00



December 16, 1998

Hans Okerstrom
Kraus-Anderson Realty
421-O Old Shakopee Road
Bloomington, MN 55439

RE: MN Partnership For Action Against Tobacco
Construction Work Letter

Dear Hans,

The following is a description of work to be performed, per option #2 of our estimate, dated 12/1/98 and Houwman Architect's drawings, dated 12/22/98.

General Conditions

- Provide building permit for construction of interior renovations
- Miscellaneous supplies, materials, and supervision labor

Demolition and Clean up

- Removal and disposal of all walls, floors and ceilings, per drawing

Glazing

- (4) glass sidelights and (1) conference room, per drawing

Doors and Hardware

- (19) 3'-0" x 6'8" HM frames (18) G.A. and wood doors
- (5) 2'-0" x 6'8" HM frames for sidelights
- (2) 1'-0" x 6'8" HM frames for conference room glass
- (1) 5'-0" x 6'8" HM frames for conference room glass
- (2) 4'-0" x 6'8" wood by-fold closet doors
- (18) Door handles, lever operated passage sets
- (5) Door handles, lever operated with locks
- (8) Existing doors and frames reuse

Restroom Accessories

- (2) Restroom mirrors
- (2) Toilet paper dispensers
- (2) Paper towel dispensers
- (2) Handicap accessible grab-bar assemblies

a

REILING CONSTRUCTION INC.
1337 SAINT CLAIR AVENUE, SAINT PAUL, MN 55105
(612) 690-2366 FAX (612) 690-1316

Millwork

- 62 lf 32" counters, including reception desk - subject to final field placement
- 4 A lunch room cabinet
- 10 lf x 7' bookcase

Carpentry

- Labor to install millwork, doors, frames and hardware
- 4 x 8 plywood backing for phone equipment

Drywall Walls

- Approximately 400 lf of walls to grid, 3 1/2" metal frame 5/8" gypboard
- Approximately 25 lf of low walls
- * Walls and ceilings to contain acoustical insulation for office of executive director, library, and W.H.O.

Paint & Stain

- Stain doors to match building standard
- Paint all door frames
- Paint all interior walls
- Paint radiator covers under exterior windows

Carpeting (4,727 USF)

- 22-ounce level loop acrylic or equivalent installed and glued down
- 4" vinyl cove base throughout
- VCT tile as needed in lue of carpet, lunchroom, ect

Ceramic Tile

- Restroom floor and wall tile around fixtures, per cod

Acoustical Ceiling

- Figured patching or replacement of approx 1,200 sq/ft of tile to match existing

Electrical

- Reuse and relocate existing light fixtures
- (2) fans/lights restrooms
- (4) exit signs
- (20) telephone/outlet boxes with pull springs or conduit stubs
- (30) 110 volt electrical outlets ~ general purpose use
- (1) dedicated electrical outlet for phone equipment
- (20) light switches

Plumbing

- (2) wall mounted sinks in restrooms
- (2) water closets in restrooms
- (1) stainless steel sink in lunchroom

HVAC

- Relocate existing ducts as necessary
- (2) Fire dampers in corridor, per code

Exclusions

Sprinklers

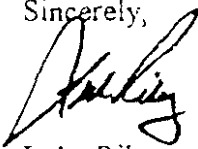
Smoke detectors

- Asbestos work

All work to be completed within 45 days from receipt of building permit. Punchlist items to be completed by general contractor within 30 days from project completion and final building inspector approvals. All work to be completed in a workman like manner according to standard practices. Any alterations or deviations from drawings involving extra costs, will be executed only upon written orders, and will become an extra charge, over and above, the agreed upon costs.

If you have any questions, please call at 690-3605

Sincerely,

A handwritten signature in black ink, appearing to read 'Luke Riley', written over a horizontal line.

Luke Riley

EXHIBIT "D"

SCHEDULE OF TENANTS IMPROVEMENTS

"INTENTIONALLY DELETED"

TO BE ATTACHED TO AND BECOME A PART OF THAT CERTAIN LEASE AGREEMENT
COVERING SPACE ~~IN THE~~ CAPITOL PROFESSIONAL OFFICE BUILDING.

EXHIBIT "E"

RENTABLE AREA DEFINITIONS

1. Single-Tenant Floor

Rentable area of a Single-Tenant Floor is computed by measuring to the inside finish of permanent outer building walls, or from the glass line where at least fifty percent (50%) of the outer building is glass. Rentable area includes all area within outside walls, less stairs, elevator shafts, flues, pipe shafts, vertical ducts, air-conditioning rooms, fan rooms, janitor closets, electrical closets —and such other rooms not actually available to the TENANT for his furnishings and personnel — and their enclosing walls. Toilet rooms within and exclusively serving only a floor occupied by a single tenant are included in the rentable area of that floor.

2. Partial-Tenant Floor

Rentable area of an office on a Partial-Tenant Floor is computed by measuring to the inside finish of permanent outer building walls, or to the glass line if at least fifty percent (50%) of the outer building wall is glass, to the office side of corridors and or other permanent partitions, and to the center of partitions that separate the premises from adjoining rentable areas.

3. Retail-Tenant Floor

Rentable store area shall include all space within the Leased Premises measured from the inner surface of all walls or glass line if at least fifty percent (50%) of the outer building walls or lease line is glass except those walls which separate the premises from adjacent rentable areas which will be measured from the center of those partitions.

The Leased Premises consists of 4,727 square feet as determined pursuant to Paragraph 2 above.

~~The blank with regard to square footage shall be completed after construction of the building and the issuance by LANDLORD's architect of a Certificate of Substantial Completion. In the event a dispute occurs as to the square footage of the Leased Premises, a Certificate of Landlord's Architect shall be conclusive and binding upon the parties hereto.~~

TO BE ATTACHED TO AND BECOME A PART OF THAT CERTAIN LEASE AGREEMENT COVERING SPACE IN THE
APITOL PROFESSIONAL OFFICE BUILDING.

EXHIBIT "F"
ADDITIONAL PROVISIONS

ARTICLE 4 - MINIMUM RENT:

The fixed annual minimum rent shall be paid as follows:

<u>YEAR</u>	<u>YEARLY</u>	<u>MONTHLY RENT</u>
1	\$45,142.85	\$3,761.90
2	\$47,506.35	\$3,958.86
3	\$49,869.85	\$4,155.82
4	\$52,233.35	\$4,352.78
5	\$54,596.85	\$4,549.74

RIGHT OF FIRST OPPORTUNITY:

Provided that Tenant is not in default under any of the terms, covenants, and conditions of the Lease and has not been in default more than once during the previous twenty-four (24) month period, Tenant shall have a one-time right of first opportunity as described below with respect to Suite 406 consisting of 3,396 rentable square feet (the space actually identified by Tenant for expansion is hereafter the "Expansion Space"). If Tenant exercises its right of first opportunity, the Expansion Space will be added to the Premises on the same terms and conditions contained in the Lease, except that the Base Rent will be increased to include the Expansion Space at a rate equal to the amount per square foot, including rent escalation's, being quoted by Landlord for comparable space in terms of size, location and quality as the Expansion Space. Any tenant improvements or improvement allowance for the Expansion Space shall be taken into account by Landlord when determining its current quoted base rent for comparable space. Landlord's determination of the quoted base rent and any adjustments for Tenant improvements or improvement allowance shall be final.

Notice: Tenant shall notify Landlord in writing of Tenant's intention to lease the Expansion Space not later than June 1, 2000, or Tenant's right of first opportunity with respect to each space shall be deemed waived. Within fifteen (15) days of Landlord's receipt of Tenant's notice of its intention to lease the Expansion Space given, Landlord shall provide written notice to Tenant of its determination of its current quoted base rent. Tenant shall then have ten (10) days from the receipt of Landlord's determination of its quoted base rent to accept or reject the Expansion Space.

No Guarantee: If Tenant shall exercise the expansion right granted herein, Landlord does not guarantee that the Expansion Space will be available on the proposed commencement date for the lease thereof, if the then-existing occupants of the Expansion Space shall hold over, or if the Expansion Space is not available for any other reason beyond Landlord's reasonable control. In such event, rent with respect to the Expansion Space shall be abated until Landlord legally delivers the same to Tenant. The abatement of rent shall be Tenant's sole remedy for Landlord's failure to deliver possession of the space for any reason.

ARTICLE 27 - LANDLORD'S COVENANTS

- 5) It is understood and agreed upon that the intended use as constructed in Exhibit C meets the specifications **as listed** above.
- 8) Tenant will be provided with thirty-two (32) hours of overtime HVAC/month at no additional charge.

TO BE ATTACHED TO AND BECOME A PART OF THAT CERTAIN LEASE AGREEMENT **COVERING** SPACE IN THE CAPITOL PROFESSIONAL OFFICE BUILDING.

EXHIBIT G

RULES AND REGULATIONS

1. Security Landlord may from time to time adopt appropriate systems and procedures for the security or safety of the Building, any persons occupying, using or entering the same, or any equipment, finishings or contents thereof, and Tenant shall comply with Landlord's reasonable requirements relative thereto.
2. Locks Landlord may from time to time install and change locking mechanisms on entrances to the Building, common areas thereof, and the Premises, and (unless 24 hour security is provided by the Building) shall provide to Tenant ten (10) keys and replacements therefor to **meet** the bona fide requirements of Tenant. In these rules "keys" include any device serving the same purpose. Tenant shall not add to or change existing locking mechanisms on any door in or to the Premises without Landlord's prior written consent. If with Landlord's consent, Tenant installs lock(s) incompatible with the Building master locking system:
 - (a) Landlord, without abatement of Rent, shall be relieved of any obligation under the Lease to provide any service to the affected areas which require access thereto.
 - (b) Tenant shall indemnify Landlord against any expense as a result of forced entry thereto which may be required in an emergency, and
 - (c) Tenant shall at the end of the Term and at Landlord's request remove such lock(s) at Tenant's expense.
3. Return of Keys At the end of the Term, Tenant shall promptly return to Landlord all keys for the Building and Premises which are in possession of Tenant.
4. Windows Tenant shall **observe** Landlord's rules with respect to maintaining window coverings at all windows in the Premises so that the Building presents a uniform exterior appearance, and shall not install any window shades, screens, drapes, covers, or other materials on or at any window in the Premises without Landlord's prior written consent. Tenant shall ensure that window coverings are closed on all windows in the Premises while they are exposed to direct rays of sun.
5. Repair, Maintenance, Alterations and Improvements Tenant shall carry out Tenant's repair, maintenance, alterations and improvements in the Premises only during times agreed to in advance by Landlord and in a manner which will not interfere with the rights of other tenants in the Building.

6. Water Fixtures Tenant shall not use water fixtures for any purpose for which they are not intended, nor shall water be wasted by tampering with such fixtures. Any cost or damage resulting from such misuse by Tenant shall be paid for by Tenant.
7. Personal Use of Premises The Premises shall not be used or permitted to be used for residential, lodging or sleeping purposes or for the storage of personal effects or property not required for business purposes.
8. Heavy Articles Tenant shall not place in or move about the Premises without Landlord's prior written consent any safe or other heavy article which in Landlord's reasonable opinion may damage the Building, and Landlord may designate the location of any heavy articles in the Premises.
9. Smoking Policy Smoking is not permitted throughout the Building.
10. Bicycles, Animals Tenant shall not bring any animals or birds into the Building, and shall not permit bicycles or other vehicles inside or on the sidewalks outside the Building except in areas designated from time to time by Landlord for such purposes.
11. Deliveries Tenant shall ensure that deliveries of materials and supplies to the Premises are made through such entrances, elevators and corridors and at such times as may from time to time be designated by Landlord, and shall promptly pay or cause to be paid to Landlord the cost of repairing any damage in the Building caused by any person making such deliveries.
12. Furniture and Equipment Tenant shall ensure that furniture and equipment being moved into or out of the Premises is moved through such entrances, elevators and corridors and at such times as may from time to time be designated by Landlord, and by movers or a moving company approved by Landlord, and shall promptly pay or cause to be paid to Landlord the cost of repairing any damage in the Building caused thereby. Tenant shall be required to use a temporary hard surface to protect corridor and elevator carpets when moving heavy furniture in, out or about the Building.
13. Solicitations Landlord reserves the right to restrict or prohibit canvassing, soliciting or peddling in the Building.
14. Food and Beverages Only persons approved from time to time by Landlord may prepare, solicit orders for, sell, serve or distribute foods or beverages in the Building, or use the elevators, corridors or common areas for any such purpose. Except with Landlord's prior written consent and in accordance with arrangements approved by Landlord, Tenant shall not permit on the Premises the use of equipment for dispensing food or beverages or for the preparation, solicitation of orders for, sale, serving or distribution of food or beverages.

15. Refuse Tenant shall place all refuse in proper receptacles provided by Tenant at its expense in the Premises or in receptacles (if any) provided by Landlord for the Building, and shall keep sidewalks and driveways outside the Building, and lobbies, corridors, stairwells, ducts and shafts of the Building, free of all refuse.
16. Obstructions Tenant shall not obstruct or place anything in or on the sidewalks or driveways outside the Building or in the lobbies, corridors, stairwells or other common areas of the Building, or use such locations for any purpose except access to and exit from the Premises without Landlord's prior written consent. Landlord may remove at Tenant's expense any such obstruction or thing (unauthorized by Landlord) without notice or obligation to Tenant.
17. Dangerous or Immoral Activities Tenant shall not make any use of the Premises which involves the danger of injury to any person, nor shall the same be used for any immoral purpose.
18. Proper Conduct Tenant shall not conduct itself in any manner which is inconsistent with the character of the Building as a first class building or which will impair the comfort and convenience of other tenants in the Building.
19. Employees, Agents and Invitees In these Rules and Regulations, Tenant includes the employees, agents, invitees and licensees of Tenant and others permitted by Tenant and others permitted by Tenant to use or occupy the Premises.
20. Building Hours Normal Building hours are from 7:00 a.m. to 6:00 p.m., Monday through Friday.
21. Escort Services Normal escort services are from 1:00 p.m. to 9:00 p.m., Monday through Friday.

Power of Attorney and Declaration of Representative

OMB No 1545-0150

For **IRS** Use Only

Received by:

Name _____

Telephone _____

Function _____

Date _____

▶ See the separate instructions.

Part I

Power of Attorney (Please type or print.)

1 Taxpayer information (Taxpayer(s) must sign and date this form on Page 2, line 9.)

Taxpayer name(s) and address Minnesota Partnership for Action Against Tobacco 590 Park Street Suite 400 St. Paul, MN 55103	Social security number(s) Daytime telephone number	Employer identification number 41-1921094 Plan number (if applicable)
--	---	---

hereby appoint(s) the following representative(s) as attorney(s)-in-fact:

2 Representative(s) (Representative(s) must sign and date this form on page 2, Part II.)

Name and address Eve Rose Borenstein (Tax Exempt Law Office of . . .) 3754 Pleasant Avenue South, #107 Minneapolis, MN 55410	CAF No. <u>4005-30715R</u> Telephone No. <u>612.322.2677</u> Fax No. <u>612.822.2626</u> Check if new: Address <input type="checkbox"/> Telephone No. <input type="checkbox"/>
Name and address	CAF No. _____ Telephone No. _____ Fax No. _____ Check if new: Address <input type="checkbox"/> Telephone No. <input type="checkbox"/>
Name and address	CAF No. _____ Telephone No. _____ Fax No. _____ Check if new: Address <input type="checkbox"/> Telephone No. <input type="checkbox"/>

to represent the taxpayer(s) before the Internal Revenue Service for the following tax matters:

3 Tax matters

Type of Tax (Income, Employment, Excise, etc.)	Tax Form Number (1040, 941, 720, etc.)	Year(s) or Period(s)
501(c)	1023/1024/8734/etc.	all
income	990/990-T/990-PF/1120	1998-2002

4 Specific use not recorded on Centralized Authorization File (CAF). If the power of attorney is for a specific use not recorded on CAF, check this box. (See instruction for Line 4 - Specific **uses** not recorded on CAF.) ☐

5 Acts authorized. The representatives are authorized to receive and inspect confidential tax information and to perform any and all acts that I (we) can perform with respect to the tax matters described on line 3, for example, the authority to sign any agreements, consents, or other documents. The authority does not include the power to receive refund checks (see line 6 below), the power to substitute another representative unless specifically added below, or the power to sign certain returns (see instruction for Line 5 - Acts authorized).

List any specific additions or deletions to the acts otherwise authorized in this power of attorney: _____

Note: In general, an *unenrolled* preparer of tax returns cannot sign any document for a taxpayer. See Revenue Procedure 81-38, printed as Pub. 470, for more information.

Note: The tax matters partner of a partnership is not permitted to authorize representatives to perform certain acts. See the instructions for more information.

6 Receipt of refund checks. If you want to authorize a representative named on line 2 to receive, BUT NOT TO ENDORSE OR CASH, refund checks, initial here _____ and list the name of that representative below.

Name of representative to receive refund check(s) ▶ _____

or Paperwork Reduction and Privacy Act Notice, see the separate instructions.

Form 2848 (Rev. 12-97)

TAX EXEMPT LAW OFFICE OF EVE ROSE BORENSTEIN
3754 PLEASANT AVENUE SOUTH, #107
MINNEAPOLIS MN 55409
612.822.2677
Fax: 612.822.2626
eve@taxexemplaw.org

March 25, 1999

IRS
PO Box 192
Covington, KY 410 12-O 192

Re: Taxpayer -- Minnesota Partnership for Action Against Tobacco
(T.I.N. 41-1921094)

To the Attention of the Admin Unit EP/EO:

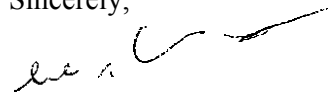
Please find enclosed a completed Form 1023 packet for filing on behalf, of the above-captioned taxpayer. If you believe this packet is incomplete, or if at a later time the tax law specialist reviewing same develops any questions preparatory to issuing a written request for other information, please first call the undersigned at (612) 822-2677.

Attached to this letter are the following materials, filed as part of the above-captioned taxpayer's application for recognition of exemption under §501(c)(3) of the Internal Revenue Code:

- a. Form 2848, Declaration of Representative and Power of Attorney, allowing the undersigned to represent this taxpayer and be copied on all correspondence re same.
- b. Form 8718, User Fee for Exempt Organization Determination Letter Request, with **check attached** in the amount of \$500.00.
- c. Executed Form 1023, Application for Recognition of Exemption, with attachments A - F.

Thank you for your assistance with this filing.

Sincerely,



Eve R. Borenstein

7 Notices and communications. Original notices and other written communications will be sent to you and a copy to the first representative listed on line 2 unless you check one or more of the boxes below.

- a If you want the first representative listed on line 2 to receive the original, and yourself a copy, of such notices or communications, check this box ☐
- b If you also want the second representative listed to receive a copy of such notices and communications, check this box ☐
- c If you do not want any notices or communications sent to your representative(s), check this box ☐

8 Retention/revocation of prior power(s) of attorney. The filing of this power of attorney automatically revokes all earlier power(s) of attorney on file with the Internal Revenue Service for the same tax matters and years or periods covered by this document. If you do not want to revoke a prior power of attorney, check here ☐ **YOU MUST ATTACH A COPY OF ANY POWER OF ATTORNEY YOU WANT TO REMAIN IN EFFECT.**

9 Signature of taxpayer(s). If a tax matter concerns a joint return, both husband and wife must sign if joint representation is requested; otherwise, see the instructions. If signed by a corporate officer, partner, guardian, tax matters partner, executor, receiver, administrator, or trustee on behalf of the taxpayer, I certify that I have the authority to execute this form on behalf of the taxpayer.

► IF NOT SIGNED AND DATED, THIS POWER OF ATTORNEY WILL BE RETURNED.

Len Waterman Wittstock
Signature

3/25/99
Date

Treasurer
Title (if applicable)

LEN WATERMAN WITTSTOCK
Print Name

Signature

Date

Title (if applicable)

Print Name

Part II Declaration of Representative

Under penalties of perjury, I declare that

- I am not currently under suspension or disbarment from practice before the Internal Revenue Service.
- I am aware of regulations contained in Treasury Department Circular No 230 (31 CFR, Part 10), as amended, concerning the practice of attorneys, certified public accountants, enrolled agents, enrolled actuaries, and others.
- I am authorized to represent the taxpayer(s) identified in Part I for the tax matter(s) specified there, and
- I am one of the following:
 - a Attorney - a member in good standing of the bar of the highest court of the jurisdiction shown below.
 - b Certified Public Accountant — duly qualified to practice as a certified public accountant in the jurisdiction shown below
 - c Enrolled Agent - enrolled as an agent under the requirements of Treasury Department Circular No 230
 - d Officer - a bona fide officer of the taxpayer's organization.
 - e Full-Time Employee - a full-time employee of the taxpayer.
 - f Family Member - a member of the taxpayer's immediate family (i.e. spouse, parent, child, brother or sister)
 - g Enrolled Actuary — enrolled as an actuary by the Joint Board for the Enrollment of Actuaries under 29 U.S.C. 1242 (the authority to practice before the Service is limited by section 10 3(d)(1) of Treasury Department Circular No 230)
 - h Unenrolled Return Preparer — an unenrolled return preparer under section 10 7(c)(viii) of Treasury Department Circular No. 230.

IF THIS DECLARATION OF REPRESENTATIVE IS NOT SIGNED AND DATED, THE POWER OF ATTORNEY WILL BE RETURNED.

Designation — Insert above letter (a - h)	Jurisdiction (state) or Enrollment Card No.	Signature	Date
a	MN	<u>Len Waterman Wittstock</u>	3/25/99