



**Report to the Ramsey County District Court
and the Minnesota Legislature**

January 2017

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EXECUTIVE SUMMARY

This is the 16th regular Report to the Ramsey County District Court and the Minnesota State Legislature from ClearWay MinnesotaSM. We are a statewide nonprofit organization working to reduce tobacco's harm in Minnesota. Since 1998, we have helped reduce smoking in Minnesota from 22 to 14 percent, provided more than 145,000 Minnesotans with quit-smoking help through QUITPLAN[®] Services, funded research leading to reduced tobacco use and secondhand smoke exposure, advanced policies that reduce tobacco's harm, raised awareness of commercial tobacco's burden in diverse communities and created powerful media campaigns.

ClearWay Minnesota is funded with 3 percent (\$202 million) of Minnesota's tobacco settlement. We were created in accordance with the Court's Consent Judgment of May 8, 1998, in *State by Humphrey, et al., v. Philip Morris, Incorporated, et al.*, Ramsey County District Court File No. C 1-94-8565 (August 1994). We are a private, independent nonprofit corporation with a 25-year lifespan. Our mission is to enhance life in Minnesota by reducing tobacco use and exposure to secondhand smoke through research, action and collaboration.

ClearWay Minnesota operates under the supervision of the Ramsey County District Court and we are required to report on our activities to the Court and the Minnesota Legislature on an annual basis. The information in this Report covers Fiscal Year 2016 (July 1, 2015 - June 30, 2016). From inception through the end of this period, nearly \$232 million has funded our operations, including cessation, research, policy, community development, communications and outreach projects throughout the state.

Fiscal Year 2016 Initiatives and Developments

Organization

ClearWay Minnesota Board activities during Fiscal Year 2016 included strategic planning, planning for our limited life, attending educational presentations, exercising fiduciary responsibilities and engaging in additional activities.

Program grants and contracts

Cessation

ClearWay Minnesota provided a robust set of tobacco cessation services to adult Minnesotans through QUITPLAN Services, our effective, science-based programs that have given Minnesota tobacco users free tools to quit since 2001. In Fiscal Year 2016, we conducted multiple evaluations of QUITPLAN Services. We funded a second cohort of Community Engagement Grants, an initiative to reach Minnesota populations that continue to smoke at higher rates and link them to cessation services. Additionally, we continued efforts in multiple areas to ensure that all Minnesotans have access to comprehensive tobacco cessation treatment.

Research

ClearWay Minnesota funds research that will lead to reduced tobacco use and secondhand smoke exposure in Minnesota. We awarded \$660,000 in grant funding for six research projects during Fiscal Year 2016. Topics to be explored include menthol tobacco use and point-of-sale commercial tobacco marketing on American Indian reservations. This year also saw dissemination of findings from several ClearWay Minnesota-funded or -conducted research projects in publications and at presentations given in our state and across the country.

Policy

During Fiscal Year 2016 at the State Legislature, ClearWay Minnesota and partners launched Minnesotans for a Smoke-Free Generation, a new coalition of organizations that share the goal of saving Minnesota youth from a lifetime of addiction to tobacco. We also engaged members of Minnesota diverse communities in policy advocacy, hosted a smoke-free advocacy Day at the Capitol, funded local efforts to pass tobacco control policies, and engaged in outreach and education activities.

Community development

During Fiscal Year 2016, ClearWay Minnesota continued engaging members of Minnesota's diverse communities in tobacco control efforts and working to reduce the harm commercial tobacco causes them. We supported American Indian advocates in Minnesota in their work to improve health and reduce commercial tobacco abuse on tribal lands, disseminated evaluation findings from a project to build advocacy and leadership skills among diverse communities, continued our outreach to advance health equity in Minnesota and conducted other activities.

Communications and outreach

Advertising

In Fiscal Year 2016, ClearWay Minnesota continued using advertising to change social norms around smoking. Our efforts included promoting QUITPLAN Services through an advertising campaign and a quit-smoking contest. We also developed specific advertising to reach American Indian audiences in Minnesota and educated the public about the role of menthol in creating and sustaining tobacco addiction.

Community outreach

In addition to paid advertising, ClearWay Minnesota used earned (non-paid) media coverage and online social media in Fiscal Year 2016 to raise awareness of tobacco's dangers, and of ClearWay Minnesota as a resource on tobacco issues.

I. INTRODUCTION

This is the 16th regular Report to the Ramsey County District Court and the Minnesota State Legislature from ClearWay MinnesotaSM. We are a statewide nonprofit organization working to reduce tobacco's harm in Minnesota. Since 1998, we have helped reduce smoking in Minnesota from 22.1 percent to 14.4 percent. We have provided more than 145,000 Minnesotans with quit-smoking help through QUITPLAN[®] Services, funded research leading to reduced tobacco use and secondhand smoke exposure, advanced policies that reduce tobacco's harm, raised awareness of commercial tobacco's burden in diverse communities and created powerful media campaigns.

We were created in accordance with the Court's Consent Judgment of May 8, 1998, in *State by Humphrey, et al., v. Philip Morris, Incorporated, et al.*, Ramsey County District Court File No. C 1-94-8565 (August 1994), and are funded with 3 percent (\$202 million) of the Minnesota tobacco settlement. We are a private, independent nonprofit corporation with a limited lifetime of 25 years. Our mission is to enhance life in Minnesota by reducing tobacco use and exposure to secondhand smoke through research, action and collaboration.

We operate under the supervision of the Ramsey County District Court and are required to report on our activities to the Court and the Minnesota Legislature on an annual basis. This Report consists of this introduction, three sections explaining our operations and activities for Fiscal Year 2016, and a conclusion. Additional materials are found in accompanying appendices.

This information in this Report covers Fiscal Year 2016 (July 1, 2015 – June 30, 2016). From inception through the end of this Fiscal Year, nearly \$232 million has funded our operations, including cessation, research, policy, community development, communications and outreach projects throughout the state.

In addition to Court oversight, we conduct thorough evaluations of our own work as well as that of our grantees and contractors. Evaluation findings measure programs' impact, help to improve them and inform strategic planning. Evaluation also allows us to measure our short term impacts along with our long term progress toward our legacy goals. Findings from recent evaluations are included throughout this report to give a picture of our overall impact.

ClearWay Minnesota was established with a directive not to duplicate the services of other Minnesota tobacco control organizations, and for this reason we do not conduct youth-specific initiatives. However, many ClearWay Minnesota programs, including policy initiatives and media campaigns, have a proven impact on youth, and we do support additional public funding of efforts to reduce tobacco use among this population.

Documents referred to in this Report but not included in the appendices are available from our office. Members of the ClearWay Minnesota Board of Directors and staff are available to provide further information to the Court or Legislature. Please contact staff at 952-767-1400 or info@clearwaymn.org for additional information.

II. ORGANIZATION

A. GOVERNANCE

ClearWay Minnesota has a 19-member Board of Directors, comprising 11 at-large members and eight appointees. The Board seeks out at-large Board candidates and recommends their approval, ensuring diverse professional expertise in the organization's governing body. The Board also strives to recruit members who broadly represent all Minnesotans, including those from diverse ethnic and cultural backgrounds and from both urban and rural regions.

The ClearWay Minnesota Board has five standing committees:

- The Executive/Governance Committee;
- The Audit/Finance Committee;
- The Nominating and Board Development Committee;
- The Program Grants and Program Contracts Committee; and
- The Strategic Development and Planning Committee.

Each of the standing committees of the Board has a Board-adopted charter that sets forth its duties and authority. The Board may also convene working groups as needed.

Additionally, an Investment Advisory Committee serves as an advisory committee to the Audit/Finance Committee. (See *Finances – Investments – Ongoing Investment Oversight and Performance Evaluation*, pp. 16-17.) While the Investment Advisory Committee is not a standing committee of the Board, the Board determined that it should also have a charter. (See *ClearWay MinnesotaSM Board and Committee Charters*, Appendix A.)

ClearWay Minnesota's Board and staff are governed by a Conflict of Interest Policy that outlines the organization's process for disclosing, documenting and addressing conflicts of interest and the appearance of such conflicts. (See *ClearWay MinnesotaSM Conflict of Interest Policy Adopted September 19, 2012*, Appendix B.)

Fiscal Year 2016 Board Initiatives

Strategic planning

The Board of Directors and one of its standing committees, the Strategic Development and Planning Committee, are responsible for guiding the strategic direction of the organization. During Fiscal Year 2016 the Board undertook two major initiatives: approving revisions to ClearWay Minnesota's Legacy Framework and making changes around Board structure and composition in our planning efforts for our limited life.

Revisions to Legacy Framework

Beginning in 2007 ClearWay Minnesota Board and staff developed a Legacy Framework to direct strategic planning around the organization's limited lifetime. This Framework contains our Legacy Goals – long-term objectives designed to drive our efforts until we close our doors in 2023. The Legacy Framework was adopted by the Board in 2009, and since that time, it has guided all aspects of our work. (See *ClearWay MinnesotaSM Legacy Framework*, Appendix C.)

In order for ClearWay Minnesota to address emerging needs and adapt to changing environments, the Legacy Framework is evaluated and updated periodically under the guidance of the Strategic Development and Planning Committee. Following the 2015 release of the Minnesota Adult Tobacco Survey (MATS), a large-scale research study on tobacco use, attitudes and behaviors in our state, the Committee identified the need to update the Framework based on the new data, as well as on developments in Minnesota's tobacco control environment and progress toward our long-term objectives. In the spring of 2015, Committee Members and staff set about revising the document. In November of the same year, the full Board of Directors provided input on the draft, and ultimately the revised Legacy Framework was adopted by the Board in March of 2016.

The three Legacy Goals contained in the revised Legacy Framework are:

- *By 2023, reduce the prevalence of smoking among adult Minnesotans to less than 9 percent.*
- *By 2023, reduce secondhand smoke exposure among nonsmoking Minnesotans to less than 5 percent.*
- *By 2023, advance the science of eliminating tobacco-related health disparities.*

Various data sources will be used to measure progress made toward the Legacy Goals.



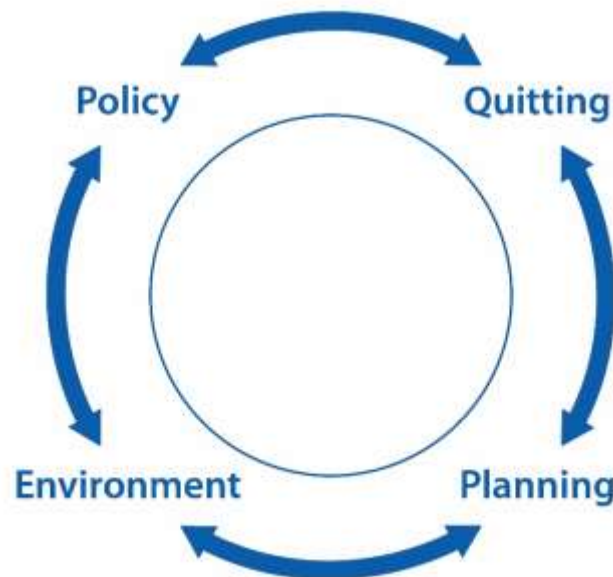
2015-2017 Strategic Plan

Progress toward our Legacy Goals is driven by multi-year Strategic Plans, which are developed by the Strategic Development and Planning Committee and approved by the full Board. Our Strategic Plans represent ClearWay Minnesota's best judgment about appropriate priorities for reducing the harms of tobacco over a specific period. They provide programmatic direction to staff, and are the basis for annual budgeting.

In Fiscal Year 2014, the Board of Directors adopted a Strategic Plan covering fiscal years 2015-2017. The Plan, from which annual workplans are developed, identifies four strategic priorities:

- Supporting policies that reduce tobacco use and exposure to secondhand smoke;
- Supporting Minnesotans in quitting tobacco use;
- Creating an environment that supports a tobacco-free future for Minnesotans; and
- Planning for ClearWay Minnesota's limited life.

This Strategic Plan took effect on July 1, 2014. (See *ClearWay MinnesotaSM 2015-2017 Strategic Plan*, Appendix D.) During Fiscal Year 2016, the Board also began developing the final Strategic Plan for ClearWay Minnesota's limited lifetime, to cover fiscal years 2018-2022; details of that process and the new Strategic Plan will be shared in next year's Report to the Court.



ClearWay Minnesota'sSM Strategic Plan covers four planning areas



This Strategic Plan is flexible, and allows Board and staff to react nimbly and appropriately to new opportunities or challenges. Work toward these Strategies and Goals will aim for long-term impacts with major implications for reducing tobacco's harm in Minnesota.

POLICY:

Support policies that reduce tobacco use and exposure to secondhand smoke.

- Goal 1: Advance policies that reduce access to tobacco products, especially for youth.
- Goal 2: Advance policies that protect people from secondhand smoke.
- Goal 3: Advance commercial tobacco-free policies on tribal lands.
- Goal 4: Advance policies to increase access to comprehensive tobacco dependence treatment.

QUITTING:

Support Minnesotans in quitting tobacco use.

- Goal 1: Work to make addressing tobacco use standard practice in health care.
- Goal 2: Increase use of cessation services, including QUITPLAN® Services.
- Goal 3: Increase quit attempts among populations with the highest rates of tobacco use.

**Our strategic
priorities *AND* goals for the
next three years**

ENVIRONMENT:

Create an environment that supports a tobacco-free future for Minnesotans.

- Goal 1: Influence public attitudes and behaviors to make tobacco use less acceptable among all Minnesotans.
- Goal 2: Create an environment that provides more opportunity, support and motivation for people to quit tobacco use.
- Goal 3: Foster the development and implementation of innovative ideas that advance progress toward ClearWay Minnesota's Legacy Goals.

PLANNING:

Plan for ClearWay Minnesota's limited life.

- Goal 1: Advance programs that reduce tobacco-related health disparities and increase health equity around tobacco for all Minnesotans.
- Goal 2: Build capacity for tobacco control leadership in priority populations.
- Goal 3: Develop and sustain partnerships to support innovations that reduce tobacco's harm.
- Goal 4: Increase public and private resources dedicated to reducing tobacco's harm in Minnesota.
- Goal 5: Facilitate planning the future of tobacco control efforts in Minnesota with strategic partners.

Long-term planning

ClearWay Minnesota will cease to exist in 2023. Governance structure planning efforts have been underway since January of 2014, when the Board directed staff, in consultation with external legal counsel, to review ClearWay Minnesota's governing documents and recommend changes to our governance structure to facilitate a smooth transition for our end of life.

Beginning in Fiscal Year 2015, research on best practices was conducted, and discussions were held with staff and legal counsel, to inform recommendations for the Board to consider as the organization approached 2023. The recommendations were intended to allow for flexibility in the Board's structure and composition to maintain an efficient and high-performing Board to ensure a smooth transition to 2023.

The recommendations encompassed four areas of long-term planning: programs, governance, finance and administration. Related activities this year focused largely on governance, and staff and legal counsel developed recommendations to the Board on topics such as Board size, Committee structure, extending Board terms and allowing former Members to return to the Board, among others.

The recommendations were discussed at the June and August 2015 Executive/Governance Committee Meetings, and, under the guidance of the Executive/Governance Committee, proposed revisions to the Bylaws and Articles of Incorporation were prepared for the Board to review. In September of 2015, the recommendations were presented to the Board, with commentary and support from external counsel. The first read of the Amended and Restated Bylaws and Articles of Incorporation was at the November 2015 Board Meeting, and final approval at the January 2016 Board Meeting. (See Resolution 2016-002, Appendix E.)

In April of 2016, the Amended and Restated Bylaws and Articles of Incorporation were presented to Minnesota Attorney General Lori Swanson. Members of ClearWay Minnesota's Board and Staff met with Attorney General Swanson and Assistant Attorney General Angela Behrens on April 7, 2016, to discuss the proposed revisions and obtain their input.

The Amended and Restated Bylaws and Articles of Incorporation were submitted to the Ramsey County District Court for review on May 12, 2016, and became effective upon approval by the Court on June 21, 2016. (See Articles of Incorporation and Bylaws, Appendix F1 and F2.)

As part of long-term planning, ClearWay Minnesota has also considered making some revisions to its Conflict of Interest Policy, as we expect there will be issues with retaining the staff necessary to ensure a smooth transition out of existence at the end of our lifespan. At this time, the Board has decided not to make any revisions to the Policy, but we will continue to monitor this situation and may address the Policy again at a later time.

Board development and education

Topics related to strategic planning and long-term planning were the predominant Board education topics in Fiscal Year 2016. Other Board education topics for Fiscal Year 2016 were:

- **July 2015** – *Highlights From the Third Leadership and Advocacy Institute to Advance Minnesota’s Parity for Priority Populations (LAAMPP III)*, presented by LAAMPP Fellows (see also *Community Development – Community Development Contracts – Leadership and Advocacy Institute to Advance Minnesota’s Parity for Priority Populations [LAAMPP] – Post-Program Survey Report – LAAMPP III*, pp. 68-70)
- **November 2015** – *Updates to Guidance on Open Meeting Law*, presented by external legal counsel Teresa Thompson of Fredrikson & Byron, and *Increasing the Minimum Legal Age to Purchase Tobacco Products to 21*, presented by ClearWay Minnesota Vice President Dr. Barbara Schillo
- **March 2016** – *Tracking the Tobacco Industry*, presented by Betsy Brock of the Association for Nonsmokers-MN
- **May 2016** – *Progress Toward Our Legacy Goals*, presented by Dr. Schillo and Senior Research Program Manager Ann St. Claire

Public policy

ClearWay Minnesota engaged in a number of public policy initiatives, authorized by the Board, during Fiscal Year 2016. These initiatives are detailed in *Program Grants and Contracts – Policy*, pp. 44-57. ClearWay Minnesota’s lobbyist of record for Fiscal Year 2016 was Lockridge Grindal Nauen P.L.L.P.

The Board also adopted public policy statements outlining the organization’s positions on critical tobacco control issues, and reasons for supporting those positions. (See *ClearWay MinnesotaSM Policy Statements*, Appendix G.)

CEO compensation

Pursuant to the Court’s Order of June 13, 2005, ClearWay Minnesota discloses the Chief Executive Officer’s annual salary in this Report.

The CEO’s annual performance and salary review is conducted by the full Board of Directors, which thoroughly evaluates that officer’s execution of the duties described in the CEO position description. A salary merit increase, if any, is determined as a component of the CEO’s performance, and is linked to the CEO salary range and merit increase percentage, established by the Board.

Pursuant to their annual review of the CEO’s performance, the Executive/Governance Committee, in its role to oversee the organization’s human resources, facilitated the annual performance review for the Chief Executive Officer. On January 20, 2016, the Board approved a 4 percent salary increase, effective November 1, 2015. In a separate process, the Board annually reviews salary ranges for all ClearWay Minnesota staff, based upon a biannual compensation study conducted by an outside consultant, and supplemented in off years by an applicable salary survey. On April 20, 2016, the Executive/Governance Committee approved the recommendation of Keystone Compensation Group, L.L.C., that all salary ranges be revised and realigned consistent with their market analysis. As a result, the salary range for the CEO was set

at \$137,800-\$206,600 (\$172,200 midpoint), effective July 1, 2016. In addition, Keystone recommended a budget pool of 3.0 percent, plus 0.5 percent for merit, for Fiscal Year 2017. These recommendations were subsequently approved by the Board in May 2016, and they will be taken into consideration during the next CEO annual review in the fall of 2016.

As a result of the CEO annual review in the fall of 2015, and the review recommendations approved in January of 2016, as of June 30, 2016, the CEO's annual salary was set at \$173,031.

Legislative Audit

When ClearWay Minnesota was established in 1998, the Ramsey County District Court granted the Minnesota Office of the Legislative Auditor the authority to audit our organization. During Fiscal Year 2016, the Office began an audit covering our activities from July of 2013 to March of 2016. In October of 2016, the Officer released a report on ClearWay Minnesota that contained no findings. Details about the audit will be shared in next year's Report to the Court; the 2016 report can be viewed at <http://www.auditor.leg.state.mn.us/fad/pdf/fad1614.pdf>.

Other activities

In addition, the Board also undertook the following initiatives in Fiscal Year 2016:

- Reviewed and updated the Interim Chief Executive Officer (CEO) Succession Plan;
- Approved revisions to the Nominating and Board Development Committee Charter; and
- Approved revisions to the Audit/Finance Committee Charter.

Fiscal Year 2016 Board Roster

Board Members filling the 11 at-large positions at various times during Fiscal Year 2016 were:

- **Ellen Denzen**, researcher with the National Marrow Donor Program (New Hope);
- **Kelly Drummer**, President and CEO of the Tiwahe Foundation (Minneapolis);
- **Russel Kuzel, M.D.**, Chief Medical Officer and a Senior Vice President at UCare (Minneapolis) (resigned March 2016);
- **Laurie Lafontaine**, former Vice President (Finance and Treasury) of Allina Health System (Plymouth);
- **Nevada Littlewolf**, Executive Director and Founder of Rural and American Indigenous Leadership, and Virginia City Council Member (Virginia);
- **Pamela Lux**, Director of Human Resources Communications at Travelers Insurance and former Vice President of Marketing and Communications at Blue Cross and Blue Shield of Minnesota (Shoreview);
- **Vivian Jenkins Nelsen**, cofounder, president and CEO of the INTER-RACE Institute, a diversity think-tank at Augsburg College (Minneapolis);
- **Howard Orenstein**, Senior Assistant Hennepin County Attorney and former partner at Robins, Kaplan, Miller & Cerisi (now Robins Kaplan L.L.P.) (St. Paul);

- **Jenny Peterson**, Executive Director at Generations Health Care Initiatives (Duluth) (term expired September 2015);
- **Joy Rikala**, independent consultant, former Minnesota Bureau of Criminal Apprehension special agent and former police chief for the City of Minnetonka and the University of Minnesota Police Department (Plymouth);
- **Joel A. Swanson II**, Director of Strategic Marketing Communications at United Health Group and former President at Risdall Public Relations (Mounds View); and
- **Anne Vars**, Health Strategy Project Manager at Target Corporation (Minneapolis).

Appointed Board Members serve at the pleasure of the appointing authorities within term limitations. The appointing authorities, each of whom appoints two members, are the Governor, the Speaker of the House, the Senate Majority Leader and the Attorney General. The eight appointed Board Members ensure continuing public input and oversight.

Governor Mark Dayton appointed:

- **Karen Kraemer**, former Vice President of Disease and Case Management with HealthPartners (Eden Prairie) (appointed to replace Rep. Rhodes at the end of his term);
- **Jim Rhodes**, Endowments and Pension Director for the Minneapolis Portfolio Management Group, L.L.C., and a former State Representative (St. Louis Park) (term expired September 2015); and
- **Thomas Weaver**, CEO of Achieve Services, Inc., and former Chief Operating Officer of the Metropolitan Council (Anoka).

(Note: Both Rep. Rhodes and Mr. Weaver were first appointed to the Board by Governor Tim Pawlenty and subsequently reappointed by Governor Dayton.)

Former Speaker of the House Paul Thissen appointed:

- **Janet Avery**, former manager of the state's asthma program at the Minnesota Department of Health (Golden Valley).

Former Speaker of the House Kurt Zellers appointed:

- **Bob Boerschel**, eFinancial Senior Counsel at Wells Fargo (Lakeville).

Former Senate Majority Leader Thomas Bakk appointed:

- **Hugh T. Nierengarten, J.D.**, attorney and member of the Allina Health System board of directors (Minneapolis).

Former Senate Majority Leader Lawrence J. Pogemiller appointed:

- **Daniel Johnson**, nonprofit consultant, former executive at the National Multiple Sclerosis Society and past president of the United Health Foundation and the Blue Cross and Blue Shield of Minnesota Foundation (West St. Paul).

Attorney General Lori Swanson appointed:

- **Brian Short**, Chief Executive Officer of Leamington Co. and former U.S. Magistrate Judge (Minneapolis); and
- **Steven McWhirter**, Executive Vice President of Dougherty & Company, L.L.C. (Maple Plain).

ClearWay Minnesota Board Officers in Fiscal Year 2016 were:

- **Joy Rikala, Chair** (September 2015 – September 2016)
- **Vivian Jenkins Nelsen, Vice Chair** (September 2015 – September 2016)
- **Bob Boerschel, Treasurer** (September 2013 – September 2016)
- **Daniel Johnson, Secretary** (September 2015 – September 2016)

A full roster of Board Members and Officers for Fiscal Year 2017 (July 1, 2016 - June 30, 2017) will be reported in next year's Report to the Court.

B. STAFF

ClearWay Minnesota's staff is made up of individuals with expertise in public health, cessation, research, public affairs, community development, marketing and communications, finance and nonprofit administration. (See *ClearWay MinnesotaSM Organization Chart Fiscal Year 2016*, Appendix H.) For Fiscal Year 2016, the Management Team of the organization consisted of:

- **Chief Executive Officer David J. Willoughby, M.A.;**
- **Vice President Andrea Mowery;**
- **Vice President Barbara Schillo, Ph.D.;**
- **Chief Financial Officer Steven Bader;**
- **Director of Research Programs Raymond Boyle, Ph.D., M.P.H.;**
- **Director of Marketing and Communications Marietta Dreher;**
- **Director of Cessation Programs Paula Keller, M.P.H.;**
- **Director of Community Development Jaime Martínez, M.Ed.; and**
- **Director of Public Affairs Molly Moilanen, M.P.P.**

(See *ClearWay MinnesotaSM Management Team Biosketches*, Appendix I.)

C. FINANCES

ClearWay Minnesota strives to be a good steward of the settlement funds with which the organization was created, and many practices are in place to ensure appropriate financial management and maximum cost-effectiveness of programs and operations. Annual budgets are developed based on multi-year Strategic Plans. (See *ClearWay MinnesotaSM 2015-2017 Strategic Plan*, Appendix D.)

Audits

For Fiscal Year 2016, Olsen Thielen & Co., Ltd., was retained for a 10th year by the Audit/Finance Committee as independent auditor. At its meeting on June 23, 2016, the Committee reviewed and approved the audit plan presented by the auditors. On August 23, 2016, the audited numbers for the fiscal years ended June 30, 2016 and 2015, were presented to the Audit/Finance Committee by representatives of Olsen Thielen. (The audits were presented to and accepted by the Board of Directors on September 21, 2016.)

As in every previous year, the audits found that in all material respects, ClearWay Minnesota's financial statements fairly present the organization's financial position and changes in net assets and cash flows. These statements were also determined to conform to accounting principles generally accepted in the United States of America. (See *ClearWay MinnesotaSM Financial Statements, June 30, 2016 and 2015* and *ClearWay MinnesotaSM Independent Auditors' Report to the Board of Directors and the Audit/Finance Committee, August 23, 2016*, Appendix J.)

Consistent with practices instituted in recent years, the Chief Executive Officer and the Chief Financial Officer certified the accuracy of the audited financial statements. Although not required by any regulation or law, this financial certification was adopted as a good governance and accountability practice. (See *ClearWay MinnesotaSM Audited Financial Statement Certification*, Appendix K.)

Total operating expenses for Fiscal Year 2016 were \$15,588,731, and are summarized in the following table:

Table 1
Expenses for Fiscal Year 2016

	12 months ended June 30, 2016	
Cessation	\$12,678,676	81.3%
Research and other tobacco control purposes	\$1,636,269	10.5%
General and administrative	\$1,273,786	8.2%
TOTAL	\$15,588,731	

Required Filings

As a nonprofit organization, ClearWay Minnesota is required to file IRS Form 990 and 990 T annually. We also post our Form 990 and attachments on our website at <http://clearwaymn.org/about/legal/>. In addition, as a Minnesota nonprofit corporation, ClearWay Minnesota is required to file a Charitable Organization Annual Report with the Office of the Attorney General. (See *ClearWay MinnesotaSM IRS Forms 990 and 990T, June 30, 2016*, Appendix L1 and L2, and *ClearWay MinnesotaSM Charitable Organization Annual Report June 30, 2016*, Appendix M.)

Investments

ClearWay Minnesota has adopted the general investment guidelines of the Minnesota State Board of Investment (Minnesota Statutes, Chapter 11A, Section 24). In addition, our Bylaws prohibit investing directly in securities issued by firms that generate revenues from tobacco products.

Consistent with prior years, ClearWay Minnesota's investment objective is to grow capital prudently over the organization's lifetime, which ends in 2023.

Investment strategy

As of June 30, 2016, ClearWay Minnesota structured its investments in four categories:

- **Treasury ladder/cash** (46 percent of the portfolio). The Treasury ladder provides adequate and timely availability of funds to help meet ClearWay Minnesota's budgeted spending over the next seven years. The ladder will be invested in one- to three-year Treasury securities with the intention of holding to maturity.
- **Fixed income** (29 percent of the portfolio). The fixed-income portfolio provides adequate and timely availability of funds to help meet ClearWay Minnesota's budgeted spending over the next three years. The portfolio includes actively managed bond strategies and will be periodically adjusted to maintain durations consistent with the duration of budgeted spending needs.
- **Capital appreciation** (6 percent of the portfolio). The capital-appreciation portfolio provides adequate and timely availability of funds to help meet ClearWay Minnesota's budgeted spending in Fiscal Year 2017. This portfolio will be fully liquidated by the end of calendar year 2016 as ClearWay Minnesota reduces risk in its investment mix.
- **Private equity** (19 percent of the portfolio). The net cash flow from the private-equity portfolio will be used each year to offset a portion of the anticipated budgeted spending.

At least annually, ClearWay Minnesota reviews and refines, if deemed necessary, our investment strategy in light of three major investment constraints: limited life, prohibition on investing directly in tobacco-related companies and liquidity needs. This past fiscal year, ClearWay Minnesota reduced our risk profile and secured future cash flows by liquidating four

Capital Appreciation investment managers and one International Bond Fund investment manager (total proceeds of liquidations were \$11,159,000). Proceeds from liquidations were transferred to U.S. Treasuries, Cash and a Domestic Short-Term Bond Fund. At year end, a total of 10 distinct investment vehicles were used across the four investment strategies, as detailed in Table 2 (see *Ongoing Investment Oversight and Performance Evaluation*, below).

Ongoing investment oversight and performance evaluation

ClearWay Minnesota's Audit/Finance Committee uses an Investment Advisory Committee (IAC) to give advice on matters relating to the investment portfolio. The IAC meets quarterly to review the investment mix, fund performance and investment policies. The IAC also evaluates investments recommended by ClearWay Minnesota's investment consultant (currently Ellwood Associates). The IAC's advice is offered to the Audit/Finance Committee to help guide that committee's decision-making. This advice includes recommending and monitoring the investment custodian, investment consultant and investment managers. As of June 30, 2016, the IAC comprises four institutional investment experts and one Board Member. The Board Member serves as Committee Chair.

As in prior years, the investment consultant provided a performance report to the Investment Advisory Committee and ClearWay Minnesota staff each quarter. The consultant also performs regular qualitative analysis of each investment manager's organization, philosophy, account and key personnel changes. In addition to other detailed information, the quarterly written reports cover:

- Total time-weighted returns over various periods;
- Comparisons of returns to appropriate benchmark indices; and
- An analysis, by investment manager, of performance relative to their benchmarks and any issues or concerns that may have arisen.

Portfolios are checked for compliance with the objectives, targets and policy guidelines specified in ClearWay Minnesota's Statement of Investment Objectives and Policies.

ClearWay Minnesota ended the year with the following 10 investment vehicles (sorted by strategy):

Table 2
Investment Manager by Strategy
June 30, 2016

<u>STRATEGY</u>	<u>TYPE</u>	<u>MANAGER</u>
Money Market/Cash	Institutional money market ICS (FDIC insured product)	Wells Fargo Bank, N.A. Venture Bank
U.S. Treasuries	U.S. Treasuries Notes U.S. Treasuries TIPS	
Fixed Income	Fixed income Intermediate Fixed income Short	J.P. Morgan Core Bond J.P. Morgan Short Duration
Capital Appreciation	Hedge Funds	Blackstone Park, GAM, Coast
Private Equity	Private Equity Manager Private Equity Manager Private Equity Manager	Mesirow Coller Weathergag

Summary of investment performance

Returns on ClearWay Minnesota's investment components are measured against their respective return objectives over a full market cycle. Market cycles may differ markedly in length, and there is no standardized measure for a market cycle's term. For ClearWay Minnesota's purposes, a full market cycle includes both a down leg and an up leg, in either order. The up or down portions will each be of at least two consecutive quarters in length. Therefore, a full market cycle may be as short as one year, although most market cycles are expected to last from three to five years. Return shortfalls are permitted over portions of the market cycle, provided that ClearWay Minnesota's return objectives are met over the full market cycle.

For the 12-month period ended June 30, 2016, ClearWay Minnesota's investments returned -.9 percent, compared with a weighted benchmark return of +.9 percent. Since inception, ClearWay Minnesota's investments have generated approximately \$78 million in investment returns, and positive earnings have been experienced in 13 of the 18 years of the organization's existence.

III. PROGRAM GRANTS AND CONTRACTS

A. CESSATION

Since inception through June 30, 2016, ClearWay Minnesota has funded \$57.6 million in cessation program grants and contracts. ClearWay Minnesota's cessation work focuses on both cessation services and cessation policy.

Currently, all Minnesotans have access to cessation services either through their health insurance or through ClearWay Minnesota. Because our limited lifetime will end in 2023, we are working to ensure that comprehensive cessation services remain available in the future. (See *ClearWay MinnesotaSM 2015-2017 Strategic Plan*, Appendix D.) To facilitate this, ClearWay Minnesota also supports cessation policy and systems change work among partners and systems that could provide such services. By supporting both direct service delivery and cessation policy initiatives, we strive to ensure that all Minnesota smokers, regardless of insurance status, will have access to treatments to help them quit.

Cessation Services Contracts

QUITPLAN® Services

ClearWay Minnesota's cessation services are referred to as QUITPLAN Services. QUITPLAN Services are effective, science-based programs that have given Minnesota tobacco users free tools to quit since 2001. Consistent with the U.S. Public Health Service Clinical Practice Guideline and the U.S. Preventive Services Task Force's recommendations, QUITPLAN Services offers both behavioral interventions and cessation medications. To date, the program has helped more than 145,000 Minnesotans in their efforts to quit tobacco use.

In Fiscal Year 2016, ClearWay Minnesota offered the following suite of QUITPLAN Services:





The QUITPLAN Helpline:

- Telephone counseling by trained coaches with integrated text and email support, printed materials and nicotine replacement therapy (if appropriate), provided to uninsured and underinsured Minnesotans.

Individual QUITPLAN Services:

- Nicotine replacement therapy (NRT) starter kits (two week supply of NRT) for all Minnesota tobacco users;
- Text-messaging support program for all Minnesota tobacco users;
- Email support program for all Minnesota tobacco users; and
- A printed Quit Guide (self-help workbook) for all Minnesota tobacco users.

Alere Wellbeing, Inc., is the vendor that provides QUITPLAN Services. The QUITPLAN Services website, www.quitplan.com, provides free information, tools and resources to all visitors. Tobacco users can register for all QUITPLAN Services either online or by telephone. Online social support (cessation advice) is provided for all Minnesota tobacco users using the QUITPLAN Services Facebook page and Twitter feed.

QUITPLAN Services are provided in both English and Spanish. We partner with the National Cancer Institute to provide access to a text messaging support program in Spanish through SmokefreeTXT en Español. Tobacco users who speak languages other than English or Spanish can request an interpreter when they call QUITPLAN Services so they can receive help in their language.

QUITPLAN Services encourages all tobacco users to think about quitting and to try to quit. In order to drive down smoking prevalence, we need to target tobacco users at all stages of readiness to quit, and to make resources and services available to them regardless of their readiness.

Recognizing that tobacco dependence is a chronic, relapsing condition and that it takes most tobacco users multiple attempts to quit successfully, tobacco users are encouraged to return to QUITPLAN Services and enroll in additional services if they need further support in quitting or would like to try to quit again.

As reported in last year's Report to the Court, quit rates for QUITPLAN Services are strong and comparable to what is seen in published literature for cessation services.

Media campaign

QUITPLAN Services is promoted with a large-scale mass-media campaign, incorporating television and various other types of advertising. Ads were aired throughout Fiscal Year 2016 to complement the program's approach and reflect our caring, compassionate approach to delivering QUITPLAN Services.



QUITPLAN® Services ads stress the program's non-judgmental approach to cessation counseling

Additionally, in Fiscal Year 2016 the services were also promoted with a statewide quit-tobacco contest, The QuitCash Challenge™. (See *Communications and Outreach – Advertising – QUITPLAN® Services Campaign*, pp. 73-76.)

Tobacco users served

ClearWay Minnesota tracks both numbers of people who visit our website and contact us by phone and the numbers of enrollments in QUITPLAN Services. In Fiscal Year 2016, 21,502 people called QUITPLAN Services and 195,210 people visited the quitplan.com website.

In Fiscal Year 2016, 15,539 tobacco users enrolled in QUITPLAN Services.

- 2,238 tobacco users enrolled in the QUITPLAN Helpline's multi-call counseling program
 - 1,729 tobacco users received NRT patches, lozenges or gum as part of their Helpline enrollment
- 13,301 tobacco users enrolled in one or more of the Individual QUITPLAN Services (NRT starter kit, text messaging, email and/or quit guide)
 - 12,872 tobacco users received an NRT starter kit
 - 7,486 tobacco users received a quit guide
 - 4,564 tobacco users signed up for email messages
 - 3,557 tobacco users signed up for text messages

Two years ago, ClearWay Minnesota reimagined QUITPLAN Services to provide Minnesota tobacco users with more tobacco cessation choices and easy access by phone and online. Since that time, interest in and use of the services has continued to be strong. More than 30,000 tobacco users enrolled in QUITPLAN Services in Fiscal Year 2015 and Fiscal Year 2016, and many more were served by their health plans. For all but one of the service offerings (printed Quit Guides), the number of enrollees increased from Fiscal Year 2015.

To make sure QUITPLAN Services maintains its appeal for all tobacco users, we continue to monitor service use and to identify ways to attract tobacco users from communities with the highest prevalence rates.

Reengagement

In Fiscal Year 2016, we completed a project that tested the effectiveness of using multiple outreach methods to systematically reengage participants and encourage them to enroll again. Participants receiving reengagement outreach were five times more likely to reengage compared to those who did not receive the outreach. Given the positive findings from this project, staff have implemented this process as a standard part of QUITPLAN Services operations.

Evaluation of QUITPLAN® Services

ClearWay Minnesota uses evaluation data and other scientific evidence to guide our decision-making about service offerings. We recognize that services will need to be enhanced or modified to meet changing patterns of demand, to expand the reach of services and to incorporate new evidence-based practices as they emerge.

ClearWay Minnesota uses an external evaluation firm, Professional Data Analysts, Inc. (PDA), to evaluate QUITPLAN Services. In Fiscal Year 2016, PDA worked closely with the ClearWay Minnesota Cessation Department to conduct multiple evaluations of QUITPLAN Services. The evaluation plan included monitoring service delivery through ongoing review of vendor data as well as studies focusing on user satisfaction and treatment reach. Findings were shared with service provider Alere Wellbeing to help them improve their programs.

Findings from service delivery monitoring

PDA reviewed the monthly data sent by Alere Wellbeing and examined trends in registrations, counseling calls, shipments of nicotine replacement therapies, shipments of printed quit guides, and other relevant service delivery data. PDA reported trends, changes in trends, and outliers in the data to ClearWay Minnesota staff. Through ongoing monitoring of service delivery data, ClearWay Minnesota was able to quickly identify potential issues that could impact participants' experience with QUITPLAN Services and work with Alere Wellbeing to solve problems in a timely manner.

Findings from the satisfaction survey

The user satisfaction study was conducted to monitor participant satisfaction with QUITPLAN Services. An online survey was conducted between October of 2015 and January of 2016. PDA randomly sampled participants who had been enrolled in QUITPLAN Services for approximately three months and requested their participation in the survey via email and mail. PDA received 306 completed online surveys (a response rate of 17.1 percent), which included satisfaction ratings and open-ended responses.

Satisfaction with QUITPLAN Services remains high. The majority of participants were either very or mostly satisfied with the service(s) they chose (57 and 26 percent, respectively; 83 percent in total). The level of satisfaction varied by services received. Those choosing the Helpline or Starter Kits with email or text had the highest satisfaction rate (86 percent "very" or "mostly satisfied"). Those receiving only the Starter Kit reported a lower satisfaction rate (77 percent "very" or "mostly satisfied"), followed by participants receiving email and text only (64 percent "very" or "mostly satisfied"). Respondents reported that signing up for QUITPLAN Services was "very" (74 percent) or "somewhat" easy (22 percent). Few had problems getting nicotine patches, gum, or lozenges (10 percent).

When asked what traits best describe QUITPLAN Services, 86 percent of respondents chose positive words, such as *straightforward*, *respectful* and *non-judgmental*. Almost all participants would recommend QUITPLAN Services to another tobacco user (87 percent). After receiving services, 80 percent of respondents reported attempting to quit for 24 hours.

Participants had the option to provide open-ended comments as well. Most comments were positive. Some examples are provided below:

- *“QUITPLAN helped me by making me accountable for my actions. The text messages were awesome and very motivational. I've been smoke-free for over six months and I love it. My savings money took me on a cruise to the Bahamas! Thank you so much for everything. You guys ROCK!!”*
- *“It's a free alternative and incentive to quit tobacco. The free supply of nicotine replacements were the difference for me. “*
- *“If you are looking to quit in such a way that you did it ‘on my own,’ this as close as you are going to get. You have just enough encouragement and none of the annoying nagging at times when you really are not in the mood. It is YOUR goal with backing and encouragement from QUITPLAN.”*
- *“The best thing about QUITPLAN is that it was easy to sign up and it was easy to get the product. Also I like the fact that they ask you what you think will work best for yourself to quit.”*

Findings from the treatment reach analysis

The objective of the treatment reach analysis was to understand what proportion of Minnesota tobacco users received QUITPLAN Services in a given year. We calculated this proportion for the year prior to the launch of our new services (in 2014), and for each of the years following the launch of the new services. Treatment prior to the launch of new services included enrollment only in either the QUITPLAN Helpline or quitplan.com; treatment under the new QUITPLAN Services included enrollment in the Helpline, the NRT starter kit, and/or the text messaging program. Minnesota Adult Tobacco Survey (MATS) and census data were used to estimate the number of tobacco users in each year studied.

The QUITPLAN Services treatment reach increased from 0.59 percent in the year prior to the launch of new services to 1.86 percent and 1.80 percent in the first and second year of new services, respectively. (National data show that, on average, state cessation quitlines reach 1.1 percent of a state’s tobacco users.) While the two years of new services are similar, treatment reach in the new services era increased three-fold from the year prior to the launch of the new services. These results show that the new QUITPLAN Services have been successful in providing treatment to a larger proportion of Minnesota tobacco users.

Community Engagement Grant Initiative

As part of our focus to reach populations that continue to smoke at higher rates, ClearWay Minnesota launched the Community Engagement Grant initiative in Fiscal Year 2015. The primary goal of this initiative is to link smokers of low socioeconomic status (SES) to existing cessation services; a secondary goal is to build capacity for funded organizations to continue the work after the grant period. ClearWay Minnesota funded a total of 13 organizations for a 12-month funding period, eight in Fiscal Year 2015 (Cohort 1) and five in Fiscal Year 2016 (Cohort 2).

Below is the list of the five new Community Engagement Grants approved by ClearWay Minnesota’s Board of Directors on July 15, 2015:

- **Dakota Wicohan**, an American Indian nonprofit organization located in rural southwestern Minnesota;
- **Portico Healthnet**, a nonprofit health and human services organization that helps uninsured Minnesotans access affordable health coverage and care;
- **Sub-Saharan African Youth and Family Services of Minnesota**, a nonprofit human service agency serving African communities in Minnesota;
- **Touchstone Mental Health**, a Hennepin County nonprofit organization providing services to individuals whose lives are affected by mental illness; and
- **Vietnamese Social Services of Minnesota**, an agency that addresses the needs of Vietnamese families and individuals.

Some examples of the grantees' work include conducting community outreach, integrating tobacco conversations and referral options into intake processes and programs, developing culturally and linguistically appropriate materials to promote cessation resources, and using media and communications strategies to engage tobacco users and educate them about available cessation services.

Based on the successes experienced by grantees during their first year of work and the continued importance of reaching low-SES smokers with messages about the harms of tobacco and quitting resources, ClearWay Minnesota released a Request for Applications in January, 2016, to provide an opportunity for all Community Engagement grantees to apply for a second year of funding. Seven Cohort 1 grantees submitted applications. Proposals were reviewed by a panel consisting of ClearWay Minnesota staff and evaluated based on progress to date and alignment of proposed activities with the goals of the community engagement granting initiative. The panel recommended all seven proposals for funding. The panel's recommendations were reviewed and approved by the ClearWay Minnesota Board of Directors on May 20, 2016.

Below is the list of the Community Engagement grantees that were awarded a second year of funds in Fiscal Year 2016:

- **The American Indian Cancer Foundation**, an organization working to reduce the cancer burden on American Indian families;
- **The American Lung Association of the Upper Midwest**, a nonprofit with the mission to save lives by improving lung health and preventing lung disease, working in partnership with organizations in both Mankato and Washington County;
- **Comunidades Latinas Unidas En Servicio (CLUES)**, an organization that works to improve quality of life for Latinos in Minnesota;
- **Mental Health Resources, Inc.**, a nonprofit with the mission to foster hope, health and recovery for those affected by mental illness;
- **The National Alliance on Mental Illness (NAMI) Minnesota**, which works to improve the lives of children and adults living with mental illness, and of their families;

- **Native American Community Clinic**, an organization that promotes wellness and health in American Indian families; and
- **RESOURCE, Inc.**, which provides chemical and mental-health services, education and employment services.

Grantees used lessons learned from their first year of funding to create the workplan for their second. Examples of the work include building on the most successful components from the first year, refining organizational integration processes, offering staff training and conducting community outreach.

Evaluation of this initiative is underway. Findings will be shared in future Reports to the Court.

Cessation Policy

The Cessation Department also dedicates resources toward a series of policy efforts to help ClearWay Minnesota achieve our goals around ensuring access to comprehensive tobacco dependence treatment for all Minnesotans. (See *ClearWay MinnesotaSM 2015-2017 Strategic Plan*, Appendix D.)

Three areas serve as the foundation for our cessation policy work. These areas are:

Benefit design

The goal of this area is to ensure that all health insurance products include comprehensive tobacco cessation benefits (barrier-free coverage for all forms of counseling and for FDA-approved medications). In Fiscal Year 2016, staff continued working with state agencies and other key decision-makers around strengthening health insurance benefits within private and publicly funded health insurance products regulated by the state.

We continued to engage in health care reform activities at the state level as they relate to new and modified health insurance requirements, including educational efforts around requirements for tobacco dependence treatment. As a result, the State Employees Group Insurance Program is now in compliance with the Affordable Care Act's preventive services requirement as it relates to tobacco cessation. Staff also worked closely with the Minnesota Department of Health in educating providers and Minnesota Health Care Program Enrollees about recent benefit-related policy changes and reimbursement mechanisms. Staff also continued planning efforts for future work in this area.

Quality measurement

In order to enhance routine delivery of best-practice tobacco dependence treatment within health care provider organizations, this area of work aims to strengthen tobacco-related quality measures used in health care. Activities in Fiscal Year 2016 included continued relationship-building with key stakeholders from the quality measurement community, particularly those working on measure development at the Minnesota Department of Health. Planning for future

work in this area continues, including continued opportunities to partner with the Minnesota Department of Health in efforts to better measure how tobacco use is assessed and addressed.

Staff continued exploring opportunities to strengthen data collection related to social determinants of health (race, ethnicity, language, etc.) to help interpret health care quality measures. Because tobacco use is not distributed evenly across the entire population, collecting additional data and integrating it with quality measures related to tobacco has the potential to assist health systems in better understanding where gaps in tobacco treatment delivery exist and in identifying strategies to help close those gaps. ClearWay Minnesota and other interested stakeholders partnered with the Safety Net Coalition (a group of organizations working to improve the health and health care of low-income, uninsured and disadvantaged Minnesotans) to advance policies to begin addressing these measurement system gaps. We were collectively successful in passing legislation to begin addressing these gaps; this was followed by the Minnesota Department of Health mandating future collection of race, ethnicity, language and country of origin data within Minnesota's Statewide Quality Reporting and Measurement System. Staff continues work in this area as a way to improve delivery of best practice tobacco dependence treatment to all patients in Minnesota.

System integration

The goal of this area is twofold: to ensure that tobacco dependence treatment is integrated into routine health care, and to foster integration of protocols to address tobacco into Minnesota's public programs that serve populations with high smoking rates (Head Start, Women, Infants and Children [WIC], etc.).

Health system integration

We are supporting health system integration in three ways. The first is through our systems change grants. These grants provide an opportunity for health systems to make the delivery of tobacco treatment a standard practice of care and to fully integrate systems change strategies that can be sustained over time. Through our granting initiative, we have funded five Minnesota health systems. Each grant lasts for two years. Three health systems were funded in Fiscal Year 2014 and two were funded in Fiscal Year 2015. The three grantees funded in Fiscal Year 2014 ended in April 2016 and successfully implemented comprehensive strategies for assessing and addressing patients' tobacco use within their health system. Example accomplishments include creating standard tobacco use assessment and treatment processes, modifying electronic health records to support the processes, defining roles and leveraging the expertise of members of the care delivery team to carry out the new process, and implementing ongoing trainings about the new process.

Our second approach is through our new capacity-building project. The goal of our capacity-building work is to provide Minnesota health systems with the appropriate tools and resources to improve their performance on assessing and addressing tobacco use. We also work to build internal health system capacity to help sustain these changes.

On August 17, 2015, we released a Request for Qualifications (RFQ) titled *Health Systems Change Capacity Building Contract for Assessing and Addressing Tobacco Use*. The purpose of this RFQ was to seek a vendor to work closely with ClearWay Minnesota staff to elevate addressing tobacco use as a priority among health systems, to provide information and resources to support such work, and to use other strategies that will result in increased capacity for assessing and addressing tobacco use. A panel of internal staff and external experts convened to review the proposals submitted. After evaluating each applicant's capabilities, past relevant experience and fee structure, the panel recommended awarding the cessation policy consulting contract to the Institute for Clinical Systems Improvement (ICSI). The Board approved this recommendation on November 11, 2015.

ICSI is an independent, nonprofit organization with extensive experience in health systems change located in Bloomington, Minnesota. Working closely with ICSI, we completed an in-depth planning phase in Fiscal Year 2016. This included forming advisory groups to identify opportunities, barriers and strategies to support health systems change, provide input into future project activities, and begin to create buy-in among health systems and other stakeholders for this work. A key insight discovered during the planning phase is the need to elevate tobacco as a priority by sharing more on what health systems change for tobacco dependence is and why it is important. This includes creating champions within and among health systems and providing a mechanism for sharing ideas and strategies.

The third area of this work includes elevating tobacco use as a priority and better integrating opportunities to improve how tobacco use is addressed in statewide health care reform models. Staff have shared information about our health systems change work and opportunities to leverage it in other state programs, primarily those funded by the Minnesota Department of Health and the Minnesota Department of Human Services. We also continue to build relationships to inform future work and partnerships in this area.

Systems change in public programs

As part of the ongoing efforts to help publicly funded programs elevate the importance of addressing tobacco and integrating tobacco conversations into service delivery, ClearWay Minnesota continued its partnership with the Minnesota Head Start Association. The key activity during Fiscal Year 2016 was a presentation on tobacco at a statewide meeting and a conversation with Head Start program directors to strategize on continuing this work within Head Start programs. ClearWay Minnesota will continue these efforts in the upcoming fiscal year.

From July 1, 2015, to December 31, 2015, Halleland Habicht Consulting, L.L.C., assisted ClearWay Minnesota in our cessation policy work.

On August 17, 2015, a Request for Qualifications (RFQ) was released seeking a cessation policy consultant to work collaboratively with staff in continuing efforts to ensure access to comprehensive tobacco dependence treatment for all Minnesotans. Applicants were asked to describe relevant experience in health care policy work and to complete a strategic assignment

outlining a collaborative approach to achieving ClearWay Minnesota's goals around health insurance benefit design, health care quality measurement and health systems integration. A panel of internal staff and external experts convened to review the single proposal submitted. After evaluating the applicant's capabilities, past relevant experience, fee structure and strategic capabilities, the panel recommended awarding the cessation policy consulting contract to MS Strategies, L.L.C. The Board approved this recommendation on November 11, 2015.

MS Strategies provided assistance to ClearWay Minnesota from January 1, 2016, through the duration of Fiscal Year 2016. In May of 2016, the Board approved a subsequent contract with MS Strategies to continue assisting us through Fiscal Year 2017.

Cessation policy evaluation

In Fiscal Year 2016, ClearWay Minnesota staff and external evaluator Professional Data Analysts, Inc. (PDA), continued using an evaluation framework finalized in 2014 to effectively assess our cessation policy work. PDA prepared a report documenting progress toward our cessation policy goals and summarizing work in this area. ClearWay Minnesota also worked with PDA to create and implement a process evaluation plan for our health systems change grants. The plan will allow us to understand how the work is progressing, to identify lessons learned for other health systems and to judge whether progress made during the grant period is sustained after funding has ended.

Other Initiatives

State and national partnerships

ClearWay Minnesota has been instrumental in forging relationships and partnerships to advance both cessation services and policies. Such partnerships help improve these services and policies for Minnesotans, facilitate coordination and avoid duplication of efforts. Key partnerships include:

- *American Lung Association:* The National Chapter of the American Lung Association has a tobacco cessation policy project that provides up-to-date information and tools for advocates, policymakers, media and smokers. This project includes multiple cessation policy-focused workgroups of which ClearWay Minnesota staff are active members. Staff works frequently with the American Lung Association to learn from other states doing similar work and to disseminate our work nationally.
- *Call it Quits Collaborative:* The Call it Quits Collaborative is a partnership that includes the major health insurers in Minnesota (Blue Cross and Blue Shield of Minnesota, HealthPartners, Medica, PreferredOne and UCare) and ClearWay Minnesota. The Minnesota Department of Health is an *ex officio* member. A primary goal of the collaborative is to allow health care providers to have better access to the tobacco quitline services operated by each organization. As a result of the collaborative's work, health care providers can use a single form and fax number to refer patients who use

tobacco to quitline support. Quitline services and cessation benefits offered by the insurers have also been strengthened.

- *Minnesota Department of Health:* The Minnesota Department of Health and ClearWay Minnesota collaborate on many activities, including cessation-focused work. ClearWay Minnesota partnered with the Department on a grant proposal to the U.S. Centers for Disease Control and Prevention (CDC) in Fiscal Year 2014, which was funded in Fiscal Year 2015. These funds supported a new outreach initiative targeting Medical Assistance and MinnesotaCare enrollees, informing them that they have cessation coverage through their health insurance. This work continued in Fiscal Year 2016; a proposal to continue this work for a third year is under review at CDC. Additionally, ClearWay Minnesota partnered with the Departments of Health and Human Services on CDC's 6|18 initiative, which focuses on reducing tobacco use among Medical Assistance enrollees.
- *Minnesota Department of Human Services:* ClearWay Minnesota is working with the Minnesota Department of Human Services to identify ways to help address tobacco use among Minnesota Medical Assistance and MinnesotaCare enrollees. In Fiscal Year 2016, this partnership focused on 6|18 initiative activities as well as on opportunities to elevate treating tobacco use among state-run health care reform initiatives such as the Integrated Health Partnership program.
- *Minnesota Department of Commerce:* As a part of our benefit design work (see *Cessation Policy – Benefit Design*, p. 25), staff members have worked with the Minnesota Department of Commerce to facilitate implementation of the Affordable Care Act's changes to tobacco cessation coverage.
- *Minnesota Management and Budget:* As a state agency, Minnesota Management and Budget administers the State Employees Group Insurance Program (SEGIP), which provides health insurance and wellness programs primarily to state employees. As a part of our benefit design work (see *Cessation Policy – Benefit Design*, p. 25), staff worked with Minnesota Management and Budget staff to ensure state employees have access to a comprehensive tobacco cessation health insurance benefit as mandated by the Affordable Care Act.
- *North American Quitline Consortium (NAQC):* The North American Quitline Consortium (NAQC) is a consortium of quitlines across North America that shares information and best practices. ClearWay Minnesota is an active member of NAQC and shares information about QUITPLAN Services with Consortium members on an ongoing basis. The Consortium also serves as a repository of knowledge and best practices, allowing ClearWay Minnesota to continue to learn and improve services. Staff members serve on NAQC's Board of Directors and Advisory Council.
- *Minnesota Head Start Association:* The Minnesota Head Start Association (MHSA) provides a unified voice for Head Start programs to speak about and act on issues affecting low-income children and families, and works to improve Head Start programs and policies. In July of 2014, the MHSA board approved a partnership with ClearWay Minnesota to begin addressing tobacco with Head Start parents on a regular and systematic basis. Our work with the MHSA and Head Start programs has been part of

our systems change in public programs work. (See *Cessation Policy – System Integration – Systems Change in Public Programs*, pp. 27-28.)

Dissemination

ClearWay Minnesota Cessation staff, grantees and contractors actively disseminate research results, evaluation findings and other knowledge gained from our activities in publications and at conferences and meetings. For details, please see *Research – Dissemination*, pp. 33-43.

B. RESEARCH

ClearWay Minnesota funds research that will lead to reduced tobacco use and secondhand smoke exposure in Minnesota. We encourage research that addresses tobacco use in communities most affected by tobacco use and most targeted by tobacco industry marketing. Since inception through June 30, 2016, ClearWay Minnesota has funded \$29.7 million in research program grants and contracts (plus an additional \$7.1 million for evaluation projects).

Research Grants

ClearWay Minnesota awarded \$650,000 in grant funding for five research projects and \$10,000 for one research dissemination project during Fiscal Year 2016. Three grants are on the topic of advancing tobacco regulatory science in Minnesota. Two of the tobacco regulatory science projects address the use of menthol – one by measuring the impact of menthol electronic cigarettes (e-cigarettes) on menthol cigarette smoking behaviors, and one using computer-generated modeling to imagine the effects of several different point-of-sale policy regulations. Another regulatory science grant funded in Fiscal Year 2016 will assess policies regarding point-of-sale marketing on American Indian reservations.

One grant will fund a pilot project to implement a successful, culturally relevant family tobacco intervention program into Chicano/Latino community organizations in Minnesota. The pilot project is funded through the University of Minnesota's Program in Health Disparities Research. One additional grant raised the amount of a previously awarded grant for increasing quit attempts among adult smokers in American Indian health clinics.

Finally, the dissemination grant was to further distribute the findings of previously funded research on using a culturally tailored approach to proven cessation treatment within American Indian health systems.

Specifically, the grants were awarded to:

- **The University of Minnesota** (Principal Investigator Michael Kotlyar, Pharm.D.), for an amount not to exceed \$125,000 for a term of 24 months; grant titled "Menthol-Flavored E-Cigarette Use During a Simulated Ban of Menthol Cigarettes." This study intends to measure the impact of menthol flavored e-cigarettes on tobacco use behavior, and to determine if the impact of menthol e-cigarettes is moderated by a hypothetical ban on menthol cigarettes.
- **The University of Minnesota and American Indian Cancer Foundation** (Principal Investigators Rachel Widome, Ph.D., and Kristine Rhodes, M.P.H.), for an amount not to exceed \$125,000 for a term of 24 months; grant titled "Impacts of Commercial Tobacco Marketing on American Indian Reservations." This study will describe the types and variations in formal and informal policies and practices in tribal Nations that govern how commercial tobacco is marketed and sold, and to determine community perceptions of commercial tobacco marketing at the point of sale.

- **Public Health Law Center** (Principal Investigator, Maggie Mahoney, J.D.), for an amount not to exceed \$250,000 for a term of 24 months; grant titled “Agent-Based Modeling to Measure the Impact of Menthol and Retailer Density Policies in Minnesota.” This project will identify current local and state-level tobacco control point-of-sale policy and activity areas, and build an agent-based computational model designed to assess the potential behavioral effects of policies restricting menthol cigarettes and retailer density in a variety of Minnesota communities.
- **The American Indian Cancer Foundation**, for an amount not to exceed \$10,000 for a term of 12 months. The grant will further disseminate the findings of the previously funded study “American Indian Systems for Tobacco Addiction Treatment.”
- **The University of Minnesota Program in Health Disparities Research**, for a 12-month grant, not to exceed \$25,000, to fund a pilot project, “Building Participatory Dissemination Tools for a Latino Youth Smoking Prevention Study.” The award uses translational science to work with communities on implementing a culturally-tailored smoking prevention and cessation program.
- **The American Indian Cancer Foundation**, for an increase in funds for their grant project titled “American Indian Health Systems Support for Improving Quit Assistance and Quit Rates.” This 32-month project, with an original not to exceed amount of \$250,000, will engage American Indian health systems in a culturally tailored intervention to increase quit attempts, effective cessation assistance and quit rates. The addition of \$125,000 was made with Board approval so that more clinics than originally anticipated could join the project.

Research Contracts

Technical assistance

The University of Wisconsin Center for Tobacco Research and Intervention (UW-CTRI) provides technical assistance to research staff and grantees, including:

- Reverse site visits to discuss progress;
- Manuscript review and critique;
- Assistance preparing for conferences or other dissemination efforts; and
- Improving research design and other support as needed.

The UW-CTRI technical assistance team also provides staff with collaboration and dissemination opportunities and reference librarian services as needed. Additionally, UW-CTRI invites ClearWay Minnesota staff to attend the weekly seminars that the organization holds on tobacco control and other health topics. In Fiscal Year 2016, UW-CTRI provided consultation on a number of special projects, including ClearWay Minnesota’s Research Request for Proposals and grantee manuscripts.

Finally, UW-CTRI technical assistance has provided a unique service to some of our secondhand smoke grantees in the last fiscal year. When this cohort of grantees began their projects (in 2014), UW-CTRI worked with ClearWay Minnesota's Research staff to bring them together and discuss some of the broader issues and connections between their very different areas of work. As the grants came to an end, another day-long meeting was held to discuss the outcomes of their respective projects as well as opportunities for synergy in policy actions related to secondhand smoke exposure. UW-CTRI is currently working with these grantees on a joint submission of manuscripts based on the outcomes of these studies, to be published in a peer-reviewed journal.



Dissemination

We place a high priority on translation and dissemination of ClearWay

Minnesota-funded research and programs. Consequently, we encourage grantees to explore opportunities to publicize and share findings, and we make dissemination awards for activities that share knowledge and tools resulting from ClearWay Minnesota-funded research. In addition, ClearWay Minnesota staff actively disseminates research results, evaluation findings and other knowledge gained from our activities in publications and at conferences and meetings. Dissemination of this sort has established ClearWay Minnesota as a tobacco control leader, and our findings have advanced knowledge, practices and policies that reduce tobacco's harm.

*ClearWay MinnesotaSM Research grantees
talk with staff and technical assistance
providers at a reverse site visit*

Surveillance: Minnesota Adult Tobacco Survey (MATS) Follow-Up Study 2015

The Minnesota Adult Tobacco Survey (MATS) is a large-scale surveillance project that monitors progress in reducing tobacco use among Minnesotans. MATS collects in-depth surveillance data on tobacco use, and cigarette smoking in particular, in the adult population of Minnesota. MATS is the most comprehensive source of information about smoking prevalence, behaviors, attitudes and beliefs among Minnesota adults. Additionally, MATS provides a scientific base from which ClearWay Minnesota evaluates many activities and programs.

ClearWay Minnesota, in collaboration with partner organizations, has conducted five rounds of MATS (in 1999, 2003, 2007, 2010 and 2014). Technical reports and fact sheets are available at www.mnadulttobaccosurvey.org.

In Fiscal Year 2016, ClearWay Minnesota conducted a follow-up survey with smokers and recent quitters who were identified in the 2014 MATS and consented to be re-contacted for research purposes. The intention of the survey was to gather additional information on e-cigarette use and quitting behaviors among smokers and recent quitters. This work included data collection in July of 2015. Results will be released through a variety of future conference presentations and peer-reviewed publications.

Publications

One of ClearWay Minnesota's priorities is to disseminate findings from research, evaluations and other initiatives to other audiences. The goal of sharing this information is to help advance the field of tobacco prevention and control in Minnesota and elsewhere. ClearWay Minnesota staff, grantees and partners published a large number of peer-reviewed articles during Fiscal Year 2016 on a range of topics, including findings from the 2014 MATS.

- "A Pilot Product Preference Study of Electronic Cigarettes and Nicotine Gum as Potential Smoking Cessation Aids for African American Menthol Smokers," by Christina Richards, Sara Eischen, Anne Joseph, Dorothy Hatsukami, Joanne D'Silva, Philippe Gaillard and Kolawole Okuyemi, *Tobacco Regulatory Science*. This paper identified preferences among African American menthol smokers. African American menthol smokers in this pilot study strongly preferred e-cigarettes as well as menthol-flavored products.
- "Tobacco User Characteristics and Outcomes Related to Intensity of Quitline Program Use: Results From Minnesota and Pennsylvania," by Rebecca Lien, Barbara Schillo, Jay Mast, Amy Lukowski, Lija Greenseid, Jennifer Keith and Paula Keller, *Journal of Public Health Management and Practice*. This study combines multiple factors of quitline program use across two states to describe how participants use a five-call program, assess whether intensity of program use is associated with participant subgroups and assess whether key outcomes such as quitting and satisfaction are associated with intensity.
- "A Case Study for Redesigning Tobacco Cessation Services: Gaining Critical Insights from Current and Former Smokers," by Marietta Dreher, Barbara Schillo, Molly Hull, Valerie Esqueda and Andrea Mowery, *Social Marketing Quarterly*. This case study presents an initiative that sought to understand the needs of current and former smokers in Minnesota as part of an effort to redesign tobacco cessation services and engage more smokers in the quitting process. Guidelines for redesigning services based on this exploratory research are offered.
- "Developing Capacity, Skills and Tobacco Control Networks to Address Tobacco-Related Disparities: Leadership and Advocacy Institute to Advance Minnesota's Parity for Priority Populations (LAAMPP)," by Linda Bosma, Raffaele Vacca, Jaime Martínez, Raymond Boyle and Rod Lew, *Journal of Health Disparities Research and Practice*. This paper describes and evaluates the LAAMPP Institute, and discusses lessons learned through the Institute and future directions for community-based tobacco-control efforts. The results of LAAMPP suggest that a cross-cultural leadership institute contributes to the successful development of capacity and leadership skills among diverse populations and may be a useful model for others working toward health equity. (See also *Community*

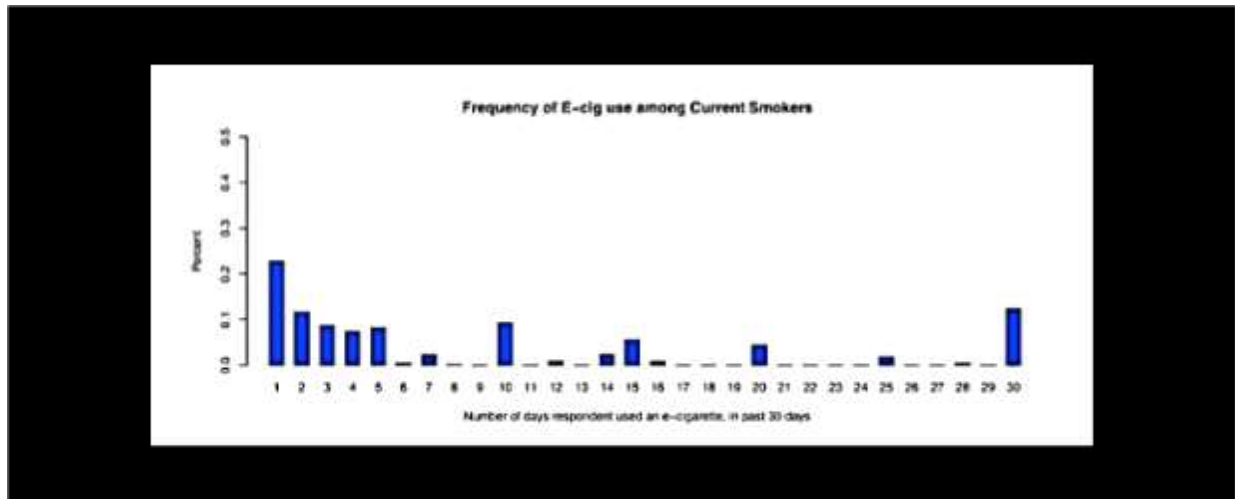
Development – Community Development Contracts – Leadership and Advocacy Institute to Advance Minnesota’s Parity for Priority Populations [LAAMPP], pp. 68-70.)

- “Evaluating an Excise Tax on Electronic Cigarette Consumption: Early Results,” by Michael Amato and Raymond Boyle, *Tobacco Regulatory Science*. Minnesota simultaneously raised taxes on cigarettes and e-cigarettes in 2013. This is the first study to report the effect of a tax increase on e-cigarette sales. These tax increases were associated with a short-term spike in e-cigarette consumption at convenience stores, followed by a decline.
- “Deniers and Admitters: Examining Smoker Identities in a Changing Tobacco Landscape,” by John Kingsbury, Michael Parks, Michael Amato and Raymond Boyle, *Nicotine and Tobacco Research*. This paper examined smoker identity in the context of emerging tobacco products and ongoing, statewide tobacco control programs.
- “Why the World Will Never be Tobacco-Free: Reframing ‘Tobacco Control’ Into a Traditional Tobacco Movement,” by Gina Boudreau, Carol Hernandez, Donna Hoffer, Kathleen Starlight Preuss, Linda Tibbetts-Barto, Nicole Toves Villaluz and Sheryl Scott, *American Journal of Public Health*. This article shares insights on understanding the history of tobacco control in Indian Country, and on how to move forward in creating change to achieve health equity using culturally based solutions. It provides recommendations for tribes, non-Indian advocates and funders. The coordinators provided personal stories and teachings as part of this article for people to understand why they do this work to honor their ancestors. (See also *Community Development – Community Development Grants – Tribal Tobacco Education and Policy Initiative [TTEP] – Evaluation of the Tribal Education and Policy Initiative [TTEP]*, p. 63.)
- “Reaching Consumers: How the Tobacco Industry Uses Email Marketing,” by Betsy Brock, Samantha Carlson, Molly Moilanen and Barbara Schillo, *Preventive Medicine Reports*. Little is known about tobacco company email marketing and this study fills an identified research gap by analyzing a subset of direct-to-consumer email promotions sent to Minnesotans. A deeper understanding of this type of marketing is needed in order to counter tobacco industry messaging and advance tobacco control in Minnesota and nationally.
- “Using Online Message Testing to Evaluate TV Ads, Select Effective Messaging and Improve Public Health Campaigns,” by Andrea Mowery, Paul Riedesel, Marietta Dreher, Barbara Schillo and Jessie Saul, *Social Marketing Quarterly*. This paper describes two examples of online ad testing used to assess effectiveness of tobacco control ads in Minnesota and how those results have been used.
- “Price-Minimizing Behaviors in a Cohort of Smokers Before and After a Cigarette Tax Increase,” by Anne Betzner, Raymond Boyle and Ann St. Claire, *International Journal of Environmental Research and Public Health*. This paper examined smoking and purchasing behaviors and the rationale behind choosing various approaches for reducing the cost of tobacco products after a tax increase.
- ClearWay Minnesota Senior Research Program Manager Ann St. Claire and Director of Research Dr. Raymond Boyle also published a commentary in the October 2015 issue of *Minnesota Medicine*, the journal of the Minnesota Medical Society, titled “The

Clinician’s Role in Addressing Disparities in Tobacco Use.” This commentary discussed the variation in tobacco prevalence across Minnesota’s diverse communities and recommendations for how clinicians can tailor discussions with patients.

One publication made a particularly large impact in Fiscal Year 2016. Former ClearWay Minnesota Research Post-Doctoral Fellow Dr. Michael Amato (now a Research Fellow at the Truth Initiative) and ClearWay Minnesota Director of Research Programs Dr. Raymond Boyle published an article titled “How to Define E-Cigarette Prevalence: Finding Clues in the Use Frequency Distribution” in the journal *Tobacco Control* in June of 2015. Since that time, not only has the article been widely cited in other researchers’ work and mentioned in numerous conference presentations, it was also chosen as the “Editor’s Choice” article and highlighted in a worldwide email promotion sponsored by the publication, the *British Medical Journal*.

The most significant finding from this paper was that defining prevalence by past 30-day use may not be the most accurate measure for e-cigarettes, as it may capture many people who are only experimenting.



ClearWay MinnesotaSM staff published an article examining how e-cigarette prevalence is measured

The recognition of this paper nationally and internationally demonstrates the importance of the work ClearWay Minnesota is doing in tobacco control research.

Conference presentations

ClearWay Minnesota staff members, grantees and contractors also gave several presentations at conferences and other events that shared findings from ClearWay Minnesota-funded research projects.

American Evaluation Association Conference



Sheri Scott, Tribal Tobacco Education and Policy (TTEP) evaluator, and Carol Hernandez, TTEP coordinator and elder from Mille Lacs, participated in the American Evaluation Association conference in Chicago on November 13 and 14, 2015. (See *Community Development – Community Development Grants – Tribal Tobacco Education and Policy Initiative [TTEP]*, pp. 58-65.) They attended several sessions of the Indigenous Evaluation Topical Interest Group and networked with indigenous evaluators from across the country and from New Zealand. On Saturday, November 14, Ms. Scott and Ms. Hernandez held a roundtable workshop, “Evaluation Use – By Whom? For Whom? Engaging Indigenous Program Staff in Telling their Own Story.”

Seventh Annual National Tribal Public Health Summit

National Indian Health Board



TTEP Coordinators Carol Hernandez and Jessie Kier and TTEP Evaluator Sheri Scott at the Annual Meeting of the National Tribal Health Summit

This year's National Tribal Public Health Summit, on the theme of "Achieving Health Equity: Re-Envisioning Tribal Public Health for Seven Generations," included presentations by Ms. Hernandez and Ms. Scott as well as by Jessie Kier, a tribal grantee from the White Earth Nation. (See *Community Development – Community Development Grants – Tribal Tobacco Education and Policy Initiative [TTEP] – White Earth Nation*, p. 62.) Their workshop, "Think Tribally, Act Locally: Strategies to Support Tribal Policy Work on Health Issues," focused on sharing lessons learned on policy advocacy within sovereign tribal Nations. Ms. Hernandez opened the workshop with a traditional tobacco (*asemaa*) prayer and shared the importance of restoring traditional tobacco practices. She followed with a discussion of conducting work on tobacco policy within her sovereign tribal government. Ms. Kier then spoke on her strategy of using a coalition to work on tobacco policy, as well as on her work to promote building a smoke-free casino at White Earth.

National Conference on Tackling Tobacco Use in Vulnerable Populations



National Conference on Tackling Tobacco Use in Vulnerable Populations

October 5 - 6, 2015 • Bethesda, Maryland

Senior Research Manager Joanne D'Silva presented a poster titled "An Examination of Trends in Tobacco Disparities by Socioeconomic Status in Minnesota" at the National Conference on Tackling Tobacco Use in Vulnerable Populations in Bethesda, Md. Findings from this study suggest that complementing known population-level strategies with community and individual-level approaches are necessary to eliminate the widening gap in smoking disparities and to end the burden of tobacco-related disease for populations of low socioeconomic status.

ClearWay MinnesotaSM Senior Research Program Manager Joanne D'Silva (l.) with former acting Surgeon General Boris Lushniak



International Network for Social Network Analysis (INSNA) Annual Conference



In April, Dr. Linda Bosma, evaluator of the Leadership Institute to Advance Minnesota's Parity for Priority Populations (LAAMPP) attended the International Network on Social Network Analysis conference in Newport Beach, Calif., the professional association of researchers who conduct Social Network Analysis. She presented findings from the evaluation of networks developed by LAAMPP III Fellows. (See *Community Development – Community Development Contracts – Leadership and Advocacy Institute to Advance Minnesota's Parity for Priority Populations [LAAMPP] – Post-Program Survey Report – LAAMPP III*, pp. 68-70.) The presentation showed that Fellows had developed larger, more extensive and diverse networks both within their own communities and with statewide tobacco control networks, expanding tobacco control expertise to diverse communities while connecting them to mainstream tobacco control networks in Minnesota.

Society for Research on Nicotine and Tobacco Annual Meeting (SRNT)



Several staff, grantees and partners attended the 22nd Annual Meeting of the Society for Research on Nicotine and Tobacco (SRNT) in Chicago in March of 2016. The conference provided opportunities to learn about cutting-edge tobacco science and policy research.

ClearWay Minnesota's Director of Research Programs, Dr. Raymond Boyle, chaired a symposium titled "How Should We Tax Electronic Nicotine Delivery Systems? Analyzing Current Evidence to Inform Future Policy." The panel of national experts also included Dr. Michael Amato, a former ClearWay Minnesota employee who is now a research fellow at Truth Initiative. Dr. Boyle also co-authored a related presentation titled, "Modeling the Impact of Tobacco Control Policies on Cigarette and Smokeless Tobacco Use."



Dr. Raymond Boyle, Director of Research Programs at ClearWay MinnesotaSM (center), leads a panel discussion at the 2016 Society for Research on Nicotine and Tobacco (SRNT) annual conference



ClearWay Minnesota’s Senior Research Program Manager Joanne D’Silva gave two oral presentations: “Building an Evidence Base for Reducing Smoking Disparities Between Indigenous and Non-Indigenous Peoples,” and “Correlates of Menthol Cigarette Use Among American Indian Smokers in Minnesota.” Both highlighted how ClearWay Minnesota’s research addresses the unique challenges of tobacco control among our state’s diverse populations.

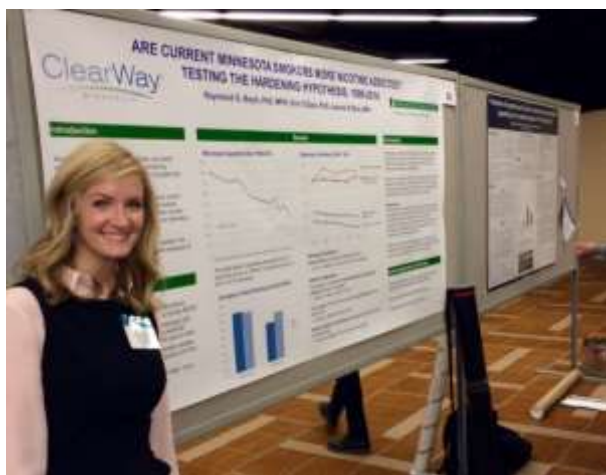
Senior Research Program Manager Joanne D’Silva at the 2016 Society for Research on Nicotine and Tobacco (SRNT) annual conference

Staff, partners, and grantees also shared findings through numerous poster presentations:

Authors	Poster Title
Barbara Schillo, Paula Keller, Rebecca Lien, Randi Lachter, Amy Kerr, Emily Subialka	Offering Consumers Choices: Patterns of Service Selection in a Multi-Service Cessation Program
Betsy Brock, Samantha Carlson, Molly Moilanen, Barbara Schillo	Reaching Consumers: How the Tobacco Industry Uses Email Marketing
Katrina Vickerman, Stacey Mahuna-Branter, Paula Keller, Marietta Dreher, Barbara Schillo	Do Targeted Outreach Methods Increase Smokers’ Re-Engagement in Quitline Services?: Results From a Randomized Quality Improvement Project
Kelvin Choi, Debra Bernat, Raymond Boyle	Exposure to and Engagement With Tobacco Marketing Among Youth and Adult Smokers by Metropolitan Status
Michael Amato, Joanne D’Silva, Raymond Boyle	Slowing Menthol’s Progress: Differential Impact of a Tobacco Tax Increase on Cigarette Sales
Emily Subialka, Rebecca Lien, Michael Amato, Erin O’Gara	Looking at Frequency of E-Cigarette Use Among Cessation-Seekers Versus the General Population in Minnesota: Considering the Measurement of E-Cigarette Use
Amy Kerr, Rebecca Lien,, Barbara Schillo, Randi Lachter, Vanessa Kittelson	NRT Starter Kits and Quit Rates: What Influences Quitting?

Staff continued to share new findings from the 2014 Minnesota Adult Tobacco Survey (MATS) at the SRNT Annual Meeting. SRNT posters using MATS data are listed below:

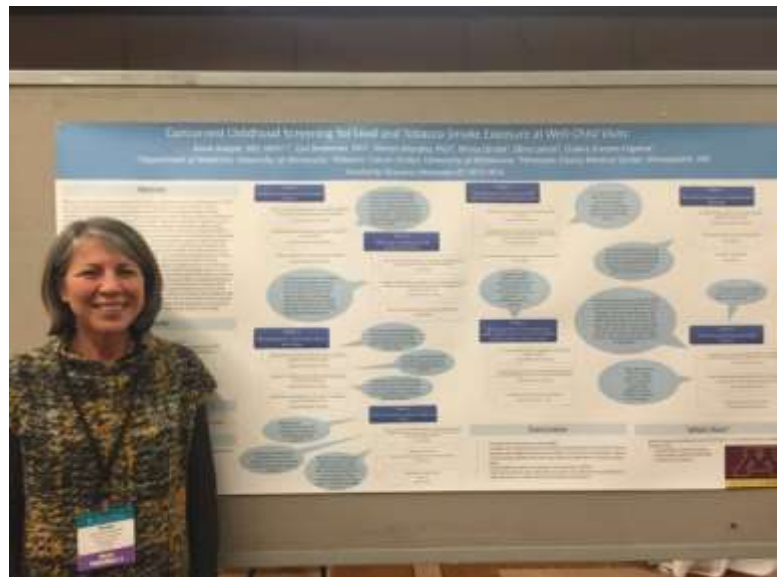
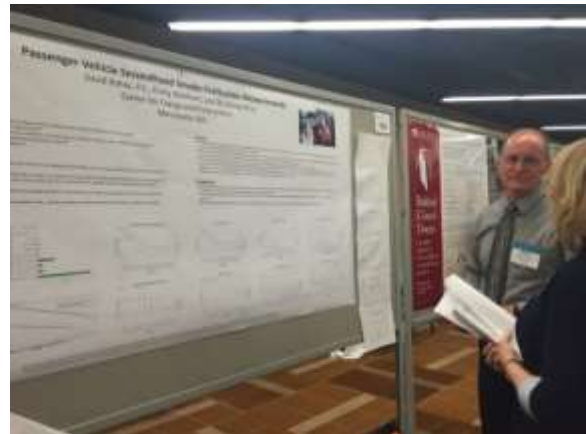
Authors	Poster Title
Raymond Boyle, Joanne D'Silva, Cassandra Stanton, Charles Carusi	Are We Minding the Gap?: An Examination of Trends in Tobacco Disparities by Socioeconomic Status in Minnesota
Michael Amato, Raymond Boyle, David Levy	E-Cigarette Use Frequency and Smoking Cessation in a Prospective Cohort
John Kingsbury, Michael Parks, Michael Amato, Raymond Boyle	Denier Versus Admitter Smoking Status in a Population-Based Study
Michael Amato, Raymond Boyle, Rebecca Lien	Use of Tobacco and Tobacco Cessation Services in Urban and Rural Minnesota
Michael Amato, Raymond Boyle, David Levy	Differentiating Persistent E-Cigarette Users: Assessing the Accuracy of Use Frequency as a Predictive Measure
John Kingsbury, Michael Parks, Michael Amato, Raymond Boyle	Using the Trans-Theoretical Model to Evaluate a Statewide Tobacco Tax Increase
Raymond Boyle, Erin O'Gara, Joanne D'Silva	Are Current Minnesota Smokers More Nicotine-Addicted? Testing the Hardening Hypothesis: 1999-2014



ClearWay MinnesotaSM staff and their posters

ClearWay Minnesota Research grantees had a very productive year for dissemination. In addition to the following presentations at SRNT, there were four peer-reviewed publications, three additional conference presentations and several webinars and listserv mailings to share findings from their ClearWay Minnesota-funded work.

- Grantee David Bohac from the Center for Energy and Environment presented a poster titled “Passenger Vehicle Secondhand Smoke Particulate Measurements”;
- Grantee Kerry Cork from the Public Health Law Center presented a poster “Addressing Tobacco-Related Health Disparities in Assisted Living (‘Adult Foster Care’) Residences”;
- Grantees Deb Hennrikus and Rachel Widome from the University of Minnesota presented “Smoke-free Policy Implementations in Public Housing Buildings”; and
- Grantee Anne Joseph from the University of Minnesota presented “Concurrent Childhood Screening for Lead and Tobacco Smoke Exposure at Well-Child Visits.”



ClearWay MinnesotaSM Research grantees and their SRNT posters

Other conferences

ClearWay Minnesota staff members, grantees and contractors presented at or attended a number of other conferences throughout the year, including meetings of the Minnesota Tobacco Control Comprehensive Framework partners, the Minnesota Department of Health's Health Care Homes/Statewide Innovation Model Learning Days conference, the Minnesota Community Measurement Seminar, the national Tobacco Control Network, the U.S. Centers for Disease Control and Prevention (CDC) National Conference on Health Communications, Marketing and Media, the North American Quitline Consortium (NAQC) Conference, the National Summit on Smokeless and Spit Tobacco, the Many Faces of Community Health Conference, the Agents of Change Summit and the Oklahoma state Tobacco Control Network.

Grantees from the Association for Nonsmokers-Minnesota and NorthPoint Health and Wellness Center present at the National Summit on Smokeless and Spit Tobacco



C. POLICY

Research shows public policies that reduce secondhand smoke exposure and make tobacco products less accessible work with quit-smoking services to reduce tobacco's harm.

In compliance with the Court Order of February 25, 2003, approving ClearWay Minnesota's New Comprehensive Plans for Governance and Individual Smoking Cessation Activities, ClearWay Minnesota spends at least as much on individual cessation as on environmental approaches that reduce tobacco's harm, such as policy change. As long as parity between individual cessation and environmental programs is maintained, the Court permits the ClearWay Minnesota Board of Directors to approve work supporting the creation, implementation and defense of public policies to reduce tobacco's harm. From inception, ClearWay Minnesota has awarded \$43.2 million to programs supporting individual-level cessation and \$24.9 million to environmentally based programs. In addition, \$9.9 million has been spent on surveillance/assessment programs, \$9.3 million on capacity-building programs and \$1.1 million on other programs.

Statewide Policy Work

Minnesotans for a Smoke-Free Generation

In 2016 ClearWay Minnesota and partners launched Minnesotans for a Smoke-Free Generation, a new coalition of organizations that share the goal of saving Minnesota youth from a lifetime of addiction to tobacco. The coalition's policy priorities are:

1. **Raising the tobacco purchase age to 21.**
Ninety-five percent of adult smokers started before the age of 21. Widening the gap between teens and those who can legally purchase tobacco reduces kids' ability to buy it or access it through social networks.
2. **Restricting sales of flavored tobacco products.** The tobacco industry uses candy, fruit and menthol flavors to appeal to youth, African Americans, Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) communities and others. More than 40 percent of U.S. students who smoke use flavored products, and restrictions will help keep them out of young people's hands.



3. **Increasing public funding for tobacco control efforts.** Programs that help people quit tobacco and prevent youth from becoming addicted save lives, but funding sources for these programs in Minnesota are declining. Increasing funding for tobacco prevention efforts is a proven way to reduce tobacco use.
4. **Keeping tobacco prices high.** This is the most effective way to prevent kids from becoming addicted to tobacco products. High prices discourage youth from starting and encourage current smokers to quit.

Minnesotans for a Smoke-Free Generation partners include: A Healthier Southwest; African American Leadership Forum; Allina Health; American Cancer Society – Cancer Action Network; American Heart Association; American Lung Association in Minnesota; Apple Tree Dental; Association for Nonsmokers-Minnesota; Blue Cross and



Blue Shield of Minnesota; CentraCare Health; Children's Defense Fund-Minnesota; Children's Hospitals and Clinics of Minnesota; ClearWay Minnesota; Comunidades Latinas Unidas En Servicio – CLUES; Essentia Health; Four Corners Partnership; Gillette Children's Specialty Healthcare; HealthEast; HealthPartners; Hennepin County Medical Center; LAAMPP Institute; Lincoln Park Children and Families Collaborative; Local Public Health Association of Minnesota; March of Dimes; Mayo Clinic; Medica; Minnesota Academy of Family Physicians; Minnesota Association of Community Health Centers; Minnesota Cancer Alliance; Minnesota Chapter of the American Academy of Pediatrics; Minnesota Council of Health Plans; Minnesota Hospital Association; Minnesota Medical Association; Minnesota Oral Health Coalition; Minnesota Public Health Association; Model Cities of St. Paul, Inc.; North Memorial Health Care; NorthPoint Health and Wellness Center; PartnerSHIP 4 Health; Rainbow Health Initiative; SEIU Healthcare Minnesota; Tobacco Free Alliance; and Twin Cities Medical Society.

The coalition decided not to introduce any proactive legislation in 2016, but instead began a conversation with state legislators about how we could work together to create a smoke-free future.

Tobacco issues became a point of controversy at the close of the 2016 Minnesota Legislative Session. The final tax bill that passed out of both chambers contained more than \$30 million in tax breaks for the tobacco industry. These included a repeal of an annual tobacco tax increase to adjust for inflation, a large cut to the tax on Big Tobacco's brands of e-cigarettes, and the omission of other provisions to close loopholes and enhance enforcement of existing tobacco laws.

In the final week of session, Minnesota health advocates raised awareness of the bill's tobacco components. The tax cuts were publicly criticized by Minnesotans for a Smoke-Free Generation, by the state Health Commissioner Dr. Edward Ehlinger and by editorial boards around the state.

A number of lawmakers joined the chorus of criticism, speaking against the cuts on the House and Senate floors in the final hours.

After session ended, Governor Mark Dayton publicly blasted the tobacco tax cuts, calling them “very, very distressing.” Minnesotans for a Smoke-Free Generation sent the Governor a letter thanking him for his support, and criticisms of the cuts continued to appear in online social media and on the opinion pages of newspapers around the state.

On June 6, the Governor exercised a “pocket veto” of the tax bill by not signing it before its midnight deadline. Health groups celebrated this development as a victory against Big Tobacco.

Day at the Capitol

On May 3, 2016, ClearWay Minnesota and Minnesotans for a Smoke-Free Generation hosted an advocacy Day at the Capitol for coalition members and their networks of advocates.



Minnesotans at Day at the Capitol 2016

Over 250 participants, the majority of them youth, traveled from around the state to meet with lawmakers and receive advocacy training. Participants met with their lawmakers and asked them to support the coalition’s four priorities.

Attendees also heard inspirational words from lawmakers at a morning rally.

Sen. Kathy Sheran (Mankato), chief Senate author of the Freedom to Breathe Act, speaks at Day at the Capitol



We used this event to leverage earned and social media. Participants wrote letters to the editor while at the Capitol, and after the event ClearWay Minnesota sent out locally tailored press releases to newspapers around the state detailing meetings attendees had with their legislators. There was also a significant following of our event on social media.



Promoting a smoke-free generation



Photo submitted:
Left to right, from top: Carlyn Hargis, Anne Rose, Emily Beck, Billy Wallace, Matt Walters, My Kingdom, David Coward, Anne Spaldin, Tyler
Hargrove and Virginia Peterson. Back row: Chelsea Peterson, Brock Spaldin, Victoria Wallis, Abby Goff, Anna Lindmark, Sam David, Tomaszewski,
Kaitlin Peterson, Savannah Caldwell, Connor Johnson and Bob O'Neil.

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ST. PAUL — Iron Range youth joined more than 250 youth advocates at the Minnesota State Capitol on May 3 to promote ways to reduce youth smoking and to save Minnesota youth from a lifetime of addiction to tobacco.

"This event was a fantastic opportunity for youth to talk with their state lawmakers about the problem of tobacco in Minnesota," said Molly Mollanen, co-chair of Minnesotans for a Smoke-Free Generation, a coalition of Minnesota's leading health organizations. "They shared concerns about how Big Tobacco targets them and how deadly tobacco products have impacted their lives."

Iron Range youth joined students from around the state for the Day at the Capitol event that connects Minnesota youth advocating to reduce tobacco's harms with their state legislators. Minnesotans agree more needs to be done to keep kids from a lifetime of tobacco addiction and disease. The best way to prevent youth from using tobacco products is to keep them from starting in the first place. These steps can help ensure a smoke-free generation:

1. Raising the tobacco purchase age to 21. Ninety percent of adult smokers started before the age of 18. Widening the gap between teens and those who can legally purchase tobacco reduces kids' ability to buy it or access it through social networks.
2. Restricting sales of flavored tobacco products. The tobacco industry uses candy, fruit and menthol flavors to appeal to youth, African Americans, LGBTQ communities and others. Nationally, more than 40 percent of students who smoke use flavored products, and restrictions will help keep them out of young people's hands.

Policy Champions

The Policy Champions Project provides alumni from the Leadership and Advocacy Institute to Advance Minnesota's Parity for Priority Populations (LAAMPP), a program that builds leadership skills among members of Minnesota diverse communities, with an opportunity to further apply their knowledge, networks, skills and experiences to ClearWay Minnesota's state and local tobacco control policy campaigns. (See *Community Development – Contracts – Leadership and Advocacy Institute to Advance Minnesota's Parity for Priority Populations [LAAMPP]*, pp. 68-70.)

The Association for Nonsmokers-Minnesota (ANSR-MN) has been coordinating the project since 2015. In Fiscal Year 2016, eight Policy Champions were selected, and they contributed to ClearWay Minnesota's policy priorities. At the state level, Policy Champions helped introduce the new coalition, Minnesotans for a Smoke-Free Generation, to legislators and defended against tobacco industry attempts to roll back the 2013 tobacco tax increase. At the local level, Policy Champions helped pass proven tobacco prevention policies.

For example:

- St. Paul passed an ordinance restricting the sale of fruit- and candy-flavored tobacco products to adult-only tobacco product shops.
- Richfield passed an ordinance requiring cigars to be sold for a minimum of \$2.60 each.
- Ramsey County passed a policy prohibiting the use of electronic cigarettes in indoor public workplaces and prohibiting smoking within 25 feet of building entrances.

To help build support for future policy campaigns, Policy Champions met with elected officials, submitted letters to the editor, educated their peers and networks, gave public presentations and participated in the 2016 Day at the Capitol.

Public Affairs Contracts

In Fiscal Year 2016, ClearWay Minnesota's Public Affairs Department contracted with the following vendors:

- Lockridge Grindal Nauen, P.L.L.P., for government relations services;
- Himle Rapp & Company, for public affairs services;
- CustomScoop, for media tracking and analysis; and
- The Association for Nonsmokers-Minnesota (ANSR-MN), for tracking and analyzing tobacco companies' marketing tactics and for coordinating the LAAMPP Alumni Policy Champions project.

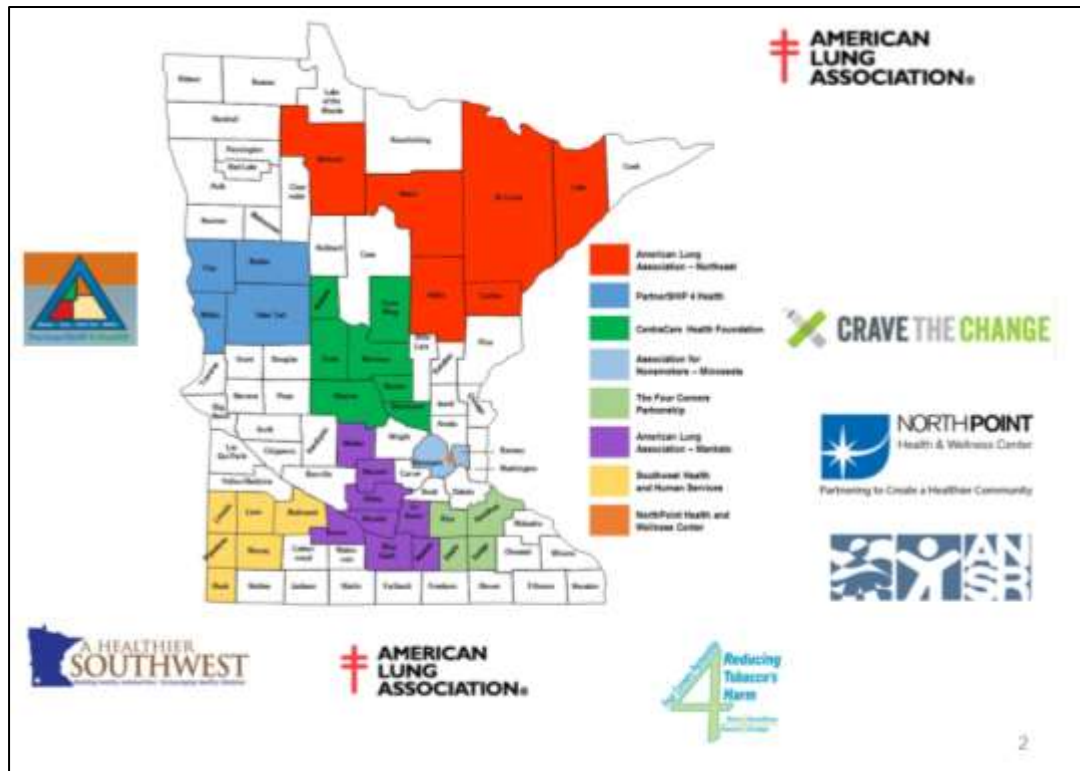
In September 2016, the ClearWay Minnesota Board approved the Public Affairs Department's request for a continuation of a sole-source contract with the Association for Nonsmokers-Minnesota (ANSR-MN) to track and analyze the tobacco industry's marketing tactics. This research is unique in scope; no one else in the nation is tracking the tobacco industry's direct mail, online and other marketing tactics at this scale. The information gained from this project continues to fill an important gap as we seek to understand tobacco marketing and combat the industry's effort to keep current tobacco users addicted and attract new customers. This surveillance project allows us stay on top of an ever-evolving industry and is essential to helping develop effective tobacco control policies.

In addition, the Public Affairs Department completed a competitive bid process for government relations services. Lockridge Grindal Nauen was awarded the contract in July 2015. (This process was described in detail in last year's Report to the Court.)

Local Community Grants

ClearWay Minnesota funds local efforts to organize public support around tobacco control policies and related issues. This year, we funded eight grantees to pass meaningful tobacco control policies at the local level:

- The Greater Mankato chapter of the American Lung Association in Minnesota;
- The Northeast chapter of the American Lung Association in Minnesota;
- The Association for Nonsmokers-Minnesota (ANSR-MN);
- CentraCare Health Foundation (organizing the Crave the Change initiative);
- Clay-Wilkin Community Health Board (organizing PartnerSHIP 4 Health);
- Goodhue County (organizing the 4 Corners Partnership);
- NorthPoint Health and Wellness Center; and
- Southwest Health and Human Services (organizing a Healthier Southwest).



Policy deliverables included:

- Establishing, expanding and mobilizing local coalitions of grassroots advocates through community outreach and organizing;
- Educating the public about tobacco cessation, QUITPLAN Services, and public policy and research aligned with ClearWay Minnesota's Strategic Plan (see *Organization – Fiscal Year 2016 Board Initiatives – Strategic Planning – 2015-2017 Strategic Plan*, pp. 6-7); and
- Supporting statewide initiatives to reduce the harm of flavored tobacco products and raise the age to purchase tobacco to 21.

In addition, the grantees selected optional policy advocacy deliverables to pursue, including:

- Establishing tobacco-free college campuses;
- Adding e-cigarettes to clean indoor air policies;
- Updating and strengthening local tobacco ordinances;
- Setting minimum prices for non-premium cigars; and
- Creating tobacco-free grounds policies at workplaces and healthcare facilities.

During Fiscal Year 2016, local policy grantees helped advance policies that reduce tobacco's harm at both the state and local level.

Local grassroots accomplishments

Creating more tobacco-free spaces

Local policy grantee CentraCare Health Foundation helped Central Lakes College pass and implement a tobacco-free grounds policy that includes e-cigarettes. CentraCare helped create and place signage around Brainerd and Staples campuses to remind students, staff, faculty and visitors that Central Lakes College is tobacco-free. The grantee also partnered with college staff to highlight the new policy and promote QUITPLAN Services to anyone interested in quitting.



***New sign at
Central Lakes
College***



***Central Lakes
College and
CentraCare
staff
promoting
the new
tobacco-free
campus
policy***

Setting minimum prices for non-premium cigars

Single or “little” cigars are often sold in flavors like strawberry and grape, and research shows that flavored tobacco products appeal to children and teens. Single cigars are typically sold for much less than cigarettes – sometimes as little as 99 cents for three cigars, making them cheaper than most types of candy. Setting a minimum price for these products will help make them less affordable and appealing to youth.



Cheap, sweet-flavored “little” cigars

Several of our local policy grantees have worked with cities and counties to pass policies that set a minimum price of \$2.60 for a single cigar, and to ensure that as pack sizes increase, so does the price. This year the cities of Minneapolis, Richfield and Moorhead and Murray County passed such policies. We expect the dramatic increase in price to make these products less enticing and affordable for young people. Some grantees also sent the postcard below to tobacco retailers to help them understand the policy and comply with it. It shows the new pricing structure for non-premium cigars.



E-cigarette policies

E-cigarettes are battery-operated devices that heat liquids to create an aerosol inhaled by the user. Studies have found lower levels of carcinogens in e-cigarettes than in combustible tobacco products, but their aerosol does contain nicotine, heavy metals and other harmful chemicals. Research on e-cigarettes and smoking cessation is not conclusive. Studies suggest some types of e-cigarettes may be helpful to people trying to quit smoking, while other research raises concern that using both regular and e-cigarettes may make quitting harder.

There is also concern about the relationships between cigarette smoking, youth tobacco initiation and e-cigarette use. In Minnesota, youth use of e-cigarettes has dramatically increased. Most e-cigarettes contain nicotine, which is addictive and harmful to adolescent brain development. E-cigarettes come in many flavors; flavored tobacco appeals to kids, and vaping may raise teens' risk for future smoking. Research has also found exposure to ads is related to e-cigarette use – nearly 60 percent of Minnesota high-schoolers saw e-cigarette ads on TV in the past month.

Studies have found that e-cigarettes pollute indoor air, and that exposure to the aerosol can make people want to smoke cigarettes. As of 2016, only 50 percent of Minnesotans are fully protected from e-cigarettes in their local communities. Statewide, e-cigarette use is prohibited in some settings, including schools, hospitals and clinics, most government buildings, state colleges and university facilities, and daycares, but it is still allowed in many workplaces.

Advocates including ClearWay Minnesota grantees are working to make sure public e-cigarette use is prohibited in local jurisdictions. This year, ClearWay Minnesota and local policy grantees called attention to the fact that 50 percent of the state's population is now covered by local protections, showing public support for such policies and a need for state action.



Many Minnesota communities have added e-cigarettes to their tobacco policies

ClearWay Minnesota will continue to support local efforts to protect Minnesotans from e-cigarette use and to build momentum toward a statewide policy. Additionally, ClearWay Minnesota will support local communities in making additional updates to their tobacco ordinances as they address e-cigarettes, such as capping tobacco license numbers, limiting tobacco retailer proximity to schools and other youth-frequented areas, and raising the minimum age to sell tobacco to 18.

More than half of Minnesotans are now protected from e-cigs

Minnesota recently passed a public health milestone. Just over 50 percent of Minnesotans are now protected from the harmful substances in secondhand e-cigarette aerosol in their hometowns.

Perham is among the 30 cities and 21 counties in our state that have updated their policies to prohibit e-cigarette use wherever smoking is already prohibited. I am proud to live in a place that values my health and the air I breathe.

Many people might not know that e-cigarettes aren't currently included in our statewide clean indoor air law called the Freedom to Breathe Act, which prohibits smoking in all public workplaces, including bars and restaurants.

Although the long-term effects of e-cigarettes are unknown, studies have found, their aerosol contains nico-

tine, heavy metals, formaldehyde and other carcinogens. Allowing these noxious substances to be exhaled in indoor public spaces shared by others is a risk that our community's leaders have decided is too big to take.

It's time for the state legislature to take action and protect all Minnesotans where they live and work. In the meantime, city council members and county commissioners around the state can continue to take the lead and protect residents from the potential risks of secondhand e-cigarette exposure by passing local policy, like our leaders did in Perham.

I applaud the counties and cities that have taken action to keep e-cigarette use out of public spaces and I am happy to live in one of them.

With 79 percent of Minnesotans supporting this type of restriction on public e-cigarette use, it's time all Minnesotans benefit from this protection.

Jason McCoy
PartnerSHIP 4 Health
Tobacco Prevention
Coordinator

Grantees sent letters to the editor in support of tobacco control policies

Letter to the Editor

Dear Editor::

Minnesota recently passed a public health milestone. Just over 50 percent of Minnesotans are now protected from the harmful substances in secondhand e-cigarette aerosol in their hometowns. Dodge County is among the 30 cities and 21 counties in our state that have updated their policies to prohibit e-cigarette use wherever smoking is already prohibited. I am proud to live in a place that values my health and the air I breathe.

Many people might not know that e-cigarettes aren't currently included in our statewide clean indoor air law called the Freedom to Breathe

Act, which prohibits smoking in all public workplaces, including bars and restaurants.

Although the long-term effects of e-cigarettes are unknown, studies have found their aerosol contains nicotine, heavy metals, formaldehyde and other carcinogens. Allowing these noxious substances to be exhaled in indoor public spaces shared by others is a risk that my community's leaders have decided is too big to take.

It's time for the state legislature to take action and protect all Minnesotans where they live and work. In the meantime, city council members and county commission-

ers around the state can continue to take the lead and protect residents from the potential risks of secondhand e-cigarette exposure by passing local policy, like our leaders did in Dodge County.

I applaud the counties and cities that have taken action to keep e-cigarette use out of public spaces and I am happy to live in one of them. With 79% of Minnesotans supporting this type of restriction on public e-cigarette use, it's time all Minnesotans benefit from this protection.

Alicia Schumacher
Dodge County Public Health

Minneapolis policy restricting flavored tobacco products

Documents released during lawsuits against cigarette companies reveal a deliberate strategy to market tobacco to youth. Flavors are used to lure nonsmoking kids and young adults, with the assumption they will later “graduate” to non-flavored products. Industry memos show companies researched the appeal of sweet flavors to youth, including “borrowing” data on flavors from Life Savers candy. On the witness stand in 1998, one tobacco executive characterized the industry by saying, “If you are really and truly not going to sell to children, you are going to be out of business in 30 years.”

This practice continues today. In 2009, the federal government banned flavor additives other than menthol in cigarettes, but increasingly, cheap single cigars are sold in candy flavors, including chocolate, grape, strawberry and others. Smokeless tobacco products also use flavors, as do e-cigarettes, which are sold in an endless array of options; flavors seen in Minnesota include Bubble Gum, Sour Patch and Hawaiian Punch.

Research shows almost 90 percent of addicted adult smokers began using tobacco as teenagers, and while teen cigarette smoking in Minnesota is down, use of other tobacco products like cigars and e-cigarettes is way up. The correlation between flavorings and youth smoking is strong: nationwide, 42 percent of students who smoke use flavored products.

This year our local policy grantees the Association for Nonsmokers-Minnesota (ANSR-MN) and NorthPoint Health and Wellness Center were instrumental in the city of Minneapolis passing a policy to restrict the sale of flavored tobacco products to adult-only tobacco shops and set a minimum price of \$2.60 each for non-premium cigars.

Minneapolis youth, advocates and media were in the audience when the final vote was taken, and several Council Members took time to state their strong support for the policy and thank the youth activism that launched this work.

Thanks to the work of advocates in Minneapolis, the flavor restriction policy went into effect on January 1, 2016. Now tobacco with such kid-friendly flavors as grape, chocolate and cherry can only be sold in about 25 of the city’s 350+ licensed tobacco vendors.



JENN FINLEY/STAR TRIBUNE
Young people gather on the steps of Minneapolis City Hall after a council vote Friday to ban the sale of flavored tobacco.

Mpls. bans convenience stores from selling flavored tobacco

StarTribune
The Minneapolis City Council voted unanimously to ban convenience stores from selling flavored products that some say are designed to attract young smokers.

- Fight intensifies over Mpls. plan to limit sale of flavored tobacco
- FDA weighs new restrictions on liquid nicotine products
- E-cig juice sends child nicotine poisonings soaring in Minnesota



Efforts are underway to evaluate the impact of this policy and to provide support for future efforts to restrict access to flavored tobacco. A case study documenting lessons learned in passing the ordinance was completed and disseminated through state and national outlets. (See *Protecting Young People in Minneapolis: A Case Study in Limiting Flavored Tobacco and Raising the Minimum Price of Cigars*, Appendix N.) Observational assessments were conducted before and after policy implementation to understand compliance with the policy and changes in the retail environment. In addition, items were added to the 2016 Minnesota Student Survey to assess the impact of the policy on youth tobacco use. Analysis of the evaluation data is underway and will be shared widely with a variety of audiences in the near future.

Educating community members about the harm of menthol

Local policy grantees and coalition members have started educating community members and decision makers about the power of menthol-flavored tobacco to addict smokers. They created a new campaign called *Menthol Tobacco: Beautiful Lie, Ugly Truth*.

Tobacco companies add menthol to their products to cool the throat and make them taste better. As a result, menthol-flavored tobacco products are easier to start using and harder to quit. African Americans, youth and Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) communities are among those most targeted and affected by the use of menthol tobacco.



Advocates in the Twin Cities metro area worked together with our grantees ANSR-MN and NorthPoint on a video project to voice their concern about how they have been targeted by the tobacco industry. The video features a poem by local spoken-word artist Joe Davis. This poem exposes the beautiful lies of the tobacco industry and the ugly truth of how menthol-flavored tobacco harms communities.



Joe Davis recites his poem, "Beautiful Lie, Ugly Truth"

Restricting the sale of fruit and candy-flavored tobacco was a huge step forward and shows the strong leadership of city council members in Minneapolis. A future goal is to build community support for adding menthol to the policy.

Evaluation of local policy grants

At the beginning of each year of funding, grantees are required to submit objectives and to track and report progress toward achieving targets on a quarterly basis. Our staff reviews and approves all objectives and provides tracking and feedback in response to the quarterly reports.

Additionally, each quarter, grantees are required to submit reports on their progress toward measurable outcomes in the areas of public education, coalition building and policy advocacy. In Fiscal Year 2016, the local policy grantees accomplished the following:

- Placed 163 pieces of earned and paid media;
- Made 116 public presentations about tobacco's harm, QUITPLAN Services and tobacco policies;
- Participated in 140 community events;
- Conducted 342 activities that reached out to elected officials; and
- Passed 57 local policies that reduce exposure to secondhand smoke and decrease tobacco use.

We will continue to track the progress of local policy grantees and report their outcomes annually.

Dissemination

ClearWay Minnesota Public Affairs staff actively disseminates research results, evaluation findings and other knowledge gained from our activities in publications and at conferences and meetings. For details, please see *Research – Dissemination*, pp. 33-43.

D. COMMUNITY DEVELOPMENT

During Fiscal Year 2016, ClearWay Minnesota engaged members of diverse communities in efforts to reduce the harm that commercial tobacco causes them. (*Commercial tobacco* refers to manufactured products such as cigarettes, not to the sacred and traditional use of tobacco by American Indians and other groups.)

ClearWay Minnesota identifies as “priority populations” groups of people who:

- Have higher prevalence of tobacco use;
- Are disproportionately impacted by tobacco’s harm;
- Are less likely to use tobacco cessation services; and/or
- Are targeted by the tobacco industry.

These populations include American Indians; Africans and African Americans; Chicanos/Latinos; Asians, Asian Americans and Pacific Islanders; Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) communities; and other populations.

ClearWay Minnesota supports community development through grants and planning grants, contracts, technical assistance, and training to develop leadership in these populations.

Community Development Grants



Tribal Tobacco Education and Policy initiative (TTEP)

Commercial tobacco abuse in American Indian Nations is a health crisis. Fifty-nine percent of American Indians in Minnesota smoke cigarettes (compared to 14 percent of all Minnesota adults), and five of the six leading causes of death among Native people are linked to commercial tobacco use.

ClearWay Minnesota supports Minnesota’s American Indian advocates in work to advance smoke-free policies on tribal lands. In 2016, we continued funding a Tribal Tobacco Education and Policy (TTEP) initiative promoting American Indian health and advancing smoke-free tribal government policies on tribal lands in Minnesota by:

- Restoring traditional and sacred tobacco use;
- Addressing and reducing tobacco industry marketing and influence;
- Creating formal and informal smoke-free policies and system changes; and
- Creating businesses and casinos that are smoke-free.

The TTEP initiative funded grants to Bois Forte Band of Chippewa, Fond du Lac Band of Lake Superior Chippewa, Mille Lacs Band of Ojibwe, Upper Sioux Community and the White Earth Nation. Each reservation developed strategies based on ClearWay Minnesota guidelines and the readiness of their unique environments, with a goal of preparing their communities to advance smoke-free tribal policies. Core elements across all grants included:

- Building staff capacity, community support and resources for ongoing sustained efforts;
- Restoring traditional/sacred tobacco traditions;
- Addressing and reducing tobacco industry marketing and influence;
- Creating formal and informal smoke-free policies and system changes; and
- Making businesses and casinos in tribal communities smoke-free.

Notable activities and outcomes for each grantee for the past year included:

Bois Forte Band of Chippewa

- Provided education at the Bois Forte State of the Band address;
- Established 50-foot smoke-free buffer zones around Vermilion Clinic;
- Participated in cultural gatherings that educated about traditional tobacco;
- Organized collaborations between various Bois Forte units of government on the tobacco issue; and
- Educated Bois Forte communities on commercial vs. traditional tobacco and secondhand smoke.



Bois Forte community members

Fond du Lac Band

- Passed a smoke-free foster care policy;
- Passed a policy creating more smoke-free dining space in their Black Bear Casino and Resort;
- Passed a policy making the Veterans Powwow Smoke-Free;
- At community events, educated on commercial vs. traditional tobacco, resulting in traditional tobacco use only at some events; and
- Held a traveling art exhibition titled *Asemaa: The Vessel of Connection* across the state.



Celebratory poster for smoke-free spaces in Fond du Lac

Mille Lacs Band of Ojibwe

- Hosted Annual Tribal Tobacco Education and Policy Statewide Gathering;
- Continued smoke-free “tiny tots” celebrations;
- Presented at the American Evaluation Association and the National Indian Health Board Conferences on the TTEP initiative;
- Partnered with a spiritual leader who has been educating on traditional tobacco protocols in the community;
- Continued relationships to support establishing smoke-free foster homes in Mille Lacs; and
- Continued educating on traditional tobacco and the harms of commercial tobacco.



Traditional tobacco sign at Mille Lacs Powwow

Upper Sioux Community

- Held first smoke-free walk/run for community;
- Held a Gathering of Native Americans (GONA) to create partnerships with Tribal Leadership;
- Collaboration with the language program to ensure the continuity of traditional tobacco teachings to the community;
- Mass-mailed information to all Upper Sioux Community members; and
- Continued collaboration with Minnesota Department of Health-funded tribal programs to educate on tobacco issues and promote QUITPLAN Services. (See *Cessation – Cessation Services Contracts – QUITPLAN® Services*, pp. 18-23.)



Former Upper Sioux Tribal Tobacco Education and Policy Coordinator Nancy Blue

White Earth Nation

- Continued dialogues about more smoke-free spaces in their casino;
- Celebrated the first anniversary of a smoke-free employee breakrooms policy;
- Created relationships with the new Contest Powwow to educate on traditional tobacco and commercial tobacco;
- Presented lessons learned to American Indian health advocates in Canada;
- Collaborated with other organizations in White Earth and with other tribes on smoke-free issues and initiatives;
- Continued educating and providing access to traditional tobacco for cultural events; and
- Collaborated with Minnesota Department of Health-funded tribal programs to educate the community on tobacco issues and to promote QUITPLAN Services. (See *Cessation – Cessation Services Contracts – QUITPLAN® Services*, pp. 18-23.)



Baskets of traditional tobacco in White Earth

Evaluation of the Tribal Tobacco Education and Policy initiative (TTEP)

Scott Consulting has evaluated the TTEP projects since 2009, and was re-awarded the contract through a competitive process in 2014. The ongoing evaluation informs TTEP grantees and ClearWay Minnesota on the initiative's progress.

TTEP sites have developed their own strategies tailored to their unique tribal communities. Other TTEP grantee policy achievements in the past year include:

FRAMING HEALTH MATTERS

Why the World Will Never Be Tobacco-Free: Reframing "Tobacco Control" Into a Traditional Tobacco Movement

Gina Boudreau, Carol Hernandez, Donna Hoffer, Kathleen Starlight Preuss, Linda Tibbets-Barto, Nicole Toes Villaluz, and Sheryl Scott, MPH

- Publishing a paper in the *American Journal of Public Health* titled "Why the World Will Never Be Tobacco-Free: Reframing Tobacco Control into a Traditional Tobacco Movement" (see also *Research – Dissemination – Publications*, pp. 34-36);
- Participating in billboard and radio advertising development for our American Indian-directed *Keep Tobacco Sacred* campaign (see also *Communications and Outreach – Advertising – Keep Tobacco Sacred Campaign*, pp. 77-78);
- Presenting at the American Evaluation Association and the American Public Health Association Conference on their work in Indian Country; and
- Collaborating with the Minnesota Department of Health on a traditional tobacco gathering on the Mille Lacs Reservation.

In addition, all grantees collaborated with others to enhance enforcement, and worked with tribal leaders to spread the message of cultural strength through traditional tobacco use only.

Findings from the evaluation have been disseminated in various ways. (See *Research – Dissemination*, pp. 33-43.)



Leech Lake Tribal College commercial tobacco-free policy evaluation

In Fiscal Year 2016, the evaluation of Leech Lake Tribal College's (LLTC's) commercial tobacco-free campus policy project was completed. LLTC was provided a TTEP grant in 2014 to make their campus commercial tobacco-free. The commercial tobacco-free campus policy took effect at the start of the 2014 fall term. The project and evaluation were co-funded by Blue Cross and Blue Shield of Minnesota and ClearWay Minnesota. The evaluation included pre- and post-implementation surveys with students and faculty, done in 2013, 2014 and 2015. The evaluator also visited to observe the campus environment.

Surveys conducted before and after the policy's implementation show that the percentage of students who use commercial tobacco dropped from 49 percent to 41 percent after the policy was implemented. *Asemaa* (traditional tobacco) practice increased from 46 percent to 71 percent for students and from 56 percent to 71 percent for faculty and staff within the last year. The majority of those at LLTC have embraced the elimination of commercial tobacco on campus, with 83 percent of students and 84 percent of faculty and staff supporting the policy. Even among students who are commercial tobacco users, 71 percent say they support the policy and nearly half say the policy is helping them to smoke less.

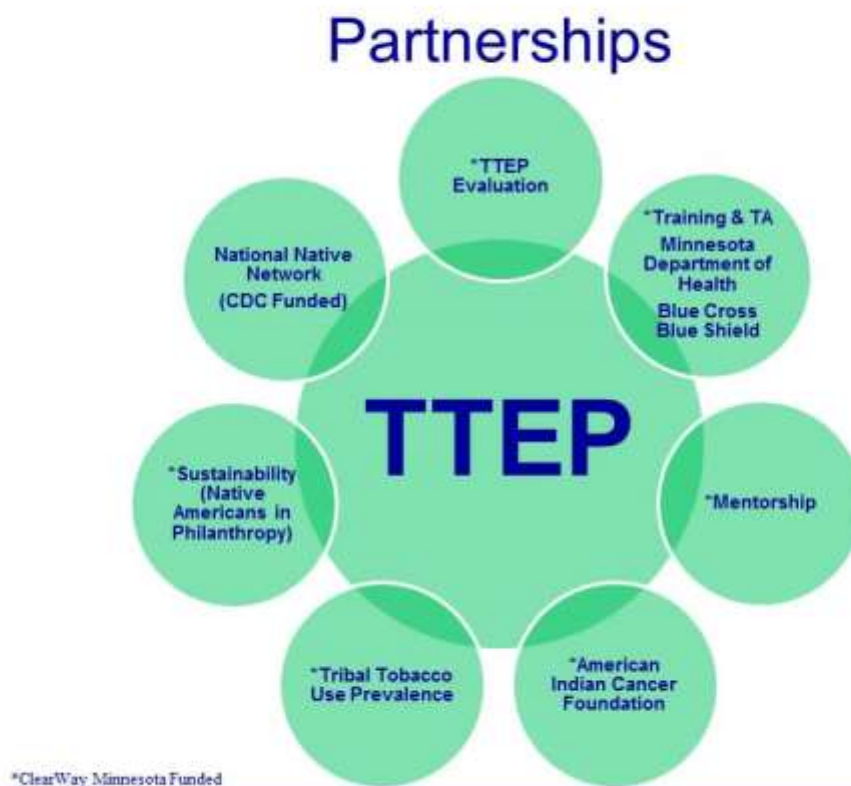
The evaluation results suggest that LLTC's decision to take a year to prepare campus members for the policy contributed to acceptance and awareness of the new restriction. Outcomes of the evaluation have been disseminated via the American Indian College Fund website and *Indian Country Today*, the nation's largest magazine in Indian Country devoted to American Indian issues. A future publication will also appear in the *Journal of American Indian Higher Education*.



ClearWay MinnesotaSM and Blue Cross and Blue Shield of Minnesota collaborated with Leech Lake Tribal College on a commercial tobacco-free campus policy

Tribal Tobacco Education and Policy (TTEP) partnerships

Many components help make the TTEP initiative successful. Evaluation identifies the project's strengths and challenges. (See *Evaluation of the Tribal Tobacco Education and Policy initiative [TTEP]*, above.) Training, technical assistance and mentorship build skills to accomplish policy goals. Tribal Tobacco Use Project (TTUP) studies provide data to expand knowledge and inform grantees' work. Partnerships with Native Americans in Philanthropy (NAP), the National Native Network (NNN) and the American Indian Cancer Foundation are building statewide and national initiatives to advance commercial tobacco-free policies on tribal lands. Additionally, together with NAP, we communicated with foundations and tribal leadership in efforts to build long-term sustainability for promoting health in Indian Country.



Keep Tobacco Sacred Campaign

This year, ClearWay Minnesota created a 2017 *Keep Tobacco Sacred* calendar that shares artwork by American Indian artists in Minnesota and educates on the differences between the two tobacco ways. The artworks were drawn from *Asemaa – The Vessel of Connection*, a traveling art exhibition we sponsored that showcased artworks exploring ideas of traditional vs. commercial tobacco use. (See also *Communications and Outreach – Advertising – Keep Tobacco Sacred Campaign*, pp. 77-78.)



Our 2017 Keep Tobacco Sacred calendar features cover art by Minnesota artist Karen Savage

The calendar is another tool to promote traditional tobacco use and counter commercial tobacco abuse. Each month highlights an art piece that reinforces traditional tobacco practices. Our grantees are distributing copies of the calendar among their Nations.

Dialogues With Indian Gaming and Tribal Leaders



American Indian Nations are sovereign, and so Minnesota's smoke-free law does not apply to reservation workplaces, including casinos. To support ongoing education about secondhand smoke in the context of American Indian workplaces, in Fiscal Year 2016 we continued to support the American Indian Cancer

Foundation's presence at regional and national meetings of organizations such as the National Indian Gaming Association, National Indian Health Board and National Council of American Indians. These meetings have led to invitations to visit individual tribal communities working on tobacco and cancer issues. Indian gaming and tribal decision-makers have been provided with inaccurate information by the commercial tobacco industry to deter them from making positive changes. It is important for us to develop trusted relationships with tribal leadership, businesses and gaming to show how they can be part of the solution.

Notably, this past year, Kristine Rhodes, the American Indian Cancer Foundation's Executive Director, had a number of opportunities to discuss tribal tobacco issues at the national level. She attended meetings and/or presented at the following events:

- A meeting of the National Congress of American Indians (St. Paul);
- The first national White House Tribal Youth Gathering (Washington, D.C.);
- A meeting of the U.S. Centers for Disease Control and Prevention (CDC) Tribal Advisory Committee, the National Indian Health Board (Washington, D.C.);
- The National Indian Health Board Annual Consumer Conference (Washington, D.C.);
- The National Congress of American Indians annual meeting (San Diego);
- The National Indian Gaming Association mid-year meeting (Seminole Nation, Florida);
- The National Gaming Association Annual Trade Show (Phoenix);
- The Reservation Economic Summit of the National Center for American Indian Enterprise Development (Las Vegas); and
- The National Indian Health Board (NIHB) Tribal Public Health Summit (Atlanta).

Community Development Contracts

Tribal technical assistance, training and mentorship

In Fiscal Year 2016, ClearWay Minnesota continued to provide technical assistance, training and mentorship to Minnesota's American Indian communities to support efforts to advance smoke-free policies on tribal lands. ClearWay Minnesota also continued our partnership with the Minnesota Department of Health, the Statewide Health Improvement Program (SHIP) and Blue Cross and Blue Shield of Minnesota, all of which work to promote health in Indian Country. These partners have shared resources to accomplish trainings.

Our contractors for training and mentorship are Wellstone Native American Leadership Program and Mahnokini & Associates. These two contractors are uniquely qualified for this work. This year, Lori New Breast of Mahnokini & Associates traveled to Tribal Tobacco Education and Policy (TTEP) grantee sites (see *Community Development Contracts – Tribal Tobacco Education and Policy Initiative [TTEP]*, pp. 58-65) to provide tailored consultation and mentorship on how to engage communities and develop leadership to advance smoke-free policies. The Wellstone Native American Leadership Program complemented this effort with several training activities.

Leadership and Advocacy Institute to Advance Minnesota's Parity for Priority Populations (LAAMPP)

Since 2005, the cornerstone of our work with diverse communities in Minnesota has been the Leadership and Advocacy Institute to Advance Parity for Minnesota's Priority Populations (LAAMPP). LAAMPP builds advocacy and leadership skills for effective tobacco control among members of Minnesota's African and African American; American Indian; Asian, Asian American and Pacific Islander; Chicano/Latino; and Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) populations.

Asian Pacific Partners for Empowerment, Advocacy and Leadership (APPEAL) is the contractor for the Leadership Institute, facilitating and organizing all trainings. APPEAL has been the LAAMPP contractor since 2005. The most recent LAAMPP

Institute, the third since inception, was co-funded by the Minnesota Department of Health and ClearWay Minnesota.



LAAMPP trainings increase the capacity of community teams to create change in their communities. LAAMPP Fellows also build relationships across communities that continue beyond the Institute. The collaborative, cross-cultural environment encourages current and former Fellows to work together, share resources and support each other's tobacco control efforts.

Post-program survey report – LAAMPP III

The third Leadership and Advocacy Institute to Advance Minnesota's Parity for Priority Populations (LAAMPP III) was held from September of 2012 through March of 2014. All three Institutes were designed to build the capacity of diverse communities in Minnesota to more effectively respond to tobacco issues and to help reduce commercial tobacco and other health-related disparities.

In the first follow-up survey, 95 percent of Fellows reported applying knowledge and skills acquired through the Leadership Institute after conclusion of the formal trainings. Furthermore, of the 18 Fellows who reported applying such knowledge and/or skills, at least 17 reported using knowledge and/or skills from all core competency areas.

The follow-up survey asked a variety of open-ended questions. These questions allowed the Fellows to describe their collaborations, knowledge and skill applications, leadership efforts, and system and policy change efforts in their own words. One Fellow described how knowledge and skills were applied in terms of a specific competency:

The work I do is all about tobacco prevention and control, so I do this by giving presentations, making cold phone calls, [and] sending e-mails and letters about the benefits of tobacco control. I do tabling as well to educate the public about tobacco control. I've written letters to the editor and created ads to promote the work that I do, both paid and earned media.

In describing their influence of others to learn more about commercial tobacco or become involved in tobacco control, one Fellow remarked:

Growing up, I often heard people say that making someone uncomfortable with the truth is rude. Since LAAMPP, I have learned to ask people kindly to please put their cigarette out. I have been labeled as rude for doing so and have been accused of making people feel unwelcome for not letting them smoke at my house, children's parties and family/friends picnics. Thanks to LAAMPP, I have the courage to talk about the dirty truth that no one wants to hear. Thankfully, folks [are] listening and starting to realize that good health comes first.

Close to three fourths of all respondents were involved in tobacco control 17-19 months following the conclusion of the formal trainings. Further, over half of all respondents reported involvement in collaborations or initiatives outside of their respective priority populations. Sixteen of the 19 Fellows reported they had “moved others” or “demonstrated leadership” since the conclusion of the LAAMPP III trainings. Finally, 14 of these 16 Fellows reported that their leadership efforts resulted directly or indirectly from their participation in LAAMPP III.

Results from this survey add to the body of knowledge reported in other LAAMPP evaluations. In Fiscal Year 2016, the *Journal of Health Disparities Research and Practice* published an article about the third LAAMPP Institute, titled “Developing Capacity, Skills and Tobacco Control Networks to Address Tobacco-Related Disparities: Leadership and Advocacy Institute to Advance Minnesota’s Parity for Priority Populations (LAAMPP).” The article was based on the evaluation of the Institute and suggests that a cross-cultural leadership institute contributes to the successful development of capacity and leadership skills among diverse communities and may be a useful model for others working toward health equity.

ClearWay Minnesota plans to use results from the follow-up survey, in conjunction with other evaluation efforts, to contribute to promising and/or best practices in developing diverse community leaders for tobacco control.

See also *Research – Dissemination – Publications*, pp. 33-43.



LAAMPP III Fellows

Dissemination

ClearWay Minnesota Community Development staff actively disseminates research results, evaluation findings and other knowledge gained from our activities in publications and at conferences and meetings.

Conferences

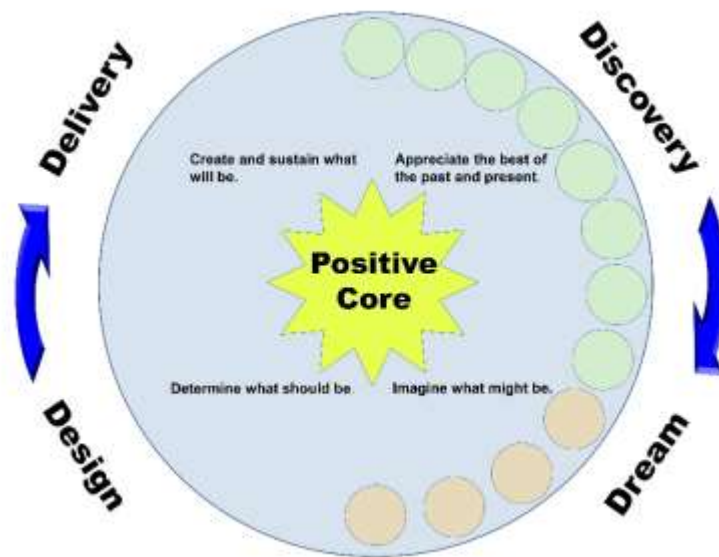
Healthy Native communities and philanthropy: The role of tribes and funders

As part of ClearWay Minnesota's ongoing commitment to build sustainability for our work in Indian country we continued our partnership with Native Americans in Philanthropy (NAP).

**LeMoine LaPointe
facilitates a meeting on
supporting health in
American Indian
communities**



In Fiscal Year 2016 we held five meetings in the metro area and on the Fond du Lac Nation. NAP and ClearWay Minnesota invited American Indian leaders and the philanthropic community for a conversation on supporting healthy American Indian communities in Minnesota. The meetings were attended by funders, American Indian leaders and tribal college representatives. For this series of meetings, LeMoine LaPointe, a nationally recognized facilitator originally from the Little Crow community on the Rosebud reservation, guided discussions based on four phases: **Discovery** – to discover the best of the past and present, especially in Indian Country; **Dream** – what is possible to strengthen communities and relationships with philanthropy; **Design** – communities and philanthropy working together to design approaches that promote health in Indian Country; and **Delivery** – intentionally executing strategies that will strengthen communities, promote health and are sustainable.



Visual Concept of Dialogues

Phoenix Equity Group – Washington Equity Leadership Summit

In 2015 ClearWay Minnesota joined the Phoenix Equity Group, an alliance of public health professionals, scientists and

community advocates who are committed to accelerating the process of advancing and achieving health equity for all people. The mission of the Phoenix Group is to serve as an agent of change dedicated to improving systems, organizations and processes that lead to improved health by reducing commercial tobacco disparities and improved outcomes for populations experiencing disparities, especially people of color, American Indian Nations and LGBTQ (Lesbian, Gay, Bisexual, Transgender and Queer) communities.



Key leadership of the Phoenix Group includes Truth Initiative; Asian Pacific Partners for Empowerment, Advocacy and Leadership; the U.S. Centers for Disease Control and Prevention (CDC); the Network for LGBT Health Equity; the National Latino Alliance for Health Equity; Horizons Foundation; and ClearWay Minnesota.



Washington Equity Leadership Summit

In Fiscal Year 2016, ClearWay Minnesota's Community Development Department was invited to participate and present at the Washington Equity Leadership Summit in Seattle. The summit's objectives were to:

- Provide a safe forum to engage in dialogue on advancing health equity (including tobacco control) for priority populations in Washington;
- Assess readiness and identify priorities and next steps for moving equity forward; and
- Build and strengthen partnerships and leadership within and between priority populations and health organizations to advance equity in Washington.

Engaging in such meetings and summits contributes to advancing the work of reducing health disparities of priority populations, especially around commercial tobacco use. For other examples of our dissemination, see *Research – Dissemination*, pp. 33-43.

IV. COMMUNICATIONS AND OUTREACH

Communications and outreach activities help ClearWay Minnesota to promote QUITPLAN Services, to motivate Minnesotans to attempt to quit using tobacco and to educate the public about the dangers of tobacco use. Within a social marketing framework that combines traditional marketing with the leading practices of the public health field, ClearWay Minnesota develops campaigns after extensive research and planning, using guidelines from the U.S. Centers for Disease Control and Prevention (CDC) and learning from the experiences of national and state partners.

In addition to our advertising activities – such as paid advertising on television, Internet and radio, and in print media and out-of-home venues (bus sides and billboards, e.g.) – we also conduct outreach to raise awareness of our efforts with Minnesota community leaders and the general public. Our media work is developed with input from current and former tobacco users and from community members, using findings from surveys, focus groups and research studies. Our communications work also includes customized outreach to diverse communities.

A. ADVERTISING

Through our work with Minneapolis advertising firm Clarity Coverdale Fury, ClearWay Minnesota employs mass-media strategies to educate the public about the harms of tobacco. In Fiscal Year 2016, our advertising efforts included continued promotion of QUITPLAN Services and The QuitCash Challenge. Our media work also continued to raise awareness of tobacco's dangers to change social norms around tobacco use in Minnesota (with a continued focus on candy-, fruit- and menthol-flavored tobacco), to help build support for public policy initiatives that reduce tobacco's harm. In addition, ClearWay Minnesota continued to use media to support the *Keep Tobacco Sacred* messaging, updating billboard messaging and producing a new documentary.

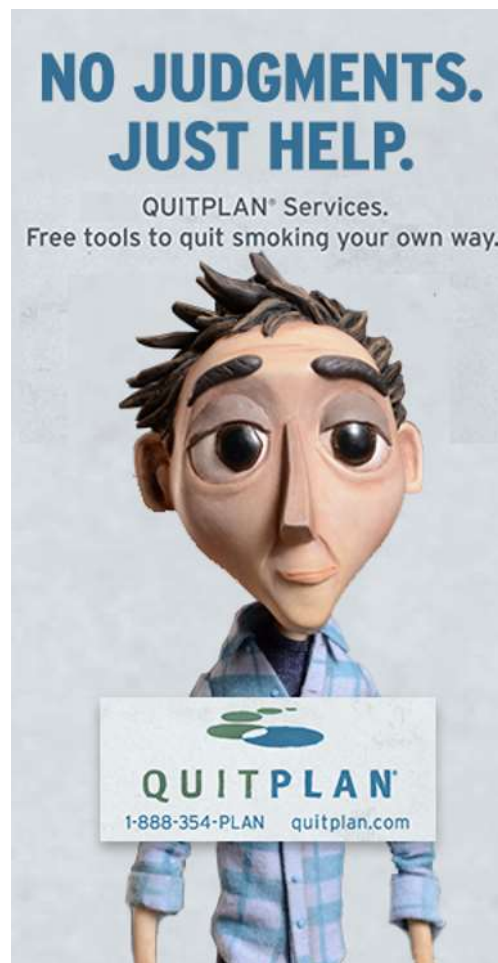
QUITPLAN® Services Campaign

The *QUITPLAN® Services* advertising campaign focuses on the fact that most smokers know they should quit, increasing positive understanding and awareness of the nonjudgmental support available through QUITPLAN Services, ClearWay Minnesota's free program that provides quitting support to Minnesota tobacco users. (See *Program Grants and Contracts – Cessation – Cessation Services Contracts – QUITPLAN® Services*, pp. 18-23.)

Advertising campaign – No Judgments. Just Help.

ClearWay Minnesota strategically sponsors programming that Minnesota smokers are most likely to see or hear. In Fiscal Year 2016, the *QUITPLAN® Services* media campaign – consisting of TV, radio, out-of-home and digital ads – reached 99 percent of Minnesota adults an average of 62 times throughout the year. Ads are also targeted at populations known to have high tobacco prevalence rates, including low socio-economic communities and communities of color.

The current campaign – *No Judgments. Just Help.* – continued throughout this fiscal year. Created by Clarity Coverdale Fury, the campaign reflects QUITPLAN Services’ aim to provide tobacco users with a hopeful, nonjudgmental approach to quitting, with few barriers. In addition, ClearWay Minnesota continued to air its 30-minute QUITPLAN Services infomercial in Minneapolis and Duluth. New television ads were created using testimonials from the infomercial and aired statewide. QUITPLAN Services advertises in both English-language and Spanish-language media.



QUITPLAN® Services ads promise tobacco users “No Judgments. Just Help.”

ClearWay Minnesota works to ensure that messages reach specific communities including African American, Chicano/Latino, American Indian and LGBTQ (Lesbian, Gay, Bisexual, Transgender and Queer) communities. In many cases, this work supplements grantee efforts. (See *Program Grants and Contracts – Policy – Local Community Grants*, pp. 49-57.) While our mass-media advertising reaches many of these target audiences, we also employ specific tactics including Spanish-language television and radio, community newspapers, sponsorship of *tpt*’s *Native Report* in Duluth and billboard campaigns in Indian Country. (See *Keep Tobacco Sacred Campaign*, pp. 77-78.)

The QuitCash Challenge™

In Fiscal Year 2016, ClearWay Minnesota sponsored the eighth QuitCash Challenge, a statewide contest that encourages Minnesota tobacco users to make quit attempts and promotes our range of free QUITPLAN Services. (See *Program Grants and Contracts – Cessation – Cessation Services Contracts – QUITPLAN® Services*, pp. 18-23.) Participants register for the contest, and attempt to quit using tobacco for a contest period covering one month. The grand prize winner is randomly drawn, with tobacco-free status verified by urinalysis.

This year, a record 4,200 Minnesotans from around the state registered for the contest and a chance to win \$5,000. Michelle Hogen of Maplewood successfully quit smoking in the contest month of April, and became the winner of the \$5,000 grand prize. Smokers for more than 20 years, Michelle and her husband, Brian, both quit after learning she was pregnant with the couple's first child.

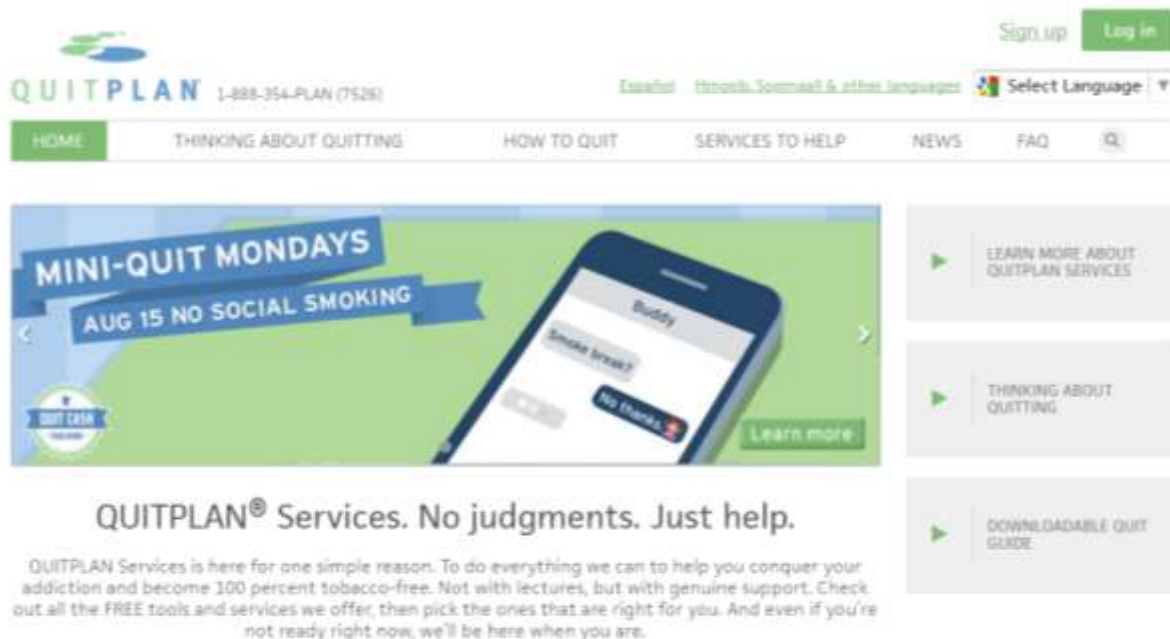
The Hogens' status as expectant parents motivated them to quit smoking for good. "We were starting to notice what 20 years of smoking does to your health. Brian was starting to develop a smoker's cough," says Michelle. "When we learned I was pregnant, we were inspired to quit for our baby."



***Michelle Hogen, winner of the 2016 QuitCash Challenge,™
with her husband, Brian***

This year's QuitCash Challenge also featured "Mini-Quit Mondays" each month leading up to the big month-long contest. The "mini-quits" are a series of contests aimed at preparing participants to quit for good by making temporary lifestyle changes around their tobacco use. Examples of mini-quit challenges included asking smokers to stop smoking in their vehicles or to

make their homes smoke-free for a day, etc., breaking up their routine to help them prepare to quit. Participants in each mini-quit were eligible for a \$100 gift card drawing to help reward participation.



A QuitCash Challenge™ “Mini-Quit Monday” asked participants to avoid social smoking for a day

QUITPLAN® Services at the Minnesota State Fair

ClearWay Minnesota also continued our presence at the Minnesota State Fair. In 2016, the QUITPLAN Services booth featured giveaways, lung-function testing for smokers, message boards for quitters and information on QUITPLAN Services. The booth also promoted the QuitCash Challenge contest. (See *The QuitCash Challenge™*, preceding page.)



QUITPLAN® Services State Fair booth

Keep Tobacco Sacred Campaign

Minnesota's American Indian Nations have tobacco traditions that were passed down for generations. But those traditions have also been corrupted by the commercial tobacco industry, which today profits off the recreational abuse of plants that were sacred medicines for indigenous people.

Commercialization and direct marketing using American Indian images have led to an epidemic-level health problem in Minnesota's tribal communities. Today, the cigarette smoking rate for American Indians is 59 percent – four times that of the general population (14 percent).

At the same time, American Indian people in Minnesota are working to restore traditional tobacco practices, to reduce commercial tobacco abuse like cigarette smoking, and to prevent secondhand smoke exposure. ClearWay Minnesota is helping by collaborating directly with tribes. Through our Tribal Tobacco Education and Policy (TTEP) Initiative, we fund reservations that are working to advance smoke-free policies and to raise awareness of the dangers of commercial tobacco use and secondhand smoke exposure. The project allows the tribes themselves to drive the work, and to determine readiness for specific changes within their communities. (See *Program Grants and Contracts – Community Development – Community Development Grants – Tribal Tobacco Education and Policy Initiative [TTEP]*, pp. 58-65.)

ClearWay Minnesota also collaborated with Minnesota tribes to create *Keep Tobacco Sacred*, an advertising campaign that reminds and educates about the differences between traditional and commercial tobacco. Components have included billboards, radio ads, and art projects like murals and exhibitions of Native artwork.



**Keep Tobacco Sacred ads reinforce
traditional teachings against commercial tobacco abuse**

The campaign was created in partnership with American Indians in a spirit of collaboration and respect. Keeping tobacco sacred is a concept that has deep meaning for Native peoples, and the *Keep Tobacco Sacred* ads respect their traditions while educating about the harms of smoking.

TV documentary: Reclaiming Sacred Tobacco

Throughout 2015 and 2016, ClearWay Minnesota also collaborated with Twin Cities PBS (*tpt*) on *Reclaiming Sacred Tobacco*, a 30-minute documentary on the tobacco practices of Anishinaabe and Dakota people in Minnesota. The program will have its broadcast premiere on November 13 at 7 p.m. on *tpt*'s MN Channel, to coincide with Native American Indian Heritage Month. A full report on the program will be included in next year's Report to the Court.



Still a Problem campaign

Mass-media campaigns help to shape the environment for policy by changing attitudes about the issue of tobacco. This year, ClearWay Minnesota continued promoting the *Still a Problem* campaign, which aims to make Minnesotans aware of the ongoing problem of tobacco use in our state. In Fiscal Year 2016 the campaign was expanded to include a focus on the impact menthol tobacco has on youth. Notable elements include a new TV ad that aired around the state, which uses the metaphor of cyber-bullying to capture the experience of a young teen attracted to smoking by menthol.



Still a Problem ads remind Minnesotans of the tobacco industry's role in creating new smokers

Menthol cigarettes are targeted to and disproportionately used by groups including African Americans, young people and Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) communities.

More information about how tobacco companies use flavors can be found at the *Still a Problem* website, stillaproblem.com. Other campaign elements include additional TV, radio and out-of-home ads (e.g., billboards, bus interiors and bus shelters) focused on menthol and other flavored tobacco. The *Still a Problem* media campaign reached 99 percent of Minnesota adults an average of 60 times during Fiscal Year 2016.



Visions of a Smoke-Free Generation Campaign

This year, we launched a new social media campaign to support Minnesotans for a Smoke-Free Generation, a coalition of Minnesota organizations working to prevent youth smoking. (See *Program Grants and Contracts – Policy – Statewide Policy Work*, pp. 44-48.) *Visions of a Smoke-Free Generation* engaged young Minnesotans to share their thoughts about why they want to remain smoke-free. The project launched in the spring of 2016 and was helpful in educating policymakers and opinion leaders about the new coalition.



smokefreegenmn [Follow](#)

17 likes

smokefreegenmn "What motivates me is my drum instructor, Adam. He had cancer. And he is my motivation, cause drumming is what I want to do in the future. I feel empowered by him." -Francesca, 13 (2/2)

#SmokeFreeGenMN
#VisionsOfASmokeFreeGeneration
#motivation #inspired #dreams #passion
#drummer #mmlg #NoSmokeFree
#Minnesota #Tobacco #TobaccoFree



smokefreegenmn [Follow](#)

12 likes

smokefreegenmn "Until probably a year ago, I have grown up with smoking all around me. I don't remember a time when there wasn't tobacco use around me before this last year. I'm only 16 and that's kind of sad to grow up with that surrounding you every day. I don't think it was fair that I had to grow up like that. If I am 60 years old and develop lung cancer, I'm going to know why. And it wasn't my choice at all." Kira, 16 (1/2)

#SmokeFreeGenMN
#VisionsOfASmokeFreeGeneration #mmlg
#NoSmokeFree
#Minnesota #Tobacco #TobaccoFree

Visions of a Smoke-Free Generation helped young people share their views about smoking on Instagram and Facebook

Evaluation

ClearWay Minnesota rigorously evaluates our communications efforts to measure our progress and identify areas for improvement. Every few years, we conduct an intensive evaluation of our media campaigns. During Fiscal Year 2014, we completed a large-scale media evaluation that covered four years of media tracking through longitudinal and cross-sectional surveys. This past year, our approach to evaluating media efforts was to use online market research surveys, focus groups, service volume tracking and vendor evaluations. These combined efforts allow us to determine the effectiveness of our campaigns, and strategically inform any changes we make to them throughout the year.

Evaluation activities this year included an online message survey pre-testing menthol television ad concepts to incorporate into our *Still a Problem* campaign. Ads were tested to see which most effectively influenced target audiences' attitudes around the dangers of menthol and communicated that more should be done to protect kids. Based on the message testing, which showed an increase in Minnesotans agreeing that tobacco use is a significant problem after seeing the ad, we produced a new ad, "Bad Relationship." (See *Still a Problem* campaign, pp. 78-79.)



***Evaluation helps us understand which advertisements
will resonate best with Minnesotans***

In addition to the above measurements, our contractors are evaluated each year using the following criteria. ClearWay Minnesota considers these criteria when renewing contracts or initiating new projects.

- **Return on investment:** Meets marketing goals, helps to advance ClearWay Minnesota's mission and vision, strives to exceed expectations, tenaciously stewards our budget, negotiates value-added or pro-bono placements and leverages communication efforts.
- **Timeliness:** Meets or beats deadlines.
- **Counsel:** Anticipates needs, demonstrates problem-solving ability and provides counsel.
- **Staff:** Assigns appropriate staff and is professional when representing ClearWay Minnesota.
- **Organizational skills:** Uses our time efficiently and communicates clearly.
- **Creativity:** Consistently demonstrates outstanding creativity in work product.
- **Goals:** Meets or exceeds process goals.
- **Budget:** Completes duties as outlined in the contract within the specified budget.

ClearWay Minnesota strives to provide the greatest return on investment to Minnesotans. Pro-bono and value-added media are required as a part of the advertising media buy.

In Fiscal Year 2016, ClearWay Minnesota received \$444,497 in value-added media and saved \$575,769 due to negotiating efforts by our advertising vendor Clarity Coverdale Fury, from a combination of savings over average cost of broadcast media and out-of-home rate card discounts.

Dissemination

ClearWay Minnesota Marketing and Communications staff actively disseminates research results, evaluation findings and other knowledge gained from our activities in publications and at conferences and meetings. For details, please see *Research – Dissemination*, pp. 33-43.

B. COMMUNITY OUTREACH

Community outreach is an important way for ClearWay Minnesota to ensure that Minnesotans are aware of our activities, including QUITPLAN Services, programmatic work and educational campaigns. In addition to paid advertising, we reach Minnesotans through traditional media such as print, television and online news outlets, and through online social media including Twitter and Facebook. Regular contact with Minnesota individuals and communities is important so we can develop the most effective programs possible and remain accountable to the public.

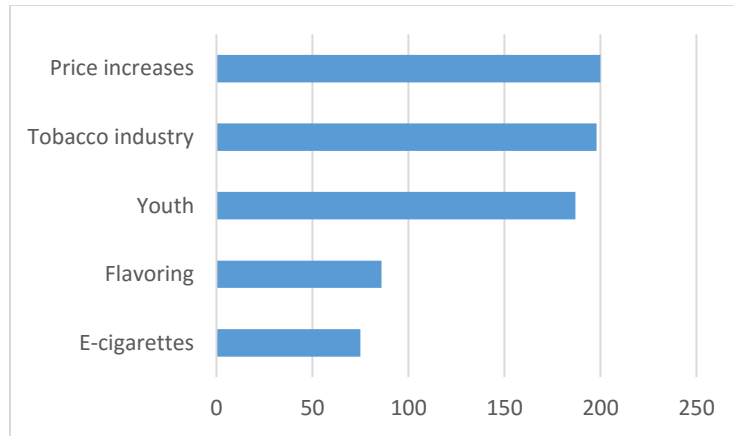
Media Analysis

ClearWay Minnesota uses earned (i.e. non-paid) and digital media to reach key stakeholders and increase public support for our campaigns and brands. Tracking and analyzing media coverage is a measurable way to illustrate its value and its contributions toward ClearWay Minnesota's goals. Staff uses this information to evaluate methods and vendor contributions, and to adjust processes to help ClearWay Minnesota achieve the best possible outcomes.

Media coverage is tracked and analyzed using database tools provided by a new vendor this year, CustomScoop. Digital and social media analysis is compiled using various quantitative tools, qualitative analysis and the institutional knowledge of ClearWay Minnesota staff.

ClearWay Minnesota's earned and digital media efforts and outcomes in Fiscal Year 2016 reinforced the integrity of our brands and campaigns, and our reputation to key audiences. There were more than 1,000 news stories in Minnesota focused on our brands and campaigns this year. We influenced nearly half of the news stories about tobacco in Minnesota. A strong majority of stories were positive or neutral in tone. All of these outcomes contribute to a positive impression of ClearWay Minnesota as an organization and of our messages to key audiences, including policymakers, influencers, partners and the public.

The most mentioned topics in news coverage of ClearWay Minnesota this year were issue-related: tobacco price increases, the tobacco industry, flavoring, youth and e-cigarettes. Stand-out stories reinforced our intended messages. We were able to be proactive most of the time in generating coverage, and were also able to counteract opposition messages effectively when necessary.



Top five earned-media messages for ClearWay MinnesotaSM news coverage this year

We successfully launched the Minnesotans for a Smoke-Free Generation coalition early in 2016. And despite not having a key piece of proactive legislation this session, the coalition’s message of protecting kids helped us use the media to combat tobacco industry efforts in St. Paul. Shedding light on Big Tobacco’s influence at the Capitol will help us better position ourselves to go back to the Legislature in 2017, and to ask for their help protecting kids from tobacco. (See *Program Grants and Contracts – Policy – Statewide Policy Work*, pp. 44-48.)

Our focus on local policies resulted in more grantees serving as spokespeople more often. Our efforts to pitch community news outlets more effectively generated more targeted coverage toward local audiences. These efforts give us a solid foundation for statewide policy activities and a bank of news stories and opinion pieces that will become collateral materials for future policy efforts at the state and local level.

We were also able to continue our QUITPLAN Services messages in the media to support our paid advertising campaigns and our goal of increasing the number of people using quitting services.

Our digital and social media efforts were successful for every brand across multiple platforms. We expanded our reach and following for ClearWay Minnesota, QUITPLAN Services and Minnesotans for a Smoke-Free Generation, with many positive interactions. We set the tone for dealing with opposing viewpoints online, helping our partners understand that positive engagement with every audience on social media isn’t possible, and that they don’t have to “feed the trolls” by engaging with hostile individuals in non-productive ways.

Grassroots and newsletter communications used messages that were interesting to audiences, and each were able to grow their following.



Social media helps us reach opinion leaders and policymakers



V. CONCLUSION

Since 1998, ClearWay Minnesota has led efforts in our state to bring comprehensive, science-based tobacco cessation treatment to smokers. By providing services to more than 145,000 Minnesota tobacco users through QUITPLAN Services, as well as by partnering with other organizations to help populations most harmed by smoking and by changing health care systems and policies to move patients toward quitting, we continue to develop new ways to get proven cessation help to the people who need it.

But science shows that quitting alone isn't enough. In order to truly eliminate the disease, death, expense and reduced quality of life that go hand in hand with smoking addiction, we must work just as hard to prevent young people from ever starting. That's why we have made it a priority to support work that is accomplishing that: from policies like cigarette taxes, smoke-free laws and product restrictions, to mass-media campaigns that raise awareness of the dangers of smoking.

In Minnesota, these efforts are paying off. The adult and youth smoking rates are at record lows, and we are closer than ever to the promise of a truly smoke-free generation in our state. This Report illustrates the many ways we are working to make that dream a reality, and it also shows what we're doing to help those communities who have not seen the same progress as the general population.

As we look to the future, we will not slow down, but rather will accelerate our efforts so that we may have the maximum impact to reduce smoking in Minnesota before our lifespan is complete. Our goal is to leave behind a legacy that will continue to be felt in the lives and health of Minnesotans for many, many years to come.



Appendix A

Board and Committee Charters

ClearWay MinnesotaSM

Charter of the Board of Directors Board Approved March 18, 2015

Introduction

This charter is intended as a tool to assist directors in understanding the role of the ClearWay Minnesota Board of Directors in ensuring the organization fulfills its purpose. The scope of the charter derives from the organization's Articles of Incorporation and Bylaws, and the body of law governing such issues. It is not an attempt to limit, enlarge or change the responsibilities of the directors as determined by such Articles, Bylaws, and body of law.

Purpose of the Organization

ClearWay Minnesota was created as a private nonprofit corporation with a limited lifetime of 25 years. The organization's mission is to enhance life in Minnesota by reducing tobacco use and exposure to secondhand smoke through research, action and collaboration. ClearWay Minnesota helps Minnesotans quit smoking and tobacco use, and funds tobacco-related research and other initiatives that raise awareness of tobacco's dangers and make Minnesota a healthier place.

The Role of the Board of Directors

The Board of Directors is responsible for governance of the organization and the conduct of its business. In discharging its responsibilities, the Board shall principally:

- Ensure that policies, and procedures are in place and being implemented to assure the integrity of the organization and that policies are in place to comply with applicable laws and regulations, and ClearWay Minnesota's governing documents and policies.
- Oversee policies and procedures that assure the development and enhancement of the organization's culture as shaped by its vision, mission, values and standards of conduct.
- Ensure that policies and procedures are in place and being implemented to assure that an effective Board of Directors is in place possessing appropriate skills to fulfill its responsibilities through director selection, Board governance, and Board evaluation.
- Hire, advise and counsel, encourage, evaluate, compensate, and if necessary, replace the Chief Executive Officer.

- Oversee a succession plan for Board leadership, the CEO, and key senior management positions.
- Set the long term strategic direction of the organization by establishing or reviewing and approving the organization's mission, vision, and values.
- Oversee planning and implementation of ClearWay Minnesota's limited life plan.
- Annually review and approve (if necessary) the strategic plan and approve the Annual Operating Plan and budget. Ensure that each has objectives and a means of measurement.
- Oversee and approve ClearWay Minnesota's financial and other reporting obligations with particular attention to its annual report to the Ramsey County District Court and the Minnesota Legislature.
- Oversee ClearWay Minnesota's management and utilization of its human and financial resources to ensure a responsible and effective organization.
- Promote regular education of the Board and management respecting (1) tobacco control policies, practices, strategies and research, locally, nationally and internationally, and (2) sound governance practices and policies.

The Board of Directors may, by resolution, delegate certain of its responsibilities to Committees of the Board or to the organization's CEO who remain accountable and subject to the direction and control of the Board.

- Through the committees listed below and other committees which the Board may establish from time to time, the Board provides oversight regarding certain activities and responsibilities of the organization. The committees operate under Board approved charters. The current standing committees of the Board are:
 - Executive/Governance
 - Audit/Finance
 - Nominating and Board Development
 - Strategic Development and Planning
 - Program Grants and Program Contracts
- The Board works with management to set the organization's direction while delegating responsibilities for implementation to management.
 - The Board engages with management to develop and then approve the strategic plan of the organization.
 - Management develops operational work plans and annual operating budgets for review, approval, and monitoring by the Board.

- While the Board is ultimately responsible for review, approval and monitoring of the plans, management is ultimately responsible for execution and implementation.
- The Board is responsible for evaluating the effectiveness of the Board, the CEO, and the organization.

The Board's Standards of Conduct

The Board is expected to carry out its responsibilities consistent with applicable laws, the organization's governing documents, mission, policies, and the culture it has established for the organization. In discharging its responsibilities:

- Board members must observe their duties of care, loyalty, and good faith, placing the interests of the organization ahead of their own or their constituents, and act consistent with the central purpose and governing documents and policies of the organization.
- Board members must model the values of the organization including commitment to: excellence; knowledge based innovation; integrity, honesty and accountability; and a safe and respectful working environment.
- Board members hold each other accountable to: (1.) remain focused on the strategic direction and plans of the organization; (2.) use a decision making process that relies on adequate preparation, full participation, thorough discussion, clarity, consensus, and closure; (3) fully engage, and help focus the discussions; and (4) regularly evaluate Board and Director performance, formally and informally providing positive and constructive feedback.

ClearWay MinnesotaSM

Charter of the Audit/Finance Committee

Board Approved January 20, 2016

Purpose:

The Audit/Finance Committee shall assist the Board in fulfilling its oversight responsibility for the integrity of ClearWay Minnesota's financial and operational results, the system of internal control, the audit process, ClearWay Minnesota's investment policies and portfolio, and compliance with legal and regulatory requirements (excluding the Report to the Court, which is under the purview of the Board of Directors).

The Committee will meet at least four times per year, with authority to convene additional meetings, as circumstances require. The Committee may invite members of management, auditors or others to attend meetings and provide pertinent information, as necessary. The Committee may meet separately with auditors, with staff voluntarily excusing themselves, to discuss the audit process and results.

Committee Structure:

The Committee shall consist of no more than seven members of the Board of Directors, including the Treasurer (who may or may not chair the Committee), and the chair of the Investment Advisory Committee. The Board Chair shall appoint the Audit/Finance Committee Chair. Committee Members shall be appointed by the Board Chair, approved by the Executive/Governance Committee and ratified by the Board.

Each member will have an understanding of audit and financial functions. At least one member shall be designated by the Board as the "Financial Expert," based on the guidelines attached under Appendix A. The Committee will annually recommend a member or members for designation as Financial Expert to the Board for its consideration.

Authority:

The Committee has authority to conduct or authorize special audits and investigations into any matters within its scope of responsibility. It is empowered to:

- Appoint, compensate, terminate and oversee the work of any public accounting firm employed by ClearWay Minnesota.
- Resolve any disagreements between management and the external auditors regarding financial or operational control and reporting.
- Pre-approve all audit and non-audit services provided by our independent auditor.
- Retain independent counsel, accountants, or others to advise the Committee or assist in the conduct of an investigation.
- Review and accept the external auditor's reports along with management's written responses when appropriate.

- Be immediately informed by the auditor of all unresolved matters that obstruct the conduct of an audit or review, after, where feasible, such matters were first brought to the attention of the Chief Executive Officer and/or Chief Financial Officer.
- Review and approve the external auditor's audit plans.
- Seek any information it requires from employees – all of whom are directed to cooperate with the Committee's requests – or with external auditors, legal counsel or others as necessary.
- Oversee the performance of the responsibilities of the Investment Advisory Committee (IAC), in accordance with the IAC's Charter, including receiving periodic reports from the IAC and periodically reporting to the Board regarding the management and performance of Clearway's financial assets.

Responsibilities:

The Committee will carry out the following responsibilities:

Financial and Operational Review Oversight

- Report to the Board on financial risks facing ClearWay Minnesota. The Committee members should develop sufficient knowledge of the financial statements and assess risk areas including understanding the critical judgments and estimates contained therein. The Committee shall manage and understand issues related to the tobacco settlement and Court restrictions on fund uses, and approval of uses of funds.
- Advise the Board on the Statement of Investment Objectives and Policies. With input from the Investment Advisory Committee, the Committee will periodically review the Statement and recommend changes to the Board as appropriate. The Committee shall make such other recommendations to the Board on such other policies and procedures regarding stewardship and oversight of ClearWay Minnesota's financial assets as the Committee shall from time to time determine.
- Select and terminate when appropriate, after reviewing any analysis and recommendations of the Investment Advisory Committee and ClearWay Minnesota's CFO, the investment custodian; the investment consultant; the investment managers; and investment vehicles consistent with ClearWay Minnesota policies.
- Review significant accounting, operational and reporting issues and understand their impact on the financial and operating results on the overall ClearWay Minnesota system of internal control.
- Review and discuss the annual audited financial statements results with management and the external auditors.
- Periodically review current internal financial statements of ClearWay Minnesota.
- Review and recommend for approval to the Board of Directors revisions to the Fiscal Policies of ClearWay Minnesota.
- Review and recommend for approval to the Board of Directors the annual operating and capital budgets.

Internal Control

- Evaluate the effectiveness of ClearWay Minnesota's internal control system, including information technology security and control.
- Understand the scope of external auditor's review of internal control over financial and operational reporting and obtain reports on significant findings and recommendations, together with management's responses.

Other Responsibilities

- Perform other activities related to this Charter as requested by the Board of Directors.
- Institute and oversee special investigations within the Committee's area of responsibility.
- Review and assess the adequacy of the Committee charter annually, requesting Board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.

APPENDIX A

Guidelines for determination of a qualified Financial Expert:

The Audit/Finance Committee determines who qualifies as a Financial Expert by considering such things as the person's education level, whether the person has any professional certifications, whether the person has served as a principal financial officer, controller or principal accounting officer of a company and the person's duties in that position, the person's experience and familiarity with financial statements and accounting rules, past experience on audit committees and any other relevant experiences. The Audit/Finance Committee will look at the director's qualifications and experiences taken as a whole when determining whether or not such director qualifies as a Financial Expert.

A Financial Expert is defined as a person who has experience such as:

- Public accountant
- Auditor
- Principal financial officer
- Controller
- Principal accounting officer
- Who has obtained such attributes through experience that involved the performance of similar functions
- Or, in the judgment of the Audit/Finance Committee, results in similar expertise and experience. These attributes include the following:
 - An understanding of Generally Accepted Accounting Principles (GAAP) and financial statements;
 - Experience applying GAAP in connection with the accounting for estimates, accruals and reserves;
 - Experience preparing or auditing financial statements that present accounting issues;
 - Experience with internal controls and procedures for financial reporting;
 - An understanding of audit committee functions; and
 - Understanding of investment performance and principles.

This definition is not intended to impose a higher burden or level of responsibility on the Financial Expert than on other audit committee members and should not be construed to decrease the role of the other members of the Audit/Finance Committee.

ClearWay MinnesotaSM

Charter of the Executive/Governance Committee Board Approved March 18, 2015

Purpose:

The Executive/Governance Committee provides general oversight of the administration of the organization. The Committee shall have the authority to act on behalf of the ClearWay Minnesota Board of Directors regarding matters that require immediate attention or action between regularly scheduled Board Meetings with ratification by the Board at the next Board meeting. The Committee shall provide a forum for Directors to address all issues of corporate governance and human resource-related policy items. The Committee shall meet at the call of the Chair.

Committee Structure:

The members of the Committee will include the Board's officers and the chairs of the standing committees, which shall not constitute a majority of the Board. The Chair of the Board will chair the Executive/Governance Committee.

Authority:

The principal elements of the Charter of the Executive/Governance Committee shall be:

Executive duties:

1. Provide advice and counsel to the Chief Executive Officer. (This duty is shared with all other Board Members.)
2. Facilitate an annual review of the Chief Executive Officer on behalf of the Board and report to the Board the results of the review, including a recommended compensation package, for action by the Board. The review process shall be conducted in a closed session of the Board, in accordance with the Minnesota Open Meeting Law.
3. Recommend to the Board the selection and replacement, if necessary, of the CEO. Provide for the development of a succession plan for the CEO and the key employees of the corporation.
4. Review changes to human resource-related policy items such as the Personnel Handbook and give input as necessary. Review and recommend major changes (as determined by the CEO) to employee benefit plans and make recommendations to the Board for final approval.

5. Approve biennially the compensation study contractor. The Board Chair shall appoint a member of the Committee to serve as a liaison for the study. Annually review and recommend changes to executive compensation, salary ranges and budgeted merit increases and make recommendations to the Board for final approval.
6. Review Policy Statements annually as a first read prior to Board approval. Policy Statements guide the Board and staff decision making and help to set priorities.

Governance duties:

1. Assure that policies and procedures are in place and being implemented to ensure that the Board, and its individual members, operate with the highest ethical standards and integrity, including duties of care and loyalty. Act on issues of conflict of interest that come before the Board as set forth in ClearWay Minnesota's Conflict of Interest Policy.
2. Approve standing committee assignments, including committee chair assignments, at the first Executive/Governance Committee Meeting after a new Board Chair takes office, or as needed and permitted by Article IV, Section 3 of the Bylaws. Committee assignments are brought to the Board for ratification.
3. Ensure that policies and procedures are in place and being implemented to ensure that the committees of the Board are fulfilling their obligations as defined by their respective charters. Provide a process for each committee to review and update its charter annually.
4. Ensure that at least once every two years, the Board of Directors Charter, Conflict of Interest Policy, Director Job Description, and other relevant policies, as listed in the Board Handbook, be reviewed and updated as needed with final approval from the Board.
5. Review periodically the governance processes, including Board organization and structure, frequency of meetings and attendance and make any necessary recommendations to the Board in accordance with the Two-Read Policy.
6. Ensure that orientation and training are in place for both new and current Board Members, as appropriate.
7. Provide for a Board self-evaluation at least every two years.
8. Review annually the attendance and participation of Board Members and refer any recommended action to the Board. It is ClearWay Minnesota's policy that Minnesota-based Board Members must be present for 50 percent of Board meetings annually, and no Board Member may be absent for more than three

consecutive meetings unless there are extenuating circumstances. Failure to meet these guidelines will be grounds for consideration for asking the Board Member to resign from their position.

9. Develop the agenda for meetings of the Board of Directors, including the distribution of Executive/Governance Committee minutes to the Board.

CLEARWAY MINNESOTA

CHARTER OF THE INVESTMENT ADVISORY COMMITTEE

Board Approved 9-20-06

I. PURPOSE:

The Investment Advisory Committee (the "Committee") shall give advice on matters relating to the investment policies and portfolio of ClearWay Minnesota. The Committee shall be advisory only, and shall report to the Audit/Finance Committee.

II. COMPOSITION:

The Committee shall be comprised of no more than five persons appointed by the Chair of the Board of Directors, subject to the concurrence of the Board. The term of each member shall be one year, or until his or her successor is appointed, subject to a member's earlier resignation, removal by the Board, or unavailability for service. There shall be no maximum number of terms for which a member may serve.

The Committee's Chair shall be appointed by ClearWay Minnesota's Board Chair, and shall be a member of ClearWay Minnesota's Board of Directors.

Each member shall be entitled to vote on all matters brought before the Committee.

Qualifications for Committee membership shall include an interest and knowledge in capital investing, support for ClearWay Minnesota's mission; and the ability to attend Committee meetings. Experience in institutional investing is strongly preferred. A candidate, who in the past ten years has (had) any affiliation with any business or organization which manufactures or sells tobacco products, is barred from Committee membership.

III. AUTHORITY:

The Committee is advisory only, and shall report to the Audit/Finance Committee.

IV. DUTIES AND RESPONSIBILITIES:

Responsibilities of the Committee include advising ClearWay Minnesota's Audit/Finance Committee and ClearWay Minnesota's Chief Financial Officer (the "CFO") on the Statement of Investment Objectives and Policies. The Committee will periodically review the Statement, including investment objectives, guidelines, strategies, risk and return parameters, and performance measurement standards, and recommend changes as appropriate. The Committee shall make such other recommendations to ClearWay Minnesota's Audit/Finance Committee and CFO on such other policies and procedures regarding ClearWay Minnesota's financial assets as the Committee shall from time to time determine.

In addition the Committee shall:

1. Recommend the selection and termination as appropriate, after receiving the recommendations of ClearWay Minnesota's CFO, a custodian bank; and receive periodic reports through the CFO regarding performance, evaluation, and compensation of such custodian bank.
2. Recommend the selection and termination as appropriate, after receiving the recommendations of the CFO, an Investment Consultant to assist in structuring and monitoring ClearWay Minnesota's investment portfolio; and receive periodic reports through the CFO regarding performance, evaluation, and compensation of such Investment Consultant.
3. Recommend the selection and termination as appropriate, after receiving the recommendations of the CFO, Investment Managers, commingled ("pooled") funds, mutual funds, and other appropriate investment vehicles consistent with ClearWay Minnesota policy; and receive periodic reports through the CFO regarding performance, evaluation, and compensation of such investment managers, funds, and other vehicles.
4. Periodically meet with the CFO and Investment Consultant to review an evaluation of the overall performance of portfolio investments, and the consistency of those investments with ClearWay Minnesota's mission, principles, and policies; and recommend corrective action deemed prudent and appropriate if investment performance is below expectations.
5. The Committee Chair shall periodically report to the Audit/Finance Committee regarding the activities of the Committee, and provide such information as the Audit/Finance Committee reasonably requests regarding the actions of the Committee.

V. MEETINGS AND NOTES:

The Committee shall meet in person no fewer than two times per year, and as many additional times as the Committee deems necessary.

The Committee shall prepare written notes of its meetings. Such meeting notes shall be made available to the Audit/Finance Committee or Board if requested.

ClearWay MinnesotaSM

Charter of the Nominating and Board Development Committee Board Approved January 16, 2013

Purpose:

The Nominating and Board Development Committee shall recommend at-large nominees to the ClearWay Minnesota Board of Directors to fill all at-large vacancies and discuss possible nominees for appointed vacancies. The Committee shall recommend officers to the Board of Directors. The Committee shall oversee a plan for ongoing development of Board Members.

Committee Structure:

The Committee shall consist of seven members: four Board Members (of whom at least two will be at-large members) and three -external community members who are not on the Board. Committee members who are currently seated Board Members shall be appointed by the Board Chair and approved by the Executive/Governance Committee. The Board Chair shall appoint the Nominating and Board Development Committee Chair.

Authority:

The principal elements of the Charter of the Nominating and Board Development Committee shall be:

1. Within two weeks of an at-large vacancy, to convene and solicit nominations to fill the open Board position(s).
2. To assure that the solicitation of nominees shall proceed in a manner to be prescribed by the Board.
3. To assess the Board's current composition and identify needs to actively recruit candidates for at-large Board positions.
4. To strive for a Board that broadly represents all Minnesotans.
5. To give special consideration in their nominee selection and recommendation to persons who, in addition to dedication to ClearWay Minnesota's vision, mission and values, have expertise in one or more of the following areas:
 - Governance of a not-for-profit organization
 - Finance
 - Communications
 - Tobacco control/cessation
 - Community organizing
 - Health care

- Health insurance
 - Populations at risk
 - Public affairs
 - Human resources
 - Grant making
 - Research and evaluation
 - Legal
 - Political expertise or experience
6. To utilize a peer nomination process that develops and presents annually to the Board of Directors a slate of candidates to serve as Board officers for the upcoming year. A Committee Member who is nominated as an officer of the Board shall not vote on, or participate in deliberation of the position. The three external community members do not participate in the selection of the slate of officers.
 7. To present annually to the Board of Directors a slate of at large Board Members who have completed their first three year terms and who are eligible and qualified, and who wish to serve another term on the Board. A Committee Member who is nominated to serve an additional term on the Board shall not vote on, or participate in discussion of, his or her own nomination.
 8. To identify key learning topics with Board input and provide opportunity for training for on-going Board development.

ClearWay MinnesotaSM

Charter of the Program Grants and Program Contracts Committee Board Approved January 15, 2014

Reviewed and no changes recommended: November 2015

Purpose:

The Program Grants and Program Contracts Committee (“PGPCC”) shall assist the Board in fulfilling its oversight and fiduciary duties with respect to program grants and program contracts (“Program Grants and Contracts”) in excess of \$75,000¹.

The primary function of the PGPCC is to provide oversight of the process and to recommend the funding of Program Grants and Contracts pursuant to which ClearWay Minnesota staff:

- Solicits requests for applications for Program Grants and Contracts;
- Executes a process to review applications for Program Grants and Contracts; and
- Presents recommendations as to which applicant organizations should be awarded Program Grants and Contracts.

Program Grants and Contracts are specific grants and contracts that the Research, Cessation, Community Development and Public Affairs departments of ClearWay Minnesota make to accomplish the strategic goals of the organization, consistent with the most current Strategic Plan approved by the Board of Directors. Program Grants and Contracts do not include contracts which support the administration of ClearWay Minnesota’s governance and business affairs or the Marketing and Communications Department, which are reviewed and recommended for funding by the Audit/Finance Committee.

The PGPCC shall meet no fewer than two times per year, and as many additional times as the PGPCC Chair deems necessary to discharge its duties and responsibilities.

Committee Structure:

The PGPCC will be comprised of no more than seven members of the Board of Directors. Committee Members shall be appointed by the Board Chair, approved by the Executive/Governance Committee and ratified by the Board. The Board Chair shall appoint the PGPCC Chair.

Authority:

Provide oversight to ClearWay Minnesota staff in connection with the process for soliciting, reviewing and recommending for approval applications for Program Grants and Contracts. (See Attachment A for an annotated flowchart of the Program Grants and Contracts Competitive Review Process.)

1. Meet with staff to review proposed funding priorities and make final recommendations on

¹ See *ClearWay Minnesota’s Policies, Procedures and Guidelines Manual*.

funding priorities to the Board.

2. Exercise oversight to ensure that the grant and contract process established and managed by the staff meets rigorous review processes consistent with ClearWay Minnesota's policies and procedures.
 - a. A member of the PGPCC may be designated to annually observe a review-panel meeting to assure the integrity of the review-panel process.
 - b. The Chair or any member of the PGPCC may review documents that include the date and title of all grant and contract review panels listed by fiscal year, a list of staff present for all reviews conducted and documentation from the review members, facilitator or chair that the summaries produced by staff are a fair and accurate representation of the review-panel recommendations. These documents also include a list of all individuals who served as reviewers (both external and staff) by fiscal year, along with their curriculum vitae (for external reviewers only) and signed conflict of interest forms.
3. Discuss and recommend funding for applicants to the Board based on the recommendation of the review panels and financial due diligence reports from ClearWay Minnesota staff.
4. Review staff reports regarding progress of funded recipients with respect to their achieved outcomes and/or performance of responsibilities. Report findings of progress to the Board or the Executive/Governance Committee, as appropriate.
 - a. The PGPCC may request from the Chief Executive Officer or his or her designee, advice and information concerning the performance of grantees and contractors.
5. Annually review the charter of the PGPCC and make recommendations to the Board regarding desired changes.

The PGPCC's authority shall not include routine programmatic monitoring or involvement with programmatic activities of ClearWay Minnesota grantees or contractors, participation in the review-panel process, or interacting with applicants with respect to their application, grant or contract before, during or after the application review and funding process.

The PGPCC Members will treat all information regarding funding priorities, the funding process and funding decisions as confidential and may not disclose, use or discuss confidential application materials except in the context of fulfilling committee obligations.

ATTACHMENT A

Program Grant and Contract Competitive Review Process

Step 1: Based on the Strategic Plan, and approved budgets, a funding announcement is developed.

Step 2: The Funding announcement is released to potential applicants based on eligibility requirements.

Step 3: Letters of Intent are due from potential applicants; staff invite full applications from those that meet qualifying criteria (this step is optional).

Step 4: Applicants submit full proposals.

Step 5: Review panel(s) meets. May include both external reviewers and ClearWay Minnesota staff.

Step 6. Staff present review-panel funding recommendations to the PGPCC for action.

Step 7. Full Board makes final funding decisions.

Note that grants and contracts often have a multilayered review process that could include multiple review panels, a revise and resubmit process, site visits and/or request for additional information before a recommendation is made to the PGPCC.

ClearWay MinnesotaSM

Charter of the Strategic Development and Planning Committee

Board Approved: January 15, 2014

Reviewed by Committee with no proposed changes: November 14, 2014

Purpose:

The Strategic Development and Planning Committee shall lead ClearWay Minnesota's Strategic Planning efforts, monitor performance towards Legacy Goals and periodically review the 2023 Framework.

Committee Structure:

The Strategic Development and Planning Committee shall consist of no more than eight members of the Board. The Strategic Development and Planning Committee Chair and Committee Members shall be appointed by the Board Chair, approved by the Executive/Governance Committee and ratified by the Board.

Authority:

The principal elements of the Charter of the Strategic Development and Planning Committee shall be:

1. To oversee the timing, development and modification of the Strategic Plan. The Strategic Plan and modifications to the Strategic Plan will be recommended to and approved by the full Board.
2. To oversee the timing, development and modification of the 2023 Framework. The Framework and modifications to the Framework will be recommended to and approved by the full Board.
3. To monitor research and trends in the field and national and state environment that impact development of the Strategic Plan and 2023 Framework.*
4. To review ClearWay Minnesota's annual evaluation findings and apply them to the development, execution and modification of ClearWay Minnesota's Strategic Plans and 2023 Framework.
5. To recommend education for the Board on issues that impact ClearWay Minnesota's strategic direction.
6. To plan and oversee regular Board retreats for the purpose of strategic planning.
7. To ensure that at least once every two years, the Strategic Development and Planning Committee Charter is reviewed and updated as needed.

*The monitoring process currently includes the annual evaluation presentation, annual best practices presentation, Board education in preparation for strategic planning and staff review.



Appendix B

Conflict of Interest Policy Adopted September 19, 2012



Conflict of Interest Policy

**Approved by the
ClearWay Minnesota Board of Directors September
19, 2012**

**Approved by the
Ramsey County District Court
May 14, 2013**

ClearWay MinnesotaSM
Restated Policy Concerning Conflicts of Interest
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ClearWay MinnesotaSM
Restated Policy Concerning Conflicts of Interest
Approved by the ClearWay Minnesota Board of Directors September 19, 2012
Approved by the Ramsey County District Court May 14, 2013

I. Introduction

The Board of Directors of ClearWay MinnesotaSM is committed to governing the organization in a manner that takes appropriate care to identify, minimize the impact of and, where possible, eliminate actual, possible or perceived conflicts of interest. This policy is intended to assist ClearWay Minnesota Board Members and employees in identifying actual conflicts of interest and situations in which there might be a conflict or the appearance of a conflict even if no actual conflict exists. This document also describes the procedures that the Board has established for disclosing and resolving conflict situations that arise.

Every Board Member and employee is responsible for knowing and following this policy. Board Members and employees receive regular training in how to follow and apply this policy. Each year, every Board Member and employee reviews a list of current ClearWay Minnesota grantees and contractors and discloses any relationships with organizations that have grants or contracts with ClearWay Minnesota before submitting a mandatory certificate of compliance with this policy. ClearWay Minnesota informs its vendors and grantees of this policy and its application.

II. Definitions

1) A ClearWay Minnesota Board Member or employee is “**affiliated**” with an organization (and has an “**affiliation**” with an organization) if he or she or a family member is an officer of, director of, employed by, an independent contractor for, receiving proceeds from a ClearWay Minnesota grant or contract, or has a financial interest in the organization.

2) A “**Board Member**” is a person who is on the ClearWay Minnesota Board. A Board Member may be appointed or elected.

3) “**Family members**” of a person are the person’s spouse or domestic partner, parents, stepparents, siblings, children, stepchildren, and spouses or domestic partners of the person’s children and stepchildren.

4) “**Relatives**” of a person are the person’s aunts and uncles.

5) A person has a “**financial interest**” if the person has, directly or indirectly, through governance, business or investment:

a) An existing, foreseeable or recent (within the past year) ownership interest of more than 2 percent in any entity with which ClearWay Minnesota has, or is negotiating, a grant, contract or other arrangement; or

b) An existing, foreseeable or recent (within the past year) compensation arrangement

with ClearWay Minnesota or with any entity or person with which ClearWay Minnesota has, or is negotiating, a grant, contract or other arrangement.

III. Actual Conflict of Interest

To ensure that the decisions of the ClearWay Minnesota Board and employees are objective and independent, the Board prohibits giving contracts and grants to Board Members or ClearWay Minnesota employees, or the family members of either. If a Board Member or employee is affiliated with an organization with which ClearWay Minnesota is considering a grant or contract, the person may have an actual conflict of interest. The Board has created the following rules and procedures for such situations.

1) Absolute Prohibition on Contracts and Grants with Board Members, Employees or Their Family Members. ClearWay Minnesota will not give grants to, or enter into contracts with, a ClearWay Minnesota Board Member or ClearWay Minnesota employees (except for employment contracts) or the family members of either while the person is serving ClearWay Minnesota and for one year after the person ceases to be a Board Member or employee of ClearWay Minnesota.

2) Contracts with or Grants to Organizations Affiliated with Board Members. ClearWay Minnesota will not give grants to, or enter into contracts with, organizations with which a Board Member is affiliated at the time of his or her election or appointment to the ClearWay Minnesota Board or at any time during his or her service as a Board Member unless:

a) The Board Member promptly resigns from the affiliated organization and for one year thereafter does not participate in discussions or decisions by ClearWay Minnesota about awarding or managing grants and contracts with the affiliated organization; or

b) The Board Member promptly resigns from the ClearWay Minnesota Board; ClearWay Minnesota sends the affiliated organization a certification form; and within 30 days, that organization returns the form verifying that the person will not, for one year following his or her resignation, participate in discussions or decisions of the organization regarding seeking or fulfilling grants or contracts with ClearWay Minnesota.

3) Contracts with or Grants to Organizations Affiliated with Family Members or Relatives of Board Members. If a family member or relative of a Board Member is, or becomes, affiliated with an organization that has a grant or contract with ClearWay Minnesota, that organization must:

a) Certify in writing to ClearWay Minnesota that the family member or relative will not solicit, supervise, manage, administer or have a financial interest in the ClearWay Minnesota grant or contract for the duration of that grant or contract;

b) Submit the certification within 30 days after the disclosure of the relationship to the affiliated organization or a written request from ClearWay Minnesota; and

c) Promptly update the certification if the status of the family member or relative changes.

4) **Contracts with or Grants to Organizations Affiliated with Employees.** ClearWay Minnesota will not give grants to, or enter into contracts with, organizations with which a ClearWay Minnesota employee is affiliated unless:

- a) The employee promptly resigns from the affiliated organization and for one year thereafter does not participate in discussions or decisions by ClearWay Minnesota about awarding or managing grants and contracts with the affiliated organization; or
- b) The employee promptly resigns from ClearWay Minnesota; ClearWay Minnesota sends the affiliated organization a certification form; and within 30 days, that organization returns the form verifying that the person will not, for one year following his or her resignation, participate in discussions or decisions of the organization regarding seeking or fulfilling grants or contracts with ClearWay Minnesota.

5) **Contracts with or Grants to Organizations Affiliated with Family Members or Relatives of Employees.** If a family member or relative of a ClearWay Minnesota employee is, or becomes, affiliated with an organization that has a grant or contract with ClearWay Minnesota, that organization must:

- a) Certify in writing to ClearWay Minnesota that the family member or relative will not solicit, supervise, manage, administer or have a financial interest in the ClearWay Minnesota grant or contract for the duration of that grant or contract;
- b) Submit the certification within 30 days after disclosure of the relationship to the affiliated organization or a written request from ClearWay Minnesota; and
- c) Promptly update the certification if the status of the family member or relative changes.

IV. Procedure for Disclosing an Actual Conflict of Interest

- 1) **ClearWay Minnesota Board Members and Chief Executive Officer (CEO).** Every Board Member and the CEO is responsible for disclosing any conflict as described in Section III to the Chair of ClearWay Minnesota's Board (Board Chair) or, if the Board Chair has the conflict, to the Vice Chair of the Board as soon as he or she discovers the conflict. If any action has been taken before the disclosure, the process outlined in Section VII.1.b will be followed.
- 2) **ClearWay Minnesota Employees.** Every employee is responsible for disclosing any conflict as described in Section III to the CEO as soon as he or she discovers the conflict. If any action has been taken before the disclosure, the process outlined in Section VII.2.b will be followed.

V. Possible Conflict of Interest

Depending on the specific circumstances, a ClearWay Minnesota Board Member or employee could have a conflict in the following situations. (Examples are provided for illustrative purposes only and are not intended to be all-inclusive.) To ensure that the decisions of the ClearWay Minnesota Board and

employees are objective and independent, the Executive/Governance Committee of the ClearWay Minnesota Board will determine whether an actual conflict of interest exists in these and similar situations following the process detailed in Section VII. The Executive/Governance Committee also may delegate the resolution of a possible conflict issue to another Board committee.

- 1) There is a proposed action involving ClearWay Minnesota in which a family member or relative of a ClearWay Minnesota Board Member or employee has a financial interest; or
- 2) A person or an organization involved in decisions regarding the performance or supervision of a ClearWay Minnesota grant or contract has a personal, social or business relationship with a ClearWay Minnesota Board Member, employee, or a family member of either; or
- 3) A family member or relative of a ClearWay Minnesota Board Member or employee is affiliated with an organization that has a grant or contract with ClearWay Minnesota.

VI. Appearance of Conflict (Perceived Conflict)

A perception that the ClearWay Minnesota Board or employees are not making a fair, objective and independent decision may be created by circumstances that fall outside of the definition of an actual conflict of interest. The following examples (provided for illustrative purposes only and not intended to be all-inclusive) demonstrate when the interests or concerns of Board Members or employees, or their relationships with family members, relatives, or other persons or entities, could be seen as affecting the decisions of ClearWay Minnesota. To protect the integrity and reputation of ClearWay Minnesota, the Executive/Governance Committee will determine how a perceived conflict of interest will be handled in these and similar situations following the process detailed in Section VII. The Executive/Governance Committee also may delegate the resolution of a perceived conflict issue to another Board committee.

- 1) ClearWay Minnesota considers a grant to an organization, and a ClearWay Minnesota Board Member was previously on the board of that organization.
- 2) An appointed Board Member's allegiance, or perceived allegiance, to his or her appointing authority is perceived as influencing his or her objectivity on an issue before the ClearWay Minnesota Board.
- 3) A ClearWay Minnesota employee or his or her spouse has a close friend (not a family member or relative) who has a financial interest in a ClearWay Minnesota vendor or grantee.

VII. Procedures for Disclosing, Assessing and Addressing a Possible or Perceived Conflict or an Actual Conflict Disclosed after Action has been Taken

1) For ClearWay Minnesota Board Members and the Chief Executive Officer

Every Board Member and the CEO must disclose to the Board Chair the relevant facts of any proposed action involving ClearWay Minnesota in which he or she has a possible or perceived conflict as soon as it is discovered. If the Board Chair has a possible or perceived conflict, he or she must disclose to the Vice Chair the relevant facts of the possible or perceived conflict.

Every Board Member and the CEO must notify the Board Chair (or the Vice Chair if the matter involves the Chair) if he or she thinks there is a conflict of interest with another Board Member or the CEO on a particular action.

a) If the disclosure is made before the Board or a Board committee considers the action

- i. The Executive/Governance Committee will review the possible or perceived conflict and decide by majority vote if the person has a conflict. The person may be present at the Executive/Governance Committee meeting and, if the person is a member of the committee, he or she may be counted toward a quorum. The Executive/Governance Committee may ask the person for relevant information about the situation but the person will not participate in the discussion or voting.
- ii. If the committee decides that the Board Member or CEO does not have a conflict, he or she may participate in the consideration of the proposed action. If the committee decides that the Board Member or CEO does have a conflict, he or she will not participate in the consideration of the proposed action.
- iii. The Board Member or CEO may appeal the Executive/Governance Committee's decision to the ClearWay Minnesota Board. The Board will decide the issue without the participation of the person whose conflict is in question.

b) If the disclosure is made after the Board or a Board committee considers the action

- i. If a possible or perceived conflict is not discovered before the Board or Board committee decides on the action, the Board Member or the CEO must disclose the possible or perceived conflict to the Board Chair (or the Vice Chair, if the Board Chair has the possible or perceived conflict) as soon as it is discovered.
- ii. The Executive/Governance Committee will follow the process outlined in the VII.1.a to determine whether there is a conflict and, if so, what remedial action should be taken. The Board Member or CEO may appeal both the decision as to whether there is a conflict and the remedy to the Board.

2) For a ClearWay Minnesota Employee

Every ClearWay Minnesota employee must disclose to the CEO the relevant facts of any proposed ClearWay Minnesota action in which the employee has a possible or perceived conflict as soon as it is discovered. Every employee also must notify the CEO or the Board Chair (if the matter involves the CEO) if he or she thinks there is a conflict of interest with another employee on a particular action.

a) If the disclosure is made before the Board considers the action

- i. The CEO will review the possible or perceived conflict and decide if the employee has a conflict. In the case of an employee who reports directly to the CEO, the CEO will advise the Board Chair of the decision about the existence of a conflict, and the Board Chair will obtain the Executive/Governance Committee's confirmation of the proposed decision before finalizing it.
- ii. If the employee has a conflict, he or she will not participate in the deliberation or decision by ClearWay Minnesota regarding the action unless the Board Chair or the CEO asks him or her to provide information.
- iii. The employee may appeal the conflict decision to the ClearWay Minnesota Board, which will decide the issue.

b) If the disclosure is made after the Board considers the action

- i. If a possible or perceived conflict is not discovered before the Board or a Board committee decides on the action, the employee must disclose the possible or perceived conflict to the CEO as soon as it is discovered.
- ii. The CEO will review the possible or perceived conflict and decide if the employee has a conflict. If the employee has a conflict, the CEO will determine whether any remedial action will be taken.
- iii. In the case of an employee who reports directly to the CEO, the CEO will advise the Board Chair of the decision about the existence of a conflict and any necessary remedial action, and the Board Chair will obtain the Executive/Governance Committee's confirmation of the proposed decision before finalizing it.
- iv. If the Board Chair or the CEO decides that the questions of a conflict or remedial action should be referred to the Board or the Executive/Governance Committee, the procedure described in Section VII.1.a will be followed.
- v. The employee may appeal the conflict decision to the ClearWay Minnesota Board, which will decide the issue.

VIII. Records

Appropriate records will be kept to document the handling and resolution of all matters involving conflicts.

IX. Policy Enforcement; Education and Training

The Executive/Governance Committee will consider and determine the enforcement of this policy, as

well as the education of ClearWay Minnesota Board Members and employees about this policy.

X. Gifts

No ClearWay Minnesota Board Member or employee may receive a gift, including tickets to sporting or cultural events, from any third party in connection with their service to ClearWay Minnesota if the value of such gift is greater than \$5.00. ClearWay Minnesota employees must report any gifts they receive to their supervisor. Gifts from prospective grantees or vendors will not be accepted.

Gifts of food or flowers with a value greater than \$5.00 will be placed in a common area of the office and shared with all employees and visitors. The aggregate value of the food or flowers cannot be greater than \$100.00. Any gift may be returned; gifts worth more than \$100 must be returned.

ClearWay Minnesota employees may consume food or beverages provided by partners, vendors or grantees while attending events or meetings as part of conducting ClearWay Minnesota business. Employees do not have to pay the host organization for food or beverages consumed at such events or meetings. Employees are not required to report meals consumed while conducting ClearWay Minnesota business unless they are seeking reimbursement.

XI. Consultant Fees, Honoraria

All ClearWay Minnesota employees and Board Members are encouraged to participate in community and professional activities. If the activities are part of their ClearWay Minnesota duties and responsibilities, any payment received must be turned over to ClearWay Minnesota. This includes any fees derived from ClearWay Minnesota reports, activities, events, speaking engagements or honoraria while employed by ClearWay Minnesota or while serving on the ClearWay Minnesota Board.

XII. Loans

ClearWay Minnesota will not loan money or property to, or guarantee the obligations of, any person.

AMENDED AND RESTATED BYLAWS
of
CLEARWAY MINNESOTASM
Effective July 17, 2013

ARTICLE VI
CONFLICT OF INTEREST; ACCEPTANCE OF GIFTS

Conflicts of interest, including policies relating to loans and gifts, are governed by ClearWay Minnesota's Restated Conflict of Interest Policy, adopted by ClearWay Minnesota's Board of Directors September 19, 2012.

Enforcement of the Conflict of Interest Policy shall be considered and determined by the Executive/Governance Committee of the ClearWay Minnesota Board. Any final decision relating to any conflict of interest matter involving ClearWay Minnesota shall be made by the ClearWay Minnesota Board on the recommendation of the Executive/Governance Committee, or a committee designated by the Executive/Governance Committee, of the ClearWay Minnesota Board.

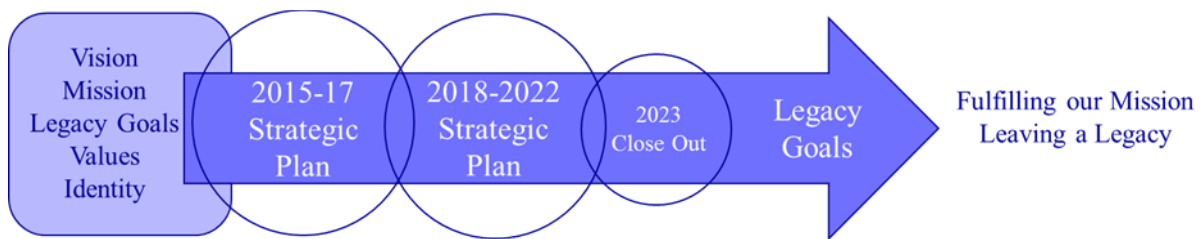


Appendix C

Legacy Framework



ClearWay MinnesotaSM 2023 Legacy Framework



**Revised by the ClearWay Minnesota Board of Directors
March 16, 2016**

BACKGROUND

In 1998, ClearWay Minnesota was created as an independent nonprofit that would work to reduce tobacco's harm in Minnesota for a period of 25 years. Recognizing that we would cease to exist in 2023, the ClearWay Minnesota Board in 2007 directed the organization to begin planning for our end of life by creating a Legacy Framework, a new tool to complement our regular strategic planning cycles. By doing this, the Board took a historic opportunity to shape the work of our remaining time, and to determine how our legacy could influence the health and lives of Minnesotans and reduce tobacco's harm after our time is over. (*Tobacco* in this document refers specifically to the use of commercial tobacco products such as cigarettes, and not to the sacred and traditional use of tobacco by American Indians and other groups.)

ClearWay Minnesota's Legacy Framework defines our desired lasting impact, and articulates what we hope will remain after our end of life and what long-term goals will help us to get there. The Framework is a resource for making ongoing decisions about our work. It shapes and guides change for the organization within the complex, dynamic environment of tobacco control. It will serve our Board and staff throughout the rest of our lifetime, as we continue to excel, to meet our long-term goals and to maximize impact in a changing environment.

The Legacy Framework and the Legacy Goals were constructed with great care, drawing on the collective expertise of many partners, consultants, staff and Board Members. We took into account tobacco control best and promising practices, the counsel of state and national tobacco control experts, information gathered from other life-limited organizations and the most recent and relevant scientific literature. Updates to the Framework were made in 2011 and 2015 in response to changes in the tobacco control environment and to new data about tobacco and secondhand smoke trends in Minnesota.

MISSION AND LEGACY GOALS EXPLAINED

The Legacy Framework positions ClearWay Minnesota's Mission Statement, which describes our purpose and focus, in the context of our limited-life status. Our Legacy Goals clearly define specific outcomes to measure our success at achieving our mission. They are designed to be bold and to bring about changes that reduce the harm tobacco causes the people of Minnesota in truly meaningful ways. Combined, the Mission Statement and Legacy Goals define what we will work toward (with the help of partner organizations) during our remaining lifetime.

MISSION STATEMENT (our core purpose and focus)

The mission of ClearWay Minnesota is to enhance life for all Minnesotans by reducing tobacco use and exposure to secondhand smoke through research, action and collaboration.

LEGACY GOALS (specific outcomes to measure our success at achieving our mission)

- *By 2023, reduce the prevalence of smoking among adult Minnesotans to less than 9 percent.*
- *By 2023, reduce secondhand smoke exposure among nonsmoking Minnesotans to less than 5 percent.*
- *By 2023, advance the science of eliminating tobacco-related health disparities.*

Our Legacy Goals are reflections of our strategic priorities. These priorities, as well as shorter-term goals, are laid out in our Strategic Plans and implemented through our annual workplans and budgets.

EVALUATION

ClearWay Minnesota's work is founded in evidence-based research, and we value evaluation as an important aid in accomplishing our desired legacy. Evaluation informs strategic planning and helps us improve our programs, contributes to the knowledge base around tobacco, and provides accountability and transparency for the organization.

Our Legacy Evaluation measures how our activities are moving us closer to achieving our Legacy Goals, by tracking progress toward specific goal outcomes and long-term impacts. Progress is reported to the Board of Directors as data becomes available to inform decision-making and planning.

The following measures are used to evaluate progress made toward our Legacy Goals:

Goal One (smoking prevalence)

- Data from the Minnesota Adult Tobacco Survey (MATS) is used to measure the smoking rate among adult Minnesotans.

Goal Two (secondhand smoke exposure)

- Data from the Minnesota Adult Tobacco Survey (MATS) is used to measure rates of secondhand smoke exposure among adult nonsmokers in homes, cars and other locations.
- Data from the Minnesota Youth Tobacco Survey is used to measure secondhand smoke exposure among nonsmoking middle-school and high-school students.

Goal Three (eliminating tobacco-related health disparities)

Eliminating tobacco-related health disparities across the diverse populations of Minnesota will require better understanding and measurement of tobacco trends among groups disproportionately harmed by tobacco. Focusing on advancing science in this area will directly inform and advance disparity reduction work, and will help to close disparities gaps both now and in the future.

- Data from the Minnesota Adult Tobacco Survey (MATS), the Behavioral Risk Factor Surveillance System (BRFSS) and the Tribal Tobacco Use Project (TTUP) is used to establish trends and develop models for projecting future reductions for smoking

prevalence and secondhand smoke exposure rate reductions among specific populations, including Minnesotans of low socioeconomic status and American Indians in Minnesota.

- Data is used to identify interventions that are effective at reducing rates in these populations.
- We will disseminate findings, so that the knowledge we create may continue to be used by others to reduce disparities in the longer term.

OUR FOUNDATION

ClearWay Minnesota strives to excel through our last day of operation. In addition to our mission, we are guided by our Vision, Business Definition and Values, and all our activities are consistent with court-authorized guiding documents. Our time and energy are invested in activities that have the highest value, deliver that value within the shortest timeframe and have enduring impact. We remain committed to innovation and flexibility in pursuit of our goals.

VISION: Eliminate the harm tobacco causes the people of Minnesota.

VALUES: *Commitment to Excellence:* Vigorously pursue the best possible outcome in all areas of our work.

Knowledge-Based Innovation: Design and put into practice the most effective plan of action, basing our priorities on the most relevant and current evidence and knowledge.

Integrity, Honesty and Accountability: Remain consistently loyal to our public mandate, maintain the highest ethical standards and operate with openness and transparency.

Safe and Respectful Environment: Provide a safe haven for diverse opinions and show equal respect for all Minnesotans' views.

BUSINESS DEFINITION: ClearWay Minnesota is an independent, statewide organization that engages the public in efforts to support our mission. ClearWay Minnesota funds the following:

- *Research projects;*
- *Programs to help people stop tobacco use;*
- *Community outreach activities;*
- *Efforts to strengthen communities' internal resources; and*
- *Health-improvement collaborations.*

PLANNING CYCLES AND FORECASTING

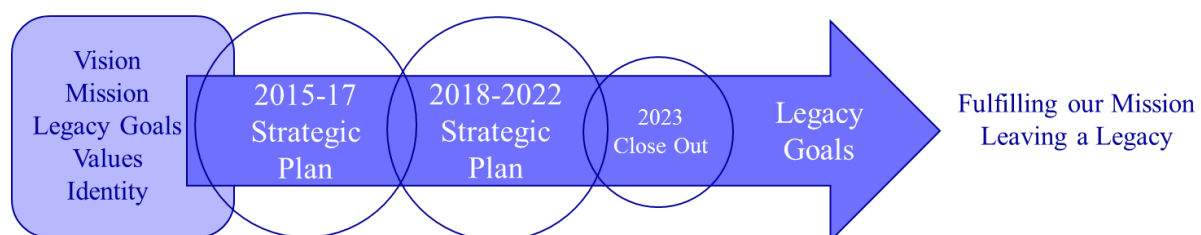
Our strategic planning cycles promote continuous evaluation and adjustment, both proactive and reactive, based on environmental changes and new knowledge. Our future planning, including our Strategic Plan, our annual workplans and other programmatic, financial, administrative and governance planning that will occur in light of our limited life, will be informed by key strategic guidance from this Framework.

Our long-term financial planning includes creating annual financial/investment models, long-term budget plans aligned with our programs and annual budgets. This work is complemented by the risk-assessment and investment oversight activities of the Board of Directors, the Audit/Finance Committee and senior staff. Forecasting will reduce portfolio assets over our remaining life to zero dollars by June of 2023. Forecast summaries will be updated annually based on actual investment performance, asset drawdown and revised expected returns.

Administrative planning will ensure that ClearWay Minnesota has organizational resources sufficient to carry out our changing work and bring the organization to an orderly close. And governance planning will maintain and improve our Board's ability to provide effective leadership and oversight as we approach our end of life.

OUR LEGACY

Our Legacy Framework defines what ClearWay Minnesota will work toward during our remaining lifetime. Although the programs and policies implemented during our life will have lasting impact, the problem of tobacco's harm in Minnesota will persist after our organizational end of life. To ensure our legacy's impact is truly felt beyond the close of our doors, we are partnering with other organizations and individuals to share knowledge and to influence ongoing, sustainable tobacco control work. Our efforts now are creating momentum that will empower these others to make additional, meaningful strides after we've gone. The realization of our mission and goals, the longest-term impacts our work will have on the health of Minnesotans, and the future work of others, together will equal our true legacy.





Appendix D

Fiscal Year 2015 – 2017 Strategic Plan



This Strategic Plan is flexible, and allows Board and staff to react nimbly and appropriately to new opportunities or challenges. Work toward these Strategies and Goals will aim for long-term impacts with major implications for reducing tobacco's harm in Minnesota.

POLICY:

Support policies that reduce tobacco use and exposure to secondhand smoke.

- Goal 1: Advance policies that reduce access to tobacco products, especially for youth.
- Goal 2: Advance policies that protect people from secondhand smoke.
- Goal 3: Advance commercial tobacco-free policies on tribal lands.
- Goal 4: Advance policies to increase access to comprehensive tobacco dependence treatment.

QUITTING:

Support Minnesotans in quitting tobacco use.

- Goal 1: Work to make addressing tobacco use standard practice in health care.
- Goal 2: Increase use of cessation services, including QUITPLAN® Services.
- Goal 3: Increase quit attempts among populations with the highest rates of tobacco use.

Our strategic priorities *AND* goals for the next three years

ENVIRONMENT:

Create an environment that supports a tobacco-free future for Minnesotans.

- Goal 1: Influence public attitudes and behaviors to make tobacco use less acceptable among all Minnesotans.
- Goal 2: Create an environment that provides more opportunity, support and motivation for people to quit tobacco use.
- Goal 3: Foster the development and implementation of innovative ideas that advance progress toward ClearWay Minnesota's Legacy Goals.

PLANNING:

Plan for ClearWay Minnesota's limited life.

- Goal 1: Advance programs that reduce tobacco-related health disparities and increase health equity around tobacco for all Minnesotans.
- Goal 2: Build capacity for tobacco control leadership in priority populations.
- Goal 3: Develop and sustain partnerships to support innovations that reduce tobacco's harm.
- Goal 4: Increase public and private resources dedicated to reducing tobacco's harm in Minnesota.
- Goal 5: Facilitate planning the future of tobacco control efforts in Minnesota with strategic partners.



Appendix E

Resolution 2016-0002

**BOARD OF DIRECTORS
CLEARWAY MINNESOTASM**

RESOLUTION 2016-0002

WHEREAS, ClearWay Minnesota will cease to exist in 2023; and

WHEREAS, the Board directed staff, in consultation with external legal counsel, to review ClearWay Minnesota's governing documents and recommend changes to ClearWay Minnesota's Policy Concerning Conflicts of Interest to facilitate ClearWay Minnesota's end of life; and

WHEREAS, staff and legal counsel presented recommended revisions to ClearWay Minnesota's Policy Concerning Conflicts of Interest to the Executive/Governance Committee on December 16, 2015, and to the Board for a first reading at its January 20, 2016, meeting; and

WHEREAS, the Board has reviewed and approved the recommended revisions to ClearWay Minnesota's Policy Concerning Conflicts of Interest;

NOW, THEREFORE, IT IS HEREBY RESOLVED THAT:

The recommended revisions to ClearWay Minnesota's Policy Concerning Conflicts of Interest are approved. Copies of the documents are attached and incorporated into this Resolution.

The Amended and Restated Policy Concerning Conflicts of Interest will be submitted to the Ramsey County District Court for review, and will become effective upon approval by the Court.

DATED, this 16th day of March, 2016,



Joy Rikala
Chair

ClearWay MinnesotaSM



Appendix F1

Articles of Incorporation

**ARTICLES OF INCORPORATION
OF
CLEARWAY MINNESOTA SM**

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 ClearWay Minnesota SM. The corporation's registered office is located at Suite 400, Two Appletree Square, 8011 34th Avenue, Minneapolis, MN 55425.

**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 1986, 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 candidates 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 19 persons. No person may be a Director

1. 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 appointed by the Speaker of the House
- Two Directors appointed by the Senate Majority Leader
- Two Directors appointed by the Governor
- Two Directors appointed by the Attorney General
- Eleven at-large directors.

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 20817-1129

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 609.48 as if this document had been executed under oath.



Appendix F2

Bylaws

AMENDED AND RESTATED BYLAWS
of
CLEARWAY MINNESOTA
Effective September 19, 2012

ARTICLE I
CORPORATE POWERS; COURT JURISDICTION

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, or under the direction of, the Board of Directors of this Corporation, subject, however, to the jurisdiction and Orders of the Ramsey County District Court, Ramsey County, Minnesota (the “Court”).

ARTICLE II
PRINCIPAL OFFICE

The principal office of this Corporation shall be located at Suite 400, Two Appletree Square, 8011 34th Avenue, Minneapolis, MN 55425. This Corporation may have offices at such other places, within the State of Minnesota, as the Board of Directors may from time to time designate.

ARTICLE III
BOARD OF DIRECTORS

Section 1. **Number.** In accordance with the Court’s Orders and the Amended Articles of Incorporation, the Board of Directors shall consist of 19 persons appointed or elected as follows:

- 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. Eleven at-large Directors nominated and elected in accordance with Article III, Section 4.

Section 2. **Director Qualifications.** In electing At-Large Directors and in appointing Directors, the Board and the appointing authority shall give consideration to selection of persons who are committed to this Corporation’s mission, and have expertise in areas related to tobacco control/cessation, education and research related to tobacco issues, the governance of a nonprofit organizations, finance (including budgeting, investments, preparation of financial reports and statements and auditing financial statements), communications, community organizing, health care, health insurance, diversity and populations at risk, marketing, public affairs, human resources, law, such other qualifications and characteristics as the Board may determine from time to time, and to the selection of Directors so that the Board, taken as a whole, broadly represents all Minnesotans.

Section 3. **Appointed Directors.** Those Directors appointed by the Governor, the Attorney General, the Speaker of the House and the Senate Majority Leader in accordance with Article III, Section 1 are referred to as “Appointed Directors.”

Section 4. **Nomination and Election of At-Large Directors.** Those Directors who are elected rather than appointed are referred to as “At-Large Directors.” The Board shall establish a process for the selection of At-Large Director candidates, and the filling of vacancies caused by the resignation, removal, disqualification or unavailability for service of At-Large Directors. At-Large Directors are elected by vote of a majority of the Directors then in office. No director may vote on his/her reelection.

Section 5. **Terms of Office, Staggered Terms.** Directors shall serve three year terms, subject to their earlier resignation, removal, disqualification or unavailability for service. In order to provide for staggered terms of office, Directors are classified into Group I, comprised of six Directors, Group II, comprised of six Directors, and Group III, comprised of seven Directors. No director may serve more than two consecutive terms, not including a partial term if a director takes office with less than 18 months remaining in his or her predecessor’s term.

In the event that a Director who would be subject to the term limits set forth in this section is elected as Board Chair for a two-year term pursuant to Article V, Section 2, the Board may extend such Director’s term by one additional year, such that if such Director served two consecutive terms, such Director would have served for a total of seven years.

Board terms shall expire at midnight on September 28 of their respective three-year terms. Notwithstanding the foregoing, a director holds office until a successor is elected or appointed and qualifies, subject to such director’s resignation, removal, disqualification or unavailability for service.

Section 6. **Termination of Director Term Immediately Upon Change in Eligibility Status.** The term of a director who loses eligibility by knowingly accepting a disqualifying affiliation or campaign contribution prohibited by Article IV, Paragraph I of the Articles of Incorporation, terminates automatically upon acceptance of the disqualifying affiliation or contribution.

Section 7. **Vacancies; Appointment/Election of Successor 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. Vacancies among At-Large or Appointed Directors may be filled for the unexpired portion of the vacated term. When a vacancy occurs among the Appointed Directors, the Board shall as soon as practicable notify the appointing authority, in writing, of such vacancy and request appointment of a qualified person to fill such vacancy.

Section 8. **Resignation and Removal.** Resignations shall be effective upon receipt by the Board Chair, the Chair of the Nominating Committee or the Chief Executive Officer, unless a later effective date is specified in the resignation. A two-thirds majority of the Directors then in office may remove any At-Large director at any time, with or without cause, and any Appointed Director at any time with cause. The appointing authority who appointed an Appointed Director

may remove that Appointed Director at any time without cause. Removal shall be effective upon the mailing of a written notice to the director who is removed.

Section 9. Annual and Regular Meetings. The Board of Directors shall hold an annual meeting for the purpose of electing At-Large Directors and officers, and transacting any other business coming before it. The Board shall also hold regularly scheduled meetings (referred to as “regular meetings”) as it may determine. Notice of the annual and regular meetings shall be given in accordance with Article III, Section 11.

Section 10. Special Meetings. Special meetings of the Board of Directors may be called by the Board Chair, or by a majority of the Directors. Notice of special meetings shall be given in accordance with Article III, Section 11.

Section 11. Notice, Place and Time of Meetings. Notice of the place and time of annual, regular meetings and 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 three days before any such meeting if given personally or by telephone (including a voice messaging system), facsimile, electronic mail, or other electronic means, and shall state the date, place, and time of the meeting, and the matters then known to be considered at the meeting. Notice of meetings of the Board, including emergency meetings, shall be given to the public in accordance with the Open Meeting Law. Board meetings shall be held at this Corporation’s principal offices, unless otherwise noticed.

Section 12. Meetings and Minutes Held and Kept in Accordance with Certain Statutes. Except as authorized by the Court, all meetings of the Board of Directors shall be conducted, and records kept, in accordance with the Open Meeting Law and the Minnesota Government Data Practices Act.

Section 13. 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 Board meeting which is the subject of the notice, 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. All waivers shall be noted in writing and filed with the records of this Corporation.

Section 14. Quorum; Act of the Board. A majority of the total number of Directors then in office shall constitute a quorum for the purpose of convening a Board meeting. 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 that number of Directors such that a quorum is no longer present, as long as any action is taken by that number of Directors which would otherwise be required to take an action at a meeting at which a quorum was present. Pursuant to Minn. Stat. §317A.237, no proxy voting is permitted.

Section 15. **Inspection of Books and Records.** Every director shall have the absolute right at any reasonable time, for purposes consistent with his or her fiduciary duties to this Corporation, to inspect and copy all books, records, and documents, and to inspect the physical properties of this Corporation.

Section 16. **Directors Not Compensated; Reimbursement for Out-of-Pocket Expenses Authorized.** Directors shall serve without *per diem* or other compensation. The Board of Directors may authorize, by resolution, the payment to Directors and Honorary Chairs of reasonable out-of-pocket expenses actually incurred in the course of this Corporation's business, which may include the expense of attending Board of Directors and Board Committee meetings and attending and participating in other activities of this Corporation.

Section 17. **Electronic Participation in Meetings For Directors Who Are Located Outside of the Seven-County Metropolitan Area.** Directors who are located outside of the seven-county metropolitan area may participate in Board and Committee meetings by any means of communication through which the participants may simultaneously hear each other during the meeting. Participation in a meeting by such means constitutes personal presence at the meeting, and a meeting at which some of the participants attend by such means constitutes a meeting of the Board or the Committee if the notice provisions of Section 11 of this Article and the quorum requirements of Section 14 of this Article are complied with, subject to the following additional conditions:

- a. Members of the public present at the regular meeting location of this Corporation can hear clearly all discussion of all matters, and all votes of the Board or Committee members in attendance at the meeting; and
- b. The Board or Committee Chair or Vice Chair is physically present at the regular meeting location of this Corporation; and
- c. All votes of Directors or Committee members are conducted by roll call, so that each Director's or Committee member's (as the case may be) vote on each issue can be identified.

Section 18. **Electronic Participation in Meetings For Directors Who are Located Within the Seven-County Metropolitan Area.** Directors who are located within the seven-county metropolitan area, but who are unable to attend a Board or Committee meeting because personal appearance at such meeting is impractical, may participate in Board and Committee meetings by any means of communication through which the participants may simultaneously hear each other during the meeting. Participation in a meeting by such means constitutes personal presence at the meeting, and a meeting at which some of the participants attend by such means constitutes a meeting of the Board or the Committee if the notice provisions of Section 11 of this Article, the quorum requirements of Section 14 of this Article, and conditions (a), (b), and (c) of Section 17 of this Article are complied with, and also subject to the following additional conditions:

a. If the meeting would lack a quorum without the electronic participation of that Director or Committee member; and

b. The subject matter of the meeting is critical and time sensitive as determined by the Committee Chair or Board Chair; and

c. The reasons for allowing that Member's electronic participation are documented in the minutes of that meeting.

ARTICLE IV COMMITTEES

Section 1. **Board Committees.** The Board of Directors shall appoint an Executive/Governance Committee with the authority to act for the Board between meetings and such other authority as the Board may determine; and may, from time to time, appoint such other committees as it deems appropriate. The Board shall prescribe the duties and responsibilities of, and establish the number of members to be appointed to, each committee.

Section 2. **Quorum; Act of a Committee.** A majority of the total number of committee members shall constitute a quorum for the purpose of convening a committee meeting. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of that number of committee members such that a quorum is no longer present, as long as any action is taken by that number of Directors which would otherwise be required to take an action at a meeting at which a quorum was present.

Section 3. **Appointment of Members and Chair.** The Chair of the Board of Directors shall appoint the chair and members of each committee subject to the concurrence of the Executive/Governance Committee.

Section 4. **Terms of Committee Members.** Committee members shall serve for a term of one year and until their successors are appointed, subject to their earlier removal, resignation, disqualification or unavailability for service. There shall be no limit as to the number of one-year terms which may be served by committee members.

Section 5. **Committee Charters and Meetings.** The Board of Directors shall adopt a committee charter for the governance, and setting forth the duties and responsibilities, of each Board committee so long as the provisions of such committee charter are not inconsistent with the provisions of these Bylaws. Meetings and actions of Board committees shall be governed by the applicable committee charter, these Bylaws, the Open Meeting Law and Minnesota Government Data Practices Act.

ARTICLE V OFFICERS

Section 1. **Officers.** The officers of this Corporation shall include a Board Chair, a Vice Chair, a President and Chief Executive Officer, a Chief Financial Officer, a Secretary, a Treasurer, and up to two Honorary Chairs. The Board Chair and Vice Chair, Secretary, and Treasurer of the Board shall be Directors of this Corporation. The offices of Board Chair, Vice Chair, President and Treasurer may not be held by the same person at the same time.

Section 2. **Election.** The officers of this Corporation other than the Board Chair, shall be elected annually by the Board of Directors. Officer terms shall expire at midnight on September 28 or until their successors are elected and qualified, subject to their earlier resignation, removal, disqualification or unavailability for service. The Board Chair shall be elected for a term of one or two years, and he or she shall serve until his or her successor is elected and qualified, subject to his or her resignation, removal, disqualification or unavailability for service. A Board Chair may only serve one two-year term, not including the completing of a partial term created by a vacancy in the office of Board Chair. A Board Chair who is subject to the term limits of Article III Section 5, may serve one additional year (a total of seven years) on the Board to complete a two-year term as Board Chair.

Section 3. **Removal.** Any officer may be removed, with or without cause, by the affirmative vote of a two-thirds majority of the Directors then in office, without prejudice, however, to any contract rights of such officer. Removal shall be effective upon the taking of the action of removal by the Board or a subsequent date determined by the Board, and shall be communicated to the officer who is removed by notice.

Section 4. **Resignation.** Any officer may resign at any time by giving written notice to this Corporation. The resignation is effective when notice is given to this Corporation, unless a later date is specified in the notice.

Section 5. **Vacancies.** The Executive/Governance Committee, by majority vote at a meeting at which a quorum is present, may appoint a person to fill a vacancy that occurs in any office between meetings of the Board of Directors on an interim basis. If the vacant office was held by a director, the person appointed shall also be a director of this Corporation. The Board of Directors shall vote at its next meeting to ratify the interim appointment or fill the vacancy with another person. The officer filling a vacant position shall serve the unexpired portion of the former officer's term.

Section 6. **Board Chair.** The Board Chair shall have such powers and shall perform such duties as may be specified in these Bylaws or prescribed by the Board of Directors. The Board Chair shall preside at all meetings of the Board of Directors, and be generally responsible for all matters pertaining to the conduct of meetings of the Board. If the Board Chair is not present at a meeting of the Board, the Vice Chair shall preside at the meeting. If the Board Chair later joins the meeting, he or she shall then assume the role of chairing the meeting. The Board Chair shall be an ex-officio member of each Board Committee, and shall be entitled to vote on matters under consideration by each Board Committee; however, the Board Chair will not be

considered a member of a committee for the purposes of determining a quorum for a committee meeting.

Section 7. **Vice Chair.** The Vice Chair shall have such powers and duties as the Board Chair or the Board may delegate consistent with these Bylaws and applicable law.

Section 8. **President.** Unless provided otherwise by a resolution adopted by the Board of Directors, the President shall (a) be the Chief Executive Officer of this Corporation, and have general active management of the business of this Corporation; (b) see that all orders and resolutions of the Board are carried into effect; (c) sign and deliver in the name of this Corporation contracts and other instruments pertaining to the business of this Corporation, except in cases 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, these Bylaws or the Board to some other officer or agent of this Corporation; and (d) perform such other duties as may from time to time be prescribed by the Board.

Section 9. **Secretary.** The Secretary shall oversee in-house counsel in the keeping of a full and complete record of the proceedings of the Board of Directors and its committees, the giving of such notices as may be proper or necessary, the keeping of the corporate books and records of this Corporation, and shall have such other powers and duties as may be prescribed by the Board or these Bylaws.

Section 10. **Treasurer.** The Treasurer shall oversee the CFO in the (a) keeping of accurate financial records for this Corporation, (b) reporting from time to time regarding the financial condition of this Corporation, (c) preparation and distribution of financial statements and other returns of this Corporation, and (d) such other duties as may be prescribed by the Board of Directors from time to time.

Section 11. **Chief Financial Officer.** Unless provided otherwise by a resolution adopted by the Board of Directors, the Chief Financial Officer of this Corporation shall be responsible for (a) the keeping of accurate financial records for this Corporation, (b) deposit of all monies, drafts and checks in the name of and to the credit of this Corporation in such banks and depositories as the Board of Directors shall designate from time to time, (c) the disbursement of corporate funds and issuing of checks and drafts in the name of this Corporation, individually, or with other properly designated employees of this Corporation as authorized by the Board of Directors, (d) providing to the Board of Directors from time to time an account of the transactions conducted and authorized by the Chief Financial Officer, (e) reporting from time to time to the Board of Directors and/or the Chief Executive Officer the financial condition of this Corporation, (f) preparation and distribution to appropriate parties of financial statements and various other statements, returns and reports of this Corporation consistent with the Chief Financial Officer's duties, and (g) such other duties as may be prescribed by the Board of Directors and/or Chief Executive Officer from time to time. The Board of Directors and/or the Chief Executive Officer of this Corporation may authorize the delegation of certain responsibilities of the Chief Financial Officer to one or more other employees of this Corporation. The Chief Financial Officer shall be subject to the oversight of the Treasurer, and shall report to, and be subject to the direction of, the Chief Executive Officer.

Section 12. **Honorary Chair.** Up to two persons may be designated as Honorary Chairs of this Corporation from time to time by the Board of Directors. An Honorary Chair shall be invited to attend Board meetings at the discretion of the Board Chair, and when present may participate in discussions, but shall not vote on matters voted on by the Directors. An Honorary Chair shall have such other privileges and responsibilities as the Board of Directors may determine, consistent with these Bylaws and applicable law.

Section 13. **Other Officers.** The Board of Directors may elect or appoint such other officers or agents as the Board shall determine. Such other officers elected appointed by the Board of Directors shall perform such duties and be responsible for such functions as the Board of Directors shall determine.

ARTICLE VI CONFLICT OF INTEREST; ACCEPTANCE OF GIFTS

Conflicts of interest, including policies relating to loans and gifts, are governed by ClearWay Minnesota's Restated Conflict of Interest Policy, adopted by ClearWay Minnesota's Board of Directors effective September 19, 2012.

Enforcement of the Conflict of Interest Policy shall be considered and determined by the Executive/Governance Committee of the ClearWay Minnesota Board. Any final decision relating to any conflict of interest matter involving ClearWay Minnesota shall be made by the ClearWay Minnesota Board on the recommendation of the Executive/Governance Committee, or a committee designated by the Executive/Governance Committee, of the ClearWay Minnesota Board.

ARTICLE VII INDEMNIFICATION AND INSURANCE

Section 1. **Right of Indemnitee.** Subject to the provisions of Sections 2 through 5 of this Article, this Corporation shall indemnify and advance expenses to, such persons, for such expenses and liabilities, in such manner, under such circumstances, and to such extent, as is permitted by Minnesota Statutes, Section 317A.521, as now enacted or hereafter amended.

Section 2. **Limitations Respecting Indemnification and Advancement of Expenses.** This Corporation shall not indemnify, or advance expenses on behalf of, an Indemnitee:

(a) With respect to a Proceeding brought by such Indemnitee, or such Indemnitee's legal representative, against this Corporation or any other Indemnitee, unless such Proceeding involves enforcement of plaintiff Indemnitee's rights under this Article VII or Section 317A.521 of the Minnesota Statutes; or

(b) If it shall be finally determined by a court, administrative agency or arbitration panel having jurisdiction in the matter, from which no further appeal has been or can be taken, that such indemnification or advancement of expenses on behalf of such Indemnitee is unlawful or unenforceable.

Section 3. **Procedures Respecting Indemnification and Advancement of Expenses.**

(a) Notification. An Indemnitee shall promptly notify this Corporation upon the commencement of a Proceeding for which the Indemnitee intends to request indemnification or advancement of expenses; however, failure to notify this Corporation will not relieve this Corporation from its obligations, if any, to indemnify, and advance expenses on behalf of Indemnitee with regard to any liabilities incurred and expenses paid prior to such notification.

(b) Assumption of Defense. This Corporation may, alone or jointly with any other indemnifying party, assume the defense of a Proceeding for which it received notice or otherwise, and shall promptly notify Indemnitee of such assumption of defense. This Corporation will not be liable to the Indemnitee for any expenses subsequently incurred by Indemnitee in connection with the defense of such Proceeding unless Indemnitee shall have reasonably concluded that there is a conflict of interest between this Corporation and Indemnitee, or between Indemnitee and one or more other Indemnites whose defense has been assumed by this Corporation, in the conduct of the defense of the Proceeding, and such conclusion is supported by an opinion of counsel experienced in the defense of litigation against corporate Directors and officers, which counsel shall be satisfactory to Indemnitee and this Corporation.

(c) Approval of Counsel. This Corporation shall have the right to approve Indemnitee's choice of counsel and the terms of engagement of such counsel utilizing the same process for determinations of eligibility for indemnification and advancement of expenses under Minn. Stat. §317A.521, Subd. 6, which consent shall not be unreasonably withheld. This Corporation may consider:

(i) Whether Indemnitee is cooperating in the selection of counsel with other Indemnites so that all Indemnites are represented by one law firm except to the extent Section (b) is applicable;

(ii) The experience of such counsel in similar matters;

(iii) The financial arrangements with such counsel; and

(iv) To the extent this Corporation has obtained directors' and officers' liability insurance applicable to such Proceeding, whether such insurance company has consented to the Indemnitee's choice of counsel and the terms of engagement of such counsel.

Section 4. **Settlements.** This Corporation shall not be liable to indemnify an Indemnitee under this Article VII for any amounts paid in settlement of any Proceeding effected without this Corporation's prior written consent. This Corporation shall not settle any action or claim in any manner which would impose any non-indemnified penalty, limitation, expense or liability on Indemnitee without Indemnitee's prior written consent. Neither this Corporation nor Indemnitee will unreasonably withhold their consent to any proposed settlement.

Section 5. **Corporation's Right to Counsel.** With respect to any Proceeding as to which this Corporation has not assumed the defense, this Corporation may engage its own counsel, at its expense, to assist in the defense of such Proceeding.

Section 6. **Effect on Statutory Requirements; Definitions.** The limitations set forth in Sections 2, 3 and 4 shall be in addition to the statutory standards for indemnification and advancement of expenses set forth in Section 317A.521 of the Minnesota Statutes. The definition of "Proceeding" is as set forth in Section 317A.521 of the Minnesota Statutes. "Indemnatee" means any person who is or may be eligible for indemnification or advancement of expenses by this Corporation pursuant to this Article VII and includes such Indemnatee's estate, spouse or legal representative.

Section 7. **Insurance.** This Corporation shall purchase and maintain insurance on behalf of any person, including any director, officer, employee or agent of this Corporation against liability asserted against and incurred by such person in such person's official capacity as defined in Minnesota Statutes, Section 317A.521, as now enacted or hereafter amended, whether or not this Corporation would have been required to indemnify such person against such liability under Article VII, Section 1.

ARTICLE VIII 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. C1-94-8565 (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 this Corporation's 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, tobacco control models of 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 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 authorization of grants up to a specified amount.

Section 4. Refusal, Withdrawal. The Board of Directors, in its absolute discretion, shall have the right directly, or through its Chief Executive Officer, 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 this Corporation's Articles of Incorporation.

Section 5. Accountability and Evaluation. The Board of Directors shall ensure that criteria for the evaluation of grant projects and Board activities are developed and applied, 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 this 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.

ARTICLE IX INVESTMENTS

The Board of Directors shall have responsibility for the approval of this Corporation's investment policies and objectives upon the recommendations of the Finance and Audit Committee or such other Committee as the Board may from time to time determine, which Committee shall have the responsibility for overseeing this Corporation's investment of its assets, making recommendations to the Board of Directors regarding the investment policies and objectives of this Corporation, and such other recommendations as the Committee shall from time to time determine. Such Committee shall have such additional duties and responsibilities as the Board may determine from time to time and as are set forth in such Committee's Charter.

ARTICLE X MISCELLANEOUS

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

Section 2. **Annual Audit.** The Board shall contract for an annual financial audit by a certified public accountant. The audit shall be available to the public. This Corporation shall also be subject to audit, upon request, by the State of Minnesota Legislative Auditor, and the Board shall take all necessary steps to cooperate with such an audit.

Section 3. **Annual Reports.** Within 120 days after the end of this Corporation's fiscal year, the Chief Executive Officer shall furnish a written annual 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 this 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, IRS Form 990 and any report by the Legislative Auditor.

The foregoing report shall be accompanied by any report thereon of this Corporation's independent accountants.

Section 4. **Regular Reports.** In addition to the annual reports, the Board Chair shall, by the end of January in each 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 this Corporation's most recent financial statements and a summary of projects completed during the previous year. The Board 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 year. The report to the Legislature may include in addition any tobacco control recommendations for action by the Legislature or other public bodies.

Section 5. **Amendments.** The Board of Directors shall have the authority to amend, repeal, or adopt new Bylaws by vote of two-thirds of the Directors then in office; provided, that

all Directors shall be notified of the proposed amendments at least thirty (30) days before such action takes place.

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Appendix G

2016 Policy Statements

ClearWay MinnesotaSM Policy Position One:

**ClearWay Minnesota supports maintaining and increasing
Minnesota's tobacco prices.**

Facts:

- **Increasing the price of tobacco is one of the most effective methods for preventing and reducing tobacco use.** Every 10 percent increase in the real price of tobacco reduces smoking prevalence by 1.5 percent and overall cigarette consumption by approximately 3 to 5 percent.¹
- **Increasing the price of tobacco is one of the most effective methods for preventing youth initiation and use among young adults.** Every 10 percent increase in the real price of tobacco reduces the number of youth who smoke by more than 5 percent,¹ and the number of youth who start smoking by 10 percent.² Youth are two to three times more responsive than the general population to price increases, and are more likely to quit or cut back on smoking in order to avoid the cost.³ In a University of Minnesota study involving youth and young adults, 76 percent of those who had smoked in the past 30 days reported being aware of a recent price increase (Minnesota's 2005 health impact fee, which increased cigarette pack prices by \$0.75). Among the same group of smokers, 17 percent reported quit attempts and 24 percent reported reducing smoking because of the price increase.⁴
- **Certain smokers are more responsive to changes in the price of cigarettes.** Cigarette price and tax increases have been shown to reduce smoking among youth, young adults, African Americans and Chicanos/Latinos. Pregnant women are also more likely to reduce or quit smoking when tobacco prices rise.^{5,6} A recent research review found individuals with low income or education were more likely than the general population to reduce both smoking and cigarette consumption following price increases.⁷
- **Tobacco use remains a persistent problem in Minnesota.** In Minnesota, each year tobacco use is responsible for more than 5,100 deaths. Additionally, the annual cost of smoking in Minnesota is estimated to be \$2.87 billion in direct health care costs.⁸ As of 2014, 14.4 percent of Minnesota adults continue to smoke, and 15.3 percent of the state's 18-24-year-olds smoke.⁹
- **There is more work to be done nationally to reduce smoking rates.** In 2013, a new low of 17.8 percent of U.S. adults were current cigarette smokers.¹⁰ The states that have seen some of the largest reductions in youth prevalence (e.g., Maine, New York and Washington) have all pursued comprehensive tobacco control programs that include significantly increasing the price of tobacco products.¹¹ At the same time, many states have made little progress with tobacco control efforts such as increasing tobacco taxes and passing comprehensive smoke-free workplace laws that cover places such as bars and restaurants.
- **Smokeless tobacco continues to be popular.** In 2014, 7.2 percent of Minnesota adult males used smokeless tobacco. Among smokers, 7.4 percent reported using smokeless tobacco in addition to cigarettes in 2014. This reflects the tobacco industry's marketing of smokeless tobacco products to smokers.⁹
- **Minnesota's cigarette tax ranks high in the United States.** In 2013, Minnesota's cigarette excise tax and sales tax increased the price of cigarettes by \$1.75 per pack. This led to a 12 percent reduction

in sales of cigarettes for July to December 2013, compared to the same period in 2012.¹² As of August 1, 2015, Minnesota ranked eighth in the United States for its cigarette tax. Seven states (New York, Massachusetts, Rhode Island, Connecticut, Hawaii, Vermont and Washington) currently have cigarette tax rates over \$3.00 per pack.¹³

- **Higher tobacco prices encourage smokers to quit.** In-state evidence shows that cigarette price increases prompt many smokers to quit or cut back.⁹ In 2013, Minnesota's tax on cigarettes increased by \$1.75 per pack. Quit attempts by Minnesotans increased dramatically. During the first two weeks of July 2013, QUITPLAN Services received 256 percent more calls than in the first two weeks in July 2012, and saw a 289 percent increase in visits to quitplan.com. In addition, smokers reported that this price increase influenced their smoking behaviors, with 60.8 percent thinking about quitting, 48.1 percent cutting down on smoking and 44.2 percent making quit attempts. Among smokers who successfully quit in the year following the tax increase, 62.8 percent reported that the price increase helped them make a quit attempt, and 62.7 percent reported that it helped keep them from smoking again.⁹
- **Tobacco's harm disproportionately impacts low-income smokers who are more likely to quit or cut back following price increases.** Opponents of tobacco taxes frequently argue that a cigarette price increase will fall heavily on the economically disadvantaged, since tobacco is disproportionately used by low-income individuals. However, low-income populations are 70 percent more responsive to price increases than affluent populations. Consequently, low-income smokers are considerably more likely to stop or reduce tobacco use following a price increase. Since low-income smokers suffer disproportionately from the health effects of smoking, a larger proportion of the eventual benefits of quitting (and the correspondent savings on health care) will accrue to this low-income population.¹⁴
- **Tobacco taxes are a stable and predictable source of revenue.** Tobacco taxes are less volatile than other state revenue sources, such as income or corporate taxes, because tobacco sales are less affected by economic slowdowns or recessions.¹⁵ Minnesota's revenue estimates are reliable for predicting new revenue from increased tobacco taxes and fees. In 2013, when Minnesota raised the tax on cigarettes and other tobacco products, the Minnesota Department of Revenue estimated tobacco tax revenue would generate approximately \$593,271 million in revenue in Fiscal Year 2014. The actual revenue reported by Minnesota Management and Budget was \$607,120 million –\$13,849 higher than the original estimate.¹⁶ Minnesota's model to estimate revenue from tobacco taxes takes into account declines in consumption, smoking rates and youth initiation.

Background Notes:

- On May 23, 2013, Governor Mark Dayton signed into law a bill significantly increasing excise tax rates on cigarettes and other tobacco products and making several other important changes to Minnesota tobacco tax laws. Highlights of the new law include:
 - The excise tax on cigarettes increased by \$1.60 per pack (from \$1.23 per pack to \$2.83 per pack).
 - The excise tax on other tobacco products increased from 70 percent to 95 percent of wholesale price.
 - The definition of a "cigarette" for excise tax purposes has been amended to include so-called little cigars. As a result, products that bear a close resemblance to standard cigarettes will now be taxed as cigarettes, even if they are labeled as "cigars," "small cigars," "cigarillos" or "mini-cigarillos."

- As of January 1, 2014, a minimum tax was applied to containers of “moist snuff.” The excise tax will be either 95 percent of the wholesale price or \$2.83 per container (whichever is greater).
- A full summary of the tobacco tax components of the new law can be found on the Public Health Law Center’s website.
- For the purposes of taxation in Minnesota, all tobacco products except cigarettes are considered “other tobacco products” (OTPs). Any increase in Minnesota’s cigarette tax should be accompanied by an equivalent increase in the OTP tax rate. Maintaining tax equity between cigarettes and OTPs is becoming increasingly important, as a large price disparity between cigarettes and OTPs may encourage product substitution and undermine the cessation impact of a tax increase. Additionally, the tobacco industry has been advocating for lower excises taxes on tobacco products that they argue are less harmful than cigarettes. But that is true only if people completely switch, which data suggest is not happening; meanwhile, the industry is specifically promoting dual use of cigarettes with OTPs. ClearWay Minnesota supports keeping the price of cigarettes and OTPs equally high and not adjusting tax rates on some products based on tobacco industry claims.
- Electronic cigarettes (e-cigarettes) are battery-operated devices that allow the user to inhale a vapor produced from cartridges filled with nicotine, flavors and other chemicals. Currently, Minnesota taxes the nicotine cartridges of electronic cigarettes as tobacco products, at 95 percent of the wholesale price. Minnesota should continue to impose the same excise tax rate on e-cigarettes as all other tobacco products and should monitor future regulatory guidance by the FDA. In 2015, traditional tobacco companies such as Reynolds America, aggressively lobbied for legislation in Minnesota and around the country proposing to tax electronic cigarettes based on milliliters of nicotine. In Minnesota, this change would significantly decrease the tax rate on “closed-system” e-cigarette brands primarily owned by traditional tobacco companies. Independent e-cigarette manufacturers and retailers oppose this new tax method because they see it as a competitive advantage for traditional tobacco companies.
- “Little cigars” are filtered, often sweet-flavored products that are similar in size, shape, product engineering and packaging to cigarettes. The 2013 law that expanded Minnesota’s definition of *cigarettes* to include these products has increased the price of most brands, making them less attractive to youth and other price-sensitive populations.
- Minnesota taxes tobacco products other than cigarettes using an *ad valorem* approach. This ensures that the tax burden does not decline over time by automatically adjusting for increases in the wholesale price of tobacco. Currently, Minnesota taxes non-cigarette tobacco products at 95 percent of their wholesale price. In recent legislative sessions, Philip Morris has aggressively pursued legislation to change the method of taxing moist snuff from an *ad valorem* system to a weight-based one. Weight-based taxes result in a declining tax burden on OTPs (including moist snuff) and are therefore not in the best interest of public health. Philip Morris is currently the market leader in premium moist snuff brands, and a change to weight-based taxes would significantly benefit the company by solidifying its market share. Other tobacco manufacturers oppose what they see as a competitive advantage for Philip Morris.
- When the price of cigarettes increases, some smokers look for cheaper options, such as making cigarettes using loose-leaf or “roll-your-own” tobacco. In 2009, the federal tobacco excise tax increased, making the federal tax on roll-your-own tobacco equal to the federal cigarette tax. At the same time, pipe tobacco continued to be taxed at a much lower rate. As a result, many roll-your-own companies relabeled their tobacco as “pipe tobacco” to avoid the higher rate. In 2013, Minnesota

increased the tax on loose-leaf tobacco and pipe tobacco from 70 percent to 95 percent of wholesale. Continued efforts to raise the price of all tobacco products and create tax uniformity across products will help deter individuals and companies from replacing high-tax tobacco products with lower-tax ones.

- For several years, ClearWay Minnesota and Blue Cross and Blue Shield of Minnesota have convened a group of more than 30 of the state's leading health and nonprofit organizations to work in coalition to increase taxes on tobacco products. The coalition was the driving force behind the significant 2013 tobacco tax increase. A complete list of partners can be found at www.raiseitforhealth.org.
- As we look to future policy efforts around increasing taxes on cigarettes and other tobacco products, it will be helpful to know more about a number of pressing questions, including:
 - As smoking prevalence decreases, do price increases have the same impact on quitting?
 - As tobacco prices continue to increase through taxes, is there a point of diminishing returns?
 - If data on long-term use of noncombustible tobacco products becomes available, should we consider a different tax rates on products that demonstrate different or lower risk rates?

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ClearWay MinnesotaSM Policy Position Two:

ClearWay Minnesota supports the adoption, implementation and enforcement of policies (public and voluntary) that protect people from the dangers of secondhand smoke.

Facts:

- **Secondhand smoke is a threat to public health.** In June of 2006, the U.S. Surgeon General released the most comprehensive scientific report ever produced on the health harms of secondhand smoke. This was the first report issued by the Surgeon General on secondhand smoke since 1986. The Surgeon General concluded that there is “massive and conclusive scientific evidence” about the health dangers of secondhand smoke. Key findings from the report include:¹
 - The scientific evidence that secondhand smoke causes serious diseases, including lung cancer, heart disease and respiratory illnesses, is massive and conclusive. There is no longer a scientific controversy or any scientific debate.
 - There is no risk-free level of exposure to secondhand smoke.
 - Exposure to secondhand smoke has substantial and immediate adverse effects on the cardiovascular system.
- **Smoke-free policies protect Minnesotans from secondhand smoke.** From 2003 to 2010 there was a large decrease in the percentage of Minnesotans who reported that someone had smoked near them in any location in the past seven days (from 67 percent in 2003 to 46 percent in 2010).² In 2014, 31.7 percent of adult nonsmokers in Minnesota reported being exposed to secondhand smoke in a location other than in the home or car in the past seven days.³ Decreased exposure to secondhand smoke corresponds with an increase in public, worksite and voluntary home and vehicle smoke-free policies. In 1999, 65 percent of Minnesotans reported having smoke-free policies for their own homes. That percentage rose significantly to 89.3 percent in 2014.³ Along with these reductions in exposure, awareness of the dangers of secondhand smoke is high. According to the 2014 Minnesota Adult Tobacco Survey (MATS), 92.6 percent of Minnesotans believe that secondhand smoke is very or somewhat harmful to health.³
- **Specific evidence from Minnesota demonstrated that banning indoor smoking protects people from the dangers of secondhand smoke.** According to a March 2008 study, Minnesota’s smoke-free law reduced exposure to NNAL (a tobacco-specific cancer-causing chemical) in nonsmoking hospitality workers by 77 percent, and their levels of cotinine (a marker for nicotine exposure) decreased by 83 percent.⁴
- **Smoke-free policies create a supportive environment for quitting.** Several studies of health and economic impacts of smoke-free legislation have found increased interest in quitting and reduced cigarette consumption following smoke-free laws being implemented. Some studies indicate the longer a smoke-free law is in place, the more likely smokers may be to quit.⁵ In 2010 (three years after Minnesota’s comprehensive smoke-free law was implemented), current and former smokers were asked, “What effects, if any, do smoking restrictions at work, home, restaurants, bars or elsewhere have on your smoking?” More than 40 percent of current and recently quit smokers say that smoke-free policies made them think about quitting. In addition, 62 percent of current smokers say that smoke-free policies have made them cut down on cigarettes, and 49 percent of former

smokers who quit in the past five years say that smoke-free policies made them cut down before quitting.²

- **Children and youth are particularly vulnerable to the health effects of secondhand smoke exposure because their bodies are still developing.** According to the 2014 Minnesota Youth Tobacco Survey, 41.7 percent of nonsmoking middle-school students and 47.8 percent of nonsmoking high-school students were exposed to secondhand smoke in the past seven days.⁶ Recent studies demonstrate significantly higher exposure to toxins in secondhand smoke in the back seats of cars than in other indoor environments, such as restaurants and bars.^{7,8} Children are particularly vulnerable to the effects of secondhand smoke as their bodies are still developing. Secondhand smoke is a known cause of Sudden Infant Death Syndrome (SIDS), potentially fatal respiratory tract infections, frequent and severe asthma attacks, and frequent ear infections, which often contribute to hearing problems.⁹ Since 2007, the American Academy of Pediatrics has called for policies that prohibit smoking in cars with minors.¹⁰ Currently five U.S. states and several other local jurisdictions ban smoking in cars with children riding in them.¹¹ In 2014, the Minnesota Legislature passed legislation requiring a smoke-free environment (homes and vehicles) for all Minnesota children in licensed foster care.
- **Specific populations within Minnesota are disproportionately exposed to secondhand smoke.** A recent national study found 25.3 percent of nonsmokers were exposed to secondhand smoke in 2011-2012; however, rates among children aged three to 11 and non-Latino whites were considerably higher at 40.6 percent and 46.8 percent, respectively.¹² Data from the Tribal Tobacco Use Survey, a study of Minnesota's tribal communities, illustrate that American Indians are far more likely to be exposed to secondhand smoke at home (43 percent) and in indoor workplaces (37 percent) and other community settings (71 percent) than the general Minnesota population (10 percent, 9 percent and 34 percent respectively).^{2,13} Although multi-unit housing structures in Minnesota are increasingly adopting voluntary smoke-free policies (including government-subsidized housing complexes), about 17 percent of all Minnesotans living in multi-unit housing structures reported smelling smoke in their unit in the past seven days, according to the 2014 MATS.³ Low-income populations tend to have higher rates of secondhand smoke exposure. Nationally, 60 percent of those living below the poverty level were exposed to secondhand smoke in 2007-2008.¹⁴ The 2014 MATS found significantly higher exposure to secondhand smoke among those who reported incomes of \$35,000 or less both at home (5.8 percent) and in the car (14.1 percent) than among those with incomes of \$75,000 or more (2.1 percent and 4.8 percent respectively).³

Background Notes:

- The Freedom to Breathe Act of 2007, the comprehensive smoke-free law prohibiting smoking in workplaces, is a public policy success. It has improved health, has been adopted and widely embraced by business owners, and is popular with Minnesotans:
 - A September 2012 public opinion survey found that 85 percent of Minnesotans support the statewide smoke-free law.¹⁵
 - The Freedom to Breathe Act applies to virtually all businesses in the state. As of July 2010, the Minnesota Department of Health had received minimal reports of violations of the three-year-old Freedom to Breathe Act.¹⁶
 - A recent study demonstrated that policies like Freedom to Breathe both protect nonsmokers from secondhand smoke and are associated with less smoking among youth and young adults.¹⁷
- ClearWay Minnesota supports additional policies to reduce exposure to secondhand smoke. Activities include, but are not limited to local smoke-free ordinances, smoke-free higher education campuses,

smoke-free childcare sites, smoke-free foster homes, smoke-free worksites, smoke-free vehicles with minors as passengers, smoke-free multi-unit housing and smoke-free casinos.

- Fewer Minnesotans are exposed to secondhand smoke (2003 [61 percent] to 2010 [38 percent]) and more Minnesotans are adopting voluntary smoke-free home rules (1999 [65 percent], 2010 [87 percent]). Such a trend is notable, since secondhand-smoke policy efforts in Minnesota have mainly been concerned with workplaces, not homes. This positive change in social norms suggests that policies for public settings might also impact practices in private ones.¹⁸ Exposure in the home has continued to decline, dropping from 4.4 percent among nonsmoking adult Minnesotans in 2007 to 3.2 percent in 2014.³
- While the harm of secondhand smoke exposure indoors is undeniably shown by research, the harm of exposure in outdoor settings is less evident.¹⁹ Exposure in outdoor settings is more variable than indoor exposure.²⁰ Caution should be taken, however, by those with preexisting health conditions, which can be aggravated even by brief secondhand exposure.²¹ In addition, the U.S. Centers for Disease Control and Prevention (CDC) recommends creating smoke-free environments as one of the most effective ways to promote durable social norm change for tobacco use.²² These combined factors provide a solid foundation for restricting smoking outdoors. ClearWay Minnesota supports some public policies restricting smoking in outdoor settings, including worksite campuses, higher education campuses, parks, zoos and community events.
- Electronic cigarettes (e-cigarettes) have now joined other tobacco products in the marketplace. E-cigarettes are battery-operated devices that contain nicotine, flavors and other chemicals and produce an aerosol that is inhaled by the user. Consistent with the recent mass marketing of these products, rates of Minnesota adults ever trying them have increased dramatically over a short period of time. In 2014, 5.9 percent of adult Minnesotans use e-cigarettes; this has increased from 0.7 percent in 2010.³ The health impacts of using these products and inhaling the aerosol is unknown. Because of these unknowns, we need to make sure indoor air is kept clean.
 - A scientific review found that e-cigarette emissions can be a source of indoor air pollution and concluded that they should be included in smoke-free policies.²³
 - Similarly, organizations such as the World Health Organization (WHO) are also making recommendations to prohibit exposure to secondhand aerosol in public places.²⁴
 - E-cigarette aerosol has lower levels of toxins than conventional cigarettes smoke, but studies show it contains nicotine, heavy metals, formaldehyde and other carcinogens which can be inhaled deep into the lungs by users or non-users.²⁵⁻²⁹ The concentrations of toxins produced can vary greatly among the many different types of e-cigarette. There have been no long-term studies conducted on e-cigarettes, so the long-term impact on the health of users or those exposed to secondhand aerosol is unknown. In 2014, the Minnesota Legislature passed legislation regulating the sales and use of e-cigarettes. Under the new law, e-cigarette use (and therefore exposure to secondhand aerosol) is prohibited in various settings, including all government-owned and -licensed buildings such as public schools, hospitals, correctional facilities and daycares. As of November 3, 2015, 12 counties and 23 cities in Minnesota have gone further, prohibiting e-cigarette use in all places covered by the Freedom to Breathe Act. These policies result in 46 percent of all Minnesotans being covered by clean indoor air policies that include e-cigarettes.
 - A recent study showed that youth exposure to television e-cigarette advertisements increased more than 250 percent from 2011 to 2013.³⁰ And research has shown that e-cigarette advertising gave smokers – even those who had quit smoking – the urge to smoke conventional cigarettes. These products may encourage youth to try other tobacco products, including conventional cigarettes, which are known to cause disease and lead to premature death.³¹

- ClearWay Minnesota supports the adoption, implementation and enforcement of policies (public and voluntary) that prohibit e-cigarette use in all indoor workplaces, including bars and restaurants, in order to uphold the standard of clean indoor air that Minnesotans expect and support.

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ClearWay MinnesotaSM Policy Position Three:

ClearWay Minnesota opposes state laws that preempt the authority of local governments to pass local standards for public health that go beyond Minnesota state laws pertaining to tobacco control.

Facts:

- **Preemption of public policies is a tobacco industry strategy.** Preempting local ordinances is a priority for tobacco companies because they are difficult to stop, and because tobacco companies know that such ordinances effectively reduce tobacco use and hurt tobacco industry profits.¹ Victor L. Crawford, a former lobbyist for the tobacco industry trade group the Tobacco Institute, said, “We could never win at the local level . . . so the Tobacco Institute and tobacco companies’ first priority has always been to preempt the field.”²
- **A preemptive tobacco law would erase progress made at the local level.** Preemption limits local tobacco control efforts and has historically been very difficult to reverse. In Minnesota, many local ordinances go beyond the statewide smoke-free law by, for example, restricting smoking within a designated distance of building entrances or prohibiting smoking in all guest rooms in hotels and motels.³ Any type of statewide preemptive language, including outdoor preemption, would weaken those local ordinances.

Background Notes:

- Specific areas of law targeted for preemption include but are not limited to youth access restrictions, smoke-free policies, retailer licensing, tobacco advertising and taxation. Currently, 13 states have laws that partially or completely preempt local ordinances from restricting smoking in worksites. They are Nebraska, Wisconsin, Utah, South Dakota, Oklahoma, Florida, Tennessee, North Carolina, Virginia, Pennsylvania, Connecticut, New Hampshire and Michigan.⁴
- Broad support exists for allowing local action on policies reducing exposure to secondhand smoke, reducing youth exposure to tobacco products and limiting access to tobacco products. Organizations that oppose preemption laws include the American and Minnesota Medical Associations, the U.S. Centers for Disease Control and Prevention (CDC), the American Cancer Society – Midwest Division, the American Heart Association – Northland Affiliate, the League of Minnesota Cities, the Campaign for Tobacco-Free Kids, the Tobacco Technical Assistance Consortium, the National Association of County and City Health Officials and the National Association of Local Boards of Health.
- Many localities in Minnesota have enacted policies that go above and beyond the standards included in the Minnesota Clean Indoor Air Act. For example, cities and counties have passed policies that restrict smoking within certain distances of entrances and exits, ban the sampling of tobacco products in retail stores and prohibit the use of e-cigarettes anywhere conventional smoking is not allowed.
- Recently, many localities in Minnesota have enacted policies that go above and beyond the standards included in Minnesota’s youth access and tax statutes. For example, cities and counties have passed policies limiting the number of tobacco retailer licenses in their community, increasing the minimum age to sell tobacco to 18, requiring a minimum price and minimum package size for cigars and restricting the sale of flavored tobacco products to adults-only stores.

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ClearWay MinnesotaSM Policy Position Four:

ClearWay Minnesota supports additional public funding of evidence-based efforts and promising practices to reduce tobacco use, especially among priority populations, young adults and youth.

Facts:

- **A comprehensive approach is the key to reducing and preventing tobacco use.** The U.S. Centers for Disease Control and Prevention (CDC) recommends evidence-based, statewide tobacco control programs that are comprehensive, sustained and accountable. These include state, community and health-system-based interventions; cessation services; counter-marketing; policy development and implementation; surveillance; and evaluation.¹
- **Minnesota's investment in tobacco prevention falls short.** CDC recommends that Minnesota spend \$52.9 million a year in order to have an effective, comprehensive tobacco control program.¹ In Fiscal Year 2015, Minnesota only spent \$22.3 million, or 42.2 percent of CDC's recommendation, on tobacco control.² In contrast, in Fiscal Year 2015 the state of Minnesota collected an estimated \$1.4 billion from ongoing settlement payments and tobacco taxes and fees; this funding is not dedicated to public health or tobacco control.² Furthermore, recent reports show the tobacco industry spends more than \$135 million annually on advertising and marketing in Minnesota.^{3 4}
- **Preventing youth from beginning tobacco use is essential to lowering prevalence rates.** In Minnesota, 78.3 percent of smokers tried their first cigarette when they were 18 or younger,⁵ and more than 90 percent of smokers nationwide start before leaving their teens.⁶ Approximately 19.3 percent of Minnesota high-school students used some form of tobacco in the past 30 days.⁷
- **Adequately funded mass-media campaigns aimed at youth are cost-effective and successful.** According to the U.S. Surgeon General, evidence is sufficient to conclude that mass-media campaigns are an important part of comprehensive statewide tobacco control programs that can prevent the initiation of tobacco use and reduce its prevalence among youth.⁸ Research has shown that tobacco prevention investments produce short- and long-term health care cost savings.⁹
- **The U.S. Centers for Disease Control and Prevention (CDC) recommends funding multicultural organizations and networks.** CDC best practices recommend a comprehensive approach to preventing and reducing commercial tobacco use (differentiated from the sacred tobacco practices of American Indians and other groups), which includes funding multicultural organizations and networks to collect data and develop and implement culturally appropriate interventions for specific communities.¹
- **Some of Minnesota's diverse populations have much higher rates of smoking than Minnesota's population as a whole.** Several studies have documented higher rates in specific communities, including American Indian, African American, Chicano/Latino, Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) and Asian, Asian American and Pacific Islander communities.¹⁰⁻¹³

Background Notes:

- Although increasing the price of tobacco products is one of the most effective ways to prevent youth from starting to use tobacco, the lack of a youth-focused counter-marketing campaign creates a significant gap in Minnesota youth prevention efforts. The 2014 Minnesota Youth Tobacco Survey showed that 19.3 percent of Minnesota students have used any tobacco products in the last 30 days.⁷
- ClearWay Minnesota actively pursues opportunities to leverage state and federal funding for tobacco prevention and cessation. For example, in May 2015, the Minnesota Legislature passed a bill requiring the Minnesota Department of Health to fund a one-time grant of \$200,000 from SHIP funding. The law requires that the grant be used to engage members of the African American community and community-based organizations to implement strategies and interventions to reduce the disproportionately high usage of cigarettes by African Americans, especially the use of menthol-flavored cigarettes, as well as the disproportionate harm tobacco causes in that community. In 2013, the Minnesota Legislature passed a bill including a one-time appropriation of \$100,000 for the Minnesota Department of Revenue to study and propose recommendations for improving compliance with the state's tobacco tax collection system. Additionally, ClearWay Minnesota participates in the Statewide Health Improvement Program (SHIP) Coalition, which advocates for increased funding for obesity and tobacco prevention funds. The SHIP coalition's work resulted in increased program funding for these purposes (from \$15 million for fiscal years 2012-2013 to \$35 million for fiscal years 2014-2015 and again for fiscal years 2016-2017). On an ongoing basis, ClearWay Minnesota partners with the Minnesota Department of Public Health to obtain funding from the CDC to enhance cessation related activities. Most recently, this partnership resulted in funding to conduct outreach to Medical Assistance and MinnesotaCare enrollees to educate them about cessation coverage available to them as well as to support and improve the Call it Quits Referral Program.
- In line with a 2009 report published by the Robert Wood Johnson Foundation, *Voices in the Debate: Minority Action for Tobacco Policy Change*, ClearWay Minnesota supports building a tobacco control movement that is responsive to the history, culture, language, geography, socioeconomic status, and gender and sexual orientation of Minnesota's growing and heterogeneous communities.¹⁴ ClearWay Minnesota's efforts include building leaders in priority populations through the LAAMPP Institute (a program that develops skills for tobacco control efforts among diverse-community leaders), developing campaigns that reach these populations in multiple languages, supporting culturally-based research, providing free cessation services, providing grants to community organizations to link smokers of low socioeconomic status to existing cessation services, and funding the Tribal Tobacco Education and Policy (TTEP) project, a granting initiative resulting in education and policy activities among Minnesota's American Indian populations.
- Achieving health equity, eliminating health disparities and improving the health of all Americans are overarching goals to improve and protect the nation's health. The future health of the nation will be determined, to a large extent, by how effectively federal, state and local agencies and private organizations work with communities to eliminate health disparities among populations experiencing a disproportionate burden of disease, disability and death.¹⁵

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ClearWay MinnesotaSM Policy Position Five:

ClearWay Minnesota supports public and private sector efforts to ensure that all Minnesotans have access to comprehensive cessation services.

Facts:

- **Research shows that people are much more likely to successfully quit tobacco use if they receive help.¹** Quitting is extremely difficult for many smokers. Among current smokers who made quit attempts in the past 12 months, over half (56.6 percent) made multiple attempts to quit.² The 2008 U.S. Clinical Practice Guideline Update *Treating Tobacco Use and Dependence* describes how medication, counseling and a combination of the two are effective in helping tobacco users successfully quit.¹ Tobacco cessation treatment is also one of the services that receive a top grade from the U.S. Preventive Services Task Force (USPSTF). Additionally, data show that advice from health care providers increases the use of evidence-based cessation treatments and improves outcomes.³
- **The majority of Minnesota smokers want to quit.** According to the 2014 Minnesota Adult Tobacco Survey (MATS), more than half (53.4 percent) of current adult smokers made a quit attempt in the past year.²
- **There are barriers to accessing health care, and these affect access to tobacco dependence treatment.** Barriers such as cost of health insurance, copayments, prior authorization and lack of comprehensive coverage disproportionately impact low-income populations.^{4,5} Decreasing barriers to tobacco dependence treatment increases use of cessation pharmacotherapy, quit attempts and sustained abstinence rates.^{3,6} Implementing comprehensive, barrier-free tobacco-cessation coverage, as described in the Affordable Care Act, makes it easier for tobacco users to quit and for physicians to help them do so.⁷ Additionally, barriers to accessing health insurance, such as tobacco surcharges, could result in tobacco users being charged prohibitively high health insurance premiums. A study in California showed that an average tobacco user could end up paying 19 percent of his annual income in premiums because of surcharges.⁸
- **Cessation services are cost-effective and yield a positive return on investment.** The Clinical Practice Guideline demonstrates that effective treatments for tobacco users exist and should become a part of standard health care. Tobacco dependence treatment, including both counseling and medications, is one of the most cost-effective preventive services, providing substantial return on investment in the short and long term.¹
- **Helping patients quit smoking is a core responsibility of health care systems, and there are opportunities for improvement.** Data show that advice from health care providers increases use of evidence-based cessation treatments and improves outcomes.^{3,9} However, 2014 MATS data show about 78.9 percent of current smokers are advised not to smoke by health care providers, but only half (52.6 percent) received referrals for assistance in quitting smoking.² Evidence indicates that institutional or systems support, including prompts, reminder systems, and measuring and reporting on adherence to best practices, improves the rates of delivering effective clinical interventions around tobacco use.^{10,11}

- **Addressing the social determinants of health is necessary to reduce tobacco use among low-socioeconomic status populations.**¹²⁻¹⁴ Social determinants of health include living and working conditions that influence individual and population health (e.g., place of residence, occupation, religion, education, income and health insurance status). Accounting for social determinants in the analysis of health data, such as data on tobacco use and treatment delivery, provides a more complete picture of the health of population groups. Because tobacco use is not distributed evenly across the entire population, collecting additional data on the social determinants of health and integrating it with quality measures, including those related to tobacco, has the potential to assist health systems in better understanding where gaps in tobacco treatment delivery exist and identify strategies to help close those gaps.¹⁵ Strengthening data systems around social determinants of health can enhance strategies to effectively address the root causes of health disparities.¹⁶

Background Notes:

- ClearWay Minnesota defines a comprehensive cessation benefit to include both counseling (individual, group and telephone) and medications (all FDA-approved cessation medications) for at least two quit attempts per year. These benefits should be provided with no copayments or coinsurance and should not be subject to prior authorization or deductibles, or to annual or lifetime dollar limits.¹ This definition of a comprehensive benefit is consistent with other definitions, including the Clinical Practice Guideline¹ and the Federal Employees Health Benefit Program.¹⁷ ClearWay Minnesota advocates for barrier-free, comprehensive cessation benefits within all insurance products, including individual and group products, the State Employees Group Insurance Program and other publicly funded programs (e.g., Medical Assistance, MinnesotaCare).
- Minnesota Health Care Programs (MHCP – Medical Assistance and MinnesotaCare) enrollees have coverage for all FDA-approved tobacco cessation medications with a one- or three-dollar copayment. In 2015, legislation was passed that prohibits copayments on preventive services, including tobacco cessation interventions. When fully implemented, this legislation will remove copayments on these medications.
- MHCP reimburses health care provider organizations for individual and group counseling services delivered by eligible providers, including physician extenders. Physician extenders are health care professionals who are not physicians but who perform medical activities typically performed by a physician (e.g., nurses and pharmacists). One way to expand access to cessation services for MHCP enrollees is to ensure that all types of health care professionals who deliver cessation education and counseling services are able to seek reimbursement for doing so. In late 2014, tobacco cessation counselors were added to the definition of physician extenders who can deliver education and counseling to MHCP enrollees.¹⁸ These counselors must be employed by a physician or by the same provider organization that employs the physician, and must meet the supervision requirements of a Physician Extender as defined by Minnesota Health Care Programs. ClearWay Minnesota supports ongoing, successful implementation of this new reimbursement policy.
- The Patient Protection and Affordable Care Act (ACA) allows health insurers to charge up to 50 percent more than standard rates for people who use tobacco. Such premium surcharges would be paid entirely by the individual, and would mean highly disproportionate cost increases for lower-income persons. These cost increases have potential to be prohibitively high, leading to a lack of insurance coverage and therefore becoming a barrier to accessing cessation services.⁸ Additionally, there is no research demonstrating that tobacco surcharges are effective for encouraging smokers to quit or reducing tobacco use. Under the ACA, states can impose stricter standards and could choose to disallow tobacco rating entirely or to limit the tobacco-rating factor to lesser amounts. ClearWay

Minnesota supports efforts to minimize or prohibit tobacco user surcharges.

- ClearWay Minnesota supports the implementation of tobacco cessation treatment changes outlined in the Patient Protection and Affordable Care Act. These changes include:
 - Since 2010, all state Medicaid programs are required to cover smoking cessation services recommended by the Public Health Service Clinical Practice Guideline for pregnant women without co-payments.
 - Since 2011, any smoker enrolled in Medicare will have coverage for cessation counseling. The new policy will apply to services under Parts A and B and will not change the prescription drug benefit (Part D) or state policies for Medicaid or the Children's Health Insurance Program. The new benefit will cover two individual cessation counseling attempts a year. Each attempt may include up to four sessions, with a total annual benefit covering up to eight sessions per patient.
 - Since January 1, 2014, state Medicaid Programs can no longer exclude smoking cessation medications from their formularies.
 - Since 2010, all new and significantly changed health plan products, including private products as well as products for Medicaid-expansion populations, must cover all preventive services given an 'A' or 'B' rating from the U.S. Preventive Services Task Force (USPSTF) with no cost-sharing (co-pays, co-insurance, deductibles). Tobacco cessation treatment is one of the services that receive an 'A' rating from the USPSTF. However, the USPSTF cessation recommendation does not provide detailed guidance on how to translate this into insurance coverage.
 - On May 2, 2014, the U.S. Departments of Health and Human Services, Labor and Treasury issued guidance on insurance coverage of tobacco cessation as a preventive service. The guidance states that, to comply with ACA preventive services requirements, health plans should, for example, cover the following benefit:
 - Screening for tobacco use.
 - Two quit attempts per year, consisting of:
 - Four sessions of telephone, individual or group cessation counseling lasting at least 10 minutes each per quit attempt; and
 - All medications approved by the FDA as safe and effective for smoking cessation, for 90 days per quit attempt, when prescribed by a health care provider.

The guidance also reiterates that plans must not include cost-sharing for these treatments, and that plans should not require prior authorization for any of these treatments.

- Minnesota's health care system is undergoing major transformations. The roles, accountability and financial incentives of health plans, providers and government public health agencies are changing. There are opportunities within existing health care reform activities (e.g., Health Care Homes, Accountable Care Organizations, Accountable Communities for Health and Integrated Health Partnerships) for ClearWay Minnesota to influence benefit design and health system innovations to ensure that tobacco dependence treatment is routinely provided. ClearWay Minnesota must capitalize on these reform efforts by providing resources, influence and expertise.
- Minnesota's 2008 Health Reform Law requires the Commissioner of Health to establish a standardized set of quality measures for health care providers across the state. These mandatory statewide measures are collectively called the Statewide Quality Reporting Measurement System (SQRMS). These measures are publically reported for use by consumers, health plans and other health care entities. The Commissioner of Health is required to annually evaluate the measures

included in the standardized set of quality measures. Measures within SQRMS are written into state statute and can only be amended through formal rule-making. ClearWay Minnesota supports efforts to strengthen measurement of tobacco use and treatment within health care quality measurement systems.

- The Statewide Quality Reporting and Measurement System (SQRMS) currently includes clinical-based quality measures (e.g., tobacco use status, glucose level, cholesterol, blood pressure). SQRMS does not take into account other non-clinical factors that impact a provider's ability to keep their patients healthy (e.g. race, ethnicity, language, other social determinants of health). These non-clinical factors impact a health system's ability to be successful on clinical quality measures, such as measures on tobacco use and treatment. These data can also be used to risk-adjust, or weight, measures within SQRMS. The goal of risk adjustment is to ensure health care quality measures are capturing the full picture of the quality of care delivered, including information on the social determinants of health. In 2015, legislation passed requiring the following:
 - Stratification of quality measures by race, ethnicity, preferred language and country of origin beginning with five measures, and stratifying additional measures in the future.
 - Considering future stratification of measures by additional social determinants of health.
 - Inclusion of relevant social determinants of health within the existing risk adjustment system.
 - Inclusion of priority population representation within MN Community Measurement's governance structure.

The Commissioner of Health must implement these changes in consultation with communities impacted by health disparities. ClearWay Minnesota supports the ongoing, successful implementation of this legislation especially as it relates to tobacco use and treatment quality measures.

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ClearWay MinnesotaSM Policy Position Six:

ClearWay Minnesota supports Minnesota's American Indian Nations in their efforts to reduce commercial tobacco use and pass policy initiatives to prevent exposure to secondhand smoke in workspaces, including restaurants, bars and casinos, on Indian lands in Minnesota.

Facts:

- **Commercial tobacco use is a leading cause of death for American Indians.** In Minnesota, five of the six leading causes of death among American Indians – heart disease, cancer, diabetes, stroke and lower respiratory disease¹ – are related to commercial tobacco use.^{*2}
- **Smoking prevalence rates are high in Minnesota's American Indian communities.** Statewide, 59 percent of American Indians are current smokers (compared to 14.4 percent of all Minnesota adults).^{3,4}
- **Most American Indians in Minnesota are regularly exposed to secondhand smoke.** Seventy-one percent of American Indian adults in Minnesota are exposed to secondhand smoke at community locations on a regular basis (compared to 34 percent of total Minnesota adults⁵), and 37 percent of employed American Indian adults who work in indoor environments are exposed to secondhand smoke (compared to 9 percent of Minnesota adults overall).^{3,5}
- **In Minnesota, casino employees are not protected from secondhand smoke.** Recent reports show that, in Minnesota, tribal gaming and government provide 41,700 jobs.⁶ Many of these employees work in tribal casinos and are exposed to the dangers of secondhand smoke in their workplaces. A recent study of casinos concluded that less than two hours of exposure to secondhand smoke is enough to impair the heart's ability to pump blood, placing susceptible casino patrons and workers at acute risk of heart disease.⁷
- **Smoking in casinos exposes patrons and workers to high levels of dangerous toxins.** In 2003, a study was conducted on the effects of secondhand smoke in nonsmokers who visited casinos for an average of a little over four hours. The study measured a tobacco-specific carcinogen, NNK, and found an average increase of 112 percent in a four-hour period. Study findings "demonstrate that exposure of nonsmokers to ETS (environmental tobacco or secondhand smoke) in a commercial setting results in uptake of a tobacco-specific lung carcinogen." This study is evidence that customers, employees and tribal members are being subjected to known carcinogens.⁸ This exposure has the potential to be prevented with the expansion of smoke-free policies. Research conducted in 2005-2006 by the National Institute for Occupational Safety and Health (NIOSH) on secondhand smoke confirmed that dealers at casinos in Las Vegas exposed to secondhand smoke were found to have increased levels of NNAL (another cigarette carcinogen) over an eight-hour work shift.⁹
- **Ventilation or air cleaning systems found in some casinos are ineffective at reducing the health risks of secondhand smoke.** It has been proven that ventilation and air cleaning systems do not control health risks from secondhand smoke exposure. Only comprehensive smoke-free air policies in all indoor locations adequately reduce exposure levels to those comparable to outdoor air quality.⁷

^{*} *Commercial tobacco* refers to manufactured products such as cigarettes, and not to the sacred, traditional use of tobacco by American Indians and other groups.

- **There is public support for smoke-free casinos.** A recent study shows that 54 percent of casino patrons were more likely to visit if casinos were smoke-free.¹⁰

Background Notes:

- ClearWay Minnesota recognizes the unique indigenous cultural and ceremonial tobacco traditions of American Indians and seeks to address health disparities that stem from commercial tobacco use and exposure to secondhand smoke. The core principles that guide this work at ClearWay Minnesota are:
 - We recognize the sovereign rights of American Indian Nations, rights secured under Indian treaties and agreements with the United States, and all other rights and benefits to which American Indian Nations are entitled under the laws of the United States and the state of Minnesota.
 - Building trust and establishing long-term working relationships is paramount to working with tribal communities.
 - The use and cultivation of traditional tobacco for spiritual and ceremonial use is an infinite and inherent right of the American Indian spiritual, religious and ceremonial traditions and practices as guaranteed under the American Indian Religious Freedom Act (1978).¹¹
 - We recognize that for many American Indian cultures there are “two tobacco ways”: Traditional tobacco use honors the Creator and is governed by cultural protocol for spiritual, ceremonial and cultural uses. Manufactured/commercial tobacco addiction and product use causes sickness, disease and death in communities.¹²
 - Restoring traditional/sacred tobacco traditions is fundamental to advancing smoke-free tribal policies and cessation, and to promoting American Indian health.
- Advancing policies in partnership with American Indian Nations advances health equity. According to a recent report released by the Minnesota Department of Health, causes of health inequities in American Indian communities are directly linked to determined and deliberate efforts of American federal, state and local governments to uproot the American Indian people from their land, eradicate their languages and destroy their way of life.¹³
- The Freedom to Breathe Act of 2007 does not apply to sovereign nations in Minnesota.

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ClearWay MinnesotaSM Policy Position Seven:

ClearWay Minnesota supports the U.S. Food and Drug Administration (FDA) using its full legal authority in regulating tobacco products.

Facts:

- **In 2009, an historic law gave the U.S. Food & Drug Administration (FDA) the authority to regulate tobacco products for the first time.** On June 22, 2009, President Obama signed the Family Smoking Prevention and Tobacco Control Act into law, granting the FDA authority to regulate the manufacturing, marketing and sale of tobacco products for the first time. The law also lifted federal preemption on states' ability to further regulate tobacco products.¹
- **FDA now has comprehensive regulatory authority over tobacco products.** A Center for Tobacco Products was created within the FDA to administer the law. The FDA has jurisdiction to regulate both traditional and newer tobacco products (such as e-cigarettes), to require ingredient disclosure, to restrict tobacco marketing and advertising, to strengthen cigarette and smokeless tobacco warning labels, to reduce federal preemption of state cigarette advertising restrictions and to increase efforts to block sales to minors.²
- **Lifting of federal preemption provides states with new policy tools to reduce tobacco use.** With the full implementation of the law, states will be able to pursue policies that were previously preempted by federal law, most notably the location, color, size, number and placement of cigarette advertisements.

Background Notes:

- **In 2014, the FDA announced plans to regulate “newly-deemed” tobacco products, including e-cigarettes.** The new rules would require makers of new products to comply with marketing, reporting and sales rules that apply to existing tobacco products.³ ClearWay Minnesota submitted a public comment urging the FDA to apply the same flavoring, advertising and marketing restrictions for e-cigarettes as conventional cigarettes, to eliminate the menthol exemption from the flavor ban (see below) and to implement any new restrictions as quickly as possible, without extending comment periods or delaying implementation dates.⁴ ClearWay Minnesota also supports extending the ban on flavoring in cigarettes to all tobacco products.
- Significant portions of the law have already gone into effect, including a ban on flavored cigarettes (menthol exempted) on September 20, 2009, and prohibition of the advertising or labeling of tobacco products with the terms “light,” “mild,” “low” or similar descriptors without an FDA order on June 22, 2010. Requirements that new, larger health warning labels for smokeless tobacco also went into effect on June 22, 2010. Requirements that cigarette packaging contain color graphics depicting the negative health consequences of smoking are currently being litigated, and have yet to be implemented.⁵ ClearWay Minnesota has provided public support for the components of the law that are already in effect and that are being held up in the courts.

- The Family Smoking Prevention and Tobacco Control Act is being legally challenged on multiple fronts. In different courts, tobacco manufacturers and retailers have challenged provisions in the law related to outdoor advertising regulations, modified-risk tobacco products, warning labels, flavored cigarettes and cigars, flavored rolling papers, and the authority and composition of the Tobacco Products Scientific Advisory Committee.
- The law's success relies on the public health community providing necessary input and scientific evidence to support the FDA's regulatory actions. It is imperative that the tobacco control community provides strong support and stands up to the tobacco industry's efforts to derail the regulatory process.⁵
- In 2015, the FDA accepted comments to determine whether or not it should require child-resistant packaging and/or poisoning warnings for products that contain liquid nicotine. ClearWay Minnesota signed on to a letter of support written by the Public Health Law Center, encouraging FDA to require such packaging and warnings.
- Also in 2015, the FDA issued warning letters to three tobacco companies (including Reynolds American, which owns the Natural American Spirit brand) that had violated the Family Smoking Prevention and Tobacco Control Act by using misleading advertising that characterized their products as less harmful than others. If the companies continue to make these claims, the FDA can and should order them removed from the market. The FDA also took action to remove four cigarette brands from shelves, citing that these products had different characteristics from existing approved products, and that R.J. Reynolds had not shown there were no new public health concerns around the new products. ClearWay Minnesota will continue to advocate for the FDA to pursue vigorous enforcement of current laws and regulations that are not being followed by the tobacco industry.
- As the FDA advances its regulatory agenda and legal parameters become clear, ClearWay Minnesota will look to incorporate new policy tools into our work.
- Minnesota's federal elected officials have urged the FDA to exert its authority and regulate e-cigarettes and other tobacco products quickly and decisively. U.S. Senator Amy Klobuchar has challenged e-cigarette makers publicly to stop using celebrity endorsements and kid-friendly flavors to market e-cigarettes to youth. Senator Al Franken sits on the U.S. Senate Committee for Health, Education, Labor and Pensions, which has met with officials at the FDA and CDC. Senator Barbara Boxer has introduced the Protecting Children from Electronic Cigarette Advertising Act. ClearWay Minnesota supports these efforts, and will work with our Congressional delegation where appropriate.

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ClearWay MinnesotaSM Policy Position Eight

ClearWay Minnesota supports regulatory action to reduce the impact of menthol cigarettes.

Facts:

- **Menthol cigarettes have been disproportionately targeted to priority populations and youth.** Tobacco industry documents show that the tobacco industry used targeting strategies intentionally tailored to market menthols to African Americans, Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) communities, and youth at disproportionate rates.^{1,2} Documents also revealed that Lorillard Tobacco Company characterized high-school students as “the base of our business” for menthol cigarettes.³ Advertising studies also show that menthol cigarette advertising is more highly concentrated in storefronts of minority-populated areas, as well as in magazines with African American and Chicano/Latino readerships.^{4,5} Hundreds of examples of the tobacco industry’s targeting of these populations can be found at <http://www.trinketsandtrash.org>.
- **Menthol increases smoking initiation rates among youth.** A 2013 U.S. Food and Drug Administration (FDA) report showed that menthol cigarettes increase youth smoking initiation, lead to greater addiction and decrease successes in quitting smoking.¹⁶ As an additive, menthol gives a cooling sensation and masks the harshness of cigarette smoke, thereby making it easier for adolescents to start smoking.^{6,7} A study demonstrated that menthol levels in cigarettes were deliberately manipulated by the industry to broaden the appeal of cigarettes to youth.⁸ In the United States, there are 19.2 million menthol cigarette smokers, including 1.1 million adolescents ages 12-17. The teen menthol smoking rate is higher than that of any other age group.⁹ Compared to those who have been smoking for more than a year, youth who recently began smoking are more likely to smoke menthols.¹⁰ Eighty-three percent of African American youth smokers¹⁰ and 70 percent of LGBTQ youth smokers report smoking menthol cigarettes.¹¹
- **African Americans smoke menthol cigarettes at higher rates and are more likely to suffer and die from smoking-related diseases.** Tobacco use is the top cause of preventable death and disease among African Americans.¹² Almost one in five – 19.1 percent – of all African Americans smoke menthol cigarettes.¹⁰ Among adult African American smokers, 88 percent smoke menthols, compared to 26 percent of adult white smokers.¹³ Eight out of every 10 (83 percent) African American youth smokers smoke menthols.¹¹ African Americans have the highest death rate and shortest survival rate from most cancers.¹⁴ They are also 53 percent likelier to die of heart disease.¹⁵ African Americans are among the individuals most exposed to secondhand smoke.¹⁶ Research suggests higher disease rates among African Americans may result in part from menthol smoking.¹⁷ A study of African American smokers also found individuals who smoke menthol cigarettes are likely to believe menthols are less harmful than non-menthol cigarettes.¹⁸ African American menthol users are more likely to consider quitting smoking than African American non-menthol cigarette smokers, but are less likely to successfully quit.^{19,20} In addition, African American menthol smokers are less successful in long-term abstinence than African American non-menthol smokers.²¹
- **Members of Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) communities smoke menthol cigarettes at higher rates than the general population.** More than 36 percent of LGBTQ smokers smoke menthol cigarettes, with LGBTQ female smokers smoking menthols at an extremely high rate (42.9 percent).²⁰

- **Adding menthol to cigarettes makes it harder for smokers to quit.** Multiple studies have shown that menthol smokers are more likely to try but less likely to successfully quit smoking than non-menthol cigarette smokers.²²
- **Menthol tobacco use is a specific problem for Minnesota.** In Minnesota, 25.1 percent of smokers report smoking menthol cigarettes.²³ About half of Minnesota teen smokers (44.3 percent of high-school students) smoke menthol cigarettes. Preference for menthol cigarettes among Minnesota students has more than doubled since 2000.²⁴ In Minnesota, smoking-related disease rates among American Indians are at epidemic levels, and 30 percent of American Indian smokers smoke menthol cigarettes.²⁵
- **Policies that regulate or restrict menthol tobacco products have potential to reduce tobacco addiction and improve health.** Research suggests that if menthol were banned in the U.S., 39 percent of menthol smokers, including 47 percent of black menthol smokers, would quit smoking.²⁶ Among Minnesota menthol smokers, approximately half reported they would quit smoking if menthol cigarettes were banned.²⁷ Therefore, banning menthol has the potential to reduce tobacco-related disparities. It is estimated that by 2050, there would be a 10 percent reduction in overall smoking prevalence and 633,252 lives would be saved.²⁸

Background Notes:

- Menthol is a cigarette additive that is either extracted from mint oils or produced synthetically. It is added to cigarettes for its cooling and counter-irritant properties and gives menthol cigarettes their characteristic flavor.²⁹ Ninety percent of cigarettes contain some menthol, and tobacco products flavored primarily with this chemical are marketed as “menthol” products. There are over 350 different varieties of menthol cigarettes.³⁰
- ClearWay Minnesota supports a federal ban on menthol in cigarettes and in all other tobacco products. The 2009 Family Smoking Prevention and Tobacco Control Act gave the FDA the authority to regulate tobacco products. The Act also banned all flavored cigarettes except those containing menthol. The FDA created the Tobacco Products Scientific Advisory Committee (TPSAC) and charged the committee with developing a report and recommendations that address “the issue of the impact of the use of menthol in cigarettes on the public health including such use among children, African Americans, Hispanics and other racial and ethnic minorities.”³¹
- The position to support an FDA ban of menthol from cigarettes is supported by several public health entities, including the American Legacy Foundation, the American Cancer Society, the American Heart Association, the American Lung Association, the Campaign for Tobacco-Free Kids, the National African American Tobacco Prevention Network, the American Academy of Pediatrics, the American Public Health Association, the Center for American Progress and the Delta Sigma Theta sorority.
- The TPSAC used a rigorous process and well-established standards to review evidence from the scientific community and the tobacco industry and to arrive at its recommendations. The TPSAC report, presented to the FDA on March 18, 2011, concluded that “menthol cigarettes adversely affect U.S. public health and that there is no public health benefit to menthol cigarettes.”³⁰
- The FDA also conducted its own independent review of the literature and in July 2013 concluded that menthol cigarettes lead to increased smoking initiation, greater addiction and decreased

quitting. The report concluded that “these findings, combined with the evidence indicating that menthol’s cooling and anesthetic properties can reduce the harshness of cigarette smoke and the evidence indicating that menthol cigarettes are marketed as a smoother alternative to non-menthol cigarettes, make it likely that menthol cigarettes pose a public health risk above that seen with non-menthol cigarettes.”³² The FDA then issued an Advanced Notice of Proposed Rule Making to invite public input. The docket closed in November 2013. Action from the FDA is still pending.

- ClearWay Minnesota also supports the rights of state and local governments to regulate menthol to the extent it is legally permissible. Potential regulatory options include restricting the sale of menthol tobacco products and restricting point-of-sale advertising.
- Chicago, Illinois, passed an ordinance in 2014 prohibiting sales of flavored tobacco products, including menthol tobacco, within 500 feet of schools.³³ Canadian provinces including Ontario, Quebec, Nova Scotia, New Brunswick and Prince Edward Island have banned sales of menthol tobacco products altogether.³⁴
- The Minnesota Legislature passed legislation in 2015 authorizing a one-time grant of \$200,000 from the Statewide Health Improvement Plan (SHIP) to address menthol tobacco use among African Americans in Minnesota.
- In July 2015, the city of Minneapolis in passed an ordinance banning the sale of flavored tobacco in stores children can enter, but the policy specifically exempts menthol. In September 2015, ClearWay Minnesota executed a new grant with NorthPoint Health and Wellness Center to educate Minnesotans about the health harms and history of menthol-flavored tobacco, build grassroots support for policies that restrict access to menthol tobacco products and explore options to add menthol to Minneapolis’ flavor policy.

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ClearWay MinnesotaSM Policy Position Nine

ClearWay Minnesota supports restricting the sale of flavored tobacco products, including menthol cigarettes and electronic cigarettes, at the local, state and national levels.

Facts:

- **The tobacco industry uses flavors to target youth.** Tobacco industry documents show that tobacco companies have used fruit, candy and alcohol flavors to attract new users. As documented in their internal communications:
 - “Sweetness can impart a different delivery taste dimension which younger adults may be receptive to”¹;
 - “It’s a well-known fact that teenagers like sweet products”²; and
 - “Flavored products would have appeal in the under-35 age group, especially in the 12-24 group.”³
- **Flavored tobacco products appeal to youth and young adults.** Research shows that fruit, candy and alcohol flavors are attractive to minors and young adults.⁴ Flavored tobacco products exploit sensory cues associated with candy and drinks that are popular with youth, such as Kool-Aid, Jolly Ranchers and Life Savers.^{5,6} In a recent national survey of students in grades six to 12, 35.9 percent of current cigar smokers were using flavored cigars.⁷ In Minnesota, the vast majority of students who have tried cigars used flavored cigars. According to the 2011 Minnesota Youth Tobacco Survey, 35.4 percent of Minnesota students have tried flavored cigar products. Additionally, a recent Minnesota Department of Health (MDH) survey found that nearly 13 percent of Minnesota kids are using e-cigarettes, which come in kid-friendly flavors like gummy bear and cotton candy.⁸
- **Use of flavored tobacco products, including menthol, by youth is rising.** From 2000 to 2014, menthol cigarette use by high-school students in Minnesota increased from 20 to 44 percent.⁹ Moreover, youth are much more likely to smoke menthol cigarettes than are adult smokers,⁹ with 25.1 percent of adult smokers usually smoking menthol cigarettes.¹⁰
- **Flavored smoking products lead many children and young adults to become lifetime smokers.** The earlier youth initiate smoking, the more likely they are to become addicted as adults. Almost 90 percent of adult smokers started smoking as teenagers.¹¹ Flavored cigarettes (except menthol) are prohibited by law, but many youth smokers are using flavored tobacco products such as cigars and cigarillos. According to the U.S. Centers for Disease Control and Prevention (CDC), 42 percent of middle-school and high-school students who smoke were using flavored smoking products.¹² In New York City, teens who tried (non-menthol) flavored tobacco products were nearly three times more likely to smoke than those who had never tried them.¹³ Candy and fruit flavors mask the harsh taste of tobacco, making it easier for kids to start using tobacco products. Once youth start using one tobacco product, they are more likely to experiment with others.¹⁴
- **Flavored tobacco products are just as addictive and dangerous as non-flavored tobacco products.** Research shows that youth believe flavored tobacco products are less dangerous and addictive than non-flavored tobacco.¹⁵ All tobacco products contain nicotine, which is the addictive chemical manipulated by the tobacco industry to make it hard to quit. No form of tobacco is safe. According to leading national health institutes, regular cigar smoking causes cancer, heart disease and

chronic obstructive pulmonary disease (COPD). Cigar smoke contains the same toxins as cigarette smoke.¹⁶ Smokeless tobacco causes oral cancer, pancreatic cancer and cancer of the esophagus.¹⁷ And as reported in the 2014 Surgeon's General Report, evidence suggests that nicotine exposure during adolescence, a critical window for brain development, may have lasting adverse consequences for brain development.¹⁸

- **Flavorings used in e-cigarettes can be harmful.** Research shows that inhaling e-cigarette aerosol inflames lung tissue, and the extent of the inflammation can vary depending on the flavoring that's used in the e-cigarette liquid.¹⁹
- **Since the FDA banned flavored cigarettes, cigar use has increased.** In the 1960s, the tobacco industry worked to expand their appeal to youth with flavored "little cigars" and other cheap flavored products.²⁰ Federal law prohibits flavoring in cigarettes, but users often do not distinguish between cigarettes and flavored little cigars. Since 2009 when flavored cigarettes were prohibited, little cigar and cigarillo use among young adults (18-24-year-olds) has increased. In 2011, 18.5 percent of young adult tobacco users reported using flavored tobacco products, compared to 11.9 percent in 2005. In the last 12 years, sales of cigars in the United States have increased from six billion cigars to more than 13 billion.²¹

Background:

- In 2009, the U.S. Food and Drug Administration banned the use of most flavoring agents in cigarettes. Menthol was exempted from the flavor ban, which also does not apply to non-cigarette tobacco products. State and local governments have the authority to create their own regulations around tobacco sales, including restrictions around flavoring.
- States and local jurisdictions have the authority to restrict the sale of flavored tobacco products. New York City, Providence, Rhode Island, Chicago and Newton, Massachusetts, have passed restrictions on the sale of flavored tobacco products. Federal courts have upheld state and local governments' authority to create such policies.
- On July 10, 2015, the Minneapolis City Council voted unanimously to restrict the sale of flavored tobacco products (excluding menthol) to adult-only tobacco product shops and to set a minimum price for cheap cigars. As a result of these policies, tobacco manufactured in kid-friendly flavors like grape, chocolate and cherry can only be sold by 20 of the city's 300-plus licensed tobacco vendors, and cigars must be sold for at least \$2.60 apiece wherever they are sold.

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ClearWay MinnesotaSM Policy Position Ten:

ClearWay Minnesota supports increasing the minimum legal age to purchase tobacco products to 21.

Facts:

- **According to the Surgeon General, preventing youth from initiating tobacco use is essential if we want to continue to reduce prevalence.**¹ The majority of tobacco users begin using tobacco at a young age. Ninety percent of current smokers report trying their first cigarette before the age of 19, and 100 percent report first using before age 26.^{2,3} In Minnesota, 78.3 percent of smokers tried their first cigarette when they were 18 or younger, and 19.3 percent of Minnesota high-school students used some form of tobacco in the past 30 days.^{4,5} Young people who initiate smoking as teens are at greater risk of becoming addicted adult smokers.^{6,7} Although nationally, youth smoking rates declined by half between 1997 and 2011, more must be done to accelerate progress in further reducing overall smoking rates.⁷
- **Adolescents are especially vulnerable to the health impacts of tobacco use.** The adolescent brain is adversely impacted by exposure to nicotine and the long-term cognitive effects of nicotine exposure is a significant public health concern.⁷ These concerns led the Minnesota Department of Health to issue a health advisory in 2015 to inform health care professionals and parents that no amount of nicotine exposure is safe for youth.⁸ According to the Surgeon General: *“[The] earlier age of onset of smoking marks the beginning of the exposure to the many harmful components of smoking. This is during an age range when growth is not complete and susceptibility to the damaging effects of tobacco smoke may be enhanced. In addition, an earlier age of initiation extends the potential duration of smoking throughout the lifespan. For the major chronic diseases caused by smoking, the epidemiologic evidence indicates that risk rises progressively with increasing duration of smoking; indeed, for lung cancer, the risk rises more steeply with duration of smoking than with number of cigarettes smoked per day.”*¹
- **Many smokers transition to regular, daily use between the ages of 18 and 21.** Half of adult smokers become regular, daily smokers before age 18 and many others transition to regular tobacco use between the ages of 18 and 21.⁹ It is estimated that four out of five adult smokers become regular daily smokers before they turn 21.⁹ Raising the minimum legal age to purchase tobacco products can reduce the risk of teen smokers transitioning to regular tobacco use and increase their chances of successfully quitting.⁹
- **Older adolescents, including friends and classmates, are a social source of tobacco for youth.** Many of those who purchase cigarettes for minors are under the age of 21.^{10,11} In the United States, more than two thirds (69 percent) of 10th-grade students and nearly half (47.2 percent) of eighth-grade students report that getting cigarettes is easy.¹² Nearly two thirds (63.3 percent) of 12-17 year olds who had smoked in the last month had given money to others to purchase cigarettes for them.¹³ In Minnesota, almost two of every five adolescent underage smokers reported obtaining their tobacco products through other people rather than by purchasing them themselves in a store.⁴ Research has shown that smokers 18-19 years of age are the group most likely to have been asked to provide tobacco to those who are underage.¹⁴ Raising the minimum legal purchase age to 21 increases the age

gap between adolescents and those who can legally provide tobacco and removes easy access to tobacco products from the high-school environment.^{15,16}

- **Tobacco companies target 18-21-year-olds.** The tobacco industry heavily targets 18-21-year-olds. Internal industry documents note that if cigarette companies don't "capture new users by their early twenties, it is unlikely that they ever will."⁹ The 2014 Surgeon General's Report notes that the tobacco industry serves as the root cause of the smoking epidemic, aggressively marketing and promoting deadly tobacco products and recruiting youth and young adults as new consumers of these products.⁷
- **Raising the minimum legal age to purchase tobacco products to 21 would simplify enforcement.** In the retail environment, it would become more difficult for an adolescent to pass as a 21-year-old than an 18-year-old.¹⁵ In addition, it would also simplify identification checks for retailers, as many states (including Minnesota) have driver's licenses that indicate if the driver is under the age of 21.¹⁷
- **Raising the minimum legal age to purchase tobacco products to 21 would improve the health of young people and save lives.** It would reduce prevalence by reducing youth initiation, reduce diminished academic, athletic and job performance tied to teen smoking, and substantially reduce tobacco-related disease and death.³

Background:

- The 2009 Family Smoking and Prevention Act sets a minimum age of 18 to purchase tobacco, but prohibits the FDA from establishing a higher nationwide minimum age.³ States and local governments, however, continue to have authority to increase the minimum legal age to purchase tobacco products, and many are using this strategy to reduce the harms of tobacco in their communities.¹⁷ Most states set the minimum age at 18; four states (Arkansas, Alabama, Utah and New Jersey) have a minimum age of 19.³ At least 80 localities in eight states, including New York City, have raised the age to purchase tobacco to 21.¹⁸ On June 19, 2015, Hawaii became the first state to raise the age to purchase tobacco to 21.¹⁸
- While limited, there is direct research from places that have implemented policies to support increasing the minimum legal age. After Needham, Massachusetts, increased its tobacco sales age to 21 in 2005, tobacco use among high-school students was reduced by nearly half.¹⁹ Both smoking rates and cigarette purchases declined significantly more in Needham than in 16 comparison communities. These declines were seen across all subgroups, with the exception of ninth-grade students, who already reported low smoking rates. In addition, alcohol use did not decline significantly more in Needham compared to the other communities, indicating the changes were specific to cigarette use and not due to broader declines in substance use. Likewise, studies of England's experience when it raised the minimum purchase age for cigarettes from 16 to 18 years of age in 2007 showed that this increase was associated with significant declines in smoking prevalence among 16- and 17-year-olds and that youth ages 11-15 were less likely to become regular smokers.^{20,21}
- A 2014 national survey shows that 75 percent of adults favor increasing the minimum purchase age for tobacco to 21.²² The majority of all assessed groups were in favor of this tobacco control strategy, with no statistically significant differences by gender, race, education, income and geographical region. It is notable that the majority of smokers (69.9 percent) were in support of raising the age to purchase tobacco to 21.²³ Young smokers (18-24) were the only group

significantly less likely to support raising the minimum legal age; still, the majority (64.8 percent) even of this group had a favorable view of the policy.²³

- While there is strong public support for raising the minimum legal age to purchase tobacco products, the tobacco industry is strongly opposed to this, as reflected in their internal documents:⁹ “Raising the legal minimum age for cigarette purchaser to 21 could gut our key young adult market (17-20), where we sell about 25 billion cigarettes and enjoy a 70 percent market share.” — Philip Morris report, January 21, 1986
- The FDA, through the Institute of Medicine, convened an expert panel to study the public health implications of raising the tobacco purchase age, and their report was released in March of 2015.³ Based on a review of the literature and the use of well-established tobacco simulation models, the Institute report concludes that:
 - Increasing the minimum legal age to purchase tobacco products will likely prevent or delay initiation by adolescents and young adults, with the greatest impact for 15-17-year-olds.³
 - The impact of raising the minimum legal age to 21 will likely be substantially higher than raising it to 19; the added effect of raising it from 21 to 25 is significantly less.³
 - By the time today’s teenagers reach adulthood, a minimum legal age, if enacted now, would reduce prevalence of tobacco use among those adults by 3 percent if raised to age 19, by 12 percent if raised to age 21, and by 16 percent if raised to age 25.³
 - Tobacco-related disease and mortality would decrease in proportion to these projected declines in prevalence.³
 - It is projected raising the minimum legal age to 21 nationally would result in 240,000 fewer premature deaths, 45,000 fewer deaths from lung cancer and 4.2 million fewer years of life lost for those born between 2000 and 2019.³
 - Increasing the minimum legal age for tobacco products will improve maternal, fetal and infant outcomes by reducing the likelihood of maternal and paternal smoking.³
- To date, evidence-based approaches that include increasing the unit price of tobacco products, mass media combined with other community interventions, and restricting minors’ access to tobacco products have proven effective in significantly reducing youth tobacco rates.²⁴ Recent evidence shows cigarette smoking among teens continues to decline and increases in perceived risk and disapproval of smoking appear to have contributed to the continued downturn in cigarette use.¹² However, social sources of tobacco may become increasingly important as other restrictions at point of sale increase.¹⁰ Disrupting social sources of access to tobacco products will be critical. Furthermore, in a recent Gallup survey, nearly nine in 10 smokers expressed regret that they ever started smoking, leading experts in the field to conclude that “helping today’s adolescents avoid that regret requires a comprehensive strategy that includes strong supply-side interventions. We believe that Tobacco 21 laws are a logical next step.”^{25,26}

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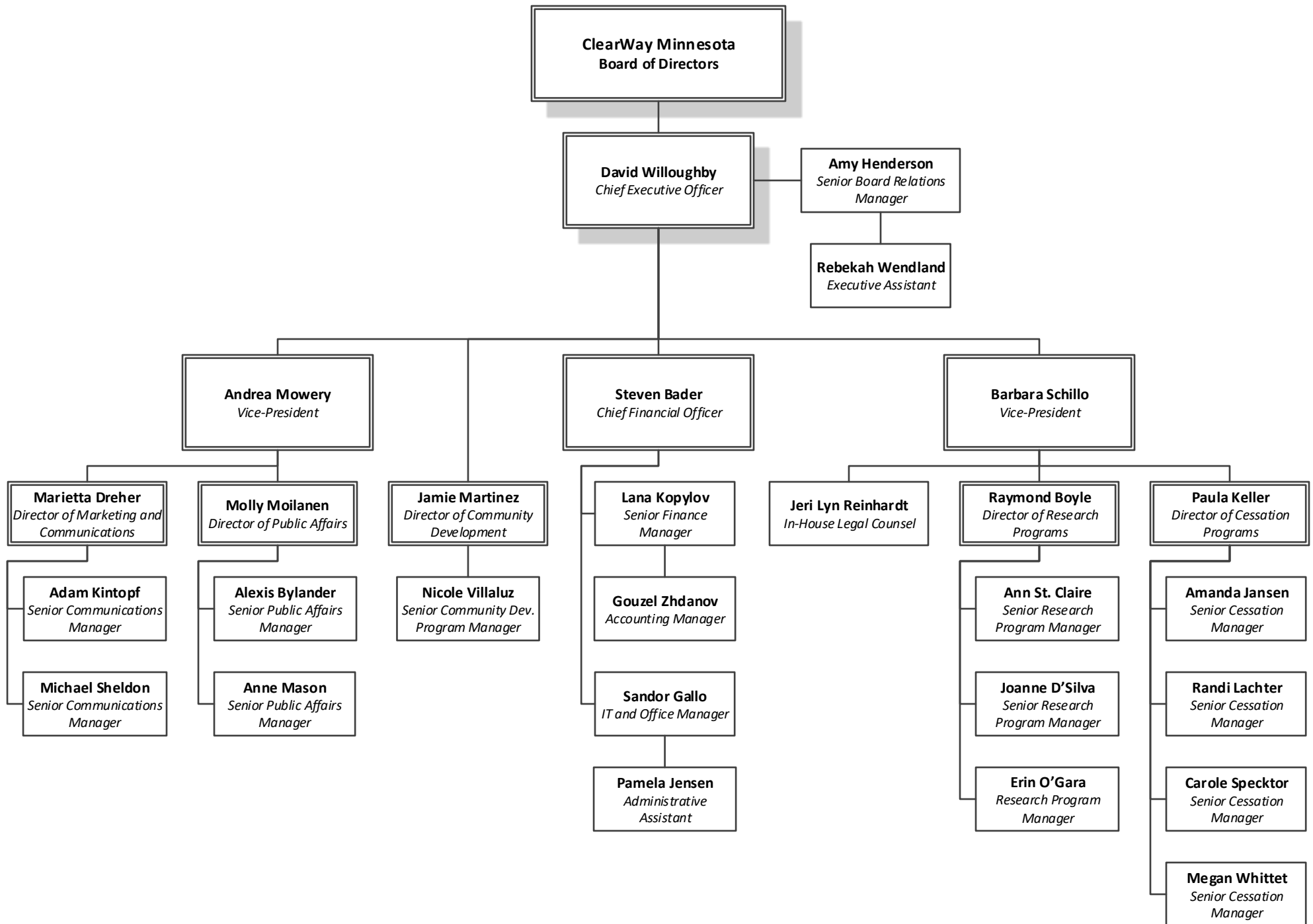
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Appendix H

Organizational Chart as of June 30, 2016





Appendix I

Management Team Biosketches

ClearWay MinnesotaSM Senior Management Team Biosketches

ClearWay Minnesota's staff is made up of individuals with expertise in public health, tobacco cessation, research, community development, finance, investments, communications, public affairs and nonprofit administration. For Fiscal Year 2014, the Senior Management Team of the organization consisted of:

Chief Executive Officer David J. Willoughby, M.A.

David J. Willoughby has served as CEO since November of 2000, and leads ClearWay Minnesota's efforts in all areas, including cessation, research, communications and public affairs, community development and other initiatives.

In addition to his responsibilities at ClearWay Minnesota, Willoughby has developed collaborative initiatives to reduce commercial tobacco's harm and promote long-term health in Indian Country. Willoughby also served on the Board of the North American Quitline Consortium (NAQC) for five years and was Board Chair of that organization for three years.

Before joining ClearWay Minnesota, Willoughby was Vice President of Cancer Prevention and Control for the Southwest Division of the American Cancer Society in Arizona. He also served on the Arizona Advisory Council on Tobacco Prevention and Cessation.

Willoughby is bilingual in Spanish and English and holds a Bachelor of Arts degree in theology and a Master's in counseling.

Vice President Andrea Mowery

Andrea Mowery oversees the Communications and Public Affairs Departments and organizational strategic planning for ClearWay Minnesota. Mowery has more than 20 years of experience in the strategic communications and public affairs fields.

Mowery has shared her experience and skills with other states and organizations, helping them select contractors, evaluate their programs and learn from Minnesota-based initiatives. Mowery has presented at a number of conferences since joining ClearWay Minnesota, including the National Conference on Tobacco or Health, the Society for Research on Nicotine and Tobacco, the University of South Florida's Social Marketing Conference and the U.S. Centers for Disease Control and Prevention's Media and Messaging Conference.

Formerly an account supervisor and the Health and Wellness Specialty Director at Tunheim in Minneapolis, Mowery developed and managed strategic communications programs on behalf of that agency's clients, including United Health Group and Target Corporation. Prior to joining Tunheim, Mowery worked as the Assistant Director of Special Projects at the Minnesota Attorney General's Office, developing social marketing and community relations campaigns to advance policy.

Vice President Barbara A. Schillo, Ph.D.

Vice President Dr. Barbara Schillo leads research and cessation initiatives, coordinates efforts to translate knowledge into initiatives that reduce tobacco use, and provides the organization

strategic and administrative leadership. Prior to becoming a Vice President, Dr. Schillo served as the organization's Director of Research Programs from 2001 to 2008. She currently serves on the Board of Directors for the North American Quitline Consortium and is a past Advisory Council Member.

Dr. Schillo is active in sharing research and evaluation findings with others and has published on the topics of tobacco cessation including quitlines, tobacco control mass media campaigns, tobacco-related disparities in priority populations, and tobacco policy. As a community psychologist, Dr. Schillo has directed projects, published and lectured in areas of tobacco control, community health promotion and disease prevention, substance abuse, and health policy.

Dr. Schillo currently serves as a Board Member for the North American Quitline Consortium. She has also served as a community faculty member in the Department of Psychology at Metropolitan State University. Prior to her joining ClearWay Minnesota, she served as a Senior Program Director for the Michigan Public Health Institute. Dr. Schillo received her doctorate and M.A. in community psychology at Michigan State University and a B.A. in psychology from the University of Minnesota.

Chief Financial Officer Steven Bader

Director of Research Programs Raymond Boyle, Ph.D., M.P.H

Dr. Raymond Boyle leads ClearWay Minnesota's Research Department. He is responsible for oversight of the grants and contracts within the research portfolio.

Dr. Boyle has enjoyed a 20-year career in tobacco control research. He completed his doctorate at the University of Oregon and has a Master of Public Health degree in epidemiology from the University of Minnesota. Dr. Boyle came to ClearWay Minnesota in 2009 from the University of Minnesota, Department of Family Medicine and Community Health. He has published over more than 70 peer-reviewed articles.

Director of Marketing and Communications Marietta Dreher

Marietta Dreher oversees all communications and mass-media strategies for ClearWay Minnesota, including advertising, public relations, social media, event planning and general communications. She has been with ClearWay Minnesota for more than 12 years. She is currently a member of the Office on Smoking and Health Media Network's Stakeholder Committee and an advisor to the Centers of Disease Control and Prevention's Media Campaign Resource Center.

Prior to joining ClearWay Minnesota, Dreher spent over a decade working in advertising in the Twin Cities. Formerly an account supervisor at BBDO, Dreher worked on the New Jersey Department of Health's Comprehensive Tobacco Control Program, developing social marketing campaigns in youth prevention and adult cessation. Dreher also worked in account management at Clarity Coverdale Fury and Kruskopf Olson.

Dreher earned her Bachelor's degree at the University of St. Thomas in economics.

Director of Cessation Programs Paula Keller, M.P.H.

Paula Keller oversees all aspects of ClearWay Minnesota's smoking cessation initiatives, including QUITPLAN® Services, policy initiatives, evaluation and strategic planning.

Keller has more than 20 years of experience in tobacco cessation, tobacco control policy and public health. She has extensive program management and policy analysis experience and has published on a variety of tobacco control topics. She also currently serves on the North American Quitline Consortium's Advisory Council and on the Society for Research on Nicotine and Tobacco's Public Health Policy Network Advisory Committee. Prior to joining ClearWay Minnesota in 2010, Keller was Senior Policy Advisor for the University of Wisconsin Center for Tobacco Research and Intervention.

Keller earned a Bachelor's degree in community health education from the University of Wisconsin – La Crosse and a Master's of Public Health in public health policy and administration from the University of Michigan.

Director of Community Development Jaime Martínez, M.Ed.

As Director of Community Development, Jaime Martínez oversees efforts to improve the capacity of priority population communities to expand the tobacco control movement in Minnesota. These populations include American Indians; Africans and African Americans; Chicanos/Latinos; Asians, Asian Americans and Pacific Islanders; Lesbian, Gay, Bisexual, Transgender and Queer (GLBTQ) communities; groups of low socio-economic status; and other populations.

Martínez's education includes Bachelor of Science and Master of Education degrees and he has completed coursework toward a Ph.D. He has been a Kellogg Fellow in education with the Institute for Education Leadership at the University of Minnesota and a Fellow in the Advocacy Institute's Tobacco Control Leadership Fellows Program in Washington, D.C. He has more than 25 years of experience in alcohol and tobacco policy in Minnesota.

Martínez's community activities include having served on the boards of the Smoke-Free Coalition and Minnesota Join Together Coalition to Reduce Youth Alcohol Use, the Minneapolis Advisory Committee on Alcohol, Tobacco and Other Drug Problems, Minnesota Department of Human Services State Alcohol and Other Drug Abuse Advisory Council, and the Minnesota Public Health Association, where he served as President.

Martínez has been at ClearWay Minnesota since 2000 and previously worked for the Community Prevention Coalition of Hennepin County, a community initiative with the Hennepin County Community Health Department. His work in alcohol policy has been featured in a publication titled *Case Histories in Alcohol Policy*, by the Trauma Foundation, San Francisco General Hospital, San Francisco, California, 2001. His work has received numerous honors and awards and he is often guest faculty at the School of Public Health, University of Minnesota.

Director of Public Affairs Molly Moilanen, M.P.P.

Molly Moilanen leads ClearWay Minnesota's public policy efforts. She is responsible for advancing tobacco control policies at the local and state level using grassroots organizing, direct

lobbying and public relations. Since Moilanen joined ClearWay Minnesota in 2004, she has managed various QUITPLAN programs and developed the local policy grant program. She also served on the organization's internal strategic planning team and currently co-chairs Minnesotans for a Smoke-Free Generation, a coalition of more than 50 health and nonprofit organizations committed to passing statewide policies to further reduce tobacco's harm in Minnesota.

Before coming to ClearWay Minnesota, Moilanen served as a Senior Program Officer at ServeMinnesota, where she oversaw the state's AmeriCorps programs. She also worked for Minnesota Senator Steve Kelley and taught Master's-level public policy courses at Concordia University in St. Paul.

Moilanen graduated from Grinnell College with a B.A. in political science and earned a Master's degree in public policy from the Humphrey School of Public Affairs at the University of Minnesota.



Appendix J

Financial Statements Together with Independent Auditor's Report June 30, 2016

CLEARWAY MINNESOTASM

**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2016

CLEARWAY MINNESOTASM

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Certified Public Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
ClearWay MinnesotaSM
Bloomington, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of ClearWay MinnesotaSM (a nonprofit organization) which comprise the statement of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ClearWay MinnesotaSM as of June 30, 2016 and 2015 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

St. Paul, Minnesota
August 23, 2016

Olsen Thielen & Co., Ltd.

CLEARWAY MINNESOTASM**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015**

ASSETS		
	<u>2016</u>	<u>2015</u>
Cash	\$ 19,158	\$ 18,485
Accounts receivable	13,068	99,414
Prepaid expenses	78,278	50,090
Investments	55,278,182	71,968,643
Equipment and leasehold improvements, net	<u>42,558</u>	<u>30,213</u>
 TOTAL ASSETS	 <u>\$ 55,431,244</u>	 <u>\$ 72,166,845</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable	\$ 823,023	\$ 1,101,133
Accrued expenses	185,371	179,773
Grants payable	<u>2,569,254</u>	<u>3,023,520</u>
Total liabilities	<u>3,577,648</u>	<u>4,304,426</u>
 NET ASSETS:		
Unrestricted - designated for tobacco research and other tobacco control purposes	<u>51,853,596</u>	<u>67,862,419</u>
Total net assets	<u>51,853,596</u>	<u>67,862,419</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 55,431,244</u>	 <u>\$ 72,166,845</u>

The accompanying notes are an integral part of the financial statements.

CLEARWAY MINNESOTASM

STATEMENTS OF ACTIVITIES YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
REVENUE AND GAINS:		
Net investment income (loss)	\$ (539,446)	\$ 1,896,782
Contributions and grants	<u>119,354</u>	<u>123,955</u>
Total revenue and gains (losses)	<u>(420,092)</u>	<u>2,020,737</u>
EXPENSES:		
Program services:		
Tobacco cessation	12,678,676	12,060,970
Research and other tobacco issues	<u>1,636,269</u>	<u>1,906,344</u>
Total program services	<u>14,314,945</u>	<u>13,967,314</u>
Supporting services:		
General and administrative	<u>1,273,786</u>	<u>1,181,438</u>
Total expenses	<u>15,588,731</u>	<u>15,148,752</u>
CHANGE IN NET ASSETS	(16,008,823)	(13,128,015)
NET ASSETS at beginning of year	<u>67,862,419</u>	<u>80,990,434</u>
NET ASSETS at end of year	<u>\$ 51,853,596</u>	<u>\$ 67,862,419</u>

The accompanying notes are an integral part of the financial statements.

CLEARWAY MINNESOTASM

STATEMENTS OF FUNCTIONAL EXPENSES YEARS ENDED JUNE 30, 2016 AND 2015

	2016				2015			
	Program Services		General and Administrative	Grand Total	Program Services		General and Administrative	Grand Total
	Tobacco Cessation	Research and Other Tobacco Issues			Tobacco Cessation	Research and Other Tobacco Issues		
			Total				Total	
Salaries	\$ 1,390,621	\$ 461,302	\$ 1,851,923	\$ 2,679,576	\$ 1,315,641	\$ 549,152	\$ 1,864,793	\$ 2,640,356
Benefits	340,426	109,858	450,284	646,866	310,934	110,014	420,948	590,011
Payroll taxes	106,831	35,439	142,270	205,853	94,742	39,945	134,687	190,718
Total personnel expenses	1,837,878	606,599	2,444,477	3,532,295	1,721,317	699,111	2,420,428	3,421,085
Consultants	35,327	8,981	44,308	59,716	32,727	9,160	41,887	53,472
Evaluation fees	194,355	88,396	282,751	282,751	302,967	171,805	474,772	474,772
Professional fees	105,136	27,132	132,268	191,305	57,059	23,312	80,371	116,448
Occupancy	69,985	21,443	91,428	134,694	67,188	19,413	86,601	129,447
Telephone	15,222	4,610	19,832	26,663	15,071	5,197	20,268	27,033
Equipment rental and repair	16,413	3,285	19,698	27,610	14,493	4,187	18,680	27,921
Printing	83,980	697	84,677	84,677	85,760	687	86,447	86,593
Postage	4,311	1,193	5,504	8,147	3,712	1,621	5,333	7,656
Office supplies	15,227	4,312	19,539	28,632	12,144	3,872	16,016	23,029
Program supplies	14,670	6,394	21,064	24,959	17,333	5,405	22,738	25,512
Conferences and meetings	36,342	8,171	44,513	54,145	74,571	21,469	96,040	131,065
Travel	67,174	18,545	85,719	99,195	51,377	27,619	78,996	86,600
Insurance	9,541	2,757	12,298	18,382	9,422	2,722	12,144	18,153
Public education/relations	5,765,241	1,602	5,766,843	5,769,457	5,580,561	1,459	5,582,020	5,584,302
Program grants and contracts	4,398,342	829,399	5,227,741	5,227,741	3,997,875	904,279	4,902,154	4,902,154
Depreciation	6,586	1,903	8,489	12,688	12,887	3,724	16,611	24,829
Miscellaneous	2,946	850	3,796	5,674	4,506	1,302	5,808	8,681
Total functional expenses	\$ 12,678,676	\$ 1,636,269	\$ 14,314,945	\$ 15,588,731	\$ 12,060,970	\$ 1,906,344	\$ 13,967,314	\$ 15,148,752
Percent of total expense	81.3%	10.5%	91.8%	100.0%	79.6%	12.6%	92.2%	100.0%

The accompanying notes are an integral part of the financial statements.

CLEARWAY MINNESOTASM

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ (16,008,823)	\$ (13,128,015)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	12,688	24,829
Unrealized losses on investments	1,257,328	233,007
Realized gains on investments	(146,985)	(1,396,086)
Change in assets and liabilities:		
Accounts receivable	86,346	(33,963)
Prepaid expenses	(28,188)	8,405
Accounts payable	(278,110)	413,326
Accrued expenses	5,598	7,723
Grants payable	(454,266)	(289,129)
Net cash used in operating activities	<u>(15,554,412)</u>	<u>(14,159,903)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment	(25,033)	(12,452)
Purchase of investments	(67,846,024)	(108,840,965)
Proceeds from sale of investments	83,426,142	123,013,319
Net cash provided by investing activities	<u>15,555,085</u>	<u>14,159,902</u>
NET CHANGE IN CASH	673	(1)
CASH at beginning of year	<u>18,485</u>	<u>18,486</u>
CASH at end of year	<u>\$ 19,158</u>	<u>\$ 18,485</u>

The accompanying notes are an integral part of the financial statements.

CLEARWAY MINNESOTASM

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

ClearWay MinnesotaSM is an independent, nonprofit organization that works to improve the health of all Minnesotans by eliminating the harm caused by tobacco. ClearWay Minnesota was created in 1998 to administer 3 percent (\$202 million) of Minnesota's tobacco settlement funds over a period of 25 years.

ClearWay Minnesota's mission is to enhance life in Minnesota by reducing tobacco use and exposure to secondhand smoke through research, action and collaboration. The organization's work is grounded in sound science and public health best practices, and includes a comprehensive body of tobacco cessation programs (marketed as QUITPLAN® Services), extensive grant-making activities in areas of research, policy and community development, and media campaigns to raise awareness of the harms of tobacco use and secondhand smoke exposure.

Basis of Presentation

Financial statement presentation follows generally accepted accounting principles as outlined in the Financial Accounting Standards Board's *Accounting Standards Codification* (ASC) 958. Under ASC 958 ClearWay Minnesota is required to report information regarding its financial position and activities according to three classes of net assets, unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. ClearWay Minnesota has no temporarily or permanently restricted net assets.

Accounting Estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounts Receivable

Receivables are reported at the amount the Organization expects to collect on balances outstanding at year end. The Organization monitors outstanding balances and periodically writes off balances that are determined to be uncollectible. The Organization has concluded that losses on balances outstanding at year end will be immaterial.

CLEARWAY MINNESOTASM

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equipment and Leasehold Improvements

Equipment and leasehold improvements are carried at cost or, if donated, at the approximated fair value at the date of donation. Additions, improvements or major renewals are capitalized. If items of property are sold, retired or otherwise disposed of, they are removed from the asset and accumulated depreciation accounts and any gain or loss thereon is reflected in the statement of activities. ClearWay Minnesota capitalizes assets with a cost of \$2,500 or greater.

Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Leasehold improvements	5 - 10 Years
Furniture and fixtures	7 Years
Office equipment	5 Years
Computer software and equipment	3 Years

Revenue Recognition

Grants are recognized when earned. Revenue is earned when eligible expenditures, as defined in each grant are made. Expenditures under government grants are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these grants, the Organization will record such disallowance at the time the final assessment is made.

Fair Value of Financial Instruments

The carrying value of accounts receivable, prepaid expenses, accounts payable and accrued expenses are reasonable estimates of their fair value due to the short-term nature of these financial instruments.

Investments in marketable securities are stated at fair value, which is determined by quoted market prices at June 30, 2016 and 2015. Alternative investment fund of funds and private equity fund of funds, for which there is no public market, are valued at net contributions to the fund plus allocated share of undistributed profit and losses, including realized and unrealized gains and losses based on the financial information provided by the investee funds' management, which may include audited financial statements of the investee funds. Because these alternative investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investment existed.

In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investment will occur in the near future and that such changes could materially affect the investment balances.

Included in investments on the statement of financial position are money market and short-term investment funds. The money market and short-term investment funds are readily convertible to cash and are stated at cost plus accrued interest, which approximates fair value.

Grants payable are stated at fair value by discounting payments due in more than one year. Grants payable cancelled in a subsequent year are recorded in the year of cancellation.

CLEARWAY MINNESOTASM

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

Under generally accepted accounting principles as outlined in the Financial Accounting Standards Board's *Accounting Standards Codification* (ASC) 820, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a three-level fair value hierarchy that prioritizes information used in developing assumptions when pricing an asset or liability as follows:

Level 1

Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets.

Level 2

Financial assets and liabilities are valued using inputs that are quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data. Level 2 included private collateralized mortgage obligations and private corporate debt securities.

Level 3

Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset. Level 3 includes private equity and alternative investments.

The fair values of the Organization's investments were determined based on inputs as presented in Note 3.

In May 2015, the FASB issued an accounting standard update (ASU 2015-07) on disclosures for investments in certain entities that calculate net asset value (NAV) per share or its equivalent which removes the requirement to categorize these investments within the fair value hierarchy. The Organization will adopt this accounting standard update for the year ended June 30, 2017. When adopted, this standard will be applied retrospectively to all periods presented.

Functional Allocation of Expense

The costs of providing various programs and services are summarized on a functional basis on the statement of activities. Accordingly, certain costs were allocated among the programs or services benefited based on best estimates by management.

Program Grants and Contracts

Program grants and contract expenses are reported on the statements of functional expenses net of grant cancellations, if any.

CLEARWAY MINNESOTASM

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

ClearWay Minnesota is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. The Organization is also exempt from Minnesota income taxes.

The Organization follows the current accounting guidance related to uncertainty in income taxes. This guidance clarifies the recognition threshold and measurement requirements for income tax positions taken or expected to be taken in income tax returns. This includes positions that the entity is exempt from income taxes or not subject to additional income tax liability on unrelated business income. Under the standards, the Organization recognizes tax benefits from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by taxing authorities. The Organization has identified no significant income tax uncertainties. The Organization files information returns as a tax-exempt organization. Should that status be challenged in the future, all years since inception could be subject to review by the IRS.

Advertising Expense

Advertising expense is expensed as incurred.

NOTE 2 - EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Equipment and leasehold improvements at June 30, 2016 and 2015 consist of the following:

	<u>2016</u>	<u>2015</u>
Leasehold improvements	\$ 26,243	\$ 26,243
Furniture and fixtures	72,586	72,586
Office equipment	50,761	50,761
Computer software and equipment	<u>238,530</u>	<u>213,496</u>
	388,120	363,086
Less accumulated depreciation	<u>345,562</u>	<u>332,873</u>
Net equipment and leasehold improvements	<u>\$ 42,558</u>	<u>\$ 30,213</u>

Depreciation expense for the years ended June 30, 2016 and 2015 was \$12,688 and \$24,829, respectively.

CLEARWAY MINNESOTASM
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - INVESTMENTS

Investments are stated at fair value at June 30, 2016 and 2015, and consisted of the following:

	<u>2016</u>	<u>2015</u>
Money market and short-term investment funds	\$ 8,772,595	\$ 8,371,489
Bonds and pooled bond funds	32,541,473	37,262,743
U.S. equity fund - all cap index	—	4,321,571
International equities	—	3,999,317
Alternative investment fund of funds	3,324,427	3,596,528
Private equity fund of funds	10,639,687	12,887,018
Commodity index fund	—	1,529,977
Total	<u>\$ 55,278,182</u>	<u>\$ 71,968,643</u>

Net investment income for the years ended June 30, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
Interest income	\$ 635,082	\$ 870,792
Realized gains on sales of investments	146,985	1,396,086
Unrealized losses on investments	(1,257,328)	(233,007)
Management fees	(64,185)	(137,090)
Total	<u>\$ (539,446)</u>	<u>\$ 1,896,781</u>

The following tables, as of June 30, 2016 and 2015, provide information by Level for assets that are measured at fair value.

Description	Total	Fair value measurements using inputs considered as		
		Level 1	Level 2	Level 3
2016:				
Bonds and pooled bond funds	\$ 32,541,473	\$ 32,541,473	\$ —	\$ —
Alternative investment fund of funds	3,324,427	53,368	—	3,271,059
Private equity fund of funds	10,639,687	143,264	—	10,496,423
Subtotal	46,505,587	\$ 32,738,105	\$ —	\$ 13,767,482
Money market and short-term investment funds	8,772,595			
Total	<u>\$ 55,278,182</u>			
2015:				
Bonds and pooled bond funds	\$ 37,262,743	\$ 37,262,743	\$ —	\$ —
U.S. equity fund - large cap enhanced index	4,321,571	4,321,571	—	—
International equities	3,999,317	3,999,317	—	—
Alternative investment fund of funds	3,596,528	96,667	562,997	2,936,864
Private equity fund of funds	12,887,018	—	—	12,887,018
Commodity index fund	1,529,977	—	1,529,977	—
Subtotal	63,597,154	\$ 45,680,298	\$ 2,092,974	\$ 15,823,882
Money market and short-term investment funds	8,371,489			
Total	<u>\$ 71,968,643</u>			

CLEARWAY MINNESOTASM

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - INVESTMENTS (Continued)

Fair value measurements of investments in entities which utilize inputs classified as Level 2 and Level 3 include alternative investment fund of funds, private equity fund of funds, and the commodity index fund. The Organization uses the net asset value of these investment entities to determine the fair value of these investments which do not have a readily determinable fair value and either have the attributes of an investment company or prepare their financial statements consistent with the measurement principles of an investment company.

Alternative investment fund of funds includes investments in limited partnerships. These limited partnerships are invested in investment funds which in turn are invested in domestic or foreign stocks and bonds. The fair value of the investment in the limited partnerships are valued at net contributions to the fund plus allocated share of undistributed profit and losses, including realized and unrealized gains and losses based on the financial information provided by the investee funds' management, which may include audited financial statements of the investee funds.

Private equity fund of funds are invested in limited partnerships which have invested primarily in venture capital and limited partnerships, which in turn are invested in domestic and foreign stocks. The fair value has been estimated based on quoted market prices for the underlying securities or the capital balances reported by the underlying partnerships which are valued at net contributions to the fund plus allocated share of undistributed profit and losses, including realized and unrealized gains and losses based on the financial information provided by the investee funds' management, which may include audited financial statements of the investee funds.

Commodity index funds include investments in multi-strategy commodity funds. The funds allocate assets across a broad spectrum of commodity-oriented asset categories. The fair value has been estimated based on the investment balances reported by the commodity fund.

The following table provides summary of changes in fair value of the Organization's Level 3 financial assets for the years ended June 30, 2015 and 2016:

	Total	Investments in Investee Funds by Class		
		Alternative Investments Fund of Funds	Private Equity Fund of Funds	Commodity Index Fund
Balance at June 30, 2014	\$ 18,863,600	\$ 4,500,268	\$ 14,358,368	\$ 4,964
Sales	(5,306,616)	(1,902,547)	(3,404,069)	—
Net realized and unrealized gains on investments	2,238,678	305,959	1,932,719	—
Investment expense	(50,148)	(50,148)	—	—
Transfers in and out of Level 3	78,368	83,332	—	(4,964)
Balance at June 30, 2015	15,823,882	2,936,864	12,887,018	—
Sales	(2,284,970)	(33,232)	(2,251,738)	—
Net realized and unrealized gains (losses) on investments	(241,197)	(245,604)	4,407	—
Investment Expense	6,734	6,734	—	—
Transfers in and out of Level 3	463,033	606,297	(143,264)	—
Balance at June 30, 2016	\$ 13,767,482	\$ 3,271,059	\$ 10,496,423	\$ —

CLEARWAY MINNESOTASM

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - INVESTMENTS (Continued)

Fair value measurements of investments in certain entities that calculate net asset value per share (or its equivalent) as of June 30, 2016 and 2015 are as follows:

	2016 Net Asset Value	2015 Net Asset Value	Unfunded Commit- ments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Alternative investment fund of funds	\$ 3,324,427	\$ 3,596,528	\$ —	Annual	90 days
Private equity fund of funds	10,639,687	12,887,018	2,333,000	N/A	N/A

The Organization has purchase commitments of \$2,333,000 to invest in private equity fund of funds portfolios. Commitments of \$600,000 are estimated to be called by June 30, 2017. The Organization does not anticipate the remaining purchase commitments will be called.

NOTE 4 - CONCENTRATIONS

Financial instruments which potentially subject ClearWay Minnesota to concentrations of credit risk consist principally of cash and investments. At times during fiscal years 2016 and 2015, cash balances exceeded federally insured limits. The investments are not insured and involve risks, including the possible loss of the principal invested.

NOTE 5 - GRANTS PAYABLE

Grants payable at June 30, 2016 and 2015, are as follows:

	2016	2015
Payable in less than one year	\$ 1,885,235	\$ 2,342,919
Payable in one to five years	741,440	740,710
Subtotal	2,626,675	3,083,629
Less: discount to present value at 7.00%	57,421	60,109
Total grants payable	<u>\$ 2,569,254</u>	<u>\$ 3,023,520</u>

NOTE 6 - RETIREMENT PLAN

ClearWay Minnesota participates in a 401(k) defined contribution retirement investment plan that covers all employees who meet eligibility requirements. For the years ended June 30, 2016 and 2015, the plan provided eligible employees with a 50% matching contribution up to 5% of the employee's compensation, a safe harbor contribution of 3% and a discretionary employer contribution of 7%. ClearWay Minnesota's contributions to the plan totaled \$372,304 and \$334,210 for the years ended June 30, 2016 and 2015, respectively.

CLEARWAY MINNESOTASM

NOTES TO FINANCIAL STATEMENTS

NOTE 7 - COMMITMENTS

ClearWay Minnesota has entered into leases for office space and equipment. Future minimum lease payments for the next five years under these lease agreements are as follows:

<u>Years Ending June 30:</u>	
2017	\$ 131,276
2018	24,858
2019	5,046
2020	4,200
2021	<u>—</u>
Total	<u>\$ 165,380</u>

Occupancy expense for the years ended June 30, 2016 and 2015, was \$134,694 and \$129,447, respectively.

NOTE 8 - SUBSEQUENT EVENTS

ClearWay Minnesota evaluated its June 30, 2016 financial statements for subsequent events through August 23, 2016, the date the financial statements were approved by ClearWay Minnesota's Audit/Finance Committee. ClearWay Minnesota is not aware of any subsequent events which would require recognition or disclosure in the financial statements.



Appendix K

Audited Financial Statement Certification



AUDITED FINANCIAL STATEMENT CERTIFICATION

David J. Willoughby/Steven L. Bader individually certify that:

1. Each has reviewed the audited financial statements for the years ended June 30, 2016 and 2015 of ClearWay Minnesota;
2. Based on the knowledge of each of the undersigned, after due review and consideration, the financial statements, and other financial information included in the statements, fairly present in all material respects the financial condition, results of operations and cash flows of ClearWay Minnesota as of, and for, the period presented in these financial statements.
3. Based on the knowledge of each of the undersigned, there are appropriate procedures, processes and adequate systems of internal controls in place at ClearWay Minnesota to support the undersigned's representation in paragraph 2 above that the financial statements fairly represent the financial condition, results of operations and cash flows of ClearWay Minnesota, and to detect noncompliance with applicable laws and regulations and with the governing documents and policies of ClearWay Minnesota.

Dated: 8/17/2016

Signature: _____

David J. Willoughby
Chief Executive Officer

Dated: 8/16/16

Signature: _____

Steven L. Bader
Chief Financial Officer



Appendix L1

**RS Form 990
June 30, 2016**

Form **990**Department of the Treasury
Internal Revenue Service**Return of Organization Exempt From Income Tax**
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

▶ Do not enter social security numbers on this form as it may be made public.

▶ Information about Form 990 and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2015Open to Public
Inspection**A** For the 2015 calendar year, or tax year beginning **JUL 1, 2015** and ending **JUN 30, 2016**

B Check if applicable: Address change Name change Initial return Final return/terminated Amended return Application pending	C Name of organization CLEARWAY MINNESOTA (SM)		D Employer identification number 41-1921094
	Doing business as		E Telephone number 952-767-1400
	Number and street (or P.O. box if mail is not delivered to street address)	Room/suite	G Gross receipts \$ 62,049,561.
	TWO APPLETREE SQ, 8011 34TH AVE S 400		H(a) Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
	City or town, state or province, country, and ZIP or foreign postal code MINNEAPOLIS, MN 55425		H(b) Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. (see instructions)
F Name and address of principal officer: DAVID J. WILLOUGHBY SAME AS C ABOVE			H(c) Group exemption number ▶
I Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) 501(c) () ◀ (insert no.) 4947(a)(1) or 527			
J Website: ▶ WWW.CLEARWAYMN.ORG			
K Form of organization: <input checked="" type="checkbox"/> Corporation Trust Association Other ▶			L Year of formation: 1998 M State of legal domicile: MN

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: CLEARWAY MINNESOTA (SM) IS AN INDEPENDENT NONPROFIT ORGANIZATION THAT WORKS TO IMPROVE THE HEALTH		
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	18
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	18
	5 Total number of individuals employed in calendar year 2015 (Part V, line 2a)	5	30
	6 Total number of volunteers (estimate if necessary)	6	21
Revenue	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	29,227.
	b Net unrelated business taxable income from Form 990-T, line 34	7b	9,035.
	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	123,955.	119,354.
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	0.	0.
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	2,266,878.	752,840.
	12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	0.	29,227.
	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	2,390,833.	901,421.
	14 Benefits paid to or for members (Part IX, column (A), line 4)	4,902,154.	5,227,741.
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	0.	0.
Expenses	16a Professional fundraising fees (Part IX, column (A), line 11e)	0.	0.
	b Total fundraising expenses (Part IX, column (D), line 25) ▶ 0.		
	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	3,421,085.	3,532,295.
	18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	0.	0.
	19 Revenue less expenses. Subtract line 18 from line 12	6,962,602.	6,892,880.
Net Assets or Fund Balances	20 Total assets (Part X, line 16)	15,285,841.	15,652,916.
	21 Total liabilities (Part X, line 26)	<12,895,008.>	<14,751,495.>
	22 Net assets or fund balances. Subtract line 21 from line 20	Beginning of Current Year	End of Year
		72,166,845.	55,431,244.
	4,304,426.	3,577,648.	
	67,862,419.	51,853,596.	

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here	Signature of officer		Date		
	DAVID J. WILLOUGHBY, CHIEF EXEC OFFICER Type or print name and title				
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check if self-employed	PTIN
	LINDA M. NELSON	LINDA M. NELSON	11/1/16	<input type="checkbox"/>	P00205567
	Firm's name ▶ OLSEN THIELEN & CO., LTD	Firm's EIN ▶ 41-1360831			
	Firm's address ▶ 2675 LONG LAKE ROAD ST. PAUL, MN 55113	Phone no. 651-483-4521			

May the IRS discuss this return with the preparer shown above? (see instructions) ☒ Yes ☐ No

Part III Statement of Program Service AccomplishmentsCheck if Schedule O contains a response or note to any line in this Part III ☒ **X**

- 1 Briefly describe the organization's mission:

SEE PART I, LINE 1

- 2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?
- ☒
- Yes
- ☐
- No

If "Yes," describe these new services on Schedule O.

- 3 Did the organization cease conducting, or make significant changes in how it conducts, any program services?
- ☐
- Yes
- ☒
- No

If "Yes," describe these changes on Schedule O.

- 4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:) (Expenses \$ 7,835,632. including grants of \$ 1,977,857.) (Revenue \$ 0.)

COMMUNICATIONS AND PUBLIC AFFAIRS

COMMUNICATIONS AND OUTREACH ACTIVITIES HELP CLEARWAY MINNESOTA TO PROMOTE CESSATION SERVICES, TO MOTIVATE MINNESOTA TOBACCO USERS TO QUIT AND TO EDUCATE MINNESOTANS ABOUT TOBACCO'S DANGERS. CLEARWAY MINNESOTA DEVELOPS CAMPAIGNS AFTER EXTENSIVE RESEARCH AND PLANNING, USING GUIDELINES FROM THE U.S. CENTERS FOR DISEASE CONTROL AND PREVENTION (CDC) AND LEARNING FROM THE EXPERIENCES OF NATIONAL AND STATE PARTNERS.

CLEARWAY MINNESOTA CONDUCTS STATEWIDE ADVERTISING CAMPAIGNS CONSISTING OF PAID BROADCAST, INTERNET, PRINT AND OUT-OF-HOME ADVERTISING.

ADDITIONALLY, CLEARWAY MINNESOTA CONDUCTS OUTREACH INCLUDING COMMUNITY VISITS, MEDIA INTERVIEWS AND MEETINGS WITH COMMUNITY LEADERS. THIS WORK

4b (Code:) (Expenses \$ 1,636,269. including grants of \$ 841,654.) (Revenue \$ 0.)

RESEARCH

CLEARWAY MINNESOTA PROVIDES GRANTS TO ACADEMIC, PROFESSIONAL AND COMMUNITY-BASED ORGANIZATIONS AROUND THE STATE TO CONDUCT RESEARCH THAT ADVANCES SCIENTIFIC KNOWLEDGE OF EFFECTIVE TOBACCO CONTROL PROGRAMS AND POLICIES. DURING FISCAL YEAR 2016, CLEARWAY MINNESOTA AWARDED FIVE RESEARCH GRANTS. THREE OF THE GRANTS WERE FOR PROJECTS ADVANCING RESEARCH IN TOBACCO REGULATORY SCIENCE. OF THESE, ONE FOCUSES MENTHOL REGULATION, ONE ON POINT-OF-SALE REGULATION, AND ONE ON REGULATIONS OF COMMERCIAL TOBACCO MARKETING ON AMERICAN INDIAN TRIBAL RESERVATIONS. CLEARWAY MINNESOTA AWARDED ONE DISSEMINATION GRANT TO DISTRIBUTE FINDINGS ON INCORPORATING CULTURALLY RELEVANT, PROVEN CESSATION PRACTICES INTO AMERICAN INDIAN HEALTH SETTINGS. FINALLY, ONE GRANT WAS

4c (Code:) (Expenses \$ 4,120,722. including grants of \$ 1,715,689.) (Revenue \$ 119,330.)

CESSATION

CLEARWAY MINNESOTA SERVES MINNESOTANS BY PROVIDING EVIDENCE-BASED OR PROMISING PROGRAMS TO HELP PEOPLE QUIT TOBACCO USE. SINCE INCEPTION, QUITPLAN SERVICES HAS HELPED MORE THAN 145,000 MINNESOTANS IN THEIR ATTEMPTS TO QUIT.

CLEARWAY MINNESOTA ALSO HELPS DIRECT MINNESOTANS TO APPROPRIATE CESSATION SERVICES, EITHER THROUGH QUITPLAN SERVICES OR THROUGH THEIR HEALTH PLANS.

QUITPLAN SERVICES CONSISTS OF THE QUITPLAN HELPLINE AND INDIVIDUAL QUITPLAN SERVICES. THE QUITPLAN HELPLINE PROVIDES TELEPHONE COUNSELING

- 4d Other program services (Describe in Schedule O.)

(Expenses \$ 722,322. including grants of \$ 692,541.) (Revenue \$ 0.)

4e Total program service expenses ► 14,314,945.

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A	X	
2 Is the organization required to complete Schedule B, Schedule of Contributors?	X	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I		X
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II	X	
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III		X
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I		X
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II		X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III		X
9 Did the organization report an amount in Part X, line 21, for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV		X
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V		X
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI	X	
b Did the organization report an amount for investments - other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII	X	
c Did the organization report an amount for investments - program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII		X
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX		X
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X		X
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X	X	
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII	X	
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional		X
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E		X
14a Did the organization maintain an office, employees, or agents outside of the United States?		X
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV	X	
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? If "Yes," complete Schedule F, Parts II and IV		X
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? If "Yes," complete Schedule F, Parts III and IV		X
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I		X
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II		X
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III		X

Part IV Checklist of Required Schedules (continued)

	Yes	No
20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H		X
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?		
21 Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II	X	
22 Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III	X	
23 Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J	X	
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a		X
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		
25a Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I		X
b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I		X
26 Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? If "Yes," complete Schedule L, Part II		X
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? If "Yes," complete Schedule L, Part III		X
28 Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
a A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV		X
b A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV		X
c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? If "Yes," complete Schedule L, Part IV		X
29 Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M		X
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M		X
31 Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I		X
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II		X
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Schedule R, Part I		X
34 Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1		X
35a Did the organization have a controlled entity within the meaning of section 512(b)(13)?		X
b If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2		
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2		X
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI		X
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19?		
Note. All Form 990 filers are required to complete Schedule O	X	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V

☒ X

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	54	
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	0	
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	X	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	30	
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	X	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	X	
b	If "Yes," has it filed a Form 990-T for this year? If "No," to line 3b, provide an explanation in Schedule O	X	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	X	
b	If "Yes," enter the name of the foreign country: SEE SCHEDULE O See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR).		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		X
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	Organizations that may receive deductible contributions under section 170(c).		
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		X
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		X
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d	
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		X
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		X
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
8	Sponsoring organizations maintaining donor advised funds. Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?		
9	Sponsoring organizations maintaining donor advised funds.		
a	Did the sponsoring organization make any taxable distributions under section 4966?		
b	Did the sponsoring organization make a distribution to a donor, donor advisor, or related person?		
10	Section 501(c)(7) organizations. Enter:		
a	Initiation fees and capital contributions included on Part VIII, line 12	10a	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b	
11	Section 501(c)(12) organizations. Enter:		
a	Gross income from members or shareholders	11a	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	11b	
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b	
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.	13a	
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b	
c	Enter the amount of reserves on hand	13c	
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a	X
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O	14b	

Form 990 (2015)

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Check if Schedule O contains a response or note to any line in this Part VI

☒ X**Section A. Governing Body and Management**

	1a	1b	18	Yes	No
1a Enter the number of voting members of the governing body at the end of the tax year If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.			18		
b Enter the number of voting members included in line 1a, above, who are independent			18		
2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?			2		X
3 Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person?			3		X
4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?			4		X
5 Did the organization become aware during the year of a significant diversion of the organization's assets?			5		X
6 Did the organization have members or stockholders?			6		X
7a Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?			7a		X
b Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?			7b		X
8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:					
a The governing body?			8a	X	
b Each committee with authority to act on behalf of the governing body?			8b	X	
9 Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O			9		X

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

	10a	10b	11a	11b	12a	12b	12c	13	14	15a	15b	16a	16b	Yes	No
10a Did the organization have local chapters, branches, or affiliates?															X
b If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?															
11a Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?			X												
b Describe in Schedule O the process, if any, used by the organization to review this Form 990.															
12a Did the organization have a written conflict of interest policy? If "No," go to line 13					X										
b Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?					X										
c Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done							X								
13 Did the organization have a written whistleblower policy?							X								
14 Did the organization have a written document retention and destruction policy?							X								
15 Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?															
a The organization's CEO, Executive Director, or top management official							X								
b Other officers or key employees of the organization							X								
If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).															
16a Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?															X
b If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?															

Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed ► MN, CA, NY, VT, MD

18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.
☒ Own website ☐ Another's website ☒ Upon request ☐ Other (explain in Schedule O)

19 Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.

20 State the name, address, and telephone number of the person who possesses the organization's books and records: ►
LANA KOPYLOV - 952-767-1400
8011 34TH AVE S, STE 400, MINNEAPOLIS, MN 55425

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent ContractorsCheck if Schedule O contains a response or note to any line in this Part VII ☐**Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees****1a** Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former** directors or trustees that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

☐ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) TOM WEAVER BOARD CHAIR (THRU SEPTEMBER '15)	4.00	X		X				0.	0.	0.
(2) JOY RIKALA, VICE CHAIR THRU 9/15 BOARD CHAIR (BEGINNING SEPT '15)	7.00	X		X				0.	0.	0.
(3) BOB BOERSCHER TREASURER	4.00	X		X				0.	0.	0.
(4) DANIEL JOHNSON SECRETARY (BEGINNING SEPTEMBER '15)	2.00	X		X				0.	0.	0.
(5) VIVIAN JENKINS NELSEN, SECRETARY (THRU 9/15) VICE CHAIR (BEG 9/15)	3.00	X		X				0.	0.	0.
(6) JOEL SWANSON DIRECTOR	2.00	X						0.	0.	0.
(7) ELLEN DENZEN DIRECTOR	4.00	X						0.	0.	0.
(8) KELLY DRUMMER DIRECTOR	1.00	X						0.	0.	0.
(9) RUSSEL KUZEL, MD DIRECTOR (THRU MARCH '16)	2.00	X						0.	0.	0.
(10) PAMELA LUX DIRECTOR	2.00	X						0.	0.	0.
(11) STEVEN MCWHIRTER DIRECTOR	3.00	X						0.	0.	0.
(12) HOWARD ORENSTEIN DIRECTOR	1.00	X						0.	0.	0.
(13) JENNY PETERSON DIRECTOR (THRU SEPTEMBER '15)	3.00	X						0.	0.	0.
(14) BRIAN SHORT DIRECTOR	1.00	X						0.	0.	0.
(15) JIM RHODES DIRECTOR (THRU SEPTEMBER '15)	4.00	X						0.	0.	0.
(16) JANET KEYSER DIRECTOR	1.00	X						0.	0.	0.
(17) KAREN KRAEMER DIRECTOR (BEGINNING SEPTEMBER '15)	1.00	X						0.	0.	0.

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(18) LAURIE LAFONTAINE DIRECTOR	1.00	X						0.	0.	0.
(19) NEVADA LITTLEWOLF DIRECTOR (BEGINNING SEPTEMBER '15)	1.00	X						0.	0.	0.
(20) HUGH NIERENGARTEN DIRECTOR (BEGINNING SEPTEMBER '15)	1.00	X						0.	0.	0.
(21) ANNE VARS DIRECTOR	1.00	X						0.	0.	0.
(22) DAVID J. WILLOUGHBY CHIEF EXECUTIVE OFFICER	40.00			X				159,754.	0.	46,771.
(23) STEVEN BADER CHIEF FINANCIAL OFFICER	40.00			X				126,386.	0.	17,064.
(24) BARBARA SCHILLO VICE PRESIDENT	40.00					X		139,027.	0.	40,341.
(25) ANDREA MOWERY VICE PRESIDENT	40.00					X		142,839.	0.	34,312.
(26) JAIME MARTINEZ DIRECTOR OF COMMUNITY DEVELOPMENT	40.00					X		123,559.	0.	30,384.
1b Sub-total								691,565.	0.	168,872.
c Total from continuation sheets to Part VII, Section A								225,617.	0.	62,851.
d Total (add lines 1b and 1c)								917,182.	0.	231,723.

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization **7**

	Yes	No
3 Did the organization list any former officer, director, or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual		X
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If "Yes," complete Schedule J for such individual	X	
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If "Yes," complete Schedule J for such person		X

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation
CLARITY COVERDALE FURY, INC., 120 SOUTH SIXTH ST, STE 1300, MINNEAPOLIS, MN 55402	MEDIA BUY AND ADVERTISING SERVICES	6,094,249.
PROFESSIONAL DATA ANALYSTS, INC., 219 MAIN STREET SE, STE 302, MINNEAPOLIS, MN 55414	QUITPLAN AND MEDIA EVALUATION	254,594.

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization **2**

SEE PART VII, SECTION A CONTINUATION SHEETS

532201
04-01-15

Part VIII Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1 a Federated campaigns	1a					
	b Membership dues	1b					
	c Fundraising events	1c					
	d Related organizations	1d					
	e Government grants (contributions)	1e	119,330.				
	f All other contributions, gifts, grants, and similar amounts not included above	1f	24.				
	g Noncash contributions included in lines 1a-1f: \$						
	h Total. Add lines 1a-1f			119,354.			
Program Service Revenue	Business Code						
	2 a						
	b						
	c						
	d						
	e						
	f All other program service revenue						
	g Total. Add lines 2a-2f						
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)			605,855.			605,855.
	4 Income from investment of tax-exempt bond proceeds						
	5 Royalties						
	6 a Gross rents	(i) Real	(ii) Personal				
	b Less: rental expenses						
	c Rental income or (loss)						
	d Net rental income or (loss)						
	7 a Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other				
	b Less: cost or other basis and sales expenses						
	c Gain or (loss)						
	d Net gain or (loss)			146,985.			146,985.
	8 a Gross income from fundraising events (not including \$ of contributions reported on line 1c). See Part IV, line 18	a					
	b Less: direct expenses	b					
	c Net income or (loss) from fundraising events						
	9 a Gross income from gaming activities. See Part IV, line 19	a					
	b Less: direct expenses	b					
	c Net income or (loss) from gaming activities						
	10 a Gross sales of inventory, less returns and allowances	a					
	b Less: cost of goods sold	b					
	c Net income or (loss) from sales of inventory						
Miscellaneous Revenue			Business Code				
11 a PTNRSH UNRELATED BUSINESS INCOME		900099	29,227.		29,227.		
b							
c							
d All other revenue							
e Total. Add lines 11a-11d			29,227.				
12 Total revenue. See instructions.			901,421.	0.	29,227.	752,840.	

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response or note to any line in this Part IX ☐

	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.				
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21	5,151,010.	5,151,010.		
2 Grants and other assistance to domestic individuals. See Part IV, line 22	76,731.	76,731.		
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	389,166.	269,376.	119,790.	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	2,373,538.	1,640,412.	733,126.	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	331,940.	231,064.	100,876.	
9 Other employee benefits	231,798.	161,355.	70,443.	
10 Payroll taxes	205,853.	142,270.	63,583.	
11 Fees for services (non-employees):				
a Management				
b Legal	59,956.	41,453.	18,503.	
c Accounting	21,910.	15,149.	6,761.	
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees	64,185.		64,185.	
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch O.)	109,439.	75,666.	33,773.	
12 Advertising and promotion				
13 Office expenses	200,688.	170,314.	30,374.	
14 Information technology				
15 Royalties				
16 Occupancy	134,694.	91,428.	43,266.	
17 Travel	99,195.	85,719.	13,476.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	54,145.	44,513.	9,632.	
20 Interest				
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	12,688.	8,489.	4,199.	
23 Insurance	18,382.	12,298.	6,084.	
24 Other expenses. Itemize expenses not covered above. (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a PUBLIC EDUCATION/RELATI	5,769,457.	5,766,843.	2,614.	
b EVALUATION FEES	282,751.	282,751.		
c CONSULTANTS	59,716.	44,308.	15,408.	
d OTHER EXPENSES	5,674.	3,796.	1,878.	
e All other expenses				
25 Total functional expenses. Add lines 1 through 24e	15,652,916.	14,314,945.	1,337,971.	0.
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation.				

Check here ☐ if following SOP 98-2 (ASC 958-720)

Part X Balance Sheet

Check if Schedule O contains a response or note to any line in this Part X

		(A) Beginning of year		(B) End of year
Assets	1 Cash - non-interest-bearing	18,485.	1	19,158.
	2 Savings and temporary cash investments		2	
	3 Pledges and grants receivable, net	96,334.	3	10,793.
	4 Accounts receivable, net	3,080.	4	2,275.
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5	
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instr). Complete Part II of Sch L		6	
	7 Notes and loans receivable, net		7	
	8 Inventories for sale or use		8	
	9 Prepaid expenses and deferred charges	50,090.	9	78,278.
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 388,120.		
	b Less: accumulated depreciation	10b 345,562.		
		30,213.	10c	42,558.
	11 Investments - publicly traded securities	53,955,120.	11	41,314,068.
	12 Investments - other securities. See Part IV, line 11	18,013,523.	12	13,964,114.
	13 Investments - program-related. See Part IV, line 11		13	
	14 Intangible assets		14	
15 Other assets. See Part IV, line 11		15		
16 Total assets. Add lines 1 through 15 (must equal line 34)	72,166,845.	16	55,431,244.	
Liabilities	17 Accounts payable and accrued expenses	1,280,906.	17	1,008,394.
	18 Grants payable	3,023,520.	18	2,569,254.
	19 Deferred revenue		19	
	20 Tax-exempt bond liabilities		20	
	21 Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22 Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22	
	23 Secured mortgages and notes payable to unrelated third parties		23	
	24 Unsecured notes and loans payable to unrelated third parties		24	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D		25	
	26 Total liabilities. Add lines 17 through 25	4,304,426.	26	3,577,648.
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets	67,862,419.	27	51,853,596.
	28 Temporarily restricted net assets		28	
	29 Permanently restricted net assets		29	
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building, or equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
33 Total net assets or fund balances	67,862,419.	33	51,853,596.	
34 Total liabilities and net assets/fund balances	72,166,845.	34	55,431,244.	

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	901,421.
2	Total expenses (must equal Part IX, column (A), line 25)	2	15,652,916.
3	Revenue less expenses. Subtract line 2 from line 1	3	<14,751,495.>
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	67,862,419.
5	Net unrealized gains (losses) on investments	5	<1,257,328.>
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	0.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	51,853,596.

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line in this Part XII

	Yes	No
1 Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.		
2a Were the organization's financial statements compiled or reviewed by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both: Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	2a	X
b Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both: <input checked="" type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	2b	X
c If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.	2c	X
3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a	X
b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b	

Form 990 (2015)

SCHEDULE A
(Form 990 or 990-EZ)

OMB No. 1545-0047

Public Charity Status and Public Support**2015**Open to Public
InspectionDepartment of the Treasury
Internal Revenue ServiceComplete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.
▶ Attach to Form 990 or Form 990-EZ.▶ Information about Schedule A (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

Name of the organization

CLEARWAY MINNESOTA (SM)

Employer identification number

41-1921094

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 11, check only one box.)

- 1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i)**.
- 2 ☐ A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E (Form 990 or 990-EZ).)
- 3 ☐ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
- 4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state: _____
- 5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II.)
- 6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
- 7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 8 ☐ A community trust described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 9 ☐ An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2)**. (Complete Part III.)
- 10 ☐ An organization organized and operated exclusively to test for public safety. See **section 509(a)(4)**.
- 11 ☒ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2)**. See **section 509(a)(3)**. Check the box in lines 11a through 11d that describes the type of supporting organization and complete lines 11e, 11f, and 11g.
- a ☒ **Type I.** A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization. **You must complete Part IV, Sections A and B.**
- b ☐ **Type II.** A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s). **You must complete Part IV, Sections A and C.**
- c ☐ **Type III functionally integrated.** A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions). **You must complete Part IV, Sections A, D, and E.**
- d ☐ **Type III non-functionally integrated.** A supporting organization operated in connection with its supported organization(s) that is not functionally integrated. The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions). **You must complete Part IV, Sections A and D, and Part V.**
- e ☐ Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization.

f Enter the number of supported organizations

1

g Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above (see instructions))	(iv) Is the organization listed in your governing document?		(v) Amount of monetary support (see instructions)	(vi) Amount of other support (see instructions)
			Yes	No		
SEE SCHEDULE A, PART VI, SUPPLEMENTAL INFORMATION		6	X		SEE SCHEDULE A, PART VI, SUPPLEMENTAL INFORMATION	
Total					0.	0.

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ►	(a) 2011	(b) 2012	(c) 2013	(d) 2014	(e) 2015	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge ...						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4.						

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2011	(b) 2012	(c) 2013	(d) 2014	(e) 2015	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources ...						
9 Net income from unrelated business activities, whether or not the business is regularly carried on ...						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						
11 Total support. Add lines 7 through 10						
12 Gross receipts from related activities, etc. (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here						<input type="checkbox"/>

Section C. Computation of Public Support Percentage

14 Public support percentage for 2015 (line 6, column (f) divided by line 11, column (f))	14	%
15 Public support percentage from 2014 Schedule A, Part II, line 14	15	%
16a 33 1/3% support test - 2015. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		
b 33 1/3% support test - 2014. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		
17a 10% -facts-and-circumstances test - 2015. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization		
b 10% -facts-and-circumstances test - 2014. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization		
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions		

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ►	(a) 2011	(b) 2012	(c) 2013	(d) 2014	(e) 2015	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support. (Subtract line 7c from line 6.)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2011	(b) 2012	(c) 2013	(d) 2014	(e) 2015	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						

14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here

Section C. Computation of Public Support Percentage

15 Public support percentage for 2015 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage from 2014 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2015 (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from 2014 Schedule A, Part III, line 17	18	%

19a 33 1/3% support tests - 2015. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization

b 33 1/3% support tests - 2014. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization

20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions

Part IV Supporting Organizations

(Complete only if you checked a box in line 11 on Part I. If you checked 11a of Part I, complete Sections A and B. If you checked 11b of Part I, complete Sections A and C. If you checked 11c of Part I, complete Sections A, D, and E. If you checked 11d of Part I, complete Sections A and D, and complete Part V.)

Section A. All Supporting Organizations

- 1 Are all of the organization's supported organizations listed by name in the organization's governing documents? If "No" describe in **Part VI** how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.
- 2 Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? If "Yes," explain in **Part VI** how the organization determined that the supported organization was described in section 509(a)(1) or (2).
- 3a Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? If "Yes," answer (b) and (c) below.
- b Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? If "Yes," describe in **Part VI** when and how the organization made the determination.
- c Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? If "Yes," explain in **Part VI** what controls the organization put in place to ensure such use.
- 4a Was any supported organization not organized in the United States ("foreign supported organization")? If "Yes," and if you checked 11a or 11b in Part I, answer (b) and (c) below.
- b Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? If "Yes," describe in **Part VI** how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.
- c Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? If "Yes," explain in **Part VI** what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.
- 5a Did the organization add, substitute, or remove any supported organizations during the tax year? If "Yes," answer (b) and (c) below (if applicable). Also, provide detail in **Part VI**, including (i) the names and EIN numbers of the supported organizations added, substituted, or removed; (ii) the reasons for each such action; (iii) the authority under the organization's organizing document authorizing such action; and (iv) how the action was accomplished (such as by amendment to the organizing document).
- b **Type I or Type II only.** Was any added or substituted supported organization part of a class already designated in the organization's organizing document?
- c **Substitutions only.** Was the substitution the result of an event beyond the organization's control?
- 6 Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (i) its supported organizations, (ii) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (iii) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? If "Yes," provide detail in **Part VI**.
- 7 Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (defined in section 4958(c)(3)(C)), a family member of a substantial contributor, or a 35% controlled entity with regard to a substantial contributor? If "Yes," complete **Part I** of Schedule L (Form 990 or 990-EZ).
- 8 Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? If "Yes," complete **Part I** of Schedule L (Form 990 or 990-EZ).
- 9a Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? If "Yes," provide detail in **Part VI**.
- b Did one or more disqualified persons (as defined in line 9a) hold a controlling interest in any entity in which the supporting organization had an interest? If "Yes," provide detail in **Part VI**.
- c Did a disqualified person (as defined in line 9a) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? If "Yes," provide detail in **Part VI**.
- 10a Was the organization subject to the excess business holdings rules of section 4943 because of section 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? If "Yes," answer 10b below.
- b Did the organization have any excess business holdings in the tax year? (Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)

	Yes	No
1	X	
2		X
3a		X
3b		
3c		
4a		X
4b		
4c		
5a		X
5b		
5c		
6	X	
7		X
8		X
9a		X
9b		X
9c		X
10a		X
10b		

Part IV Supporting Organizations (continued)

- 11 Has the organization accepted a gift or contribution from any of the following persons?
- a A person who directly or indirectly controls, either alone or together with persons described in (b) and (c) below, the governing body of a supported organization?
- b A family member of a person described in (a) above?
- c A 35% controlled entity of a person described in (a) or (b) above? If "Yes" to a, b, or c, provide detail in Part VI.

	Yes	No
11a		X
11b		X
11c		X

Section B. Type I Supporting Organizations

- 1 Did the directors, trustees, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's directors or trustees at all times during the tax year? If "No," describe in Part VI how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove directors or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.
- 2 Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? If "Yes," explain in Part VI how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised, or controlled the supporting organization.

	Yes	No
1	X	
2		X

Section C. Type II Supporting Organizations

- 1 Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? If "No," describe in Part VI how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).

	Yes	No
1		

Section D. All Type III Supporting Organizations

- 1 Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (i) a written notice describing the type and amount of support provided during the prior tax year, (ii) a copy of the Form 990 that was most recently filed as of the date of notification, and (iii) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?
- 2 Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? If "No," explain in Part VI how the organization maintained a close and continuous working relationship with the supported organization(s).
- 3 By reason of the relationship described in (2), did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? If "Yes," describe in Part VI the role the organization's supported organizations played in this regard.

	Yes	No
1		
2		
3		

Section E. Type III Functionally-Integrated Supporting Organizations

- 1 Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions):
- a The organization satisfied the Activities Test. Complete line 2 below.
- b The organization is the parent of each of its supported organizations. Complete line 3 below.
- c The organization supported a governmental entity. Describe in Part VI how you supported a government entity (see instructions).

2 Activities Test. Answer (a) and (b) below.

- a Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? If "Yes," then in Part VI identify those supported organizations and explain how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.
- b Did the activities described in (a) constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? If "Yes," explain in Part VI the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.
- 3 Parent of Supported Organizations. Answer (a) and (b) below.
- a Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? Provide details in Part VI.
- b Did the organization exercise a substantial degree of direction over the policies, programs, and activities of each of its supported organizations? If "Yes," describe in Part VI the role played by the organization in this regard.

	Yes	No
2a		
2b		
3a		
3b		

Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations

- 1 ☐ Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov. 20, 1970. See instructions. All other Type III non-functionally integrated supporting organizations must complete Sections A through E.

Section A - Adjusted Net Income		(A) Prior Year	(B) Current Year (optional)
1	Net short-term capital gain	1	
2	Recoveries of prior-year distributions	2	
3	Other gross income (see instructions)	3	
4	Add lines 1 through 3	4	
5	Depreciation and depletion	5	
6	Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	6	
7	Other expenses (see instructions)	7	
8	Adjusted Net Income (subtract lines 5, 6 and 7 from line 4)	8	

Section B - Minimum Asset Amount		(A) Prior Year	(B) Current Year (optional)
1	Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year):		
a	Average monthly value of securities	1a	
b	Average monthly cash balances	1b	
c	Fair market value of other non-exempt-use assets	1c	
d	Total (add lines 1a, 1b, and 1c)	1d	
e	Discount claimed for blockage or other factors (explain in detail in Part VI):		
2	Acquisition indebtedness applicable to non-exempt-use assets	2	
3	Subtract line 2 from line 1d	3	
4	Cash deemed held for exempt use. Enter 1-1/2% of line 3 (for greater amount, see instructions).	4	
5	Net value of non-exempt-use assets (subtract line 4 from line 3)	5	
6	Multiply line 5 by .035	6	
7	Recoveries of prior-year distributions	7	
8	Minimum Asset Amount (add line 7 to line 6)	8	

Section C - Distributable Amount			Current Year
1	Adjusted net income for prior year (from Section A, line 8, Column A)	1	
2	Enter 85% of line 1	2	
3	Minimum asset amount for prior year (from Section B, line 8, Column A)	3	
4	Enter greater of line 2 or line 3	4	
5	Income tax imposed in prior year	5	
6	Distributable Amount. Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions)	6	

- 7 ☐ Check here if the current year is the organization's first as a non-functionally-integrated Type III supporting organization (see instructions).

Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations (continued)

Section D - Distributions	Current Year
1 Amounts paid to supported organizations to accomplish exempt purposes	
2 Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	
3 Administrative expenses paid to accomplish exempt purposes of supported organizations	
4 Amounts paid to acquire exempt-use assets	
5 Qualified set-aside amounts (prior IRS approval required)	
6 Other distributions (describe in Part VI). See instructions.	
7 Total annual distributions. Add lines 1 through 6.	
8 Distributions to attentive supported organizations to which the organization is responsive (provide details in Part VI). See instructions.	
9 Distributable amount for 2015 from Section C, line 6	
10 Line 8 amount divided by Line 9 amount	

Section E - Distribution Allocations (see instructions)	(i) Excess Distributions	(ii) Underdistributions Pre-2015	(iii) Distributable Amount for 2015
1 Distributable amount for 2015 from Section C, line 6			
2 Underdistributions, if any, for years prior to 2015 (reasonable cause required-see instructions)			
3 Excess distributions carryover, if any, to 2015:			
a			
b			
c			
d From 2013			
e From 2014			
f Total of lines 3a through e			
g Applied to underdistributions of prior years			
h Applied to 2015 distributable amount			
i Carryover from 2010 not applied (see instructions)			
j Remainder. Subtract lines 3g, 3h, and 3i from 3f.			
4 Distributions for 2015 from Section D, line 7: \$			
a Applied to underdistributions of prior years			
b Applied to 2015 distributable amount			
c Remainder. Subtract lines 4a and 4b from 4.			
5 Remaining underdistributions for years prior to 2015, if any. Subtract lines 3g and 4a from line 2 (if amount greater than zero, see instructions).			
6 Remaining underdistributions for 2015. Subtract lines 3h and 4b from line 1 (if amount greater than zero, see instructions).			
7 Excess distributions carryover to 2016. Add lines 3j and 4c.			
8 Breakdown of line 7:			
a			
b			
c Excess from 2013			
d Excess from 2014			
e Excess from 2015			

Part VI **Supplemental Information.** Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; Part III, line 12; Part IV, Section A, lines 1, 2, 3b, 3c, 4b, 4c, 5a, 6, 9a, 9b, 9c, 11a, 11b, and 11c; Part IV, Section B, lines 1 and 2; Part IV, Section C, line 1; Part IV, Section D, lines 2 and 3; Part IV, Section E, lines 1c, 2a, 2b, 3a and 3b; Part V, line 1; Part V, Section B, line 1e; Part V, Section D, lines 5, 6, and 8; and Part V, Section E, lines 2, 5, and 6. Also complete this part for any additional information.
(See instructions.)

PART I, LINE 11G

(I) & (II) STATE OF MINNESOTA THROUGH THE SECOND JUDICIAL DISTRICT COURT. CLEARWAY MINNESOTA (SM) WAS CREATED BY (AND REMAINS SUBJECT TO THE AUTHORITY OF) THE STATE OF MINNESOTA'S JUDICIAL BRANCH, HAVING BEEN FORMED BY ORDER OF THE STATE'S SECOND JUDICIAL DISTRICT COURT TO RECEIVE AND ADMINISTER FUNDS WON BY THE STATE OF MINNESOTA IN THE STATE'S SUCCESSFUL LAWSUIT AGAINST A CONGLOMERATE OF TOBACCO COMPANIES FOR REMEDIES AND RELIEF FROM INJURIES TO THE HEALTH AND WELFARE OF THE PEOPLE OF THE STATE. FROM INCEPTION THE ORGANIZATION'S GOVERNANCE STRUCTURE HAS BEEN UNDER CONTROL OF THAT COURT, AND THE ORGANIZATION'S BOARD IS COMPRISED IN PART OF APPOINTEES WHO SERVE AT THE PLEASURE OF THE STATE'S LEGISLATURE AND EXECUTIVE BRANCHES.

(IV) AS EXPLAINED IN CLEARWAY MINNESOTA (SM)'S EXEMPTION APPLICATION, THERE IS NO SPECIFIC NAMING OF A "SUPPORTED" ORGANIZATION IN THE ARTICLES OF INCORPORATION, BUT THE ARTICLES WERE PART OF THE COURT'S ORDER WHICH ITSELF BOTH CREATES THE ORGANIZATION WITH PURPOSES AND GOVERNANCE STRUCTURE FURTHERING THE STATE'S NEEDS AS MANDATED BY THE COURT ORDER.

(V) & (VI) 100% OF EXPENDITURES AS MANDATED BY TERMS OF THE ORGANIZATION'S FORMATION BY THE COURT AND ORGANIZATIONAL DOCUMENTS.
(SEE EXPLANATION OF RELATIONSHIP TO THE STATE OF MINNESOTA IN (I) AND (II) ABOVE.)

PART IV, SECTION A, LINE 6

HISTORICALLY, AND IN LINE WITH REPORTING OBLIGATIONS TO THE STATE'S

Part VI

Supplemental Information. Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; Part III, line 12; Part IV, Section A, lines 1, 2, 3b, 3c, 4b, 4c, 5a, 6, 9a, 9b, 9c, 11a, 11b, and 11c; Part IV, Section B, lines 1 and 2; Part IV, Section C, line 1; Part IV, Section D, lines 2 and 3; Part IV, Section E, lines 1c, 2a, 2b, 3a and 3b; Part V, line 1; Part V, Section B, line 1e; Part V, Section D, lines 5, 6, and 8; and Part V, Section E, lines 2, 5, and 6. Also complete this part for any additional information.
(See instructions.)

COURTS AND OFFICIALS, CLEARWAY MINNESOTA HAS REPORTED PAYMENTS TO ORGANIZATIONS ISSUED UNDER RFPS, AND SOME PAYMENTS TO INDIVIDUALS PROVIDED UNDER RFPS, AS "GRANTS," IN LARGE PART TO ENSURE SYNCHRONICITY WITH THE EXPANDED REPORTING ON SUCH "GRANTS" EFFECTED UPON SCHEDULE I AND REPORTING TO THE STATE'S COURT CLEARWAY MINNESOTA MAKES ON AN ANNUAL BASIS. HOWEVER, THE CHARACTERIZATION OF THE RECIPIENTS AS GRANTEES RATHER THAN AS PROVIDERS OF SERVICES IN LINE WITH THE "GRANT" PROGRAMS' RFPS HAS ALWAYS BEEN AN ISSUE IN PREPARATION OF FORM 990'S PART IX STATEMENT OF FUNCTIONAL EXPENSES, AS THE EXPENDITURES COULD BE REPORTED UPON LINE 11 RATHER THAN LINE 1 (IN THE CASE OF "GRANT" AGREEMENTS WITH ORGANIZATIONS) OR LINE 2 (IN THE CASE OF "GRANT" AGREEMENTS WITH INDIVIDUALS), AND THE EXPANDED REPORTING UPON SAME IN SCHEDULE I). ACCORDINGLY, THE "YES" ANSWER AT PART IV SECTION A LINE 6 IS NOT INDICATIVE OF A VIOLATION OF REG. 1.509(A)-4(I)(2), AS CLEARWAY MINNESOTA RECOGNIZES THAT AS A SUPPORTING ORGANIZATION IT MUST ENGAGE SOLELY IN ACTIVITIES THAT SUPPORT OR BENEFIT ITS SUPPORTED ORGANIZATION AND NOT DEVIATE FROM THIS REQUIREMENT, WHICH PER THE CITED REGULATIONS IN GENERAL MEANS THAT SUPPORTING ORGANIZATIONS ARE ALLOWED TO:

- MAKE GRANTS DIRECTLY TO SUPPORTED ORGANIZATIONS;
- PROVIDE SERVICES AND FACILITIES DIRECTLY TO ITS SUPPORTED ORGANIZATIONS;
- MAKE GRANTS OR PROVIDE SERVICES OR FACILITIES TO EITHER INDIVIDUAL MEMBERS OF THE CHARITABLE CLASS BENEFITED BY ITS SUPPORTED ORGANIZATION OR OTHER SUPPORTING ORGANIZATIONS THAT ALSO SUPPORT OR BENEFIT ITS SUPPORTED ORGANIZATION.

Part VI

Supplemental Information. Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; Part III, line 12; Part IV, Section A, lines 1, 2, 3b, 3c, 4b, 4c, 5a, 6, 9a, 9b, 9c, 11a, 11b, and 11c; Part IV, Section B, lines 1 and 2; Part IV, Section C, line 1; Part IV, Section D, lines 2 and 3; Part IV, Section E, lines 1c, 2a, 2b, 3a and 3b; Part V, line 1; Part V, Section B, line 1e; Part V, Section D, lines 5, 6, and 8; and Part V, Section E, lines 2, 5, and 6. Also complete this part for any additional information.
(See instructions.)

CLEARWAY MINNESOTA'S OPERATION OF RFP'S TO EFFECT THE "GRANTS" PROGRAMS
EFFECTUATED IN THE SPECIFIC PROGRAM ARENAS NOTED IN THIS FORM'S PART
III LINES 4A-4D (AND FULLY DISCUSSED IN FLOW-OVER NARRATION FROM THAT
PART TO SCHEDULE O) IS THE METHODOLOGY THAT THE STATE OF MINNESOTA
EMBRACED, BOTH WHEN CLEARWAY WAS CREATED AND FUNDED WITH THE STATE OF
MINNESOTA'S MONIES AND AS THE STATE CONTINUES TO MAKE GRANTS AND HAVE
REPORTING ON SAME PROVIDED BACK TO THE STATE'S COURT AND OFFICIALS.

Schedule B
(Form 990, 990-EZ,
or 990-PF)Department of the Treasury
Internal Revenue Service**Schedule of Contributors**

▶ Attach to Form 990, Form 990-EZ, or Form 990-PF.
▶ Information about Schedule B (Form 990, 990-EZ, or 990-PF) and
its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2015

Name of the organization

CLEARWAY MINNESOTA (SM)

Employer identification number

41-1921094

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

☒ 501(c)(3) (enter number) organization4947(a)(1) nonexempt charitable trust **not** treated as a private foundation

527 political organization

Form 990-PF

501(c)(3) exempt private foundation

4947(a)(1) nonexempt charitable trust treated as a private foundation

501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**.**Note.** Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.**General Rule**☒ For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, contributions totaling \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II. See instructions for determining a contributor's total contributions.**Special Rules**

For an organization described in section 501(c)(3) filing Form 990 or 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), that checked Schedule A (Form 990 or 990-EZ), Part II, line 13, 16a, or 16b, and that received from any one contributor, during the year, total contributions of the greater of (1) \$5,000 or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h, or (ii) Form 990-EZ, line 1. Complete Parts I and II.

For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 *exclusively* for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals. Complete Parts I, II, and III.

For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions *exclusively* for religious, charitable, etc., purposes, but no such contributions totaled more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the parts unless the **General Rule** applies to this organization because it received *nonexclusively* religious, charitable, etc., contributions totaling \$5,000 or more during the year ▶ \$

Caution. An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2, of its Form 990; or check the box on line H of its Form 990-EZ or on its Form 990-PF, Part I, line 2, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990, 990-EZ, or 990-PF. Schedule B (Form 990, 990-EZ, or 990-PF) (2015)

Name of organization CLEARWAY MINNESOTA (SM)	Employer identification number 41-1921094
--	---

Part I Contributors (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1		\$ 119,330.	Person <input checked="checked" type="checkbox"/> Payroll Noncash (Complete Part II for noncash contributions.)
			Person Payroll Noncash (Complete Part II for noncash contributions.)
			Person Payroll Noncash (Complete Part II for noncash contributions.)
			Person Payroll Noncash (Complete Part II for noncash contributions.)
			Person Payroll Noncash (Complete Part II for noncash contributions.)
			Person Payroll Noncash (Complete Part II for noncash contributions.)
			Person Payroll Noncash (Complete Part II for noncash contributions.)
			Person Payroll Noncash (Complete Part II for noncash contributions.)

Name of organization

Employer identification number

CLEARWAY MINNESOTA (SM)

41-1921094

Part II **Noncash Property** (see instructions). Use duplicate copies of Part II if additional space is needed.

[illegible]

Name of organization CLEARWAY MINNESOTA (SM)	Employer identification number 41-1921094
--	---

Part III Exclusively religious, charitable, etc., contributions to organizations described in section 501(c)(7), (8), or (10) that total more than \$1,000 for the year from any one contributor. Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of exclusively religious, charitable, etc., contributions of \$1,000 or less for the year. (Enter this info. once.) ► \$ _____

Use duplicate copies of Part III if additional space is needed.

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee

SCHEDULE C
(Form 990 or 990-EZ)**Political Campaign and Lobbying Activities**

OMB No. 1545-0047

2015Open to Public
InspectionDepartment of the Treasury
Internal Revenue Service

For Organizations Exempt From Income Tax Under section 501(c) and section 527

▶ **Complete if the organization is described below.** ▶ **Attach to Form 990 or Form 990-EZ.**▶ **Information about Schedule C (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.****If the organization answered "Yes," on Form 990, Part IV, line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then**

- Section 501(c)(3) organizations: Complete Parts I-A and B. Do not complete Part I-C.
- Section 501(c) (other than section 501(c)(3)) organizations: Complete Parts I-A and C below. Do not complete Part I-B.
- Section 527 organizations: Complete Part I-A only.

If the organization answered "Yes," on Form 990, Part IV, line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)): Complete Part II-A. Do not complete Part II-B.
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)): Complete Part II-B. Do not complete Part II-A.

If the organization answered "Yes," on Form 990, Part IV, line 5 (Proxy Tax) (see separate instructions) or Form 990-EZ, Part V, line 35c (Proxy Tax) (see separate instructions), then

- Section 501(c)(4), (5), or (6) organizations: Complete Part III.

Name of organization CLEARWAY MINNESOTA (SM)	Employer identification number 41-1921094
--	---

Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

1 Provide a description of the organization's direct and indirect political campaign activities in Part IV.

2 Political expenditures ▶ \$ _____

3 Volunteer hours _____

Part I-B Complete if the organization is exempt under section 501(c)(3).

- 1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ \$ _____
- 2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ \$ _____
- 3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ Yes ☐ No
- 4a Was a correction made? ☐ Yes ☐ No
- b If "Yes," describe in Part IV.

Part I-C Complete if the organization is exempt under section 501(c), except section 501(c)(3).

- 1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ \$ _____
- 2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities ▶ \$ _____
- 3 Total exempt function expenditures. Add lines 1 and 2. Enter here and on Form 1120-POL, line 17b ▶ \$ _____
- 4 Did the filing organization file Form 1120-POL for this year? ☐ Yes ☐ No
- 5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments. For each organization listed, enter the amount paid from the filing organization's funds. Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC). If additional space is needed, provide information in Part IV.

(a) Name	(b) Address	(c) EIN	(d) Amount paid from filing organization's funds. If none, enter -0-.	(e) Amount of political contributions received and promptly and directly delivered to a separate political organization. If none, enter -0-.

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule C (Form 990 or 990-EZ) 2015

Part II-A Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).

A Check ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures).

B Check ☐ if the filing organization checked box A and "limited control" provisions apply.

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing organization's totals	(b) Affiliated group totals												
1a	Total lobbying expenditures to influence public opinion (grass roots lobbying)	54,566.													
b	Total lobbying expenditures to influence a legislative body (direct lobbying)	57,025.													
c	Total lobbying expenditures (add lines 1a and 1b)	111,591.													
d	Other exempt purpose expenditures	15,477,140.													
e	Total exempt purpose expenditures (add lines 1c and 1d)	15,588,731.													
f	Lobbying nontaxable amount. Enter the amount from the following table in both columns.	929,437.													
<table border="1"> <thead> <tr> <th>If the amount on line 1e, column (a) or (b) is:</th> <th>The lobbying nontaxable amount is:</th> </tr> </thead> <tbody> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 1e.</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000.</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000.</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000.</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000.</td> </tr> </tbody> </table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e.	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000.	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000.	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000.	Over \$17,000,000	\$1,000,000.		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e.														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000.														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000.														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000.														
Over \$17,000,000	\$1,000,000.														
g	Grassroots nontaxable amount (enter 25% of line 1f)	232,359.													
h	Subtract line 1g from line 1a. If zero or less, enter -0-	0.													
i	Subtract line 1f from line 1c. If zero or less, enter -0-	0.													
j	If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes <input type="checkbox"/> No												

4-Year Averaging Period Under section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below.)

See the separate instructions for lines 2a through 2f.)

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	(a) 2012	(b) 2013	(c) 2014	(d) 2015	(e) Total
2a Lobbying nontaxable amount	894,080.	997,940.	907,438.	929,437.	3,728,895.
b Lobbying ceiling amount (150% of line 2a, column(e))					5,593,343.
c Total lobbying expenditures	171,709.	149,099.	119,532.	111,591.	551,931.
d Grassroots nontaxable amount	223,520.	249,485.	226,860.	232,359.	932,224.
e Grassroots ceiling amount (150% of line 2d, column (e))					1,398,336.
f Grassroots lobbying expenditures	117,623.	90,396.	60,982.	54,566.	323,567.

Schedule C (Form 990 or 990-EZ) 2015

Part II-B Complete if the organization is exempt under section 501(c)(3) and has NOT filed Form 5768 (election under section 501(h)).

For each "Yes," response on lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.

	(a)		(b)
	Yes	No	Amount
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:			
a Volunteers?			
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?			
c Media advertisements?			
d Mailings to members, legislators, or the public?			
e Publications, or published or broadcast statements?			
f Grants to other organizations for lobbying purposes?			
g Direct contact with legislators, their staffs, government officials, or a legislative body?			
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?			
i Other activities?			
j Total. Add lines 1c through 1i			
2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?			
b If "Yes," enter the amount of any tax incurred under section 4912			
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).

	Yes	No
1 Were substantially all (90% or more) dues received nondeductible by members?	1	
2 Did the organization make only in-house lobbying expenditures of \$2,000 or less?	2	
3 Did the organization agree to carry over lobbying and political expenditures from the prior year?	3	

Part III-B Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) and if either (a) BOTH Part III-A, lines 1 and 2, are answered "No," OR (b) Part III-A, line 3, is answered "Yes."

1 Dues, assessments and similar amounts from members	1	
2 Section 162(e) nondeductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid).		
a Current year	2a	
b Carryover from last year	2b	
c Total	2c	
3 Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	3	
4 If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year?	4	
5 Taxable amount of lobbying and political expenditures (see instructions)	5	

Part IV Supplemental Information

Provide the descriptions required for Part I-A, line 1; Part I-B, line 4; Part I-C, line 5; Part II-A (affiliated group list); Part II-A, lines 1 and 2 (see instructions); and Part II-B, line 1. Also, complete this part for any additional information.

PART II-A - BRIEF DESCRIPTION OF ORGANIZATION'S LOBBYING ACTIVITIES:

RESEARCH SHOWS PUBLIC POLICIES THAT REDUCE SECONDHAND SMOKE EXPOSURE AND MAKE TOBACCO PRODUCTS LESS ACCESSIBLE WORK WITH QUIT-SMOKING PROGRAMS TO REDUCE TOBACCO'S HARM TO THE PUBLIC. BECAUSE SUCH POLICIES HELP REDUCE SMOKING RATES AND REDUCE EXPOSURE TO SECONDHAND SMOKE, CLEARWAY MINNESOTA SUPPORTS WORK IN THIS AREA.

Part IV Supplemental Information (continued)

IN COMPLIANCE WITH OUR LONG-TERM CONTRACTING POLICY, AT THE BEGINNING OF FISCAL YEAR 2016 CLEARWAY MINNESOTA COMPLETED A COMPETITIVE BID PROCESS AND AWARDED ITS DIRECT LOBBYING CONTRACT TO A QUALIFIED VENDOR - LOCKRIDGE, GRINDAL, NAUEN P.L.L.P. THIS YEAR'S DIRECT LOBBYING WORK FOCUSED ON DEFENDING THE TOBACCO TAX INCREASES PASSED IN 2013 AND LAYING THE GROUNDWORK FOR FUTURE EFFORTS TO INCREASE THE TOBACCO PURCHASE AGE, RESTRICT YOUTH ACCESS TO CANDY-, FRUIT- AND MENTHOL-FLAVORED TOBACCO PRODUCTS, AND SECURE ADDITIONAL FUNDING FOR TOBACCO PREVENTION. WE ALSO CONTINUED TO SUPPORT NEW REGULATIONS TO INCREASE ACCESS TO COMPREHENSIVE TOBACCO TREATMENT SERVICES. OTHER LOBBYING ACTIVITIES INCLUDED GRASSROOTS, COMMUNICATIONS AND PUBLIC RELATIONS EFFORTS. THIS YEAR, CLEARWAY MINNESOTA AWARDED EIGHT POLICY GRANTS TO NONPROFIT ORGANIZATIONS AND LOCAL UNITS OF GOVERNMENT TO REDUCE THE HARM TOBACCO CAUSES MINNESOTA THROUGH COALITION BUILDING, POLICY ADVOCACY AND PUBLIC EDUCATION. UP TO 3 PERCENT OF THEIR GRANT AWARD CAN BE USED FOR LOBBYING ACTIVITIES. IN ADDITION, THE POLICY CHAMPIONS PROJECT ENGAGES INDIVIDUALS FROM PRIORITY POPULATIONS TO HELP ADVANCE CLEARWAY MINNESOTA'S POLICY AGENDA, AND A SMALL PORTION OF THESE CONTRACTS SUPPORT DIRECT AND GRASSROOTS LOBBYING ACTIVITIES. FINALLY, CLEARWAY MINNESOTA ALSO AWARDED GRANTS TO AMERICAN INDIAN TRIBES TO SUPPORT THE DEVELOPMENT OF RESERVATION INITIATIVES TO PROMOTE HEALTH AND ADVANCE SMOKE-FREE POLICIES ON TRIBAL LANDS IN MINNESOTA. A SMALL PORTION OF THESE GRANTS (UP TO \$2,000 PER GRANT) IS USED FOR LOBBYING TO ADVANCE SMOKE-FREE POLICIES ON TRIBAL LANDS.

SCHEDULE D
(Form 990)**Supplemental Financial Statements**

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.
▶ Attach to Form 990.

OMB No. 1545-0047

2015Open to Public
InspectionDepartment of the Treasury
Internal Revenue Service▶ Information about Schedule D (Form 990) and its instructions is at www.irs.gov/form990.

Name of the organization

CLEARWAY MINNESOTA (SM)

Employer identification number

41-1921094

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" on Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate value of contributions to (during year)		
3 Aggregate value of grants from (during year)		
4 Aggregate value at end of year		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? <input type="checkbox"/> Yes <input type="checkbox"/> No		
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? <input type="checkbox"/> Yes <input type="checkbox"/> No		

Part II Conservation Easements. Complete if the organization answered "Yes" on Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply).

☐ Preservation of land for public use (e.g., recreation or education) ☐ Preservation of a historically important land area

☐ Protection of natural habitat ☐ Preservation of a certified historic structure

☐ Preservation of open space

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.

	Held at the End of the Tax Year
a Total number of conservation easements	2a
b Total acreage restricted by conservation easements	2b
c Number of conservation easements on a certified historic structure included in (a)	2c
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶

4 Number of states where property subject to conservation easement is located ▶

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ▶

7 Amount of expenses incurred in monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ▶ \$

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.

Complete if the organization answered "Yes" on Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items.

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:

(i) Revenue included on Form 990, Part VIII, line 1 ▶ \$

(ii) Assets included in Form 990, Part X ▶ \$

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items:

a Revenue included on Form 990, Part VIII, line 1 ▶ \$

b Assets included in Form 990, Part X ▶ \$

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items

(check all that apply):

a ☐ Public exhibitiond ☐ Loan or exchange programsb ☐ Scholarly researche ☐ Other _____c ☐ Preservation for future generations

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No**Part IV Escrow and Custodial Arrangements.** Complete if the organization answered "Yes" on Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII and complete the following table:

c Beginning balance

d Additions during the year

e Distributions during the year

f Ending balance

	Amount
1c	
1d	
1e	
1f	

2a Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability? ☐ Yes ☐ Nob If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided on Part XIII ☐**Part V Endowment Funds.** Complete if the organization answered "Yes" on Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:

a Board designated or quasi-endowment ☐ %b Permanent endowment ☐ %c Temporarily restricted endowment ☐ %

The percentages on lines 2a, 2b, and 2c should equal 100%.

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

(i) unrelated organizations

(ii) related organizations

	Yes	No
3a(i)		
3a(ii)		
3b		

b If "Yes" on line 3a(ii), are the related organizations listed as required on Schedule R? ☐

4 Describe in Part XIII the intended uses of the organization's endowment funds.

Part VI Land, Buildings, and Equipment.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land				
b Buildings				
c Leasehold improvements		26,243.	22,515.	3,728.
d Equipment		361,877.	323,047.	38,830.
e Other				
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.)				42,558.

Part VII Investments - Other Securities.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A) ALTERNATIVE INVESTMENT		
(B) FUND OF FUNDS	3,324,427.	END-OF-YEAR MARKET VALUE
(C) PRIVATE EQUITY FUND OF		
(D) FUNDS	10,639,687.	END-OF-YEAR MARKET VALUE
(E)		
(F)		
(G)		
(H)		
Total. (Col. (b) must equal Form 990, Part X, col. (B) line 12.) ▶	13,964,114.	

Part VIII Investments - Program Related.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
Total. (Col. (b) must equal Form 990, Part X, col. (B) line 13.) ▶		

Part IX Other Assets.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.) ▶	

Part X Other Liabilities.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.) ▶	

2. Liability for uncertain tax positions. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). Check here if the text of the footnote has been provided in Part XIII ☒

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return.

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

1	Total revenue, gains, and other support per audited financial statements	1	<420,092.>
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:		
a	Net unrealized gains (losses) on investments	2a	<1,257,328.>
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIII.)	2d	
e	Add lines 2a through 2d	2e	<1,257,328.>
3	Subtract line 2e from line 1	3	837,236.
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	64,185.
b	Other (Describe in Part XIII.)	4b	
c	Add lines 4a and 4b	4c	64,185.
5	Total revenue. Add lines 3 and 4c. (This must equal Form 990, Part I, line 12.)	5	901,421.

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

1	Total expenses and losses per audited financial statements	1	15,588,731.
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:		
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	
c	Other losses	2c	
d	Other (Describe in Part XIII.)	2d	
e	Add lines 2a through 2d	2e	0.
3	Subtract line 2e from line 1	3	15,588,731.
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	64,185.
b	Other (Describe in Part XIII.)	4b	
c	Add lines 4a and 4b	4c	64,185.
5	Total expenses. Add lines 3 and 4c. (This must equal Form 990, Part I, line 18.)	5	15,652,916.

Part XIII Supplemental Information.

Provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, lines 2d and 4b; and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

PART X, LINE 2:**FIN 48 (ASC 740) DISCLOSURE FROM AUDITED FINANCIAL STATEMENTS:**

CLEARWAY MINNESOTA IS EXEMPT FROM FEDERAL INCOME TAXES UNDER THE PROVISIONS OF SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE. THE ORGANIZATION IS ALSO EXEMPT FROM MINNESOTA INCOME TAXES.

THE ORGANIZATION FOLLOWS THE CURRENT ACCOUNTING GUIDANCE RELATED TO UNCERTAINTY IN INCOME TAXES. THIS GUIDANCE CLARIFIES THE RECOGNITION THRESHOLD AND MEASUREMENT REQUIREMENTS FOR INCOME TAX POSITIONS TAKEN OR EXPECTED TO BE TAKEN IN INCOME TAX RETURNS. THIS INCLUDES POSITIONS THAT THE ENTITY IS EXEMPT FROM INCOME TAXES OR NOT SUBJECT TO ADDITIONAL INCOME TAX LIABILITY ON UNRELATED BUSINESS INCOME. UNDER THE STANDARDS, THE

Part XIII Supplemental Information (continued)

ORGANIZATION RECOGNIZES TAX BENEFITS FROM UNCERTAIN TAX POSITIONS ONLY IF IT IS MORE LIKELY THAN NOT THAT THE TAX POSITIONS WILL BE SUSTAINED ON EXAMINATION BY TAXING AUTHORITIES. THE ORGANIZATION HAS IDENTIFIED NO SIGNIFICANT INCOME TAX UNCERTAINTIES. THE ORGANIZATION FILES INFORMATION RETURNS AS A TAX-EXEMPT ORGANIZATION. SHOULD THAT STATUS BE CHALLENGED IN THE FUTURE, ALL YEARS SINCE INCEPTION COULD BE SUBJECT TO REVIEW BY THE IRS.

THE ORGANIZATION'S FEDERAL AND STATE INFORMATION RETURNS ARE OPEN TO EXAMINATION FOR TAX YEARS 2013 THROUGH 2015.

SCHEDULE F
(Form 990)Department of the Treasury
Internal Revenue Service**Statement of Activities Outside the United States**

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 14b, 15, or 16.

▶ Attach to Form 990.

▶ Information about Schedule F (Form 990) and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2015Open to Public
Inspection

Name of the organization

Employer identification number

CLEARWAY MINNESOTA (SM)

41-1921094

Part I **General Information on Activities Outside the United States.** Complete if the organization answered "Yes" on Form 990, Part IV, line 14b.

1 For grantmakers. Does the organization maintain records to substantiate the amount of its grants and other assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? ☐ Yes ☐ No

2 For grantmakers. Describe in Part V the organization's procedures for monitoring the use of its grants and other assistance outside the United States.

3 Activities per Region. (The following Part I, line 3 table can be duplicated if additional space is needed.)

(a) Region	(b) Number of offices in the region	(c) Number of employees, agents, and independent contractors in region	(d) Activities conducted in region (by type) (e.g., fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures for and investments in region
EUROPE (INCLUDING ICELAND & GREENLAND) - ALBANIA, ANDORRA, AUSTRIA, BELGIUM			INVESTMENT IN COLLER INTERNATIONAL PARTNERS V-B, L.P. FUND		1,478,125.
3 a Sub-total	0	0			1,478,125.
b Total from continuation sheets to Part I	0	0			0.
c Totals (add lines 3a and 3b)	0	0			1,478,125.

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule F (Form 990) 2015

41-1921094

CLEARWAY MINNESOTA (SM)

Schedule F (Form 990) 2015

Part II Grants and Other Assistance to Organizations or Entities Outside the United States. Complete if the organization answered "Yes" on Form 990, Part IV, line 15, for any recipient who received more than \$5,000. Part II can be duplicated if additional space is needed.

1 (a) Name of organization	(b) IRS code section and EIN (if applicable)	(c) Region	(d) Purpose of grant	(e) Amount of cash grant	(f) Manner of cash disbursement	(g) Amount of non-cash assistance	(h) Description of non-cash assistance	(i) Method of valuation (book, FMV, appraisal, other)

2 Enter total number of recipient organizations listed above that are recognized as charities by the foreign country, recognized as tax-exempt by the IRS, or for which the grantee or counsel has provided a section 501(c)(3) equivalency letter

3 Enter total number of other organizations or entities

Part IV Foreign Forms

- 1 Was the organization a U.S. transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926, Return by a U.S. Transferor of Property to a Foreign Corporation (see Instructions for Form 926)* ☐ Yes ☒ No
- 2 Did the organization have an interest in a foreign trust during the tax year? *If "Yes," the organization may be required to separately file Form 3520, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts, and/or Form 3520-A, Annual Information Return of Foreign Trust With a U.S. Owner (see Instructions for Forms 3520 and 3520-A; do not file with Form 990)* ☐ Yes ☒ No
- 3 Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons With Respect to Certain Foreign Corporations (see Instructions for Form 5471)* ☐ Yes ☒ No
- 4 Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund (see Instructions for Form 8621)* ☐ Yes ☒ No
- 5 Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships (see Instructions for Form 8865)* ☐ Yes ☒ No
- 6 Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to separately file Form 5713, International Boycott Report (see Instructions for Form 5713; do not file with Form 990)* ☐ Yes ☒ No

Schedule F (Form 990) 2015

Part V Supplemental Information

Provide the information required by Part I, line 2 (monitoring of funds); Part I, line 3, column (f) (accounting method; amounts of investments vs. expenditures per region); Part II, line 1 (accounting method); Part III (accounting method); and Part III, column (c) (estimated number of recipients), as applicable. Also complete this part to provide any additional information.

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

SCHEDULE I
(Form 990)

Department of the Treasury
Internal Revenue Service

**Grants and Other Assistance to Organizations,
Governments, and Individuals in the United States**
Complete if the organization answered "Yes" on Form 990, Part IV, line 21 or 22.

▶ Attach to Form 990.

▶ Information about Schedule I (Form 990) and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2015

Open to Public
Inspection

Name of the organization

CLEARWAY MINNESOTA (SM)

Employer identification number
41-1921094

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? ☒ Yes ☐ No

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.

Part II Grants and Other Assistance to Domestic Organizations and Domestic Governments. Complete if the organization answered "Yes" on Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Part II can be duplicated if additional space is needed.

1 (a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
ALERE WELLBEING, INC. 999 THIRD AVENUE, SUITE 2100 SEATTLE, WA 98104	20-0231080	FOR PROFIT CORP	10,775.	0.			FAX AND TELEPHONE REFERRAL SERVICES
ALERE WELLBEING, INC. 999 THIRD AVENUE, SUITE 2100 SEATTLE, WA 98104	20-0231080	FOR PROFIT CORP	1,134,132.	0.			QUITPLAN HELPLINE RESEARCH PROJECT TO IMPLEMENT COMMUNITY-TAIOREED INTERVENTION IN SIX
AMERICAN INDIAN CANCER FOUNDATION 615 FIRST AVENUE NE, SUITE 125 MINNEAPOLIS, MN 55413	27-0300026	501C(3)	125,000.	0.			DISSEMINATION AWARD FOR WORK DONE ON THE AI-STAT PROJECT
AMERICAN INDIAN CANCER FOUNDATION 615 FIRST AVENUE NE, SUITE 125 MINNEAPOLIS, MN 55413	27-0300026	501C(3)	10,000.	0.			CONVERSATIONS TO ADVANCE SMOKE-FREE CASINOS IV FY'16 COMMUNITY
AMERICAN INDIAN CANCER FOUNDATION 615 FIRST AVENUE NE, SUITE 125 MINNEAPOLIS, MN 55413	27-0300026	501C(3)	30,000.	0.			ENGAGEMENT GRANT TO LINK ADULT SMOKERS WITH LOW SOCIOECONOMIC STATUS TO
AMERICAN INDIAN CANCER FOUNDATION 615 FIRST AVENUE NE, SUITE 125 MINNEAPOLIS, MN 55413	27-0300026	501C(3)	37,452.	0.			

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table **27.**

3 Enter total number of other organizations listed in the line 1 table **8.**

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

SEE PART IV FOR COLUMN (H) DESCRIPTIONS

Schedule I (Form 990) (2015)

Part II Continuation of Grants and Other Assistance to Governments and Organizations in the United States (Schedule I (Form 990), Part II.)							
(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
AMERICAN LUNG ASSOCIATION OF THE UPPER MIDWEST - 490 CONCORDIA AVENUE - ST. PAUL, MN 55103	20-4392201	501C(3)	37,500.	0.			FY'16 COMMUNITY ENGAGEMENT GRANT TO LINK ADULT SMOKERS WITH LOW SOCIOECONOMIC STATUS TO
AMERICAN LUNG ASSOCIATION OF THE UPPER MIDWEST - PO BOX 2252 - MANKATO, MN 56003	20-4392201	501C(3)	174,971.	0.			FY'16 LOCAL POLICY GRANT
AMERICAN LUNG ASSOCIATION OF THE UPPER MIDWEST - 424 WEST SUPERIOR STREET - DULUTH, MN 55802	20-4392201	501C(3)	174,985.	0.			FY16 LOCAL POLICY GRANTEE
ASSOCIATION FOR NONSMOKERS-MINNESOTA (ANSR) - 2395 UNIVERSITY AVE. W, SUITE 310 - ST. PAUL, MN 55114	41-1410442	501C(3)	21,348.	0.			TOBACCO INDUSTRY TRACKING
ASSOCIATION FOR NONSMOKERS-MINNESOTA (ANSR) - 2395 UNIVERSITY AVE. W, SUITE 310 - ST. PAUL, MN 55114	41-1410442	501C(3)	61,722.	0.			LAAMPP ALUMNI POLICY CHAMPIONS COORDINATION
ASSOCIATION FOR NONSMOKERS-MINNESOTA (ANSR) - 2395 UNIVERSITY AVE. W, SUITE 310 - ST. PAUL, MN 55114	41-1410442	501C(3)	25,671.	0.			TOBACCO INDUSTRY TRACKING
ASSOCIATION FOR NONSMOKERS-MINNESOTA (ANSR) - 2395 UNIVERSITY AVE. W, SUITE 310 - ST. PAUL, MN 55114	41-1410442	501C(3)	300,000.	0.			FY'16 LOCAL POLICY GRANT
BOIS FORTE BAND OF MINNESOTA CHIPPEWA - 13071 NETT LAKE ROAD, SUITE A - NETT LAKE, MN 55772	41-0954784	TRIBAL NATION	180,000.	0.			TRIBAL TOBACCO EDUCATION AND POLICY PROJECT FOR BOIS FORTE RESERVATION TRIBAL GOVERNMENT
BOSMA CONSULTING, LLC 1616 CLEMSON DRIVE, SUITE B EAGAN, MN 55122	43-2069648	FOR PROFIT LLC	5,063.	0.			LEECH LAKE TRIBAL COLLEGE DISSEMINATION

Schedule I (Form 990)

CLEARWAY MINNESOTA (SM)

Schedule I (Form 990)

Part II Continuation of Grants and Other Assistance to Governments and Organizations in the United States (Schedule I (Form 990), Part II.)

(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
CENTRACARE HEALTH FOUNDATION 1406 6TH AVENUE NORTH ST. CLOUD, MN 56303	41-1855173	501C(3)	174,980.	0.			FY'16 LOCAL POLICY GRANT-CENTRAL MN
CLAY-WILKIN COMMUNITY HEALTH BOARD 715 11TH ST. NORTH, SUITE 303 MOORHEAD, MN 56560	41-6005775	2 W CENTRAL COUNTIES	149,998.	0.			FY'16 LOCAL POLICY GRANT-WESTERN MN
COMUNIDADES LATINAS UNIDAS EN SERVICIO (CLUES) - 797 EAST 7TH STREET - ST. PAUL, MN 55106	41-1386986	501C(3)	37,500.	0.			FY'16 COMMUNITY ENGAGEMENT GRANT TO LINK ADULT SMOKERS WITH LOW SOCIOECONOMIC STATUS TO FY'16 COMMUNITY
DAKOTA WICOHAN PO BOX 2, 230 WEST 2ND ST MORTON, MN 56270	42-1552956	501C(3)	25,911.	0.			ENGAGEMENT GRANT TO LINK ADULT SMOKERS WITH LOW SOCIOECONOMIC STATUS TO
GOODHUE COUNTY HEALTH AND HUMAN SERVICES - 509 WEST 5TH STREET, ROOM 104 - RED WING, MN 55066	41-6005797	GOODHUE COUNTY	179,980.	0.			FY'16 LOCAL POLICY GRANT-SOUTH EAST MN
HALLELAND HABICHT CONSULTING, LLC 33 SOUTH 6TH STREET, SUITE 3900 MINNEAPOLIS, MN 55402	27-2428394	FOR PROFIT CORP	41,573.	0.			CONSULTING SERVICES FOR CESSAISON POLICY STRATEGIC PLAN IMPLEMENTATION
HIMLE RAPP & COMPANY, INC. 333 SOUTH SEVENTH STREET, SUITE 240 MINNEAPOLIS, MN 55402	41-1426445	FOR PROFIT CORP	317,517.	0.			PUBLIC AFFAIRS HEALTH SYSTEMS CHANGE CAPACITY BUILDING CONTRACT FOR ASSESSING AND ADDRESSING TOBACCO
INSTITUTE FOR CLINICAL SYSTEMS IMPROVEMENT - 8009 34TH AVENUE SOUTH, SUITE 1200 - BLOOMINGTON, MN 55425	41-1782168	501C(3)	94,618.	0.			STATEWIDE LOBBYING
LOCKRIDGE GRINDAL NAUEN P.L.L.P. 100 WASHINGTON AVENUE SOUTH, SUITE MINNEAPOLIS, MN 55401	41-1340615	FOR PROFIT PARTNERSH	115,000.	0.			

Schedule I (Form 990)

Schedule I (Form 990) CLEARWAY MINNESOTA (SM)

Part II Continuation of Grants and Other Assistance to Governments and Organizations in the United States (Schedule I (Form 990), Part II.)							
(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
MENTAL HEALTH RESOURCES, INC. 762 TRANSFER ROAD, SUITE 21 ST. PAUL, MN 55114	41-1273885	501C(3)	22,487.	0.			FY'16 COMMUNITY ENGAGEMENT GRANT TO LINK ADULT SMOKERS WITH LOW SOCIOECONOMIC STATUS TO
MS STRATEGIES 1113 EAST FRANKLIN AVENUE, #202B MINNEAPOLIS, MN 55404	47-4197971	FOR PROFIT CORP	38,633.	0.			CONSULTATION ON CESSATION POLICY STRATEGIC PLAN IMPLEMENTATION
NAMI MINNESOTA 800 TRANSFER ROAD, SUITE 31 ST. PAUL, MN 55114	41-1317303	501C(3)	22,833.	0.			FY'16 COMMUNITY ENGAGEMENT GRANT TO LINK ADULT SMOKERS WITH LOW SOCIOECONOMIC STATUS TO
NATIVE AMERICAN COMMUNITY CLINIC 1213 EAST FRANKLIN AVENUE MINNEAPOLIS, MN 55404	03-0445789	501C(3)	37,500.	0.			FY'16 COMMUNITY ENGAGEMENT GRANT TO LINK ADULT SMOKERS WITH LOW SOCIOECONOMIC STATUS TO
NATIVE AMERICANS IN PHILANTHROPY 2801 21ST AVENUE SOUTH, SUITE 132D MINNEAPOLIS, MN 55407	56-1949598	501C(3)	37,870.	0.			DIALOGUE TO DEVELOP RELATIONSHIPS BETWEEN CWMN, VARIOUS FUNDERS & TRIBAL LEADERSHIP TO
NORTH AMERICAN RESEARCH & ANALYSIS, INC. - 1016 11TH AVENUE - FARIBAULT, MN 55021	26-3210860	FOR PROFIT CORP	25,154.	0.			SUPPORT QUITPLAN SERVICES TRANSITION IMPLEMENTATION
NORTHPOINT HEALTH & WELLNESS CENTER, INC. - 1315 PENN AVENUE NORTH - MINNEAPOLIS, MN 55411	20-0898277	501C(3)	100,000.	0.			FY'16 LOCAL POLICY GRANT TO WORK IN CITY OF MINNEAPOLIS
PORTICO HEALTHNET 2610 UNIVERSITY AVENUE SOUTH ST. PAUL, MN 55114	41-1814659	501C(3)	20,998.	0.			FY'16 COMMUNITY ENGAGEMENT GRANT TO LINK ADULT SMOKERS WITH LOW SOCIOECONOMIC STATUS TO
PUBLIC HEALTH LAW CENTER, INC. 875 SUMMIT AVENUE ST. PAUL, MN 55105	41-1896367	501C(3)	250,000.	0.			DISSEMINATION AWARD FOR RESEARCH ON THE BANNING OF MENTHOL FLAVORED CIGARETTES

Schedule I (Form 990)

Part II Continuation of Grants and Other Assistance to Governments and Organizations in the United States (Schedule I (Form 990), Part II.)							
(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
REGENTS OF THE UNIVERSITY OF WISCONSIN - 750 UNIVERSITY AVENUE, 4TH FLOOR - MADISON, WI 53706	39-6006492	WI LAND/GRANT ENTITY	162,041.	0.			TA TO RESEARCH GRANTEES, ASSIST WITH THE DISSEMINATION OF RESEARCH FINDINGS AND PROVIDE RESEARCH PILOT STUDY ON THE IMPACT OF FLAVORED E-CIGARETTES ON TOBACCO USE PATTERNS IN AFRICAN STUDY TO DETERMINE HOW TRIBAL AND FDA POLICIES RELATING TO COMMERCIAL TOBACCO SALES ARE
REGENTS OF THE UOM OFFICE OF SPA, 200 OAK STREET, SUITE MINNEAPOLIS, MN 55455	41-6007513	MN LAND/GRANT ENTITY	125,000.	0.			PILOT PROJECT FOR HEALTH DISPARITIES RESEARCH
REGENTS OF THE UOM OFFICE OF SPA, 200 OAK STREET, SUITE MINNEAPOLIS, MN 55455	41-6007513	MN LAND/GRANT ENTITY	124,780.	0.			FY'16 COMMUNITY ENGAGEMENT GRANT TO LINK ADULT SMOKERS WITH LOW SOCIOECONOMIC STATUS TO
REGENTS OF THE UOM OFFICE OF SPA, 200 OAK STREET, SUITE MINNEAPOLIS, MN 55455	41-6007513	MN LAND/GRANT ENTITY	25,000.	0.			FY'16 LOCAL POLICY GRANT-SOUTHWEST MN
RESOURCE, INC. 1900 CHICAGO AVENUE SOUTH MINNEAPOLIS, MN 55404	41-0828779	501C(3)	37,357.	0.			FY'16 COMMUNITY ENGAGEMENT GRANT TO LINK ADULT SMOKERS WITH LOW SOCIOECONOMIC STATUS TO
SOUTHWEST HEALTH AND HUMAN SERVICES - 605 WEST MAIN STREET, SUITE 100 - MARSHALL, MN 56258	27-3107061	5 SOUTHWEST COUNTIES	149,905.	0.			FY'16 COMMUNITY ENGAGEMENT GRANT TO LINK ADULT SMOKERS WITH LOW SOCIOECONOMIC STATUS TO
SUB-SAHARAN AFRICAN YOUTH & FAMILY SERVICES - 1885 UNIVERSITY AVENUE WEST, STE 297 - ST. PAUL, MN 55104	01-0771671	501C(3)	37,989.	0.			FY'16 COMMUNITY ENGAGEMENT GRANT TO LINK ADULT SMOKERS WITH LOW SOCIOECONOMIC STATUS TO
TOUCHSTONE MENTAL HEALTH 2312 SNELLING AVENUE MINNEAPOLIS, MN 55404	41-1920740	501C(3)	16,949.	0.			TRIBAL TOBACCO EDUCATION AND POLICY SUPPORT FOR UPPER SIOUX COMMUNITY
UPPER SIOUX COMMUNITY P.O. BOX 147 GRANITE FALLS, MN 56241	41-0916290	TRIBAL NATION	145,987.	0.			

Schedule I (Form 990)

CLEARWAY MINNESOTA (SM)

Schedule I (Form 990)

Part II Continuation of Grants and Other Assistance to Governments and Organizations in the United States (Schedule I (Form 990), Part II.)

(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
VIETNAMESE SOCIAL SERVICES OF MINNESOTA - 277 UNIVERSITY AVENUE WEST - ST. PAUL, MN 55103	36-3532232	501C(3)	50,000.	0.			FY'16 COMMUNITY ENGAGEMENT GRANT TO LINK ADULT SMOKERS WITH LOW SOCIOECONOMIC STATUS TO
WELLSTONE ACTION FUND 2446 UNIVERSITY AVENUE WEST, SUITE ST. PAUL, MN 55114	35-2191193	501C(3)	27,522.	0.			TECHNICAL ASSISTANCE
WESTAT, INC. 1650 RESEARCH BOULEVARD ROCKVILLE, MD 20850	84-0529566	FOR PROFIT CORP	10,590.	0.			ANALYSIS OF MATS 2014 DATA.
WESTAT, INC. 1650 RESEARCH BOULEVARD ROCKVILLE, MD 20850	84-0529566	FOR PROFIT CORP	23,346.	0.			FY'15 MATS FOLLOW-UP STUDY
WHITE EARTH RESERVATION TRIBAL COUNCIL - P.O. BOX 418 - WHITE EARTH, MN 56591	41-1737979	TRIBAL NATION	9,500.	0.			TRIBAL TOBACCO EDUCATION AND POLICY GRANT FOR WHITE EARTH RESERVATION TRIBAL COUNCIL PROJECT
WHITE EARTH RESERVATION TRIBAL COUNCIL - P.O. BOX 418 - WHITE EARTH, MN 56591	41-1737979	TRIBAL NATION	230,000.	0.			TRIBAL TOBACCO EDUCATION AND POLICY PROJECT FOR WHITE EARTH NATION
GRANT CANCELLATIONS			<102,391.>	0.			
GRANTS \$5,000 AND UNDER			18,077.	0.			
GRANT-RELATED EXPENSES			49,777.	0.			

Schedule I (Form 990)

Part III Grants and Other Assistance to Domestic Individuals. Complete if the organization answered "Yes" on Form 990, Part IV, line 22.
Part III can be duplicated if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
CONSULTING AND TECHNICAL ASSISTANCE FOR AMERICAN INDIAN TOBACCO POLICY PROGRAM INITIATIVE	1	44,660.	0.	N/A	N/A
THE LAAMPP ALUMNI POLICY CHAMPIONS PROJECT	8	32,071.	0.	N/A	N/A

Part IV Supplemental Information. Provide the information required in Part I, line 2, Part III, column (b), and any other additional information.**PART I, LINE 2:**

CLEARWAY MINNESOTA'S GRANT MONITORING PROCEDURES ARE SET FORTH IN THE GRANT-MAKING PROCESS GUIDELINES. THIS DOCUMENT IS UPDATED PERIODICALLY TO REFLECT CURRENT PRACTICE. THIS DOCUMENT SERVES AS OFFICIAL DOCUMENTATION OF CLEARWAY MINNESOTA'S GRANT-MAKING PROCESS AND AS A GUIDE FOR STAFF AS THEY CREATE FUNDING OPPORTUNITY ANNOUNCEMENTS, PLAN GRANT-REVIEW PROCESSES, MONITOR AWARDED GRANTS AND CLOSE OUT GRANTS.

CLEARWAY MINNESOTA RECOGNIZES THAT GRANT MONITORING IS ESSENTIAL IN

Part IV Supplemental Information

SUPPORTING THE CAPACITY OF GRANTEES TO MAKE SIGNIFICANT CONTRIBUTIONS TO THE FIELD OF TOBACCO CONTROL IN MINNESOTA. THE PURPOSE OF MONITORING GRANTEES IS:

- TO ENSURE ACCOUNTABILITY AND PROPER USE OF GRANT FUNDS;
- TO VERIFY COMPLIANCE WITH LEGAL AND GRANT-MAKING REQUIREMENTS;
- TO ENSURE TIMELY PROGRESS IN MEETING PROJECT GOALS;
- TO IDENTIFY ISSUES AND WORK WITH THE GRANTEE TO ADDRESS THEM; AND
- TO IDENTIFY OPPORTUNITIES FOR DISSEMINATION AND SUPPORT FOR FINDINGS/RESULTS.

THE FOLLOWING IS A GENERAL OUTLINE OF THE PROCEDURES THAT CLEARWAY MINNESOTA USES FOR GRANT MONITORING.

GRANTEE ORIENTATION:

ONCE GRANTS ARE APPROVED BY THE BOARD, GRANT MANAGERS COMMUNICATE WITH GRANTEES AS NEEDED, EITHER IN PERSON, BY TELEPHONE OR VIA WRITTEN COMMUNICATION. THESE INITIAL COMMUNICATIONS PROVIDE BACKGROUND TO GRANTEES ABOUT KEY ELEMENTS CONTAINED IN THEIR GRANT AGREEMENTS, WITH A FOCUS ON PROGRESS AND FINANCIAL REPORTING REQUIREMENTS. AFTER GRANT AGREEMENTS ARE EXECUTED, GRANTEES RECEIVE AN ORIENTATION PACKET AND ADDITIONAL RELEVANT INFORMATION. THE INITIAL GRANT PAYMENT IS MADE AFTER EXECUTION OF THE GRANT AGREEMENT, AFTER THE GRANT IS RECORDED IN THE GENERAL LEDGER AND AFTER RECEIPT OF IRB APPROVAL, IF REQUIRED.

REPORTING:

REPORTS ARE THE PRIMARY TOOL USED TO MONITOR GRANTEE PROGRESS, CHALLENGES AND FINANCIAL STATUS. THROUGHOUT THE GRANT PERIOD, GRANTEES SUBMIT PROGRESS AND FINANCIAL REPORTS ON A REGULAR BASIS. IN-PERSON MEETINGS ARE SCHEDULED

Part IV Supplemental Information

ON AN AS-NEEDED BASIS DEPENDING ON THE SCOPE, NEEDS AND PROGRESS OF THE FUNDED GRANT. PAYMENTS ARE RELEASED ACCORDING TO THE APPROVED PAYMENT SCHEDULE, AND ONLY IF ALL PROGRESS AND FINANCIAL REPORTS HAVE BEEN APPROVED.

SITE VISITS AND TECHNICAL ASSISTANCE:

CLEARWAY MINNESOTA GRANT MANAGERS MAY OPT TO USE SITE VISITS WITH GRANTEEES. THE SCOPE AND FREQUENCY OF SITE VISITS VARIES BY DEPARTMENT AND GRANT TYPE. CLEARWAY MINNESOTA MAY ALSO OFFER TECHNICAL ASSISTANCE, TRAINING, AND NETWORKING OPPORTUNITIES TO GRANTEEES.

PART II, LINE 1, COLUMN (H):

NAME OF ORGANIZATION OR GOVERNMENT: AMERICAN INDIAN CANCER FOUNDATION

(H) PURPOSE OF GRANT OR ASSISTANCE: RESEARCH PROJECT TO IMPLEMENT COMMUNITY-TAILOREED INTERVENTION IN SIX AMERICAN INDIAN TRIBAL HEALTH SYSTEMS.

NAME OF ORGANIZATION OR GOVERNMENT: AMERICAN INDIAN CANCER FOUNDATION

(H) PURPOSE OF GRANT OR ASSISTANCE: FY'16 COMMUNITY ENGAGEMENT GRANT TO LINK ADULT SMOKERS WITH LOW SOCIOECONOMIC STATUS TO EXISTING CESSATION SERVICES

NAME OF ORGANIZATION OR GOVERNMENT:

AMERICAN LUNG ASSOCIATION OF THE UPPER MIDWEST

(H) PURPOSE OF GRANT OR ASSISTANCE: FY'16 COMMUNITY ENGAGEMENT GRANT TO LINK ADULT SMOKERS WITH LOW SOCIOECONOMIC STATUS TO EXISTING CESSATION SERVICES

Part IV Supplemental Information

NAME OF ORGANIZATION OR GOVERNMENT:

COMUNIDADES LATINAS UNIDAS EN SERVICIO (CLUES)

(H) PURPOSE OF GRANT OR ASSISTANCE: FY'16 COMMUNITY ENGAGEMENT GRANT TO
LINK ADULT SMOKERS WITH LOW SOCIOECONOMIC STATUS TO EXISTING CESSATION
SERVICES

NAME OF ORGANIZATION OR GOVERNMENT: DAKOTA WICOHAN

(H) PURPOSE OF GRANT OR ASSISTANCE: FY'16 COMMUNITY ENGAGEMENT GRANT TO
LINK ADULT SMOKERS WITH LOW SOCIOECONOMIC STATUS TO EXISTING CESSATION
SERVICES

NAME OF ORGANIZATION OR GOVERNMENT:

INSTITUTE FOR CLINICAL SYSTEMS IMPROVEMENT

(H) PURPOSE OF GRANT OR ASSISTANCE: HEALTH SYSTEMS CHANGE CAPACITY
BUILDING CONTRACT FOR ASSESSING AND ADDRESSING TOBACCO USE

NAME OF ORGANIZATION OR GOVERNMENT: MENTAL HEALTH RESOURCES, INC.

(H) PURPOSE OF GRANT OR ASSISTANCE: FY'16 COMMUNITY ENGAGEMENT GRANT TO
LINK ADULT SMOKERS WITH LOW SOCIOECONOMIC STATUS TO EXISTING CESSATION
SERVICES

NAME OF ORGANIZATION OR GOVERNMENT: NAMI MINNESOTA

(H) PURPOSE OF GRANT OR ASSISTANCE: FY'16 COMMUNITY ENGAGEMENT GRANT TO
LINK ADULT SMOKERS WITH LOW SOCIOECONOMIC STATUS TO EXISTING CESSATION
SERVICES

NAME OF ORGANIZATION OR GOVERNMENT: NATIVE AMERICAN COMMUNITY CLINIC

(H) PURPOSE OF GRANT OR ASSISTANCE: FY'16 COMMUNITY ENGAGEMENT GRANT TO

Part IV Supplemental Information

LINK ADULT SMOKERS WITH LOW SOCIOECONOMIC STATUS TO EXISTING CESSATION SERVICES

NAME OF ORGANIZATION OR GOVERNMENT: NATIVE AMERICANS IN PHILANTHROPY

(H) PURPOSE OF GRANT OR ASSISTANCE: DIALOGUE TO DEVELOP RELATIONSHIPS BETWEEN CWMN, VARIOUS FUNDERS & TRIBAL LEADERSHIP TO ADVANCE HEALTH EQUITY IN INDIAN COUNTRY.

NAME OF ORGANIZATION OR GOVERNMENT: PORTICO HEALTHNET

(H) PURPOSE OF GRANT OR ASSISTANCE: FY'16 COMMUNITY ENGAGEMENT GRANT TO LINK ADULT SMOKERS WITH LOW SOCIOECONOMIC STATUS TO EXISTING CESSATION SERVICES

NAME OF ORGANIZATION OR GOVERNMENT:

REGENTS OF THE UNIVERSITY OF WISCONSIN

(H) PURPOSE OF GRANT OR ASSISTANCE: TA TO RESEARCH GRANTEEES, ASSIST WITH THE DISSEMINATION OF RESEARCH FINDINGS AND PROVIDE SUPPORT TO THE RESEARCH AND CESSATION DEPARTMENTS.

NAME OF ORGANIZATION OR GOVERNMENT: REGENTS OF THE UOM

(H) PURPOSE OF GRANT OR ASSISTANCE: RESEARCH PILOT STUDY ON THE IMPACT OF FLAVORED E-CIGARETTES ON TOBACCO USE PATTERNS IN AFRICAN AMERICAN MENTHOL SMOKERS IN A SIMULATED MENTHOL BAN.

NAME OF ORGANIZATION OR GOVERNMENT: REGENTS OF THE UOM

(H) PURPOSE OF GRANT OR ASSISTANCE: STUDY TO DETERMINE HOW TRIBAL AND FDA POLICIES RELATING TO COMMERCIAL TOBACCO SALES ARE IMPLEMENTED IN MINNESOTA AND OTHER UPPER MIDWEST TRIBES.

Part IV Supplemental Information

NAME OF ORGANIZATION OR GOVERNMENT: RESOURCE, INC.

(H) PURPOSE OF GRANT OR ASSISTANCE: FY'16 COMMUNITY ENGAGEMENT GRANT TO
LINK ADULT SMOKERS WITH LOW SOCIOECONOMIC STATUS TO EXISTING CESSATION
SERVICES

NAME OF ORGANIZATION OR GOVERNMENT:

SUB-SAHARAN AFRICAN YOUTH & FAMILY SERVICES

(H) PURPOSE OF GRANT OR ASSISTANCE: FY'16 COMMUNITY ENGAGEMENT GRANT TO
LINK ADULT SMOKERS WITH LOW SOCIOECONOMIC STATUS TO EXISTING CESSATION
SERVICES

NAME OF ORGANIZATION OR GOVERNMENT: TOUCHSTONE MENTAL HEALTH

(H) PURPOSE OF GRANT OR ASSISTANCE: FY'16 COMMUNITY ENGAGEMENT GRANT TO
LINK ADULT SMOKERS WITH LOW SOCIOECONOMIC STATUS TO EXISTING CESSATION
SERVICES

NAME OF ORGANIZATION OR GOVERNMENT:

VIETNAMESES SOCIAL SERVICES OF MINNESOTA

(H) PURPOSE OF GRANT OR ASSISTANCE: FY'16 COMMUNITY ENGAGEMENT GRANT TO
LINK ADULT SMOKERS WITH LOW SOCIOECONOMIC STATUS TO EXISTING CESSATION
SERVICES

Public Inspection Copy

Compensation Information

SCHEDULE J (Form 990)

Department of the Treasury
Internal Revenue Service

For certain Officers, Directors, Trustees, Key Employees, and Highest
Compensated Employees

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 23.

▶ Attach to Form 990.

▶ Information about Schedule J (Form 990) and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2015

Open to Public
Inspection

Name of the organization

CLEARWAY MINNESOTA (SM)

Employer identification number

41-1921094

Part I Questions Regarding Compensation

1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed on Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.

- | | |
|---|--|
| <input type="checkbox"/> First-class or charter travel
<input type="checkbox"/> Travel for companions
<input type="checkbox"/> Tax indemnification and gross-up payments
<input type="checkbox"/> Discretionary spending account | <input type="checkbox"/> Housing allowance or residence for personal use
<input type="checkbox"/> Payments for business use of personal residence
<input type="checkbox"/> Health or social club dues or initiation fees
<input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef) |
|---|--|

b If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain

2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked in line 1a?

3 Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.

- | | |
|--|--|
| <input type="checkbox"/> Compensation committee
<input checked="" type="checkbox"/> Independent compensation consultant
<input type="checkbox"/> Form 990 of other organizations | <input checked="" type="checkbox"/> Written employment contract
<input checked="" type="checkbox"/> Compensation survey or study
<input checked="" type="checkbox"/> Approval by the board or compensation committee |
|--|--|

4 During the year, did any person listed on Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:

a Receive a severance payment or change-of-control payment?

b Participate in, or receive payment from, a supplemental nonqualified retirement plan?

c Participate in, or receive payment from, an equity-based compensation arrangement?

If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.

Only section 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5-9.

5 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:

a The organization?

b Any related organization?

If "Yes" to line 5a or 5b, describe in Part III.

6 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:

a The organization?

b Any related organization?

If "Yes" on line 6a or 6b, describe in Part III.

7 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described on lines 5 and 6? If "Yes," describe in Part III

8 Were any amounts reported on Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III

9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

Yes No

1b

2

4a

4b

4c

5a

5b

6a

6b

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X

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LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule J (Form 990) 2015

Part III	Supplemental Information
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Provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

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SCHEDULE O
(Form 990 or 990-EZ)Department of the Treasury
Internal Revenue Service**Supplemental Information to Form 990 or 990-EZ**Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2015Open to Public
Inspection

Name of the organization

CLEARWAY MINNESOTA (SM)

Employer identification number
41-1921094

FORM 990, PART I, LINE 1, DESCRIPTION OF ORGANIZATION MISSION:

OF ALL MINNESOTANS BY ELIMINATING THE HARM CAUSED BY TOBACCO. CLEARWAY
MINNESOTA WAS CREATED IN 1998 TO ADMINISTER 3 PERCENT (\$202 MILLION) OF
MINNESOTA'S TOBACCO SETTLEMENT FUNDS OVER A PERIOD OF 25 YEARS.

CLEARWAY MINNESOTA'S MISSION IS TO ENHANCE LIFE FOR ALL MINNESOTANS BY
REDUCING TOBACCO USE AND EXPOSURE TO SECONDHAND SMOKE THROUGH RESEARCH,
ACTION AND COLLABORATION.

THE ORGANIZATION'S WORK IS GROUNDED IN ESTABLISHED AND EMERGING SCIENCE
AND IN PUBLIC HEALTH BEST AND PROMISING PRACTICES. IT INCLUDES A
COMPREHENSIVE BODY OF TOBACCO CESSATION PROGRAMS (MARKETED AS QUITPLAN
SERVICES), EXTENSIVE GRANT-MAKING ACTIVITIES IN AREAS OF RESEARCH,
POLICY AND COMMUNITY DEVELOPMENT AND MEDIA CAMPAIGNS TO RAISE AWARENESS
OF TOBACCO'S HARMS AND TO PROMOTE QUITTING.

FORM 990, PART III, LINE 2, NEW PROGRAM SERVICES:

IN FISCAL YEAR 2016, CLEARWAY MINNESOTA BEGAN A NEW PROJECT TO BUILD
HEALTH SYSTEMS CAPACITY FOR ASSESSING AND ADDRESSING TOBACCO USE. THIS
INITIATIVE IS DESCRIBED IN LINE 4C.

FORM 990, PART III, LINE 4A, PROGRAM SERVICE ACCOMPLISHMENTS:

PROVIDES OPPORTUNITIES FOR THE PUBLIC TO LEARN MORE ABOUT CLEARWAY
MINNESOTA'S MISSION, PROGRAMS AND ACTIVITIES, AND TO GIVE CLEARWAY
MINNESOTA FEEDBACK. CLEARWAY MINNESOTA'S COMMUNICATIONS WORK ALSO
INCLUDES CUSTOMIZED OUTREACH TO DIVERSE COMMUNITIES.

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IN FISCAL YEAR 2016, CLEARWAY MINNESOTA'S ADVERTISING AND OUTREACH WORK FOCUSED ON PROMOTING QUITPLAN SERVICES, THE QUITCASH CHALLENGETM AND MINI-QUIT MONDAYS, AND ON EDUCATING ABOUT THE ROLE FLAVORS (INCLUDING MENTHOL) PLAY IN ATTRACTING NONSMOKERS AND KIDS TO TOBACCO PRODUCTS.

IN FISCAL YEAR 2016, CLEARWAY MINNESOTA'S MASS MEDIA CAMPAIGNS REACHED 99 PERCENT OF MINNESOTA ADULTS AN AVERAGE OF 122 TIMES THROUGHOUT THE YEAR. FURTHERMORE, 99 PERCENT OF MINNESOTA SMOKERS SAW MESSAGES RELATING TO SMOKING CESSATION AN AVERAGE OF 62 TIMES DURING THE YEAR.

IN ADDITION, CLEARWAY MINNESOTA PRODUCED A NEW TELEVISION AD FOCUSED ON MENTHOL TOBACCO, AND CONTINUED ITS PARTNERSHIP WITH THE MINNESOTA DEPARTMENT OF HEALTH ON A CAMPAIGN TO EDUCATE MEDICAID ENROLLEES ABOUT CESSATION BENEFITS AVAILABLE TO THEM. CLEARWAY MINNESOTA LEVERAGED CDC'S NATIONAL MEDIA CAMPAIGN BY PLACING TIPS FROM FORMER SMOKERS ADS IN PUBLICATIONS AROUND THE STATE. CLEARWAY MINNESOTA'S PROGRAMS, SERVICES OR KEY MESSAGES ALSO RECEIVED NEWS COVERAGE BY MINNESOTA MEDIA APPROXIMATELY 1000 TIMES OVER THE COURSE OF THE YEAR.

THIS YEAR, CLEARWAY MINNESOTA ALSO AWARDED EIGHT GRANTS TO MINNESOTA NONPROFITS AND LOCAL UNITS OF GOVERNMENT TO REDUCE TOBACCO'S HARM THROUGH COALITION BUILDING, POLICY ADVOCACY AND PUBLIC EDUCATION. ALL GRANTEES CONTRIBUTED TO CLEARWAY MINNESOTA'S STATEWIDE POLICY GOALS BY EDUCATING LAWMAKERS ABOUT THE IMPORTANCE OF KEEPING TOBACCO PRICES HIGH, INCREASING THE AGE TO PURCHASE TOBACCO, RESTRICTING YOUTH ACCESS TO CANDY, FRUIT AND MENTHOL FLAVORED TOBACCO PRODUCTS, AND INCREASING FUNDING FOR TOBACCO PREVENTION. NOTABLY, THEY HELPED PASS APPROXIMATELY

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50 NEW LOCAL POLICIES, SUCH AS RESTRICTING ACCESS TO FLAVORED TOBACCO PRODUCTS TO ADULTS-ONLY STORES, INCREASING THE PRICE OF CIGARS, ADDING E-CIGARETTES TO CLEAN-AIR POLICIES, INCREASING THE MINIMUM AGE TO SELL TOBACCO, AND CREATING VOLUNTARY TOBACCO-FREE HOUSING AND COLLEGE CAMPUS POLICIES.

FORM 990, PART III, LINE 4B, PROGRAM SERVICE ACCOMPLISHMENTS:

AWARDED FOR A PILOT PROJECT USING RESEARCH TO IMPLEMENT CESSATION AND SMOKING PREVENTION EDUCATIONAL MATERIALS IN CHICANO/LATINO COMMUNITIES.

CLEARWAY MINNESOTA CONTRACTS TO EVALUATE MAJOR PROGRAMMATIC EFFORTS. IN ADDITION, SURVEILLANCE RESEARCH IS CONDUCTED TO MONITOR TOBACCO USE, ATTITUDES AND BEHAVIORS OVER TIME AND TO MEASURE THE IMPACT OF TOBACCO CONTROL POLICIES AND PROGRAMS. A STUDY WAS CONDUCTED TO FOLLOW UP ON RESULTS FROM THE 2014 MINNESOTA ADULT TOBACCO SURVEY (MATS), A MAJOR RESEARCH PROJECT PROVIDING DETAILED DATA ON TOBACCO USE IN MINNESOTA. THE FOLLOW-UP STUDY, WHICH FOCUSED ON THE USE OF COMBUSTIBLE AND ELECTRONIC CIGARETTES, WAS COMPLETED AND RESULTS WERE MADE AVAILABLE THROUGH CONFERENCE PRESENTATIONS AND PEER-REVIEWED MANUSCRIPTS IN FISCAL YEAR 2016. RESULTS FROM THESE RESEARCH AND EVALUATION PROJECTS ARE USED TO ADVANCE AND GUIDE CLEARWAY MINNESOTA'S ACTIVITIES.

GRANTEE DISSEMINATION HIGHLIGHTS IN FISCAL YEAR 2016 INCLUDED SEVEN NATIONAL CONFERENCE PRESENTATIONS, PUBLICATION OF THREE MANUSCRIPTS, DEVELOPMENT OF FOUR MANUSCRIPTS FOR PUBLICATION AND DISTRIBUTION OF DISSEMINATION MATERIALS THROUGH LISTSERVS AND WEBINARS.

DURING FISCAL YEAR 2016, CLEARWAY MINNESOTA, IN PARTNERSHIP WITH MINNESOTA TOBACCO CONTROL RESEARCHERS, PARTICIPATED IN NUMEROUS

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NATIONAL, STATE AND LOCAL CONFERENCE PRESENTATIONS AND PUBLISHED IN SEVERAL PEER-REVIEWED PUBLICATIONS. CLEARWAY MINNESOTA STAFF PUBLISHED 10 PEER-REVIEWED SCIENTIFIC RESEARCH PAPERS. STAFF FACILITATED ONE SYMPOSIUM AND ONE PRE-CONFERENCE WORKSHOP AND PRESENTED TWO PAPERS AT THE ANNUAL MEETING OF THE SOCIETY FOR RESEARCH ON NICOTINE AND TOBACCO (SRNT). TOPICS INCLUDED THE IMPACT OF TOBACCO CONTROL POLICIES ON CIGARETTE AND SMOKELESS TOBACCO USE. RESEARCH STAFF ALSO PRESENTED 10 PAPERS AT THE SRNT CONFERENCE. IN ADDITION TO SRNT, RESEARCH STAFF PRESENTED AT THE TRACKING TOBACCO USE IN VULNERABLE POPULATIONS CONFERENCE, AND ATTENDED WORKSHOPS ON ELECTRONIC CIGARETTES AND PUBLIC HEALTH, STATISTICAL APPROACHES FOR ASSESSING HEALTH EFFECTS, AND TOBACCO INDUSTRY DOCUMENTS TRAINING.

FORM 990, PART III, LINE 4C, PROGRAM SERVICE ACCOMPLISHMENTS: AND PRINTED MATERIALS TO UNINSURED MINNESOTANS AND THOSE WHOSE INSURANCE DOES NOT COVER CESSATION HELP. OVER-THE-COUNTER NICOTINE REPLACEMENT PRODUCTS IN THE FORM OF PATCHES, GUM AND LOZENGES ARE PROVIDED AS APPROPRIATE. HELPLINE ENROLLEES MAY ALSO ADD INTEGRATED TEXT MESSAGING AND/OR EMAIL SUPPORT SERVICES AS PART OF THE HELPLINE PROGRAM.

INDIVIDUAL QUITPLAN SERVICES INCLUDE NICOTINE REPLACEMENT STARTER KITS, A TEXT-MESSAGING PROGRAM, AN EMAIL PROGRAM AND/OR A PRINTED QUIT GUIDE. ALL ADULT MINNESOTANS CAN RECEIVE INDIVIDUAL QUITPLAN SERVICES. TOBACCO USERS CAN REGISTER FOR ANY QUITPLAN SERVICE EITHER ONLINE (AT WWW.QUITPLAN.COM) OR BY PHONE.

DURING FISCAL YEAR 2016:

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-2,238 TOBACCO USERS ENROLLED IN THE QUITPLAN HELPLINE; AND

-15,829 TOBACCO USERS ENROLLED IN INDIVIDUAL QUITPLAN SERVICES.

CLEARWAY MINNESOTA ALSO PARTNERS WITH MAJOR MINNESOTA HEALTH PLANS THAT PROVIDE TELEPHONE COUNSELING SERVICES THROUGH THE CALL IT QUILTS COLLABORATIVE. THIS COLLABORATIVE PROVIDES A FORUM FOR ALL MINNESOTA QUITLINE SERVICE PROVIDERS TO SHARE INFORMATION AND LEARN ABOUT BEST PRACTICES. THE CALL IT QUILTS COLLABORATIVE ALSO SUPPORTS THE CALL IT QUILTS REFERRAL PROGRAM, WHICH ALLOWS HEALTH CARE PROVIDERS TO USE A SINGLE FORM AND FAX NUMBER TO REFER PATIENTS TO QUITLINE SUPPORT, REGARDLESS OF INSURANCE STATUS.

AS PART OF ITS EFFORTS TO REACH POPULATIONS THAT SMOKE AT HIGHER RATES, LAST YEAR CLEARWAY MINNESOTA LAUNCHED THE COMMUNITY ENGAGEMENT GRANTS INITIATIVE. THIS INITIATIVE CONNECTS ADULT SMOKERS OF LOW SOCIOECONOMIC STATUS TO EXISTING SMOKING CESSATION SERVICES. FIVE COMMUNITY-BASED ORGANIZATIONS RECEIVED GRANTS UNDER THIS INITIATIVE IN FISCAL YEAR 2016. IN ADDITION, SEVEN ORGANIZATIONS THAT HAD RECEIVED GRANTS IN FISCAL YEAR 2015 THROUGH THIS INITIATIVE WERE APPROVED FOR A SECOND YEAR.

CLEARWAY MINNESOTA STAFF IS ALSO ACTIVELY INVOLVED IN CESSATION POLICY WORK TO ENSURE THAT ALL MINNESOTANS HAVE ACCESS TO COMPREHENSIVE TOBACCO DEPENDENCE TREATMENT. THIS WORK ENTAILS EDUCATING ABOUT AND ADVOCATING FOR COMPREHENSIVE TOBACCO CESSATION BENEFITS AS PART OF HEALTH INSURANCE COVERAGE, PROMOTING SYSTEMS CHANGES TO INTEGRATE TOBACCO DEPENDENCE TREATMENT INTO HEALTH CARE AND PUBLIC PROGRAMS, AND

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ADVOCATING FOR HEALTH CARE QUALITY MEASURES ON TOBACCO TREATMENT

DELIVERY. TO HELP ADVANCE OUR SYSTEMS CHANGE WORK, WE HAVE FUNDED FIVE

HEALTH SYSTEMS CHANGE GRANTS. THESE GRANTS SUPPORT MINNESOTA HEALTH

SYSTEMS TO IMPLEMENT PROCESSES MAKING DELIVERY OF TOBACCO DEPENDENCE

TREATMENT A STANDARD PRACTICE OF CARE. WE ARE ALSO WORKING ON A NEW

PROJECT TO INCREASE HEALTH SYSTEM CAPACITY TO ASSESS AND ADDRESS

TOBACCO USE. MUCH OF THIS WORK WILL FOCUS ON CLINICS AND HEALTH SYSTEMS

THAT SERVE POPULATIONS THAT SMOKE AT HIGHER RATES.

QUITPLAN SERVICES, OUR CESSATION POLICY EFFORTS AND THE COMMUNITY

ENGAGEMENT GRANTS INITIATIVE ARE EVALUATED TO AID IN PROGRAM

MONITORING, TO ENHANCE QUALITY AND TO GUIDE DECISION-MAKING AND

RESOURCE ALLOCATION.

CLEARWAY MINNESOTA CESSATION STAFF MEMBERS SHARE FINDINGS FROM OUR WORK

THROUGH LOCAL, STATE AND NATIONAL CONFERENCE PRESENTATIONS

FORM 990, PART III, LINE 4D, OTHER PROGRAM SERVICES:

COMMUNITY DEVELOPMENT

CLEARWAY MINNESOTA FUNDS EFFORTS IN PRIORITY POPULATIONS (AFRICANS AND

AFRICAN AMERICANS, AMERICAN INDIANS, ASIANS, ASIAN AMERICANS, PACIFIC

ISLANDERS, CHICANOS/LATINOS, LESBIAN, GAY, BISEXUAL, TRANSGENDER AND

QUEER [LGBTQ] COMMUNITIES, AND OTHER GROUPS) TO CREATE AWARENESS ABOUT

TOBACCO'S HARMS, TO PROMOTE STOP-SMOKING SERVICES AND TO BUILD TOBACCO

CONTROL LEADERSHIP SKILLS. PRIORITY POPULATIONS HAVE A DISPROPORTIONATE

TOBACCO-RELATED DISEASE BURDEN AND DISPARITIES.

IN FISCAL YEAR 2016, CLEARWAY MINNESOTA CONTINUED EFFORTS IN INDIAN

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COUNTRY TO ADVANCE COMPREHENSIVE COMMERCIAL TOBACCO-FREE POLICIES AND PROMOTE HEALTH ON MINNESOTA TRIBAL LANDS. ("COMMERCIAL TOBACCO" USE LIKE CIGARETTE SMOKING IS DIFFERENTIATED FROM SACRED, TRADITIONAL USES OF TOBACCO BY AMERICAN INDIANS.) THESE EFFORTS ARE EVALUATED TO DOCUMENT PROGRESS AND CONTRIBUTE TO PROMISING AND BEST PRACTICES IN THE TOBACCO CONTROL FIELD. IN 2016, THESE GRANTEE, WORKING WITH THEIR EVALUATOR, PUBLISHED AN ARTICLE IN THE AMERICAN JOURNAL OF PUBLIC HEALTH TITLED "WHY THE WORLD WILL NEVER BE TOBACCO-FREE: REFRAMING 'TOBACCO CONTROL' INTO A TRADITIONAL TOBACCO MOVEMENT." THIS YEAR WE ALSO SUPPORTED A PROJECT TO EDUCATE MINNESOTA AND NATIONAL INDIAN GAMING ASSOCIATIONS ABOUT COMMERCIAL TOBACCO AND SECONDHAND SMOKE IN AN EFFORT TO ADVANCE SMOKE-FREE CASINO POLICIES. ADDITIONALLY, IN FISCAL YEAR 2016, LEECH LAKE TRIBAL COLLEGE, FUNDED BY CLEARWAY MINNESOTA, PUBLISHED AN ARTICLE ABOUT THEIR COMMERCIAL TOBACCO-FREE CAMPUS POLICY THAT WAS HIGHLIGHTED BY THE AMERICAN INDIAN COLLEGE FUND. FINALLY, SINCE CLEARWAY MINNESOTA'S LIMITED LIFESPAN ENDS IN 2023, THE ORGANIZATION IS INVOLVED IN A DIALOGUE WITH MINNESOTA FOUNDATIONS AND TRIBAL LEADERSHIP ABOUT THE FUTURE OF HEALTH PROMOTION WORK IN INDIAN COUNTRY.

CLEARWAY MINNESOTA ALSO PUBLISHED AN ARTICLE IN THE JOURNAL OF HEALTH DISPARITIES RESEARCH AND PRACTICE ABOUT THE LEADERSHIP AND ADVOCACY INSTITUTE TO ADVANCE MINNESOTA'S PARITY FOR PRIORITY POPULATIONS (LAAMPP), A FELLOWSHIP PROGRAM THAT BUILDS CAPACITY AND LEADERSHIP FOR TOBACCO CONTROL WORK IN PRIORITY POPULATION COMMUNITIES. THIS PUBLICATION WILL CONTRIBUTE TO PROMISING AND/OR BEST PRACTICES IN CULTIVATING PRIORITY POPULATION LEADERS FOR TOBACCO CONTROL

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IN FISCAL YEAR 2016, CLEARWAY MINNESOTA ALSO WORKED TO DEVELOP
RELATIONSHIPS AND PARTNERSHIPS AMONG OTHER MINNESOTA FUNDERS TO BUILD
SUSTAINABILITY FOR LEADERSHIP DEVELOPMENT AND CAPACITY BUILDING IN
PRIORITY POPULATIONS.

EXPENSES \$ 722,322. INCLUDING GRANTS OF \$ 692,541. REVENUE \$ 0.

FORM 990, PART V, LINE 4B, LIST OF FOREIGN COUNTRIES:

GUERNSEY, CAYMAN ISLANDS, BRITISH VIRGIN IS

FORM 990, PART VI, SECTION B, LINE 11:

THE IRS FORM 990 AND ATTACHMENTS ARE COMPLETED BY THE INDEPENDENT AUDITOR
AND REVIEWED BY STAFF AND LEGAL COUNSEL. THE FORM IS PRESENTED TO THE
AUDIT/FINANCE COMMITTEE AND THE BOARD OF DIRECTORS FOR REVIEW AND APPROVAL.
THE COMMITTEE AND BOARD RECEIVE THE DOCUMENT APPROXIMATELY ONE WEEK IN
ADVANCE OF THE RESPECTIVE MEETING AT WHICH IT IS REVIEWED. THE INDEPENDENT
AUDITOR IS AVAILABLE TO ANSWER ANY QUESTIONS THAT MAY ARISE. COPIES OF THE
FORM 900 ARE DISTRIBUTED TO ALL BOARD MEMBERS, WHO APPROVE THE 990 PRIOR TO
THE RETURN BEING FILED WITH THE INTERNAL REVENUE SERVICE.

FORM 990, PART VI, SECTION B, LINE 12C:

CONFLICTS OF INTEREST, INCLUDING POLICIES RELATING TO LOANS AND GIFTS, ARE
GOVERNED BY CLEARWAY MINNESOTA'S CONFLICT OF INTEREST POLICY.

ENFORCEMENT OF THE CONFLICT OF INTEREST POLICY SHALL BE MADE BY THE
CLEARWAY MINNESOTA BOARD, ON THE RECOMMENDATION OF THE EXECUTIVE/GOVERNANCE
COMMITTEE OF THE BOARD, OR OF A COMMITTEE DESIGNATED BY THAT COMMITTEE.

CLEARWAY MINNESOTA REGULARLY AND CONSISTENTLY MONITORS AND ENFORCES

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COMPLIANCE WITH ITS CONFLICT OF INTEREST POLICY. THE BOARD REQUIRES EACH BOARD MEMBER AND EMPLOYEE TO BE ADVISED OF THIS POLICY, AND PROVIDED A COPY, IMMEDIATELY UPON ASSUMING THEIR CLEARWAY MINNESOTA DUTIES OR RELATIONSHIP, AND TO BE PERIODICALLY REMINDED OF THIS POLICY AND EDUCATED CONCERNING ITS APPLICATION. EVERY BOARD MEMBER AND EMPLOYEE IS RESPONSIBLE FOR KNOWING AND OBSERVING THE POLICY.

EACH BOARD MEMBER AND EMPLOYEE IS REQUIRED TO SUBMIT A CERTIFICATE OF COMPLIANCE ANNUALLY. THE CERTIFICATE OF COMPLIANCE REQUIRES BOARD MEMBERS AND EMPLOYEES TO REVIEW A LIST OF CURRENT CLEARWAY MINNESOTA GRANTEES AND CONTRACTORS AND TO DISCLOSE AFFILIATIONS WITH ANY ORGANIZATIONS THAT HAVE GRANTS OR CONTRACTS WITH CLEARWAY MINNESOTA.

CLEARWAY MINNESOTA HAS A CONFLICT OF INTEREST SCREENING PROCESS TO IDENTIFY POTENTIAL CONFLICTS INVOLVING APPLICANTS FOR FUNDING THAT HAVE NOT HAD A GRANT OR CONTRACT WITH CLEARWAY MINNESOTA DURING THE PAST YEAR. THIS PROCESS IDENTIFIES POTENTIAL CONFLICTS EARLY IN THE APPLICATION PROCESS IN ORDER TO IMPLEMENT CONFLICT OF INTEREST MITIGATION STRATEGIES THAT MAY BE NECESSARY DURING THE APPLICATION REVIEW PROCESS.

BOARD DIRECTORS AND STAFF HAVE THE RESPONSIBILITY TO DISCLOSE TO THE ORGANIZATION THE RELEVANT FACTS OF ANY PROPOSED ACTION INVOLVING CLEARWAY MINNESOTA IN WHICH THEY HAVE POSSIBLE OR PERCEIVED CONFLICTS AS SOON AS THEY ARE DISCOVERED.

FORM 990, PART VI, SECTION B, LINE 15:

CLEARWAY MINNESOTA REVIEWS COMPENSATION (SALARY RANGES AND BENEFITS) ON AN ANNUAL BASIS. AT LEAST EVERY TWO YEARS, AN INDEPENDENT COMPENSATION

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CONSULTANT COMPARES ALL JOBS TO APPLICABLE MARKET SURVEYS TO DETERMINE COMPENSATION COMPETITIVENESS TO THE MARKET. IN YEARS WHERE A CONSULTANT IS NOT ENGAGED, STAFF REVIEWS THE MOST CURRENT ANNUAL WORLD-AT-WORK SURVEY TO DETERMINE MARKET TRENDS. FROM THESE ANALYSES, PAY RANGE MODIFICATIONS AND THE ANNUAL BUDGETED SALARY MERIT INCREASE PERCENTAGE ARE DETERMINED. THIS INFORMATION IS REVIEWED BY THE EXECUTIVE/GOVERNANCE COMMITTEE, AND BY THE BOARD OF DIRECTORS, WHICH MAKES THE FINAL DECISION ON SALARY RANGE LEVELS AND BUDGET AMOUNTS.

ALL STAFF SALARY CHANGES, EXCEPT THAT OF THE CHIEF EXECUTIVE OFFICER, ARE REVIEWED AND APPROVED BY THE CHIEF EXECUTIVE OFFICER. SALARY CHANGES FOR THE CHIEF EXECUTIVE OFFICER ARE DETERMINED ANNUALLY BY THE EXECUTIVE/GOVERNANCE COMMITTEE AND APPROVED BY THE BOARD OF DIRECTORS.

FORM 990, PART VI, SECTION C, LINE 19:

CLEARWAY MINNESOTA'S GOVERNING DOCUMENTS, INCLUDING ITS CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMENTS, ARE AVAILABLE AT THE CLEARWAY MINNESOTA OFFICE FOR INSPECTION.



Appendix L2

**RS Form 990T
June 30, 2016**

Exempt Organization Business Income Tax Return

(and proxy tax under section 6033(e))

OMB No. 1545-0687

For calendar year 2015 or other tax year beginning JUL 1, 2015, and ending JUN 30, 2016.

2015

Open to Public Inspection for 501(c)(3) Organizations Only

Department of the Treasury
Internal Revenue ServiceInformation about Form 990-T and its instructions is available at www.irs.gov/form990t.

Do not enter SSN numbers on this form as it may be made public if your organization is a 501(c)(3).

A <input type="checkbox"/> Check box if address changed		Name of organization (<input type="checkbox"/> Check box if name changed and see instructions.)		D Employer identification number (Employees' trust, see instructions.)	
B Exempt under section <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 408(e) <input type="checkbox"/> 220(e) <input type="checkbox"/> 408A <input type="checkbox"/> 530(a) <input type="checkbox"/> 529(a)		Print or Type CLEARWAY MINNESOTA (SM) Number, street, and room or suite no. If a P.O. box, see instructions. TWO APPLETREE SQ, 8011 34TH AVE S, NO. 400 City or town, state or province, country, and ZIP or foreign postal code MINNEAPOLIS, MN 55425		41-1921094 900099	
C Book value of all assets at end of year 55,431,244.		F Group exemption number (See instructions.)			
		G Check organization type <input checked="" type="checkbox"/> 501(c) corporation <input type="checkbox"/> 501(c) trust <input type="checkbox"/> 401(a) trust <input type="checkbox"/> Other trust			

H Describe the organization's primary unrelated business activity. **PARTNERSHIP INVESTMENT**I During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? ☐ Yes ☒ No
If "Yes," enter the name and identifying number of the parent corporation.J The books are in care of **LANA KOPYLOV** Telephone number **952-767-1400**

Part I Unrelated Trade or Business Income		(A) Income	(B) Expenses	(C) Net
1a Gross receipts or sales				
b Less returns and allowances	c Balance	1c		
2 Cost of goods sold (Schedule A, line 7)		2		
3 Gross profit. Subtract line 2 from line 1c		3		
4a Capital gain net income (attach Schedule D)		4a		
b Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)		4b		
c Capital loss deduction for trusts		4c		
5 Income (loss) from partnerships and S corporations (attach statement)		5	29,227.	29,227.
6 Rent income (Schedule C)		6		
7 Unrelated debt-financed income (Schedule E)		7		
8 Interest, annuities, royalties, and rents from controlled organizations (Sch. F)		8		
9 Investment income of a section 501(c)(7), (9), or (17) organization (Schedule G)		9		
10 Exploited exempt activity income (Schedule I)		10		
11 Advertising income (Schedule J)		11		
12 Other income (See instructions; attach schedule)		12		
13 Total. Combine lines 3 through 12		13	29,227.	29,227.

Part II Deductions Not Taken Elsewhere (See instructions for limitations on deductions.)

(Except for contributions, deductions must be directly connected with the unrelated business income.)

14 Compensation of officers, directors, and trustees (Schedule K)	14	
15 Salaries and wages	15	
16 Repairs and maintenance	16	
17 Bad debts	17	
18 Interest (attach schedule)	18	
19 Taxes and licenses	19	2,598.
20 Charitable contributions (See instructions for limitation rules) STATEMENT 3 SEE STATEMENT 2	20	1,004.
21 Depreciation (attach Form 4562)	21	
22 Less depreciation claimed on Schedule A and elsewhere on return	22a	
23 Depletion	23	
24 Contributions to deferred compensation plans	24	
25 Employee benefit programs	25	
26 Excess exempt expenses (Schedule I)	26	
27 Excess readership costs (Schedule J)	27	
28 Other deductions (attach schedule)	28	
29 Total deductions. Add lines 14 through 28	29	3,602.
30 Unrelated business taxable income before net operating loss deduction. Subtract line 29 from line 13	30	25,625.
31 Net operating loss deduction (limited to the amount on line 30) SEE STATEMENT 4	31	15,590.
32 Unrelated business taxable income before specific deduction. Subtract line 31 from line 30	32	10,035.
33 Specific deduction (Generally \$1,000, but see line 33 instructions for exceptions)	33	1,000.
34 Unrelated business taxable income. Subtract line 33 from line 32. If line 33 is greater than line 32, enter the smaller of zero or line 32	34	9,035.

Part III Tax Computation**35 Organizations Taxable as Corporations.** See instructions for tax computation.Controlled group members (sections 1561 and 1563) check here ☐ See instructions and:**a** Enter your share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order):

(1) \$ (2) \$ (3) \$

b Enter organization's share of: (1) Additional 5% tax (not more than \$11,750) \$

(2) Additional 3% tax (not more than \$100,000) \$

c Income tax on the amount on line 34 35c 1,355.**36 Trusts Taxable at Trust Rates.** See instructions for tax computation. Income tax on the amount on line 34 from:☐ Tax rate schedule or ☐ Schedule D (Form 1041) 36**37 Proxy tax.** See instructions 37**38 Alternative minimum tax** 38**39 Total.** Add lines 37 and 38 to line 35c or 36, whichever applies 39 1,355.**Part IV Tax and Payments****40a** Foreign tax credit (corporations attach Form 1118; trusts attach Form 1116) 40a**b** Other credits (see instructions) 40b**c** General business credit. Attach Form 3800 40c**d** Credit for prior year minimum tax (attach Form 8801 or 8827) 40d**e Total credits.** Add lines 40a through 40d 40e**41** Subtract line 40e from line 39 41 1,355.**42** Other taxes. Check if from: ☐ Form 4255 ☐ Form 8611 ☐ Form 8697 ☐ Form 8866 ☐ Other (attach schedule) 42**43 Total tax.** Add lines 41 and 42 43 1,355.**44a** Payments: A 2014 overpayment credited to 2015 44a**b** 2015 estimated tax payments 44b**c** Tax deposited with Form 8868 44c**d** Foreign organizations: Tax paid or withheld at source (see instructions) 44d**e** Backup withholding (see instructions) 44e**f** Credit for small employer health insurance premiums (Attach Form 8941) 44f**g** Other credits and payments: ☐ Form 2439 ☐ Form 4136 ☐ Other Total 44g**45 Total payments.** Add lines 44a through 44g 45**46** Estimated tax penalty (see instructions). Check if Form 2220 is attached ☐ 46 39.**47 Tax due.** If line 45 is less than the total of lines 43 and 46, enter amount owed 47 1,394.**48 Overpayment.** If line 45 is larger than the total of lines 43 and 46, enter amount overpaid 48**49** Enter the amount of line 48 you want: Credited to 2016 estimated tax Refunded 49**Part V Statements Regarding Certain Activities and Other Information** (see instructions)

	Yes	No
1 At any time during the 2015 calendar year, did the organization have an interest in or a signature or other authority over a financial account (bank, securities, or other) in a foreign country? If YES, the organization may have to file FinCEN Form 114, Report of Foreign Bank and Financial Accounts. If YES, enter the name of the foreign country here SEE STATEMENT 5	X	
2 During the tax year, did the organization receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If YES, see instructions for other forms the organization may have to file.		X
3 Enter the amount of tax-exempt interest received or accrued during the tax year \$		

Schedule A - Cost of Goods Sold. Enter method of inventory valuation N/A

1 Inventory at beginning of year	1		6 Inventory at end of year	6	
2 Purchases	2		7 Cost of goods sold. Subtract line 6 from line 5. Enter here and in Part I, line 2	7	
3 Cost of labor	3		8 Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the organization?		Yes No
4a Additional section 263A costs (att. schedule)	4a				
b Other costs (attach schedule)	4b				
5 Total. Add lines 1 through 4b	5				

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer

Date

11/3/2016

CHIEF EXEC OFFICER

Title

May the IRS discuss this return with the preparer shown below (see instructions)? ☒ Yes ☐ No

Paid Preparer Use Only

Print/Type preparer's name

LINDA M. NELSON

Preparer's signature

Linda M. Nelson

Date

11/1/16

Check ☐ if self-employed

PTIN

P00205567

Firm's name OLSEN THIELEN & CO., LTD

Firm's EIN 41-1360831

2675 LONG LAKE ROAD

Firm's address ST. PAUL, MN 55113

Phone no. 651-483-4521

Schedule C - Rent Income (From Real Property and Personal Property Leased With Real Property) (see instructions)**1. Description of property**

(1)
(2)
(3)
(4)

2. Rent received or accrued		3(a) Deductions directly connected with the income in columns 2(a) and 2(b) (attach schedule)
(a) From personal property (if the percentage of rent for personal property is more than 10% but not more than 50%)	(b) From real and personal property (if the percentage of rent for personal property exceeds 50% or if the rent is based on profit or income)	
(1)		
(2)		
(3)		
(4)		
Total	0.	Total 0.

(c) **Total income.** Add totals of columns 2(a) and 2(b). Enter here and on page 1, Part I, line 6, column (A) ▶(b) **Total deductions.** Enter here and on page 1, Part I, line 6, column (B) ▶ 0.**Schedule E - Unrelated Debt-Financed Income** (see instructions)

1. Description of debt-financed property	2. Gross income from or allocable to debt-financed property	3. Deductions directly connected with or allocable to debt-financed property		
		(a) Straight line depreciation (attach schedule)	(b) Other deductions (attach schedule)	
(1)				
(2)				
(3)				
(4)				
4. Amount of average acquisition debt on or allocable to debt-financed property (attach schedule)	5. Average adjusted basis of or allocable to debt-financed property (attach schedule)	6. Column 4 divided by column 5	7. Gross income reportable (column 2 x column 6)	8. Allocable deductions (column 6 x total of columns 3(a) and 3(b))
(1)		%		
(2)		%		
(3)		%		
(4)		%		

Totals ▶Enter here and on page 1, Part I, line 7, column (A). 0.
Enter here and on page 1, Part I, line 7, column (B). 0.**Total dividends-received deductions** included in column 8 ▶ 0.**Schedule F - Interest, Annuities, Royalties, and Rents From Controlled Organizations** (see instructions)

1. Name of controlled organization	2. Employer identification number	Exempt Controlled Organizations			
		3. Net unrelated income (loss) (see instructions)	4. Total of specified payments made	5. Part of column 4 that is included in the controlling organization's gross income	6. Deductions directly connected with income in column 5
(1)					
(2)					
(3)					
(4)					

Nonexempt Controlled Organizations

7. Taxable income	8. Net unrelated income (loss) (see instructions)	9. Total of specified payments made	10. Part of column 9 that is included in the controlling organization's gross income	11. Deductions directly connected with income in column 10
(1)				
(2)				
(3)				
(4)				

Totals ▶Add columns 5 and 10. Enter here and on page 1, Part I, line 8, column (A). 0.
Add columns 6 and 11. Enter here and on page 1, Part I, line 8, column (B). 0.

Schedule G - Investment Income of a Section 501(c)(7), (9), or (17) Organization

(see instructions)

1. Description of income	2. Amount of income	3. Deductions directly connected (attach schedule)	4. Set-asides (attach schedule)	5. Total deductions and set-asides (col. 3 plus col. 4)
(1)				
(2)				
(3)				
(4)				
	Enter here and on page 1, Part I, line 9, column (A).			Enter here and on page 1, Part I, line 9, column (B).
Totals	0.			0.

Schedule I - Exploited Exempt Activity Income, Other Than Advertising Income

(see instructions)

1. Description of exploited activity	2. Gross unrelated business income from trade or business	3. Expenses directly connected with production of unrelated business income	4. Net income (loss) from unrelated trade or business (column 2 minus column 3). If a gain, compute cols. 5 through 7.	5. Gross income from activity that is not unrelated business income	6. Expenses attributable to column 5	7. Excess exempt expenses (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
	Enter here and on page 1, Part I, line 10, col. (A).	Enter here and on page 1, Part I, line 10, col. (B).				Enter here and on page 1, Part II, line 26.
Totals	0.	0.				0.

Schedule J - Advertising Income (see instructions)**Part I Income From Periodicals Reported on a Consolidated Basis**

1. Name of periodical	2. Gross advertising income	3. Direct advertising costs	4. Advertising gain or (loss) (col. 2 minus col. 3). If a gain, compute cols. 5 through 7.	5. Circulation income	6. Readership costs	7. Excess readership costs (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
Totals (carry to Part II, line (5))	0.	0.				0.

Part II Income From Periodicals Reported on a Separate Basis (For each periodical listed in Part II, fill in columns 2 through 7 on a line-by-line basis.)

1. Name of periodical	2. Gross advertising income	3. Direct advertising costs	4. Advertising gain or (loss) (col. 2 minus col. 3). If a gain, compute cols. 5 through 7.	5. Circulation income	6. Readership costs	7. Excess readership costs (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
Totals from Part I	0.	0.				0.
	Enter here and on page 1, Part I, line 11, col. (A).	Enter here and on page 1, Part I, line 11, col. (B).				Enter here and on page 1, Part II, line 27.
Totals, Part II (lines 1-5)	0.	0.				0.

Schedule K - Compensation of Officers, Directors, and Trustees (see instructions)

1. Name	2. Title	3. Percent of time devoted to business	4. Compensation attributable to unrelated business
(1)		%	
(2)		%	
(3)		%	
(4)		%	
Total. Enter here and on page 1, Part II, line 14			0.

FOOTNOTES

STATEMENT 1

INCOME (LOSS) FROM PARTNERSHIPS

MESIROW FINANCIAL PRIVATE EQUITY PARTNERSHIP FUND IV, LP
UNRELATED BUSINESS TAXABLE INCOME PER K-1:

LINE 1 - ORDINARY BUSINESS INCOME (LOSS)	21,420.
LINE 2 - NET RENTAL INCOME (LOSS)	234.
LINE 5 - INTEREST INCOME	1,042.
LINE 6A - ORDINARY DIVIDENDS	105.
LINE 7 - ROYALTIES	2.
LINE 8 - SHORT-TERM CAPITAL GAIN (LOSS)	<66.>
LINE 9A - LONG-TERM CAPITAL GAIN (LOSS)	7,529.
LINE 10 - SECTION 1231 GAIN (LOSS)	<70.>
LINE 11A - OTHER PORTFOLIO INCOME	0.
LINE 11F - OTHER INCOME	10,050.
LINE 12 - SECTION 179 DEDUCTION	<70.>
LINE 13H - INVESTMENT INTEREST EXPENSE	<980.>
LINE 13J - SECTION 59(E)(2) EXPENDITURES	<10,966.>
LINE 13W - OTHER DEDUCTIONS	<2,206.>

WEATHERGAGE VENTURE CAPITAL LP
UNRELATED BUSINESS TAXABLE INCOME PER K-1:

LINE 1 - ORDINARY BUSINESS INCOME (LOSS)	1,591.
LINE 6A - ORDINARY DIVIDENDS	1,612.

TOTAL PARTNERSHIP INCOME

29,227.

FORM 990-T		CONTRIBUTIONS	STATEMENT	2
DESCRIPTION/KIND OF PROPERTY	METHOD USED TO DETERMINE FMV		AMOUNT	
FROM MESIROW FINANCIAL K-1	N/A		41.	
TOTAL TO FORM 990-T, PAGE 1, LINE 20			41.	

FORM 990-T

CONTRIBUTIONS SUMMARY

STATEMENT

3

QUALIFIED CONTRIBUTIONS SUBJECT TO 100% LIMIT

CARRYOVER OF PRIOR YEARS UNUSED CONTRIBUTIONS

FOR TAX YEAR 2010

FOR TAX YEAR 2011

FOR TAX YEAR 2012

FOR TAX YEAR 2013

1,567

FOR TAX YEAR 2014

23

TOTAL CARRYOVER

1,590

TOTAL CURRENT YEAR 10% CONTRIBUTIONS

41

TOTAL CONTRIBUTIONS AVAILABLE

1,631

TAXABLE INCOME LIMITATION AS ADJUSTED

1,004

EXCESS 10% CONTRIBUTIONS

627

EXCESS 100% CONTRIBUTIONS

0

TOTAL EXCESS CONTRIBUTIONS

627

ALLOWABLE CONTRIBUTIONS DEDUCTION

1,004

TOTAL CONTRIBUTION DEDUCTION

1,004

FORM 990-T		NET OPERATING LOSS DEDUCTION		STATEMENT	4
TAX YEAR	LOSS SUSTAINED	LOSS PREVIOUSLY APPLIED	LOSS REMAINING	AVAILABLE THIS YEAR	
06/30/09	4,613.	4,613.	0.	0.	
06/30/10	3,550.	1,579.	1,971.	1,971.	
06/30/11	6,794.	0.	6,794.	6,794.	
06/30/15	6,825.	0.	6,825.	6,825.	
NOL CARRYOVER AVAILABLE THIS YEAR			15,590.	15,590.	

FORM 990-T		NAME OF FOREIGN COUNTRY IN WHICH ORGANIZATION HAS FINANCIAL INTEREST	STATEMENT	5
------------	--	---	-----------	---

NAME OF COUNTRY

GUERNSEY
CAYMAN ISLANDS
BRITISH VIRGIN ISLANDS

Underpayment of Estimated Tax by Corporations

Department of the Treasury
Internal Revenue Service

▶ Attach to the corporation's tax return.

FORM 990-T

▶ Information about Form 2220 and its separate instructions is at www.irs.gov/form2220.

2015

Name

CLEARWAY MINNESOTA (SM)

Employer identification number

41-1921094

Note: Generally, the corporation is not required to file Form 2220 (see Part II below for exceptions) because the IRS will figure any penalty owed and bill the corporation. However, the corporation may still use Form 2220 to figure the penalty. If so, enter the amount from page 2, line 38 on the estimated tax penalty line of the corporation's income tax return, but **do not** attach Form 2220.

Part I Required Annual Payment

1 Total tax (see instructions)	1	1,355.
2a Personal holding company tax (Schedule PH (Form 1120), line 26) included on line 1	2a	
2b Look-back interest included on line 1 under section 460(b)(2) for completed long-term contracts or section 167(g) for depreciation under the income forecast method	2b	
2c Credit for federal tax paid on fuels (see instructions)	2c	
2d Total. Add lines 2a through 2c	2d	
3 Subtract line 2d from line 1. If the result is less than \$500, do not complete or file this form. The corporation does not owe the penalty	3	1,355.
4 Enter the tax shown on the corporation's 2014 income tax return (see instructions). Caution: If the tax is zero or the tax year was for less than 12 months, skip this line and enter the amount from line 3 on line 5	4	
5 Required annual payment. Enter the smaller of line 3 or line 4. If the corporation is required to skip line 4, enter the amount from line 3	5	1,355.

Part II Reasons for Filing - Check the boxes below that apply. If any boxes are checked, the corporation **must** file Form 2220 even if it does not owe a penalty (see instructions).

- 6 ☐ The corporation is using the adjusted seasonal installment method.
- 7 ☐ The corporation is using the annualized income installment method.
- 8 ☐ The corporation is a "large corporation" figuring its first required installment based on the prior year's tax.

Part III Figuring the Underpayment

	(a)	(b)	(c)	(d)	
9 Installment due dates. Enter in columns (a) through (d) the 15th day of the 4th (Form 990-PF filers: Use 5th month), 6th, 9th, and 12th months of the corporation's tax year	9	10/15/15	12/15/15	03/15/16	06/15/16
10 Required installments. If the box on line 6 and/or line 7 above is checked, enter the amounts from Sch A, line 38. If the box on line 8 (but not 6 or 7) is checked, see instructions for the amounts to enter. If none of these boxes are checked, enter 25% of line 5 above in each column.	10	339.	339.	338.	339.
11 Estimated tax paid or credited for each period (see instructions). For column (a) only, enter the amount from line 11 on line 15	11				
Complete lines 12 through 18 of one column before going to the next column.					
12 Enter amount, if any, from line 18 of the preceding column	12				
13 Add lines 11 and 12	13				
14 Add amounts on lines 16 and 17 of the preceding column	14		339.	678.	1,016.
15 Subtract line 14 from line 13. If zero or less, enter -0-	15	0.	0.	0.	0.
16 If the amount on line 15 is zero, subtract line 13 from line 14. Otherwise, enter -0-	16		339.	678.	
17 Underpayment. If line 15 is less than or equal to line 10, subtract line 15 from line 10. Then go to line 12 of the next column. Otherwise, go to line 18	17	339.	339.	338.	339.
18 Overpayment. If line 10 is less than line 15, subtract line 10 from line 15. Then go to line 12 of the next column	18				

Go to Part IV on page 2 to figure the penalty. Do not go to Part IV if there are no entries on line 17 - no penalty is owed.

LHA For Paperwork Reduction Act Notice, see separate instructions.

Form 2220 (2015)

Part IV Figuring the Penalty

	(a)	(b)	(c)	(d)
19 Enter the date of payment or the 15th day of the 3rd month after the close of the tax year, whichever is earlier (see instructions). (Form 990-PF and Form 990-T filers: Use 5th month instead of 3rd month.)	19			
20 Number of days from due date of installment on line 9 to the date shown on line 19	20			
21 Number of days on line 20 after 4/15/2015 and before 7/1/2015	21			
22 Underpayment on line 17 x $\frac{\text{Number of days on line 21} \times 3\%}{365}$	22	\$	\$	\$
23 Number of days on line 20 after 06/30/2015 and before 10/1/2015	23			
24 Underpayment on line 17 x $\frac{\text{Number of days on line 23} \times 3\%}{365}$	24	\$	\$	\$
25 Number of days on line 20 after 9/30/2015 and before 1/1/2016	25			
26 Underpayment on line 17 x $\frac{\text{Number of days on line 25} \times 3\%}{365}$	26	\$	\$	\$
27 Number of days on line 20 after 12/31/2015 and before 4/1/2016	27	SEE ATTACHED WORKSHEET		
28 Underpayment on line 17 x $\frac{\text{Number of days on line 27} \times 3\%}{365}$	28	\$	\$	\$
29 Number of days on line 20 after 3/31/2016 and before 7/1/2016	29			
30 Underpayment on line 17 x $\frac{\text{Number of days on line 29} \times \%}{365}$	30	\$	\$	\$
31 Number of days on line 20 after 6/30/2016 and before 10/01/2016	31			
32 Underpayment on line 17 x $\frac{\text{Number of days on line 31} \times \%}{365}$	32	\$	\$	\$
33 Number of days on line 20 after 9/30/2016 and before 1/1/2017	33			
34 Underpayment on line 17 x $\frac{\text{Number of days on line 33} \times \%}{365}$	34	\$	\$	\$
35 Number of days on line 20 after 12/31/2016 and before 2/16/2017	35			
36 Underpayment on line 17 x $\frac{\text{Number of days on line 35} \times \%}{365}$	36	\$	\$	\$
37 Add lines 22, 24, 26, 28, 30, 32, 34, and 36	37	\$	\$	\$
38 Penalty. Add columns (a) through (d) of line 37. Enter the total here and on Form 1120; line 33; or the comparable line for other income tax returns	38			
		\$		39.

* Use the penalty interest rate for each calendar quarter, which the IRS will determine during the first month in the preceding quarter. These rates are published quarterly in an IRS News Release and in a revenue ruling in the Internal Revenue Bulletin. To obtain this information on the Internet, access the IRS website at www.irs.gov. You can also call 1-800-829-4933 to get interest rate information.

**FORM 990-T
UNDERPAYMENT OF ESTIMATED TAX WORKSHEET**

Name(s) CLEARWAY MINNESOTA (SM)				Identifying Number 41-1921094	
(A) *Date	(B) Amount	(C) Adjusted Balance Due	(D) Number Days Balance Due	(E) Daily Penalty Rate	(F) Penalty
		-0-			
10/15/15	339.	339.	61	.000082192	2.
12/15/15	339.	678.	16	.000082192	1.
12/31/15	0.	678.	75	.000081967	4.
03/15/16	338.	1,016.	16	.000081967	1.
03/31/16	0.	1,016.	76	.000109290	8.
06/15/16	339.	1,355.	153	.000109290	23.
Penalty Due (Sum of Column F).					39.

* Date of estimated tax payment, withholding credit date or installment due date.



Appendix M

Charitable Organization Annual Report

STATE OF MINNESOTA

CHARITABLE ORGANIZATION INITIAL REGISTRATION & ANNUAL REPORT FORM

ATTORNEY GENERAL LORI SWANSON

SUITE 1200, BREMER TOWER

445 MINNESOTA STREET

ST. PAUL, MN 55101-2130

(651) 757-1311

(651) 296-1410 (TTY)

www.ag.state.mn.us

☒ Annual Reporting

☐ Initial Registration

FEDERAL EIN NUMBER: 41-1921094

FOR YEAR ENDING: 06/30/2016

SECTION A: REQUIRED INFORMATION FOR INITIAL REGISTRATION & ANNUAL REPORTING

1. Legal Name of Organization: CLEARWAY MINNESOTA (SM)

If annual reporting, is this a new name since the organization's last filing?

☐ Yes ☒ No

If so, please state former name: _____

2. List all names under which the organization solicits contributions:

3. Mailing Address of Organization (required)

TWO APPLETREE SQ, 8011 34TH AVE S
NO. 400
MINNEAPOLIS, MN 55425

Physical Address of Organization (required)

TWO APPLETREE SQ, 8011 34TH AVE S
NO. 400
MINNEAPOLIS, MN 55425

4. Contact Person DAVID WILLOUGHBY

Tel. No. 952-767-1400

E-mail DWILLOUGHBY@CLEARWAYMN.ORG

Fax No. 952-767-1422

5. Does the organization use the services of a professional fund-raiser (outside solicitor or consultant)?

☐ Yes ☒ No

If so, provide name and address of any outside professional fund-raiser employed by the organization and state the total amount of compensation each outside fund-raiser received from the filing organization during the year. Attach schedule if more than one.

Name _____

Address _____

City _____

State _____

ZIP _____

Compensation _____

6. a) Does this professional fund-raiser solicit or consult in Minnesota?

☐ Yes ☐ No

b) Is this professional fund-raiser registered to solicit or consult in Minnesota?

☐ Yes ☐ No

7. Month and day accounting year ends: 06/30

8. Has the organization included the filing fee, late fee (if any) and all attachments required by the instructions?

☒ Yes ☐ No

Office Use Only: ☐ ARF ☐ \$25 ☐ \$50 ☐ N (e-Postcard) ☐ 990 ☐ EZ ☐ PF ☐ FES ☐ SIG ☐ BD ☐ SAL ☐ Audit

01/13

Upon request this material can be made available in alternate formats.

599801
04-01-15

SECTION C: REQUIRED FOR ANNUAL REPORTING ONLY

ALL Annual Report filers MUST complete questions 1-6

1. Has the organization's accounting year changed since the last report was filed? ☐ Yes ☒ No
If yes, provide the new year-end date: _____

2. Attach an explanation if there has been any change in the organization's tax status with the Internal Revenue Service; a significant change in the purposes of the organization; or if the organization's right to solicit funds has been denied, suspended, revoked or enjoined by any state agency or court in any state, or if there are proceedings pending. ☒ None ☐ Attached

3. List of the five highest paid directors, officers, and employees of the organization and its related organizations, as that term is defined by section 317A.011, subdivision 18, that receive total compensation of more than \$100,000, together with the compensation paid to each. For purposes of this subdivision, "compensation" is defined as the total amount reported on Form W-2 (Box 5) or Form 1099-MISC (Box 7) issued by the organization and its related organizations to the individual. The value of fringe benefits and deferred compensation paid by the charitable organization and all related organizations as that term is defined by section 317A.011, subdivision 18, shall also be reported as a separate item for each person whose compensation is required to be reported pursuant to this subdivision.

	Name/Title	Compensation	Deferred Compensation	Fringe Benefits
1	DAVID J. WILLOUGHBY CHIEF EXECUTIVE OFFICER	159,754.	24,816.	21,955.
2	BARBARA SCHILLO VICE PRESIDENT	139,027.	21,449.	18,892.
3	ANDREA MOWERY VICE PRESIDENT	142,839.	21,520.	12,792.
4	JAIME MARTINEZ DIRECTOR OF COMMUNITY DEV	123,559.	18,273.	12,111.
5	RAYMOND BOYLE DIRECTOR OF RESEARCH PROG	116,618.	17,633.	13,492.

4. Attach a list of organization's board of directors. ☐ Attached ☒ Included in IRS return
5. Attach a GAAP audit if total revenue exceeds \$750,000. ☒ Attached
☐ Audit not included under the Food Shelf Exemption (excluding from total revenue the value of food donated to a nonprofit food shelf for redistribution at no cost). ☐ Audit not required
6. Minnesota law requires that an organization file a copy of all tax or informational returns filed with the IRS, including IRS Form 990-N (e-Postcard), 990, 990-EZ, or 990-PF, including all schedules and amendments. Has the organization included with this annual report a copy of all tax or informational returns, including IRS Form 990-N (e-Postcard), 990, 990-EZ or 990-PF that it filed with the IRS (excluding Schedule B or any other donor list)? ☒ Yes ☐ No (Not required to file a return with IRS or files a group return).

NOTE: By answering YES to the above question, you are attesting that the IRS informational return filed with this office is an exact copy, including all schedules and attachments, of the IRS informational return filed with the IRS (excluding Schedule B or any other donor list the IRS may require).

SECTION D: REQUIRED FOR INITIAL REGISTRATION & ANNUAL REPORTING

BOARD OF DIRECTORS
SIGNATURES AND ACKNOWLEDGMENT

We, the undersigned, state and acknowledge that we are duly constituted officers of this organization, being the

CHAIR, BOARD OF DIRECTORS (Title) and TREASURER (Title) respectively, and

that we execute this document on behalf of the organization pursuant to the resolution of the

BOARD OF DIRECTORS (Board of Directors, Trustees, or Managing Group) adopted on the _____

day of _____, 20____, approving the contents of the document, and do hereby certify that the

BOARD OF DIRECTORS (Board of Directors, Trustees, or Managing Group) has assumed, and will continue

to assume, responsibility for determining matters of policy, and have supervised, and will continue to supervise, the finances of the organization. We

further state that the information supplied is true, correct and complete to the best of our knowledge.

JOY RIKALA

Name (Print)

Signature

CHAIR, BOARD OF DIRECTORS

Title

Date

9-21-16

BOB BOERSCHEL

Name (Print)

Signature

TREASURER

Title

Date

9/21/16

*** NOTICE ***

Documents required to be filed are public records. Please do not include social security numbers, driver's license numbers or bank account numbers on the documents filed with this Office as they are not required, but could become part of the public records. A charitable organization is not required to file a list of its donors. If it is included, it may become part of the public file.

AG: #3124563-v1



Appendix N

Protecting Young People in Minneapolis: A Case Study in Limiting Flavored Tobacco and Raising the Minimum Price of Cigars

Effectiveness of Local Policy Efforts to Increase the Price of Cheap Cigars in Minnesota

Betsy Brock, MPH, Samantha C. Carlson, MPH, Molly Moilanen, MPP, and Barbara A. Schillo, PhD

Objectives. To evaluate the effect of novel policies designed to increase cheap cigar prices by setting minimum prices at the local level.

Methods. Between June 2013 and July 2015, we conducted assessments at tobacco retailers in Minnesota cities of Brooklyn Center ($n = 26$ in sample; $n = 18$ assessed before and after policy implementation), Saint Paul ($n = 25$ in sample; $n = 14$ assessed pre- and postpolicy), and Maplewood ($n = 22$ in sample; $n = 18$ assessed pre- and postpolicy), before and after the adoption of policies setting minimum cigar pricing.

Results. After policy implementation across all cities ($n = 50$), significantly fewer retailers sold single cigars (46% vs 80%; $P < .01$) and 2- or 3-packs (52% vs 74%; $P = .01$). In Saint Paul and Maplewood, the average price of the cheapest available single cigars increased significantly by \$1.17 ($P = .03$) and \$1.27 ($P < .01$), respectively; the average price of the cheapest 2-pack increased by \$2.46 ($P = .02$) in Saint Paul and by \$3.08 ($P < .01$) in Maplewood. Policy compliance was high in all cities.

Conclusions. This study highlights the potential of policies setting minimum cigar prices to decrease cigar availability and increase price through nontax approaches. Results indicate that these policies are successful in cities of various sizes. (*Am J Public Health.* 2017;107:127–129. doi:10.2105/AJPH.2016.303517)

US cigarette consumption declined by 25% from 1997 to 2007, whereas cigar use doubled.¹ Most cigar growth was fueled by increased popularity of “little cigars” and cigarillos.¹ These products are often sold in fruit and candy flavors and at prices far below other tobacco products (e.g., “3 for \$0.99”) and, unlike cigarettes, are marketed on social media. Although cigars cause the same negative health outcomes as cigarettes,² evidence indicates that cigars are viewed as safer.³ Together, these factors likely increase cigars’ appeal to youths. In 2014, 8.2% of US high school students reported current cigar use (compared with 9.2% for cigarettes), and cigars were the most commonly used tobacco product among African American high schoolers.⁴ Minnesota cigar youth use rates are lower than the national average (4.5%). However, rates vary by location, gender, and age. In Brooklyn Center, Minnesota, a city in our study, 20% of the 11th-grade boys reported using cigars in the last 30 days in 2013.⁵

Increasing tobacco prices is proven to decrease use.^{6,7} It is estimated that a 10% increase in prices would reduce adolescent cigar use prevalence by 3.4%.⁸ When tobacco taxes are increased, cigarettes are often the focus. This can lead to a price advantage for cigars. Localities are exploring ways to prevent this advantage by setting minimum pricing or prohibiting discounting.⁹ Although these policies appear promising, more evidence is needed to measure their effect.⁹

This study sought to evaluate the effect of minimum cigar price policies adopted in 3 Minnesota cities on product pricing and availability. In each jurisdiction, the policy was brought forward by advocates, passed by the city council, and implemented

by city staff. Brooklyn Center, a Minneapolis, Minnesota, suburb with 26 tobacco retailers (population = 30 729),¹⁰ was the first Minnesota city to adopt a minimum cigar pricing policy in April 2014. This policy set the minimum price for cigars in packs of 4 or fewer at \$2.10 per cigar, meaning that a single cigar must be sold for at least \$2.10, a 2-pack for \$4.20, a 3-pack for \$6.30, and a 4-pack for \$8.40. Under this policy, packs of 5 or more cigars can be sold for any price. Saint Paul, Minnesota, with 260 tobacco retailers (population = 297 640),¹⁰ followed by adopting identical policy language in August 2014. Maplewood, a Saint Paul suburb with 35 tobacco retailers (population = 40 199),¹⁰ followed with more restrictive language in May 2015. Maplewood’s policy set the cigar price at \$2.60 apiece and addressed pricing of larger packs by requiring that 4 or more cigars be sold for at least \$10.40.

This is one of the first studies to examine the effect of a minimum pricing policy on cigar prices and availability, helping to fill an identified research gap.⁹ To our knowledge, only 1 other study has examined the effect of cigar pricing policies.¹¹

METHODS

We conducted assessments at tobacco retailers in the cities of Brooklyn Center, Saint Paul, and Maplewood before and after cigar price policy implementation. In Brooklyn Center and Maplewood, we attempted to assess all tobacco retailers on

ABOUT THE AUTHORS

Betsy Brock and Samantha C. Carlson are with Association for Nonsmokers-Minnesota, Saint Paul. Molly Moilanen and Barbara A. Schillo are with ClearWay Minnesota, Minneapolis.

Correspondence should be sent to Betsy Brock, MPH, Association for Nonsmokers-Minnesota, 2395 University Ave W, Suite 310, Saint Paul, MN 55114 (e-mail: betsy@ansmn.org). Reprints can be ordered at <http://www.ajph.org> by clicking the “Reprints” link.

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the city licensing lists. We assessed 18 retailers in each city before and after policy implementation. In Saint Paul, we drew a random sample of 25 tobacco retailers from the city licensing list; we completed assessments at 14 retailers before and after policy implementation. For all cities combined, we assessed a total of 50 stores before and after policy implementation. Most were gas stations or convenience stores (54%; $n = 27$), followed by other (22%; $n = 11$), grocery stores (16%; $n = 8$), and drugstores (8%; $n = 4$). Assessments were conducted in Brooklyn Center on June 21, 2013 (prepolicy), and between September 3, 2014, and September 11, 2014 (postpolicy); in Saint Paul between September 18, 2014, and September 26, 2014 (prepolicy), and on December 11, 2014 (postpolicy); and in Maplewood between April 1, 2015, and April 3, 2015 (prepolicy), and July 24, 2015, and July 29, 2015 (postpolicy).

Pairs of trained data collectors conducted assessments. For all cities, we measured the policies' effect on cigar availability, which was determined through observation and by asking the clerk when unclear. In Saint Paul and Maplewood, we also measured policies' effect on cigar price. To measure price,

we asked the clerk to sell us the cheapest single cigar available. We purchased single cigars and kept the receipts. The 2-pack and 5-pack prices were recorded, but the products were not purchased.

We calculated summary statistics and sample demographics for the stores assessed by city. We used the McNemar test to compare the proportion of stores selling single cigars, 2- or 3-packs, and 5-packs before and after policy implementation. We used the 2-sided Wilcoxon signed rank test to compare cigar prices before and after policy implementation. Compliance was assessed as yes or no based on observed prices. SAS version 9.4 (SAS Institute, Cary, NC) was used for analyses, and P values less than .05 were considered statistically significant.

RESULTS

After policy implementation across all 3 cities ($n = 50$), significantly fewer tobacco retailers were selling single cigars (46% vs 80%; $P < .01$) and 2- or 3-packs (52% vs 74%; $P = .01$; Table 1).

Cigar Pricing

In Saint Paul, the average price of the cheapest available single cigar increased significantly by \$1.17 ($P = .03$; $n = 6$) from \$0.97 (SD = \$0.04) to \$2.14 (SD = \$0.06), and the average price of the cheapest available 2-pack increased significantly by \$2.46 ($P = .02$; $n = 7$) from \$1.48 (SD = \$0.41) to \$3.94 (SD = \$0.75). The average price of the cheapest available 5-pack changed from \$6.31 (SD = \$1.23) to \$6.06 (SD = \$2.34), which was not statistically significant ($P = .46$; $n = 8$).

In Maplewood, the average price of the cheapest available single cigar increased significantly by \$1.27 ($P < .01$; $n = 12$) from \$1.18 (SD = \$0.48) to \$2.45 (SD = \$0.32), and the average price of the cheapest available 2-pack increased significantly by \$3.08 ($P < .01$; $n = 9$) from \$1.87 (SD = \$1.16) to \$4.95 (SD = \$0.81). The average price of the cheapest available 5-pack increased from \$5.74 (SD = \$1.63) to \$7.31 (SD = \$3.39), which was not statistically significant ($P = .08$; $n = 16$).

Compliance

After policy implementation, all tobacco retailers in Saint Paul (6 of 6) and 75% of the retailers in Maplewood (9 of 12) that sold single cigars were compliant with pricing requirements. For 2-packs, 88% of the Saint Paul retailers (7 of 8) and 82% of the Maplewood retailers (9 of 11) were compliant. In Maplewood, the only city to address 5-pack pricing, only 35% (6 of 17) of the retailers sold 5-packs at the required price.

DISCUSSION

Several Minnesota cities have adopted novel policies designed to increase cheap cigar prices. We examined the effect of 3 citywide policies setting a minimum price for cigars. Key findings indicate that these policies decreased cigar availability and raised the price of cheap cigars sold singly and in 2-packs. Finally, results indicate that most tobacco retailers complied with policies. These findings are consistent with recent study findings from a similar policy in Boston, Massachusetts¹¹ (the only other

TABLE 1—Number (%) of Stores Selling Cigars by Subtype, Before and After Cigar Pricing Policy Implementation: Brooklyn Center, Saint Paul, and Maplewood, MN, June 2013–July 2015

City and No. of Cigars	Before, No. (%)	After, No. (%)	P
Brooklyn Center ($n = 18$)	June 21, 2013	September 3–11, 2014	
Single	14 (78)	5 (28)	.004
2- or 3-packs	13 (72)	7 (39)	.031
Maplewood ($n = 18$)	April 1–3, 2015	July 24–29, 2015	
Single	15 (83)	12 (67)	.25
2- or 3-packs	13 (72)	11 (61)	.69
5-packs	17 (94)	17 (94)	...
Saint Paul	September 18–26, 2014	December 11, 2014	
Single ($n = 14$)	11 (79)	6 (43)	.06
2- or 3-packs ($n = 14$)	11 (79)	8 (57)	.25
5-packs ($n = 13$)	9 (69)	11 (85)	.50
All cities ($n = 50$)			
Single ($n = 50$)	40 (80)	23 (46)	<.001
2- or 3-packs ($n = 50$)	37 (74)	26 (52)	.007
5-packs ^a ($n = 31$)	26 (84)	28 (90)	.63

Note. P values are from McNemar test.

^a5-Packs include only Maplewood and Saint Paul data.

study to date to examine this). Additional efforts may be needed to ensure that compliance remains high in the long term.

This study had limitations. First, the sample size was small. Second, we did not include comparison cities in our analysis. However, because no relevant policy changes occurred during the study period (such as federal, state, or local tobacco tax increases), it is unlikely that other factors explain the observed price increases. Finally, our preassessment and postassessment periods varied by city. Despite these limitations, this study helps to quantify the real-world effect of policies designed to raise tobacco prices through nontax approaches, an identified research need.⁹ Further research is needed to understand the possible effect of such policies on tobacco use and government revenue, and to understand how such policies could be applied to other tobacco products.

PUBLIC HEALTH IMPLICATIONS

Our study highlights the potential of minimum cigar pricing policies to increase cheap cigar prices and decrease availability through nontax approaches. Results indicate that these policies are successful in cities of various sizes. **AJPH**

CONTRIBUTORS

B. Brock developed the study design, oversaw the data collection, led the development and writing of the article, and is responsible for the overall content. S. C. Carlson conducted data analysis and was involved in drafting and critically reviewing the article. M. Moilanen assisted with study design and critically reviewed the article. B. A. Schillo provided input on study design and critically reviewed the article. All authors have reviewed and approved the final version of the submitted article.

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HUMAN PARTICIPANT PROTECTION

This study did not require institutional review board approval because it did not involve human participants.

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