

KAIROS HEALTH ARIZONA, INC.

**Minutes of the
Meeting of the Board of Directors
June 27, 2017**

A meeting of the board of directors of Kairos Health Arizona, Inc., was held on June 27, 2017, at 333 East Osborn Road, Phoenix, Arizona 85012.

Members present: Lana Berry
Sandy Cooper
Rudy Rodriguez
David Tharp
David Lykins
Laura Smith

Members absent: None

Staff present: John Ashton, Ashton Tiffany, LLC
Tracy Foss, Ashton Tiffany, LLC
Jennifer Darnall, Ashton Tiffany, LLC
Tanya Edwards, Ashton Tiffany, LLC
Michelle Georgeoff, Ashton Tiffany, LLC
Norm Hall, Ashton Tiffany, LLC
Jeremy Larson, Ashton Tiffany, LLC
Tara Zika, Ashton Tiffany, LLC
Wes Gates, Ashton Tiffany, LLC
Jane Schemers, Ashton Tiffany, LLC
Tracey Lyons, BCBSAZ
Tom Mandrola, BCBSAZ
Madeline Zobel, BCBSAZ
Tom Marreel, MSI
Terri O'Brien, MSI

A. Opening of the Meeting

1. Call to order

John Ashton called the meeting to order at 11:05 a.m.

2. Welcome visitors

Ted Raymond: Allegra Marketing and Print
Robert Werner: Onsager, Werner & Oberg, PLC (via teleconference, executive session only)

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B. General Business

1. A motion was made to approve the agenda for June 27, 2017.

David Tharp, moved
David Lykins, seconded
Motion passed

C. Executive Session

A motion was made to enter executive session at 11:05 a.m.

David Lykins, moved
Sandy Cooper, seconded
Motion passed

A motion was made to exit executive session at 11:40 a.m.

Sandy Cooper, moved
Lana Berry, seconded
Motion passed

1. Kairos tax exempt status

It was the recommendation of the Kairos executive director that Kairos pursue a private letter ruling for tax exempt status and engage legal counsel to assist in the process.

David Lykins, moved
Laura Smith, seconded
Motion passed

B. General Business (continued)

2. A motion was made to approve the regular minutes from May 11, 2017.

Sandy Cooper, moved
David Lykins, seconded
Motion passed

3. A motion was made to approve the executive minutes from May 11, 2017.

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David Tharp, moved
Laura Smith, seconded
Motion passed

4. Management report

The following items were discussed in the management report:

- regulatory issues,
- “go live” preparation,
- marketing update,
- educational item, and
- future meetings.

5. Financial report

John Ashton presented the Kairos financial report. He stated that because Kairos has not yet begun operations, no financial report was available. He further stated that staff is drafting the documents required for the Kairos investment program. These documents will be made available to members, and will allow them to prepay their health insurance contributions, creating the opportunity to earn higher investment income. He clarified that the member monies on deposit will be considered public funds, and will be invested in accordance with ARS Title 35. However, the investment documents are also being drafted to maximize the opportunity for returns (i.e., terms for liquidity, minimum balance, etc.)

Staff anticipates that the investment program documents will be available in the next 30–60 days.

E. New Business

1. Discussion of delegation of duties

Jennifer Darnall presented a graphical overview of the delegation of duties for the key players in the pool.

F. Old Business

1. Discussion/approval of membership agreement

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Jennifer Darnall presented the modified membership agreement. She stated that the agreement has been modified to reflect the unique nature of the pool, particularly with respect to the plan sponsor/administrator and claim/subrogation provisions. In addition, staff made other clarifying modifications relating to:

- the differences between shared risk members and self-funded members;
- the definition of the Proposal Acceptance Form, and how it relates to monthly invoices; and
- member responsibilities for cafeteria plans.

A motion was made to approve the revised membership agreement.

Lana Berry, moved
David Lykins, seconded
Motion passed

2. Discussion/approval of authority matrix—rev. 2

Jennifer Darnall reported that the authority matrix has been updated to capture the delegation of authority as it relates to claim-related matters and plan documents. In addition, the document has been updated to include the appointed officers.

A motion was made to approve the revised authority matrix.

David Tharp, moved
Sandy Cooper, seconded
Motion passed

E. New Business (continued)

1. Discussion/approval of the 2017/2018 contracts

- a. Ashton Tiffany, LLC
- b. Marreel Slater Insurance
- c. BlueCross BlueShield of Arizona
- d. CVS/Caremark
- e. Delta Dental
- f. Total Dental Administrators

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- g. EAP Preferred
- h. Teladoc
- i. MetLife
- j. BASIC
- k. Aflac
- l. United Pet Care
- m. Nationwide Pet Insurance
- n. Phia Group
- o. Allegra Marketing and Print
- p. Henry + Horne, LLP
- q. Onsager, Werner & Oberg, PLC
- r. Alliant Insurance Services
- s. Claremont Capital
- t. Sims Murray

Mr. Ashton presented the proposed Ashton Tiffany contract to the board, and stated that the contract had been reviewed by legal counsel. Mr. Ashton provided an overview of the staff allocated to Kairos and the general terms of the contract. He specifically addressed the insurance requirement section of the contract. Mr. Ashton informed the board that legal counsel had recommended that language be added so that a contractual liability or breach of contract could not be excluded from the Ashton Tiffany policy. Mr. Ashton informed the board that this is a standard exclusion in insurance contracts, and that it would be difficult to satisfy the requirement. Mr. Ashton stated that legal counsel advised that these types of provisions are typically used with larger, corporate clients, and that counsel understands the need for some flexibility to remove the requirement.

The board was in agreement with the removal of such language.

Mr. Ashton offered to have staff leave the room so that the board could discuss the proposed contract in greater detail. The board declined.

Ms. Foss presented the remaining proposed contracts/policies. She stated the summary included a description of services, fees/rates, and an overview of key terms and conditions. Ms. Foss noted that most agreements have been reviewed, or were currently being reviewed, by outside legal counsel. She further stated that not all negotiations have been finalized. Accordingly, staff was seeking authority to execute the agreements, once finalized.

A motion was made to approve the 2017/2018 contracts and policies, and to authorize staff to finalize the remaining terms and conditions and execute agreements.

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David Tharp, moved
Sandy Cooper, seconded
Motion passed

2. Discussion/approval of marketing plan

John Ashton and Ted Raymond discussed and asked for approval of the marketing plan. The marketing plan consists of professional consulting services, event-based marketing and advertising, non-event based advertising, organization memberships, marketing collateral, and miscellaneous items.

A motion was made to approve the 2017/2018 marketing plan.

David Lykins, moved
David Tharp, seconded
Motion passed

3. Discussion/approval of 2017/2018 Budget—Rev. 0

John Ashton discussed and asked for approval of the 2017/2018 Budget—Rev.0. Total operating revenues are \$54M, and net operating revenues are \$49.3M. Net loss expense is \$47.4M and total administrative expenses are \$2.2M, with a proposed \$1.5M administrative offset. Taking into account the expected surplus generated by, and belonging to, the self-funded members, as well as net investment income, Kairos is expected to generate a very slight surplus of approximately \$21K.

A motion was made to approve the 2017/2018 Budget—Rev.0.

David Lykins, moved
Laura Smith, Seconded
Motion passed

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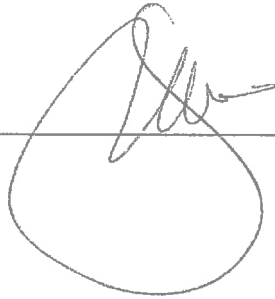
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G. Adjournment

A motion was made to adjourn the meeting.

David Lykins, moved
Laura Smith, seconded
Motion passed

Received and approved by:
Rudy Rodriguez, President
Kairos Health Arizona, Inc.

A handwritten signature in black ink, appearing to read 'Rudy Rodriguez', is written over a horizontal line. The signature is stylized and cursive.

BACK TO AGENDA