

KAIROS HEALTH ARIZONA, INC.

**Minutes of the Meeting of the Board of Directors
August 25, 2021**

A meeting of the board of directors of Kairos Health Arizona, Inc., was held on August 25, 2021.

Members present: Lana Berry
Shannon Crosier, telephonically
Chris Knutsen
Rudy Rodriguez, telephonically
David Tharp
Dr. Michael L. Wright

Members absent: None

Staff present: Risk Program Administrators

John Ashton
Tanya Edwards
Hannah Olson
Tara Zika
Jennifer Sherman
Jennifer Gabriel
Jeremy Larson
Lori Jundt
Divi Matuszewski
Denise Walsh
Angie Stoudemire
Jenna Arico
Peter Gregory
Chris Marler
Kiersten Riley
Nicole Streich

Claremont Capital Management, LLC

Tom Palmer
Patrick Kohen

MSI

Tom Marreel
Scott Iwanowski

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Wright Welker & Pauole

Chris Welker

A. Opening of the Meeting

1. Call to order

Rudy Rodriguez called the meeting to order at 12:05 p.m.

2. Welcome visitors

Jeff Filloon: Chandler Unified School District

Dee Ostrowicki: Chandler Unified School District

Bobby Fendley: Fendley Benefits

B. General Business

1. A motion was made to approve the agenda for August 25, 2021.

David Tharp, moved

Chris Knutsen, seconded

Motion passed unanimously

2. A motion was made to approve the minutes of the meeting of the board from April 15, 2022.

David Tharp, moved

Lana Berry, seconded

Motion passed unanimously

3. Management report

The following items were discussed in the management report:

- industry update;
- No Surprises Act;
- ARPA update;
- vendor implementation update;
- wellness program timeline;
- business development update;

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- conflict of interest forms; and
- future meetings.

4. Financial report

Jeremy Larson presented the management dashboard for the period ending June 30, 2021. Year-to-date net operating revenues were \$116,009,297. Operating expenses and other income totaled \$113,278,613. Total net income for self-funded members was \$1,902,858, and was \$1,137,987 for the shared risk pool.

Tom Palmer presented the investment report.

5. Claims report

Tanya Edwards gave an overview of claims performance through June 30, 2021. Denise Walsh gave a clinical advocacy program update through June 30, 2021.

C. New Business

1. Discussion and approval of slate of board nominees (Resolution 21-001)

Tanya Edwards addressed current board representation, noting that Dave Tharp, Michael Wright, and Shannon Crosier are currently serving as Tier 1 directors with terms to expire at the 2021 annual meeting. Ms. Edwards reminded the board that Kairos does not have a nominating committee, so the board must annually recommend a slate of nominees to be approved at the annual meeting. The board discussed Tier 1 nominations for election to three-year terms at the annual meeting in November.

A motion was made to approve Dave Tharp, Michael Wright, and Shannon Crosier as nominees.

Lana Berry, moved
Chris Knutsen, seconded
Motion passed unanimously

2. Discussion and approval of election of officers (Resolution 21-002)

Tanya Edwards presented the current list of board officers, as follows:

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- president: Rudy Rodriguez,
- vice president: vacant (previously Sandy Cooper), and
- secretary and treasurer: David Tharp.

Typically, the officers are approved at the annual meeting in November. However, staff suggested filling the vacant officer position immediately. In response, the board recommended Michael Wright as vice president.

A motion was made to appoint Mike Wright as Vice President, filling the vacancy created by Sandy Cooper's retirement/resignation.

Chris Knutsen, moved
Lana Berry, seconded
Motion passed unanimously

3. Discussion and ratification of 2021–2022 benefit plan documents (Resolution 21-003)

Tanya Edwards presented the proposed revisions to the Kairos Plan Document. The revisions reflected benefit modifications from the previous plan year.

Ms. Edwards also presented the Kairos Wrap Ancillary Plan Document that removes all medical and pharmacy plan language, which is now contained in the above-referenced plan document.

A motion was made to ratify 2021–2022 benefit plan documents.

Michael Wright, moved
Dave Tharp, seconded
Motion passed unanimously

4. Discussion and approval of Kairos investment policy and procedure (Resolution 21-004)

Jeremy Larson presented the redlined change to the Kairos investment policy. The proposed change would increase the allowed portfolio investment of equities and other higher yielding investment funds percentage from 25% to 35%. This would give the manager more flexibility in selecting investment options.

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Dave Tharp asked if the funds invested apply to Title 35. Jeremy Larson explained that the Kairos investment policy funds do not have to comply with Title 35, but that Kairos Investment Pool (KIP) funds do have to comply. Mr. Tharp proposed revised language to clarify this under the portfolio diversification section.

A motion was made to approve the redlined Kairos investment policy and procedure with the addition of the recommended language.

Dave Tharp, moved
Chris Knutsen, seconded
Motion passed unanimously

5. Discussion and approval of KIP investment policy and procedure (Resolution 21-005)

Jeremy Larson presented the KIP investment policy and procedure. Staff recommended no changes.

A motion was made to approve the KIP investment policy and procedure without changes.

Lana Berry, moved
Michael Wright, seconded
Motion passed unanimously

6. Discussion and approval of Kairos credit card policy (Resolution 21-006)

Jeremy Larson presented the Kairos credit card policy. This newly adopted policy would allow Kairos to have its own credit card to use for pool expenses (with an annual limit). Mr. Larson also suggested adding language that the holder of the credit card—Tanya Edwards—receive annual training on how to use the credit card in compliance with Kairos policies and procedures.

A motion was made to approve the Kairos credit card policy with the addition of the recommended language.

Chris Knutsen, moved
Michael Wright, seconded
Motion passed unanimously

7. Discussion and approval of Wells Fargo custody agreement (Resolution 21-007)

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Jeremy Larson presented the Wells Fargo custody agreement. Mr. Larson stated that as part of Department of Insurance audit findings, revised language was requested in Section 16 of the agreement for additional safeguards and controls. Mr. Larson also stated the language is standard and was reviewed and approved by counsel.

A motion was made to approve the Wells Fargo custody agreement.

Lana Berry, moved
Chris Knutsen, seconded
Motion passed unanimously

8. Discussion and approval of 2021–2022 budget—Rev. 01 (Resolution 21-008)

John Ashton presented the 2021–2022 budget—Rev. 01, which included the changes described below:

- a decrease in employee enrollment based on final census counts (roughly 600 enrollments);
- an increase in the claims pic due to the deterioration of claims in the last three months of the 20/21 plan year, especially in June; and
- a shift in funding from management fees to the clinical advocacy program.

A motion was made to approve the 2021–2022 budget—Rev. 01.

Shannon Crosier, moved
Michael Wright, seconded
Motion passed unanimously

9. Discussion of preliminary 2022–2023 plan design and benefit offerings

Tanya Edwards presented the 2022–2023 plan design and benefit offerings, including a timeline of the evolution of the Kairos program.

Based on feedback received by the membership, the board, and staff, Kairos's goal for plan designs is to simplify, offer more choice, become more competitive, and incentivize healthy, cost-reducing behaviors.

Ms. Edwards asked the board for additional feedback. Dave Tharp suggested that:

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- too many plan designs could be perceived as convoluted; and
- “embedded” vs “non-embedded” can be confusing for participants to understand and the pool should consider modifying.

He also noted that he has received requests for a higher deductible plan.

Finally, Rudy Rodriguez stated that it was laudable that staff is considering ideas for future years.

Ms. Edwards advised that staff would review options and present formal recommendations for approval at the next board meeting. No formal board action was taken.

D. Executive Session

1. A motion was made to enter executive session.

Dave Tharp, moved
Chris Knutsen, seconded
Motion passed unanimously

2. A motion was made to exit executive session.

Michael Wright, moved
Lana Berry, seconded
Motion passed unanimously

E. Open Session

1. A motion was made to approve the minutes of the April 15, 2021 executive session.

Chris Knutsen, moved
Lana Berry, seconded
Motion passed unanimously

F. Adjournment

Rudy Rodriguez adjourned the meeting at 2:28 p.m.

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