

KAIROS HEALTH ARIZONA, INC.

**Minutes of the
Meeting of the Board of Directors
May 11, 2017**

A meeting of the board of directors of Kairos Health Arizona, Inc., was held on May 11, 2017, at 333 East Osborn Road, Phoenix, Arizona 85012.

Members present: Lana Berry (entire meeting)
Sandy Cooper (entire meeting)
Rudy Rodriguez (guest until appointment in C.4)
David Tharp (guest until appointment in C.4)
David Lykins (guest until appointment in C.4)

Members absent: Laura Smith (absent but appointed in C.4)
Camille Casteel

Staff present: John Ashton, Ashton Tiffany, LLC
Mike Tiffany, Ashton Tiffany, LLC
Tracy Foss, Ashton Tiffany, LLC
Jennifer Darnall, Ashton Tiffany, LLC
Tanya Edwards, Ashton Tiffany, LLC
Michelle Georgeoff, Ashton Tiffany, LLC
Jeremy Larson, Ashton Tiffany, LLC
Tara Zika, Ashton Tiffany, LLC
Wes Gates, Ashton Tiffany, LLC
Jane Schemers, Ashton Tiffany, LLC
Bill Sims, Sims Murray, Ltd.
Tracey Lyons, 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 1:06 p.m.

2. Introduction and roles

John Ashton asked all attendees to introduce themselves.

3. Welcome visitors

There were no visitors.

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B. General Business

1. A motion was made to approve the agenda for May 11, 2017.

Lana Berry, moved
Sandy Cooper, seconded
Motion passed

2. A motion was made to approve the minutes from April 27, 2017.

Sandy Cooper, moved
Lana Berry, seconded
Motion passed

C. New Business

1. Plan of merger

Mr. Ashton discussed and asked for approval of the plan of merger of APEHP and Kairos.

A motion was made to approve the plan of merger.

Lana Berry, moved
Sandy Cooper, seconded
Motion passed

2. Bylaws

Mr. Ashton discussed and asked for approval of the bylaws, providing the board with an overview of the key provisions in the document.

A motion was made to approve the bylaws.

Lana Berry, moved
Sandy Cooper, seconded
Motion passed

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3. Creation of vacancies

Mr. Ashton advised that Bobette Sylvester-McCarroll, one of the four initial directors of the pool, had resigned from the board. As a result of this resignation, there was one vacancy. Based on the current membership of the pool, staff suggested that an additional three vacancies be approved by the board, for a total of four vacancies, bringing the total potential board member count to seven.

A motion was made to approve the creation of board vacancies.

Lana Berry, moved
Sandy Cooper, seconded
Motion passed

4. Appointment of board of directors

Mr. Ashton discussed and asked for appointment of the board of directors, as noted below:

Term expiration: 2018
Dave Tharp, Central Arizona Fire and Medical Authority
Laura Smith, Scottsdale Unified School District

Term expiration: 2019
Lana Berry, Chandler Unified School District
David Lykins, Sedona-Oak Creek School District

Term expiration: 2020
Sandy Cooper, Chandler Unified School District
Rudy Rodriguez, City of Cottonwood

A motion was made to appoint the board of directors.

Sandy Cooper, moved
Lana Berry, seconded
Motion passed

5. Ratification of bylaws

Mr. Ashton discussed and asked for ratification of the bylaws.

A motion was made to ratify the bylaws.

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Lana Berry, moved
David Lykins, seconded
Motion passed

6. Officers

Mr. Ashton discussed and asked for approval of officers into the offices of president, vice-president, and secretary/treasurer.

A motion was made to appoint Rudy Rodriguez as president.

David Lykins, moved
Sandy Cooper, seconded
Motion passed

A motion was made to appoint Sandy Cooper as vice-president.

Lana Berry, moved
David Lykins, seconded
Motion passed

A motion was made to appoint David Tharp as secretary/treasurer.

Lana Berry, moved
David Lykins, seconded
Motion passed

7. Membership agreement

Mr. Ashton discussed and asked for approval of the membership agreement, providing the board with an overview of the key provisions in the document.

A motion was made to approve the membership agreement.

Lana Berry, moved
David Lykins, seconded
Motion passed

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8. Bank accounts

Ms. Darnall stated that the pool must establish bank accounts for pool operations, and that staff had already begun the application and account set-up process.

A motion was made to ratify the establishment of bank accounts, including the authority of the executive director to sign all necessary documents.

Sandy Cooper, moved
David Tharp, seconded
Motion passed

9. All actions related to the formation of the pool

Ms. Darnall stated that while staff fully intends to bring any material items to the board for approval, there are numerous actions and decisions required at pool start-up. Therefore, to ensure full legal/regulatory compliance, and to safeguard against any potential protests related to the formation of Kairos, staff is requesting that the board ratify all necessary actions taken by Ashton Tiffany, legal counsel, and other consultants, related to the formation of the pool.

A motion was made to ratify all necessary actions related to the formation of the pool.

Lana Berry, moved
David Lykins, seconded
Motion passed

10. Administrator

Mr. Ashton led a discussion regarding the agreement between Ashton Tiffany, LLC, and Kairos, for administrative services through June 30, 2017. He stated that the proposed cost for the services is \$1.00. The intent is for the board to agree to the overall contract terms and conditions, as Ashton Tiffany currently is, and has been, working on behalf of Kairos. He further stated that Bill Sims, proposed legal counsel for the pool, has reviewed the agreement, and his suggested changes have been incorporated into the document. In June, a revised contract with an updated fee for the 2017/2018 fiscal year, will be brought back to the board.

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A motion was made to approve Ashton Tiffany, LLC, as administrator, and to approve the corresponding agreement.

David Tharp, moved
Sandy Cooper, seconded
Motion passed

11. Corporate counsel

Ms. Darnall led a discussion regarding the agreement between Sims Murray, Ltd., and Kairos, for corporate counsel services. She stated that Mr. Sims has extensive experience with governmental pools, serves as corporate counsel for other pools administered by Ashton Tiffany, and was instrumental in drafting the governing documents for Kairos.

A motion was made to approve Sims Murray, Ltd., as corporate counsel.

David Lykins, moved
Lana Berry, seconded
Motion passed

12. Investment manager and investment accounts

Ms. Darnall stated that one of the offerings of the Kairos program is a member investment option. She explained that staff is still finalizing the structure of the investment program and will bring the proposed documentation (e.g., participation agreement, IPS, etc.) before the board at a future meeting. She further stated that it is necessary for the board to approve an investment manager to assist in the development of the program, and to begin establishment of the appropriate accounts.

Ms. Darnall stated that staff recommends Claremont Capital Management, LLC (Claremont), as the investment manager for Kairos. Claremont is an independent, SEC-registered investment advisor. Claremont currently serves as the investment advisor for the Trust and APEHP. (Claremont is also the investment manager for the Alliance.) In addition, Claremont's fees are very competitive.

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Bill Sims, proposed legal counsel for the pool, reviewed the agreement, and his suggested changes were incorporated into the document.

A motion was made to approve Claremont Capital Management, LLC, as the investment manager, and to authorize the establishment of investment accounts.

Sandy Cooper, moved
David Tharp, seconded
Motion passed

13. Fiscal year-end

Ms. Darnall discussed and asked for approval of June 30 for the fiscal year-end. A motion was made to approve June 30 as the pool's fiscal year-end.

David Tharp, moved
David Lykins, seconded
Motion passed

14. Authority matrix

Ms. Darnall presented the initial authority matrix, which outlined the varying authority levels of individuals working on behalf of the pool.

A motion was made to approve the authority matrix.

David Lykins, moved
Sandy Cooper, seconded
Motion passed

15. Policies and procedures

Ms. Darnall presented the following policies and procedures:

- accounting,
- Bill of Rights,
- code of conduct,
- communication,
- board expense,
- electronic files, and

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- conflict of interest.

A motion was made to approve the above-listed policies and procedures, with the understanding that board members will not be reimbursed for mileage if using a company vehicle.

16. AGRIP membership

Ms. Darnall stated that the Association of Governmental Risk Pools (AGRIP) promotes the interests of governmental pooling organizations by providing best practice information, educational opportunities, and other resources to AGRIP members. She further stated that several Ashton Tiffany pools maintain AGRIP memberships, and that both staff and board members have benefited significantly from the relationship. Staff recommends that Kairos join AGRIP effective July 1, 2017, and appoint John Ashton as the designated representative. The flat fee for the first 36 months of membership is \$750. Thereafter, the fee will be based on premiums, subject to a maximum of approximately \$7,000.

A motion was made to approve Kairos's membership in AGRIP, and to appoint John Ashton as the designated representative.

David Tharp, moved
Sandy Cooper, seconded
Motion passed

17. Marketing and public information activities

Ms. Darnall presented a high level overview of the preliminary marketing efforts for Kairos.

B. General Business (cont'd)

3. Management report

The following items were discussed in the management report:

- overview of what to expect at board meetings,
- membership update,
- plan overview,
- regulatory issues, and

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- future meetings schedule.

D. Executive Session

A motion was made to enter executive session.

David Tharp, moved
Lana Berry, seconded
Motion passed

1. Potential affiliations between Kairos and other organizations
2. Tax-exempt status

A motion was made to exit executive session.

Sandy Cooper, moved
David Tharp, seconded
Motion passed

E. Open Session

No other action taken.

F. Adjournment

A motion was made to adjourn the meeting.

Lana Berry, moved
David Tharp, seconded
Motion passed

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



BACK TO AGENDA