

Board of Directors Meeting Minutes

August 7, 2020

Directors Present: Bryan Thompson, Chair, Carmen Hooker Odom, Chair-Elect, Jean Andersen, Dan Brummitt, Bob Byrd, Dr. Christopher Colenda, Devon Cornett, Chris Day, Keith Duncan, George Dunlap, Laura Happe, Denise Hill, Judy Klusman, Thomas Lane, Layton Long, Tchernavia Montgomery, Beverly Morrow, Gordon Powell, Marcelle Smith, Tri Tang, and Michael Wise

Directors Absent: Terry Cox and Scott Craver

Staff Present: Trey Suttan, Chuck Hollowell, Ashley Conger, Rudy Dimmling, Mary Hamilton, Dietrick Williams, Amy Kazmierczak, Dr. Wendy Welch, Casey Hossa, Molly Dean, Steve Martin, Karen Bentley, Samantha Kelen, Anna Marshall, Callan Skinner, Elliot Clark, Ric Bruton, King Jones, and Laurie Whitson

Guests: None

Location: Due to the Governor's Executive Orders limiting in-person meetings as a result of COVID-19, this Board of Directors meeting was held via Webex. The Webex link was made available to the public via Cardinal's website in advance of the meeting.

1. Welcome and Call to Order

- i. Carmen Hooker Odom, Chair-Elect, called the meeting to order at 9:05 a.m.
- ii. Chuck Hollowell, General Counsel and Secretary, conducted roll call and reviewed the guidelines for the meeting given that it is being held remotely due to the Governor's Executive Orders limiting in-person meetings as a result of COVID-19.
- iii. Next, Ms. Odom congratulated Layton Long on receiving the Order of the Long Leaf Pine. Mr. Long recently retired after 32 years of service with state and local public health agencies.
- iv. For the last item, Ms. Odom noted that Mr. Thompson recently appointed Jean Andersen to serve on the Litigation Committee in place of Dr. Blanks who recently resigned from the Board to seek an opportunity outside of North Carolina.

2. Installation of New Directors

- i. Next, Ms. Odom briefly introduced and welcomed Tri Tang, Chris Day, Laura Happe, Denise Hill and Michael Wise.

- ii. In her remarks, Ms. Odom noted that the Governance Committee, Board and CCAB have spent a lot of time and effort in recruiting director candidates with professional experience in senior management at fully integrated health plans, as well as hospital systems, to help round out the skill sets on the Board and to support Cardinal's Medicaid Transformation efforts.
- iii. This year, based on the Board's recommendations, Ms. Odom explained that the CCAB appointed Denise Hill, Chris Day, and Laura Happe to voting slots on the Cardinal Board and Tri Tang and Michael Wise to nonvoting slots.
- iv. Ms. Odom pointed out that Mr. Tang joined the Board in April but has only been able to attend via phone due to the pandemic.
- v. After brief introductions, Mr. Hollowell installed Ms. Hill, Mr. Day, Ms. Happe and Mr. Wise as new directors and administered the oath of office.

3. Consent Agenda

- i. Ms. Odom presented the Consent Agenda items to the Board for approval.

A motion was made and seconded to approve the Consent Agenda items as presented, consisting of: (i) the June 19, 2020 Board of Directors Meeting Minutes, (ii) FY21 Annual Quality Strategy and Performance Improvement Plan, (iii) FY21 Board Plan of Work, and (iv) Per Diem Policy.

All in favor. Motion approved.

4. Executive Committee Report

- i. For this agenda item, Ms. Odom provided an update on the Executive Committee meeting that was held on August 6, 2020.
- ii. Among other things, Ms. Odom explained that Trey Suttan, CEO, previewed the agenda for the August 2020 Board of Directors Meeting.

5. CMO Report

- i. Next, Ms. Odom opened the floor to Dr. Wendy Welch, Chief Medical Officer, to present the CMO Report. In her remarks, Dr. Welch began by providing an overview of the Quadruple Aim, which is designed to achieve better outcomes, improve clinician experience, lower costs, and improve patient experience.
- ii. After discussing the Quadruple Aim and the promise of managed care, Dr. Welch provided an update on Cardinal's response to the COVID-19 pandemic. In doing so, Dr. Welch noted that the initial case of COVID-19 in North Carolina was reported on March 3rd, and that Cardinal's employees were encouraged to work from home beginning on March 13th.

- iii. As early as April 6th, Dr. Welch explained that Cardinal already had 17 clinical initiatives in flight to address the COVID-19 pandemic. Among these efforts, Dr. Welch noted that Cardinal's Utilization Management Department authorized retainer service payments for 619 Innovations members to help retain staff unable to work due to COVID-19.
- iv. Additionally, Dr. Welch explained that Cardinal added two Medicaid in-lieu of services and two alternate state services to help ensure member access to care when typical services could not be delivered.
- v. Lastly, in response to the COVID-19 pandemic, Dr. Welch explained that Cardinal's Network Department implemented key processes to help reduce administrative burden on providers, including: (i) increasing residential rates by 15%, (ii) providing stabilization payments, and (iii) holding provider huddles to answer questions related to the pandemic.

6. COO Report

- i. For this agenda item, Mr. Thompson opened the floor to Dietrick Williams, Chief Operations Officer, to present the COO Report. In his remarks, Mr. Williams began by reviewing the Operations Dashboard.
- ii. Regarding Network Management, Mr. Williams noted that Cardinal year-to-date has processed 98.84% of provider contract amendments within 30 days of receipt, exceeding the 95% goal for the year.
- iii. Next, with respect to Clinical Operations, Mr. Williams discussed Cardinal's efforts to improve the rate in which Cardinal is able to process Treatment Authorization Requests ("TARs"). Currently, Mr. Williams explained that the percentage of TAR requests returned is 7% year-to-date, which is right at the stated goal of less than 7%.
- iv. Regarding Quality Management, Mr. Williams explained that Cardinal is slightly below the DHB/DMH performance target of achieving 40% in conducting follow-ups after discharge from an inpatient setting within seven days. Currently, Mr. Williams explained that Cardinal has achieved 37% year-to-date.
- v. Elaborating further on this goal, Mr. Williams explained that Cardinal has created a cross-functional team, which is focused on implementing various member and provider engagement strategies to improve access to care following hospitalization.
- vi. Among these strategies, Mr. Williams explained that Cardinal has expanded Utilization Management discharge planning to include targeted members currently in inpatient but not otherwise assigned to care coordination.
- vii. Additionally, Mr. Williams pointed out that the use of telehealth is another strategy that is improving access to care following hospitalization. As he explained, telehealth policies and codes were implemented in March 2020 to promote safe and effective member service during the COVID-19 pandemic.

- viii. As a result, Mr. Williams explained that the addition of telehealth policies and codes contributed to a 40% target achievement for both Medicaid SA and MH for March 2020.

7. CEO Report

- i. For this agenda item, Mr. Thompson opened the floor to Mr. Suttan to present the CEO Report. Beginning with an overview of FY20, Mr. Suttan explained that Cardinal focused on new programs and initiatives over the past year to help Cardinal's members spend less time in crisis and more time participating actively in the community.
- ii. Among these new programs and initiatives, Mr. Suttan explained that Cardinal: (i) developed and operationalized a provider maturity model, (ii) invested \$12.5M directly into Cardinal's communities as well as \$2.2M into providers (outside of claims payment activity), and (iii) established CEO, CFO and HR roundtables with all seven LME/MCOs, with the aim of fostering collaboration and collective advocacy.
- iii. Next, for an in-depth look at several of these initiatives and other accomplishments in FY20, Mr. Suttan opened the floor to Mr. Williams and the management team for further updates. Regarding Clinical Operations, Mr. Williams began by reiterating that Cardinal continues to focus on ways to reduce administrative burdens for providers, noting that Cardinal recently adjusted authorization guidelines for six services.
- iv. Mr. Williams then provided an update on the Transition to Community Living Initiative ("TCLI"). Among other things, Mr. Williams pointed out that Cardinal moved 206 members into independent housing over the past year and led the State in TCLI placements.
- v. Next, Mr. Suttan opened the floor to Dr. Welch to provide an update on the Medical Department. In her remarks, Dr. Welch noted that Cardinal has spent a lot of time overhauling the rounds process to improve efficiency, reduce burden on care coordination and improve UM capacity.
- vi. In terms of medical service operations, Dr. Welch noted that Cardinal moved external credentialing functions in-house in an effort to eliminate \$200,000 of excess spend and improved the employee commitment score from 84% to 98%.
- vii. Next, Mr. Suttan opened the floor to Mr. Hollowell to provide an update on the Office of General Counsel's achievements in FY20. In his remarks, Mr. Hollowell explained that the Regulatory Affairs Department, in partnership with other business units, achieved a 95% EQR score.
- viii. Mr. Hollowell then noted that the Compliance Department led three out of four COVID-19 phases to ensure compliance with CDC and DHHS regulations and implemented programs and processes to promote the safety of Cardinal's teams, members and providers.

- ix. Lastly, Mr. Hollowell pointed out that the Office of General Counsel led efforts along with the Finance Department in advocating for actuarially sound capitation rates and collecting long-standing accounts receivables.
- x. Next, Mr. Suttan opened the floor to Ashley Conger, Chief Communications Officer, to provide an update on the Communications Department. This year, Ms. Conger explained that Cardinal focused on outreach and engagement, particularly with the launch of **Ask, which led to improved service referrals and reduced emergency room visits.
- xi. Additionally, Ms. Conger explained that the Communications team led efforts in addressing real time needs for individuals disproportionately affected by the pandemic through funding \$1.9M in grant requests for 127 organizations over a nine-week period.
- xii. Next, Mr. Suttan opened the floor to Casey Hossa, Chief Information Officer, to provide an update on the accomplishments of the IT Department in FY20. In his remarks, Mr. Hossa explained that the IT Department focused this year on organizational assessment, securing Cardinal's environment and the work from home initiative due to COVID-19.
- xiii. Additionally, Mr. Hossa explained that the IT Department implemented a "Brilliant Basics Initiative," which is a set of smaller IT efforts focused on: (i) managing and being responsive to issues, problems and requests, (ii) coordinating technology changes, (iii) positioning IT investments with best long-term solution architectures, and (iv) establishing a balanced scorecard to manage performance.
- xiv. Next, Mr. Suttan opened the floor to Amy Kazmierczak, Cardinal's Chief People Officer, to provide an update on the HR Department. In doing so, Ms. Kazmierczak explained that human resources focused on several initiatives in FY20, including: (i) data and metrics, (ii) talent and performance, (iii) culture and inclusion, and (iv) employee engagement.
- xv. Among other things, Ms. Kazmierczak noted that HR, Diversity and Talent Dashboards were developed this year to improve Cardinal's hiring and promotion processes.
- xvi. Additionally, Ms. Kazmierczak explained that a new Competency Model was developed for assessing and developing behaviors that demonstrate Cardinal's core values.
- xvii. Lastly, Ms. Kazmierczak noted that Cardinal redesigned its compensation processes to include new compensation structures, job families and refreshed market data.
- xviii. Next, Mr. Suttan opened the floor to Mary Hamilton, Chief Financial Officer, to provide an update on the achievements of the Finance Department for FY20. In her remarks, Ms. Hamilton explained that, due to the Accounts Receivable Initiative, an additional \$11M was brought into the organization this year.
- xix. From an accounting perspective, Ms. Hamilton noted that Cardinal has transitioned to claims-based reimbursement for state-funded services to allow Cardinal to better understand member needs and advocate for funding.

- xx. Next, Ms. Hamilton explained that the Medical Economics team has implemented care initiatives focused on “Right Service, Right Time, Right Place” through the use of analytics and monthly cross-functional review meetings.
- xxi. Lastly, with respect to real estate, Ms. Hamilton pointed out that Cardinal successfully negotiated rent producing leases with Daymark for the Union and Cabarrus Crisis Centers and with Monarch for the Southgate and Second Street group homes.
- xxii. Next, Mr. Suttan opened the floor to Rudy Dimmling, Chief Strategy Officer, to provide an update on the accomplishments of the Transformation Office. In his remarks, Mr. Dimmling explained that Cardinal launched the EP MO and formalized strategies, guidelines and policies to purchase products and services from outside vendors.
- xxiii. Regarding operational readiness, Mr. Dimmling noted that Cardinal finalized the project charter and scope for the physical health network build, conducted an integrated care operational gap assessment to inform Cardinal’s RFA response, and launched the Transformation Portfolio (Trans-Port).
- xxiv. Specifically, with respect to Trans-Port, Mr. Dimmling explained that this initiative focuses on the coordinated delivery of all projects needed to convert to a fully integrated health plan. In all, Mr. Dimmling explained that Trans-Port consists of 31 projects, with ten already in progress, and will require employee participation from multiple departments over the next 12-18 months.
- xxv. Next, Mr. Suttan provided an update on the annual culture survey results. In doing so, Mr. Suttan explained that Cardinal’s engagement score of 92% was significantly higher than the national average (40%) and was significantly improved from Cardinal’s June 2019 score (33%).
- xxvi. Additionally, Mr. Suttan noted that Cardinal substantially lowered its percentage of partially engaged employees to 8% in June 2020, as compared to June 2019 (64%).
- xxvii. Lastly, Mr. Suttan provided an update on Legislative and Regulatory matters. In his remarks, Mr. Suttan noted that several bills were recently signed into law during the short session that will have significant implications for the LME/MCOs and Medicaid.
- xxviii. In particular, Mr. Suttan explained that \$50M in federal Cares Act funding was made available to the LME/MCOs to support responses to the COVID-19 pandemic.
- xxix. Additionally, Mr. Suttan noted that \$1.4M in nonrecurring funds have been allocated to support the implementation of an electronic visit verification system for personal care services and home health services.
- xxx. Lastly, with respect to Medicaid Transformation, Mr. Suttan explained that Tailored Plans are anticipated to go-live on July 1, 2022.

8. Finance and Risk Committee Report

- i. For this agenda item, Mr. Thompson opened the floor to Dan Brummitt, Chair, to provide an update on the Finance and Risk Committee meeting that was held on August 6th.
- ii. After a brief overview, Mr. Brummitt opened the floor to Ms. Hamilton to present the Finance Report. In her remarks, Ms. Hamilton began by reviewing the Executive Summary and noted that care expenses are 9.6% higher than plan or about 70M.
- iii. Ms. Hamilton pointed out that net margin is \$18.2M, which is favorable to plan by \$22M, primarily due to \$24M in COVID-19 retro rate revenue.
- iv. Next, Ms. Hamilton provided an update on Cardinal's Medical Loss Ratio ("MLR"). In doing so, she explained that the FY20 Medicaid MLR is 83.7%, but that the MLR was 86.5% prior to the COVID-19 pandemic. According to Ms. Hamilton, the accounts receivable collections as well as the COVID-19 retro rate adjustments accounted for the lower MLR.
- v. Ms. Hamilton then reviewed the calculation and bridge from the Total Booked MLR (83.7%) to the Pure MLR (87.2%).
- vi. Next, Ms. Hamilton provided an update on Administrative Expenses and Tailored Plan Readiness. In doing so, Ms. Hamilton noted that labor expenses were \$78M or \$1.3M favorable to a plan of \$79.3M.
- vii. Additionally, Ms. Hamilton noted that Tailored Plan Project expenses were \$6.3M (favorable to a plan of \$20.3M), mainly due to delays with Medicaid Transformation.
- viii. Next, Ms. Hamilton reviewed the June 2020 Unaudited Financial Results, including: (i) Statement of Revenues, Expenses and Changes in Net Position, including FY20 v. Budget and FY20 v. Prior Year, (ii) Statement of Net Position June 2020, and (iii) Condensed Cash Flow YTD June 30, 2020.
- ix. After reviewing the financial statements, Ms. Hamilton provided an update on Cardinal's solvency calculation as of June 2020. In doing so, Ms. Hamilton explained that Cardinal's solvency calculation is slightly above the allowable range due to the recent COVID-19 retro rate adjustment on June 23, 2020.
- x. Next, Ms. Hamilton provided an update on the FY20 Financial Targets. In her remarks, she explained that Cardinal anticipates to be within the risk corridor with a Treatment Ratio of 87.4%.
- xi. Lastly, Ms. Hamilton provided an update on the COVID-19 Care Utilization Impact. In her discussion, Ms. Hamilton pointed out that the COVID-19 impact on prevalence reflects a 14% decrease in the overall number of members utilizing services.

- xii. According to Ms. Hamilton, the services with the largest decrease in distinct users are Community, Community Support, Emergency Department and Inpatient.
- xiii. However, as Ms. Hamilton explained, the decline in prevalence has been offset by an increase in intensity (units per user). In other words, Ms. Hamilton explained that members are receiving services at higher volumes and frequency.
- xiv. After the Finance Report, Mr. Brummitt opened the floor to Samantha Kelen, Chief Ethics and Compliance Officer, to present the FY20 Year-End Compliance Report. In her remarks, Ms. Kelen began by providing an overview of the Compliance Department's accomplishments for FY20.
- xv. As explained by Ms. Kelen, FY20 was a year of evaluation and planning, growth and success, all accomplished while navigating the COVID-19 pandemic. Among other things, Ms. Kelen highlighted the following accomplishments: (i) establishing an internal audit and risk function, (ii) convening the Compliance, Audit and Risk Management Committee, (iii) launching the Let's Talk Program in place of the Whistleblower Hotline, (iv) revising the end-to-end recoupment process and (v) leading Cardinal's COVID-19 response efforts.
- xvi. After a brief overview, Ms. Kelen reviewed the Compliance Department's progress in achieving its FY20 Goals. Regarding monitoring and auditing, Ms. Kelen noted that an internal audit and risk manager was hired last October and that a work plan has been created and executed on.
- xvii. Ms. Kelen explained that the Compliance Department's FY20 Goals also focused on technology and the importance of increasing the use of data to drive work plans. For example, on this particular goal, she explained that the Compliance team used Power BI to create executive and Board level dashboards.
- xviii. Next, Ms. Kelen noted that the Compliance Department in FY20 focused on improving employee commitment to Cardinal's culture of ethics and integrity. To achieve this goal, Ms. Kelen explained that Cardinal rebranded the whistleblower hotline to increase awareness and foster a speak up environment.
- xix. Lastly, Ms. Kelen previewed the Compliance Department's Goals for FY21.

9. Governance Committee Report

- i. For this agenda item, Mr. Thompson opened the floor to Keith Duncan, Chair, to provide an update on the Governance Committee meeting that was held on August 4, 2020.
- ii. In his remarks, Mr. Duncan provided an update on the CCAB Reappointment Process. In July, Mr. Duncan explained that the CCAB asked Cardinal for information to help it make director reappointments, such as attendance record information.

- iii. Earlier this month, Mr. Duncan noted that the Governance Committee discussed the CCAB's request and considered ways to assist the CCAB in making reappointments, including the idea of peer-to-peer assessments.
- iv. After carefully considering the CCAB's request, Mr. Duncan explained that the Committee agreed that further research is needed before the Committee can get comfortable making a recommendation on peer-to-peer assessments.
- v. Additionally, Mr. Duncan explained that the Committee agreed that attendance records should not be provided to the CCAB for the purpose of making reappointments due to the fact that attendance records alone lack important context to explain absences.
- vi. As a better approach, Mr. Duncan noted that the Committee emphasized the importance of director attendance and engagement and recommended that the Board itself oversee attendance by following the policy set forth in Cardinal's bylaws.
- vii. Ultimately, the Committee recommended that Cardinal continue to follow its standard process in making recommendations to the CCAB. In the event the CCAB has questions regarding a reappointment, Mr. Duncan noted that the Cardinal directors serving on the CCAB can provide the needed information or feedback.

10. CCAB Report

- i. For this agenda item, Mr. Thompson opened the floor to Mr. Brummitt to provide an update on the CCAB Meeting that was held on July 14, 2020.
- ii. In his remarks, Mr. Brummitt noted that Dave Richard, Deputy Secretary for NC Medicaid, and Mr. Suten provided an update on Medicaid Transformation. As Mr. Brummitt explained, Deputy Secretary Richard discussed the updated Medicaid Transformation timeline, noting that Standard Plans are scheduled to go-live on July 1, 2021, and that Tailored Plans are scheduled to go-live on July 1, 2022.
- iii. Additionally, Mr. Brummitt noted that Mr. Suten provided an overview of Cardinal to the CCAB, including the people, processes and technology that will help Cardinal make the transition to a Tailored Plan.
- iv. Lastly, as covered earlier, Mr. Brummitt noted that the CCAB appointed Denise Hill, Chris Day, and Laura Happe to voting slots on the Cardinal Board and Michael Wise to a nonvoting slot.

11. Board Member Comment

- i. The directors were provided an opportunity to address the Board.

12. Performance Evaluation and Compensation Committee Report

- i. For this agenda item, Mr. Thompson opened the floor to Dr. Colenda and Tchernavia Montgomery, Co-Chairs, to provide an update on the Performance Evaluation and Compensation Committee meeting that was held on August 5, 2020.
- ii. In their remarks, Dr. Colenda and Ms. Montgomery reviewed the FY20 Incentive Design, explaining that Cardinal recently transitioned the CEO Incentive Plan to a “balanced scorecard” that allows for a more objective determination of incentive payout.
- iii. As Dr. Colenda and Ms. Montgomery explained, the balanced scorecard approach uses a tiered structure that features threshold, target and maximum performance levels for each metric as well as corresponding payout levels (e.g., for maximum performance, the payout is 150% of target.)
- iv. In reviewing this tiered structure, Dr. Colenda and Ms. Montgomery noted that the “target” performance level represents a stretch goal moderately beyond expected performance, and that performance at this level usually results in a payout of 100% of the target opportunity.
- v. After reviewing the FY20 Incentive Design, Dr. Colenda and Ms. Montgomery opened the floor to Mr. Suttan and the management team to review management’s performance in achieving the FY20 CEO Goals.
- vi. To begin, Mr. Williams reviewed the performance goal for member service and quality assurance. As explained previously, this goal is designed to ensure that Cardinal timely provides follow-up after discharge from an inpatient setting within seven days.
- vii. In an effort to achieve this goal, Mr. Williams explained that Cardinal created a cross-functional team that is focused on implementing various member and provider engagement strategies to improve access to care following hospitalization.
- viii. For FY20, Mr. Williams explained that Cardinal achieved 37%, which is slightly below the DHB/DMH performance target of 40%.
- ix. Next, Mr. Suttan opened the floor to Ms. Kazmierczak to provide an update on the Team Goal. This year, Ms. Kazmierczak explained that management focused on employee commitment in order to help further Cardinal’s mission, build a strong foundation for change and retain key talent.
- x. For FY20, Ms. Kazmierczak explained that Cardinal achieved a 4% increase in the employee commitment score, which is 2% above target.
- xi. Next, Mr. Suttan opened the floor to Mr. Dimmling to provide an update on the Strategy Goal. In his remarks, Mr. Dimmling explained that this year’s strategic goals focused on developing an operational readiness strategy for integrated managed care.

- xii. Among other things, this included completing a finalized operating model that details, with timelines, where Cardinal needs to build capacity and align teams.
- xiii. Mr. Dimmling also explained that Cardinal dedicated significant effort and resources to begin the selection of key vendor partners to help facilitate Cardinal's transition to a Tailored Plan, with this year focusing on Conduent, Cardinal's claims vendor.
- xiv. For FY20, Mr. Dimmling noted that 100% of the Strategy Goals were completed.
- xv. Next, Mr. Suttan opened the floor to Mr. Williams to continue reviewing the performance goals related to Cardinal's operations. In doing so, Mr. Williams provided an update on the performance goals related to Treatment Authorization Requests ("TARs") and provider contract amendments.
- xvi. According to Mr. Williams, both of these goals were developed with input from providers and are aimed at reducing administrative burden and treatment delays for members.
- xvii. In reviewing each goal, Mr. Williams explained that the performance goals are designed to: (i) improve the rate in which Cardinal is able to process TARs, and (ii) ensure that provider contract amendments are processed within 30 days of receipt.
- xviii. For FY20, Mr. Williams explained that both of these performance goals were 100% completed.
- xix. Lastly, Mr. Suttan opened the floor to Ms. Hamilton to provide an update on the circuit breaker. In her remarks, Ms. Hamilton explained that a circuit breaker indicates the minimum performance that must be achieved on one or more metrics in order to earn any incentive pay out.
- xx. Ms. Hamilton explained that utilizing the MLR as the circuit breaker ensures that Cardinal invests predominantly in the service of its members while remaining prudent in its operations.
- xxi. Prior to COVID-19, Ms. Hamilton explained that Cardinal's MLR was averaging 88%. However, as she explained, an unexpected accounts receivable resolution coupled with a retro rate increase by DHHS due to COVID-19 resulted in a lower than forecasted MLR at 87.3% but still within the allowable range.
- xxii. For FY20, Ms. Hamilton explained that the MLR was 100% met.

For the final agenda items, Mr. Thompson noted that the Board will need to discuss, among other things, attorney-client privileged matters in closed session. Mr. Thompson addressed his understanding that at least some of what will be discussed in the closed session deals with issues regarding the time period in which he previously served on Cardinal's Board and, that, as a result, he will recuse himself from the remainder of the meeting at the appropriate time. For the same reasons, Marcelle Smith and George Dunlap indicated that they will recuse themselves from the remainder of the meeting at the appropriate time.

A motion was made and seconded to go into closed session pursuant to the following: (i) § 143-318.11 and § 122C-158 of the General Statutes to consider personnel matters, and (ii) § 143-318.11(a)(3) of the General Statutes to discuss attorney-client privileged matters.

All in favor. Motion approved.

13. Performance Evaluation and Compensation Committee Report (continued)

14. Litigation Committee Report

The meeting returned to open session.

A motion was made, upon the recommendation of the Performance Evaluation and Compensation Committee, to approve an annual incentive award of 53.5% of base salary for the CEO for FY20.

All in favor. Motion approved.

A motion was made and seconded to adjourn the meeting.

All in favor. Motion approved.

Meeting adjourned at 3:30 p.m.

DocuSigned by:

Callan Skinner

Callan Skinner, Clerk

09-21-2020

Date