

MINUTES OF MEETING OF THE
BOARD OF COMMISSIONERS

September 19, 2018

THE STATE OF TEXAS
COUNTY OF HARRIS

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11

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The Board of Commissioners (the "Board") of Harris County Emergency Services District No. 11 (the "District") met in regular session, open to the public, at 7111 Five Forks Drive, Spring, Texas 77379, a meeting place inside the boundaries of the District, on Wednesday, September 19, 2018, at 6:30 p.m.; whereupon, the roll was called of the members of the Board, to-wit:

Tommy Ripley	President
Karen Plummer	Vice President
Fred Grundmeyer	Secretary
Robert Pinard	Treasurer/Asst. Secretary
Kevin Brost	Asst. Treasurer

All members of the Board were present, thus constituting a quorum. Commissioner Ripley participated in the Board meeting and was visible and audible to all present via Skype video conferencing allowed pursuant to Texas Government Code, Section 551.127. Also attending the meeting were: Mr. Glenn Hastings of VFIS, insurance broker for the District; Mr. John Howell of The GMS Group, L.L.C.; Mr. Mark Counts of Counts|Thomson; Mr. Bill Russell of Myrtle Cruz, Inc. ("Bookkeeper"), bookkeeper for the District; Mr. Ricardo Martinez of Martinez Architects; Mr. Kerry Johnson of NRG Marketing Group ("NRG"), the District's website service provider and public relations consultant; and Ms. Regina D. Adams and Ms. Monica Garza, attorneys, of Radcliffe Bobbitt Adams Polley PLLC ("RBAP"), attorneys for the District; In addition, the following representatives of Cypress Creek Emergency Medical Services ("CCEMS") were in attendance at the meeting: Mr. Dave Billings, member of the Board of Directors of CCEMS; Mr. Brad England, Executive Director of CCEMS; Mr. Wren Nealy, Assistant Executive Director of CCEMS; Mr. Jorge Serrano, Information Technology representative for CCEMS; and Mr. Norm Uhl, Public Information Officer of CCEMS. A sign-in sheet is attached hereto.

WHEREUPON, the meeting was called to order by the Vice President and evidence was presented that public notice of the meeting had been given in compliance with the law. The posted notices of the meeting are attached hereto.

After a 30-second moment of silence for prayer and reflection, the Board conducted the Pledge of Allegiance to the United States' Flag.

APPROVAL OF THE MINUTES

The Board considered approval of the minutes of the regular meeting of August 15, 2018. Upon motion by Commissioner Grundmeyer, seconded by Commissioner Pinard, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the regular meeting of August 15, 2018, as prepared.

PRESENTATION FROM THE GMS GROUP, L.L.C. (THE "GMS GROUP") FOR PROVISION OF FINANCIAL ADVISORY/TAX RATE ANALYSIS SERVICES AND CONSIDER APPROVAL OF ENGAGEMENT LETTER FOR SAME

The Vice President recognized Mr. Howell, who presented to and reviewed with the Board a proposed Agreement for Financial Advisory Services. Mr. Howell stated The GMS Group proposes to serve as the District's financial advisor on a project by project basis and as directed by the Board but primarily for tax rate setting recommendations. Mr. Howell then reviewed with the Board his work experience and addressed several questions from the Board.

Commissioner Ripley joined the meeting at this time via Skype video conferencing.

In response to a question from the August Board meeting from Commissioner Plummer, Ms. Adams reported that it would cost approximately \$4 million to pay off the District's debt in connection with the District's \$2,000,000 loan with Trustmark National Bank (the "Loan") for the construction of CCEMS Station No. 513 (Spring). Mr. Howell next explained the current terms of the District's Loan. A discussion ensued.

Upon motion by Director Pinard, seconded by Director Brost, after full discussion and the question being put to the Board, the Board voted unanimously to engage The GMS Group as the District's financial advisor and authorized execution of the Agreement for Financial Advisory Services, a copy of which is attached hereto.

DISCUSS PROPOSED 2018 TAX RATE, AUTHORIZE PUBLICATION OF EFFECTIVE TAX RATE CALCULATION AND ESTABLISH PUBLIC HEARING DATE(S) REGARDING 2018 TAX RATE

Mr. Howell first provided the tax rate analysis related to setting the 2018 tax rate. Mr. Howell distributed for Board review and discussion his analysis and recommendation for same, a copy of which is attached hereto. Mr. Howell reported that the average taxable value of a home in the District increased from \$218,957 in 2017 to \$223,035 in 2018.

Mr. Howell then reported that the District's certified taxable value in 2017 was \$46.58 billion and the District's 2018 taxable value is currently \$44.28 billion of which \$2.69-3.86 billion in value is still uncertified by the Harris County Appraisal District. Mr. Howell added that the District's tax base grew by approximately \$390 million. Mr. Howell went on to state that: 1) a \$0.03606 total tax rate would result in the average homeowner paying approximately \$5.05 less in District taxes than in 2017 and would generate revenues equal to the District's Fiscal Year End ("FYE") 2019 budgeted expenditures of \$16,809,800; 2) a \$0.03872 total tax rate would result in the average homeowner paying approximately the same in District taxes as in 2017 and would generate \$17,863,000 in tax revenue which would exceed the District's FYE 2019 budgeted expenditures by approximately \$270,000; and 3) a \$0.03878 total tax rate would result in the average homeowner paying approximately \$1.01 more in District taxes than in 2017 and would generate revenues in the amount of \$18,079,000, which is equal to the District's FYE 2019 budgeted revenue. Mr. Howell then explained that \$0.041913 per \$100 of assessed valuation is the maximum tax rate that can be set without subjecting the District to a rollback tax election. Mr. Howell recommended that the Board consider levying a tax rate between \$0.3606 and \$0.3878, which is below the calculated effective tax rate. An extensive discussion ensued.

The Board then discussed with Ms. Adams the process of publishing the effective tax rate calculation and setting the tax rate at the October 17th Board meeting.

Upon motion by Commissioner Brost, seconded by Commissioner Grundmeyer, after full discussion and the question being put to the Board, the Board voted four (4) votes in favor and one (1) vote opposed, with Commissioner Pinard voting in opposition, to: 1) consider adoption of a total 2018 tax rate of \$0.03606 per \$100 assessed valuation at the October 17th Board meeting; and 2) authorize RBAP to publish Notice of the Effective Tax Rate in the Houston Chronicle as required by the Texas Tax Code.

Mr. Howell exited the meeting at this time.

STATUS OF RECONCILIATION/FORENSIC AUDIT REPORT FOR FYE DECEMBER 31, 2017 (DISTRICT FUNDING VS. CCEMS EXPENDITURES)

Ms. Adams reminded the Commissioners that they had previously authorized HSSK and Counts|Thomson to conduct financial and legal forensic audits for the District's benefit. Mr. Counts then presented to and reviewed with the Board the legal opinion from Counts|Thomson in connection with CCEMS' litigation history (the "Opinion"), a copy of which is attached hereto. Mr. Counts informed the Board that the District is not currently a party to any current or pending litigation, but 13 cases have been filed by or against CCEMS during the past 22 years. Mr. Counts added that, of the 13 CCEMS cases, ten (10) had been resolved prior to preparation of the Opinion and three (3) cases remained pending. A discussion ensued regarding the three (3) active CCEMS cases and the status of same. In response to a question from Commissioner Brost, Mr. Counts stated that the Opinion only contains information on civil cases.

Mr. England then noted that he was recently contacted by a Federal Bureau of Investigation (the "FBI") agent regarding scheduling the retrieval of the CCEMS documents and records that were previously provided for the criminal investigation of CCEMS by the U.S. Department of Justice, and the related federal Grand Jury proceedings. Mr. England reported that he was informed that the Grand Jury issued a no bill and therefore no indictments were issued.

Upon motion by Commissioner Pinard, seconded by Commissioner Brost, after full discussion and the question being put to the Board, the Board voted unanimously to accept the Opinion from Counts|Thomson, as presented.

Mr. Counts exited the meeting at this time.

Commissioner Pinard reported that he and Commissioner Brost continue to coordinate with HSSK in connection with the preparation of the forensic audit.

APPROVE PROPERTY INSURANCE RENEWAL WITH VFIS (EXPIRES 10/13/2018)

Mr. Hastings then stated that the District's insurance coverage renews with VFIS for the policy term of October 13, 2018 through October 13, 2019. Mr. Hastings noted that the total premium amount for the upcoming term has increased by \$1,541 from \$17,791 to \$19,332, which is an 8.66% increase, primarily due to the increase in value of property owned by the District.

Mr. England then reported that lightning struck the generator and CCEMS paid for the necessary repairs, which were \$6,846. After a brief discussion regarding the cost of the repairs, Mr. England stated that he will coordinate with Mr. Hastings to file an insurance claim on behalf of the District related to the damaged generator.

Upon motion by Commissioner Brost, seconded by Commissioner Pinard, after full discussion and the question being put to the Board, the Board voted unanimously to authorize renewal of the District's property insurance with VFIS for the term of October 13, 2018 through October 13, 2019 for a total premium of \$19,332 (includes a \$5,000 property deductible).

DISCUSS WORKER'S COMPENSATION INSURANCE RENEWAL (EXPIRES 11/25/2018)

Mr. Hastings then informed the Board that he will provide the District with the District's Workers' Compensation insurance renewal quote from Texas Mutual Insurance Company ("TMI") prior to the October 17th Board meeting.

Mr. Hastings exited the meeting at this time.

STATUS OF PROPOSED ADMINISTRATIVE AND OPERATIONAL POLICIES AND PROCEDURES OF THE BOARD, INCLUDING VENDOR/CONTRACTOR INVOICING/PAYMENT REQUIREMENTS AND COMMISSIONER CONFERENCE ATTENDANCE AND EXPENSE REIMBURSEMENT, AND TAKE ANY NECESSARY ACTIONS ON SAME

Commissioner Pinard stated that he has nothing to report on this matter at this time.

UPDATE ON STATUS OF TRANSITION TO NEW INTERSECTION PREEMPTION CONTROLLER DEVICES (MASTER SALE OF GOODS AND SERVICES AGREEMENT (THE "PREEMPTION DEVICE AGREEMENT")) AND INTERLOCAL AGREEMENT WITH HARRIS COUNTY AND TAKE ANY NECESSARY ACTION ON SAME

Commissioner Brost then reminded the Board that they had previously approved the Preemption Device Agreement by and between the District, ESD Nos. 7, 13, 16, 28 and 29 and Global Traffic Technologies, LLC. Ms. Adams confirmed that the District's previously requested revisions and clarifications have been made to the Preemption Device Agreement and her office received the fully executed Preemption Device Agreement.

Ms. Adams noted that she is awaiting receipt of the draft Interlocal Agreement between Harris County (the "County") and the ESDs in connection with the deployment of the preemption controller devices.

REVIEW AND TAKE ANY NECESSARY ACTIONS ON MONTHLY OPERATIONS AND FINANCIAL REPORT FROM CCEMS, INCLUDING CONSIDERATION OF MONTHLY OPERATIONS FUNDING REQUESTS AND CAPITAL FUNDING REQUESTS

Commissioner Plummer then recognized Mr. England, who presented to and reviewed with the Board the Executive Director's Report, the monthly CCEMS Operations and Financial Reports, including the operations statistics for the month of August 2018, and the 2018 CCEMS budget comparison, copies of which are attached hereto. Mr. England reported that during the month of

August there were 2,362 transports, two (2) Life Flight transports, and that 31% of the calls made during the month were "no transports." Mr. England went on to report that during the month of August, CCEMS received 17 mutual aid assists and provided 15 mutual aid assists outside of CCEMS's boundaries. A discussion ensued regarding the number of calls CCEMS received in the prior month and explanation of terminology used in the report.

Mr. England then reported that the four (4) new ambulances (two (2) of which were funded by the District) are now in operation.

Mr. England then reported that CCEMS continues to coordinate with the U.S. Army regarding the Clinical Fellowship Program (the "Fellowship"), which will resume in the near future. Mr. England noted that the Fellowship agreement has been executed.

Mr. England then reported that CCEMS continues to coordinate with its department managers to finalize the CCEMS budget for FYE December 31, 2019. Mr. England noted that CCEMS will review and approve its budget at its September 27, 2018 Board meeting and the final CCEMS budget should be provided to the District within the next 30 days.

Mr. England went on to report that CCEMS recently trained 1,300 employees for the "Stop the Bleed" program.

Mr. England noted that HSSK has been to CCEMS to review documents related to the District's financial forensic audit and he expects there will be additional reviews.

Upon motion by Commissioner Brost, seconded by Commissioner Grundmeyer, after full discussion and the question being put to the Board, the Board voted unanimously to approve the CCEMS Operations and Financial Report and authorize the CCEMS Operations payment in the amount of \$1,213,560.000 for the month of August.

REVIEW AND TAKE ANY NECESSARY ACTIONS ON FINANCIAL MATTERS, INCLUDING FINANCIAL REPORT FROM DISTRICT TREASURER AND BOOKKEEPER

Mr. Russell then presented to and reviewed with the Board the Bookkeeper's Report, including the revenues and expenses of the District, the budget comparison, the adopted FYE December 31, 2018 budget, the investment report and the checks being presented for payment at the meeting, copies of which are attached hereto.

Mr. Russell reported that during the prior month, the District received \$50,006.43 in 2017 property tax revenue, \$17,866.48 in penalties and interest and \$1,045.42 in investment interest. Mr. Russell further reported that all such revenue had been deposited into the District's Compass Bank Operating Account.

Upon motion by Commissioner Brost, seconded by Commissioner Ripley, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Bookkeeper's Report, authorize payment of the checks reflected therein and approve the August 2018 investment report.

CONSIDER COMMISSIONER AND FORMER COMMISSIONER REQUESTS FOR REIMBURSEMENT OF DEFENSE COSTS AND ADOPTION OF REIMBURSEMENT RESOLUTION REGARDING SUCH REQUESTS

There were no requests for reimbursement at this time.

TAX ASSESSOR/COLLECTOR'S REPORT

Mr. Russell then reviewed with the Board the Tax Assessor/Collector Report for the month of August 2018, a copy of which is attached hereto.

STATUS OF PUBLIC RELATIONS ("PR") ACTIVITIES FROM NRG AND PR COMMITTEE AND TAKE NECESSARY ACTION ON SAME

Mr. Johnson then reported that he attended the recent PR Committee meeting and continues to coordinate with the PR Committee and RBAP regarding development of "Meet the Board" videos and a "Frequently Asked Questions" ("FAQ") page for posting on the District's website in an effort for the Commissioners to better engage with and disseminate District-related information to District constituents. Mr. Johnson then presented to and reviewed with the Board a summary of potential "Meet the Board" questions and requested that the Commissioners provide him with any input and/or additional questions. A discussion ensued and the Commissioners agreed to participate in the video production prior to the October Board meeting.

REVIEW, DISCUSS AND TAKE ACTION ON MISCELLANEOUS MEDIA MATTERS, INCLUDING UPDATE BY NRG ON STATUS OF DISTRICT'S WEBSITE

Mr. Johnson then reported on the status of the re-design of the District's website, <http://www.esd11.com>.

COMMISSIONER'S MONTHLY FACILITIES INSPECTION/TOUR REPORT

Commissioner Ripley reported that no facility inspections were conducted after the August Board meeting and no facility inspections/tours would be conducted after the September Board meeting.

STATUS OF DISTRICT CONSTRUCTION, REPAIR, IMPROVEMENT, OR RENOVATION PROJECTS, AND TAKE ANY NECESSARY ACTIONS ON SAME

There was no report on any District construction, repair or renovation projects at this time.

REVIEW BOARD GOALS FOR 2018/2019 AND TAKE ANY NECESSARY ACTIONS ON SAME

There was no report on the Board's goals at this time.

ATTORNEY'S REPORT

UPDATE/REVIEW OF RECENT PUBLIC INFORMATION ACT ("PIA") REQUESTS AND STATUS OF RESPONSES TO SAME

Ms. Adams next reported that there had been no PIA requests received since the August Board meeting

In connection with a previous PIA request received from Mr. Zach Karrenbrock of *Spring Happenings* on July 30th for digital copies of all invoices, contracts and receipts from NRG, Ms. Adams reported that her office had received a check from Mr. Karrenbrock to the District for payment of \$3.60 in connection with compliance to his PIA request, but that the questions from the Texas Attorney General due to Mr. Karrenbrock's prior cost complaint have not yet been received.

STATUS OF PREPARATION OF DISTRICT PIA POLICY AND TAKE NECESSARY ACTIONS ON SAME

Ms. Adams next reminded the Board that she had previously reviewed a draft outline of a proposed PIA policy for the District. A discussion ensued. Ms. Adams agreed to coordinate with Commissioner Pinard regarding the development of a District PIA policy, if necessary.

PUBLIC COMMENTS AND MISCELLANEOUS MATTERS

There were no comments from the public at this time.

CONFIRM NEXT REGULAR MEETING DATE AND MEETING ADJOURNMENT

Ms. Adams then reminded the Board that the next regular meeting is scheduled for Wednesday, October 17, 2018, at 6:30 p.m.

A discussion ensued regarding the meeting date and time.

STATUS OF COMMISSIONER CONFERENCE ATTENDANCE AND EXPENSE REIMBURSEMENT, AND TAKE ANY NECESSARY ACTIONS ON SAME (CONTINUED)

In response to a question, Commissioner Pinard then inquired about attending an educational conference in Boston, Massachusetts in October 2018. A discussion ensued regarding Commissioner reimbursement for expenses related to attending educational conferences. The Board agreed to consider such matter at the October Board meeting, subject to receipt of additional details regarding the conference purpose and registration cost.

There being no further business to come before the Board, the meeting was adjourned at approximately 7:48 p.m.

PASSED, APPROVED AND ADOPTED this 17th day of October, 2018.



[Handwritten Signature]
Secretary, Board of Commissioners