

MINUTES OF MEETING OF THE
BOARD OF COMMISSIONERS

June 18, 2020

THE STATE OF TEXAS §
COUNTY OF HARRIS §
HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11 §

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 the Bridgestone Municipal Utility District Operations and Water Education Center, 19720 Kuykendahl Road, Spring, Texas 77379, a meeting place inside the boundaries of the District, on Thursday, June 18, 2020, at 9:00 a.m.; whereupon, the roll was called of the members of the Board, to-wit:

Karen Plummer	President
Steve Williams	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. Also attending the meeting were: Mr. Bill Russell of Myrtle Cruz, Inc. ("Bookkeeper"), bookkeeper for the District; Ms. Regina D. Adams, attorney, and Ms. Carla Christensen, paralegal, of Radcliffe Bobbitt Adams Polley PLLC ("RBAP"), attorneys for the District; Mr. Brian Trachtenberg of Greathouse Holloway McFadden Trachtenberg ("Greathouse"); Ms. Danielle Supkis Cheek, CPA of Pannell Kerr Forster of Texas, P.C. ("PKF"); Mr. Mark C. Eyring, CPA, via teleconference, the District's special auditor; Mr. Kerry Johnson of NRG Marketing Group ("NRG"), the District's website service provider and public relations consultant; Mr. Wren Nealy, Cypress Creek Emergency Medical Services ("CCEMS") Chief Operating Officer; Mr. Glenn Henning, President of the CCEMS Board of Directors; Mr. Dave Billings, member of the CCEMS Board of Directors; Ms. Alison Sulentic of Sulentic Law Firm, PLLC, attorney for CCEMS; Mr. Norm Uhl, CCEMS Public Information Officer; Mr. Wayne Dolcefino of Dolcefino Consulting ("Dolcefino"); Mr. Carter McCormack, cameraman for Dolcefino; Messrs. Heath White and Jeremy Hyde of Harris County Emergency Corps; Mr. Kevin Tipton of American Medical Response; and numerous members of the public. A copy of the sign-in sheets are attached hereto.

There were numerous other members of the public in attendance via conference call, but were unable to be identified other than by telephone number.

WHEREUPON, the meeting was called to order by the 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.

This meeting was video recorded by Mr. Uhl for use by CCEMS and by Mr. McCormack for use by Dolcefino.

The Board held a 30-second moment of silence for prayer and reflection.

PUBLIC COMMENTS

The President then recognized Mr. Nick Stuart, a paramedic for CCEMS, who express his support for CCEMS and stated that the CCEMS field staff are the individuals suffering right now due to the uncertainty of the future of CCEMS.

Commissioner Brost stated that the Board has complete faith in the CCEMS communication center staff, paramedics and the field staff, but has had repeated issues with the CCEMS administration and management.

Commissioner Grundmeyer then stated that he has received nothing but positive feedback regarding the quality of service provided by CCEMS.

Mr. Matt Folsom, District resident, next stated that he does not believe that CCEMS is providing the best possible or most cost effective service to the residents in the District.

Mr. Billings then stated that, as a resident of the District, he is a supporter of CCEMS and that their level of service is excellent.

There were no additional public comments at this time.

APPROVAL OF THE MINUTES

The Board considered approval of the minutes of the regular meeting of May 21, 2020. Upon motion by Commissioner Grundmeyer, seconded by Commissioner Williams, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the regular meeting of May 21, 2020, as presented, and the certified agendas for same.

STATUS OF PROPOSED ADMINISTRATIVE AND OPERATIONAL POLICIES AND PROCEDURES OF THE BOARD AND TAKE ANY NECESSARY ACTIONS ON SAME

There was no report on the District's administrative and operational policies.

STATUS OF TRANSITION TO NEW INTERSECTION PREEMPTION CONTROLLER DEVICES (THE "PREEMPTION DEVICES")

Commissioner Brost then reminded the Board that the District had previously entered into the Preemption Device Agreement by and between the District, ESD Nos. 7, 13, 16, 28 and 29 and Global Traffic Technologies, LLC ("GTT") and the Interlocal Agreement with Harris County (the "County"). Commissioner Brost then reviewed with the Board the status of the installation of the new preemption devices at the County and Texas Department of Transportation intersections. Recent summaries of the status of the new preemption device installation are attached hereto.

STATUS OF RECONCILIATION AUDIT FOR FISCAL YEAR ENDING ("FYE")
DECEMBER 31, 2019 (DISTRICT FUNDING VS. CCEMS EXPENDITURES)

Ms. Adams then reminded the Board that the District previously engaged Mr. Eyring to prepare a reconciliation audit for FYE December 31, 2019. Mr. Eyring then introduced himself and inquired how the Board would like him to proceed with the reconciliation audit for FYE December 31, 2019. An extensive discussion ensued. It was the consensus of the Board to further discuss legal matters related to the reconciliation audit in Executive Session later in the meeting. Ms. Adams agreed to contact Mr. Eyring after the Board meeting to inform him whether the Board would like for him to conduct a reconciliation audit for FYE December 31, 2019 at this time.

Mr. Eyring exited the meeting at this time.

STATUS OF INDEPENDENT AUDIT OF HSSK, LLC ("HSSK") REPORT FOR FYE
DECEMBER 31, 2017 (THE "HSSK FORENSIC REPORT") AND CCEMS FINANCIALS,
CONTROLS, POLICIES AND PROCEDURES

Mr. Nealy then reported that the Forensic Auditor engaged by CCEMS has begun the process of conducting the audit of the HSSK Forensic Report and anticipates completion of a draft forensic audit by July 31, 2020.

REVIEW AND TAKE ANY NECESSARY ACTIONS ON MONTHLY OPERATIONS AND
FINANCIAL REPORT FROM CCEMS, RECEIVE CCEMS AUDIT FOR FYE
DECEMBER 31, 2019, DOCUMENTS AND INFORMATION REQUESTED BY THE
DISTRICT FROM CCEMS AND STATUS OF INVESTIGATION OF CCEMS
MAINTENANCE FACILITY AND EMPLOYEES RELATED THERETO

Mr. Nealy presented to and reviewed with the Board the monthly CCEMS Operations and Financial Reports, including the operations statistics for the month of May 2020, copies of which are attached hereto. Mr. Nealy reported that during the month of May there were 3,317 transports, three (3) Life Flight transports and that 947 of the calls made during the month were "no transports." Mr. Nealy went on to report that during the month of May, CCEMS received seven (7) mutual aid assists and provided 15 mutual aid assists outside of CCEMS' boundaries.

Mr. Nealy next presented to and reviewed with the Board the System Status Level Report and the Response Times Report, copies of which are attached to the CCEMS Report. Mr. Nealy went on to review with the Board the average response times for: 1) dispatch; 2) chute; 3) travel; 4) total response; 5) arrival on scene; 6) transports; and 7) hospital stays. Mr. Nealy then reviewed with the Board more detailed response times for each unit/paramedic. Mr. Nealy stated that CCEMS has started testing certain system management theories and is developing a working group to develop new and improved response plans.

Mr. Nealy next reported that CCEMS is coordinating with the U.S. Army regarding the Clinical Fellowship Program for 2020. Mr. Nealy noted the program is running smoothly and a survivor reunion was held on June 5th.

Mr. Nealy then reported on the status of the Community Wellness and Paramedic Program, which allows a physician's assistant to respond directly to less urgent patients that do not require an ambulance. Mr. Nealy went on to report that patients are currently being contacted by telephone for follow-ups in light of the COVID-19 pandemic. Mr. Nealy went on to report that a congregate facility site visit assessment is being performed in an effort to implement COVID-19 mitigation strategies and contact tracing.

Mr. Nealy went on to report on CCEMS' operations in connection with the COVID-19 pandemic. Mr. Nealy stated that CCEMS has responded to approximately 1,135 suspected COVID-19 cases (647 in May) with 942 (570 in May) of such cases being transported. Mr. Nealy also reported that overall incidents and CCEMS responses are down due to the COVID-19 pandemic as people are fearful of going to the hospital. Mr. Nealy stated that nine (9) CCEMS staff were being monitored for COVID-19 symptoms during the month of May while 13 employees were under self-quarantine. Mr. Nealy went on to state that one (1) CCEMS field staff member tested positive for COVID-19 during the month of May.

Mr. Nealy next reported that CCEMS is in the process of scheduling a meeting to discuss development of its three (3) year strategic plan and would like a committee of the Board to attend such meeting in order to provide any input on the strategic plan. In response to a question, Mr. Nealy stated that CCEMS currently has 17 24/7 ambulances and two (2) 12-hour peak ambulances in service. Commissioner Brost then noted that the City of Atlanta, Georgia is similar in size and budget to the District, but has 40 full-time ambulances in operation. An extensive discussion ensued.

Mr. Nealy next reviewed with the Board the CCEMS Financial Report for May 2020. An extensive discussion ensued.

Mr. Nealy went on to present the Personnel Manpower Report, including the EMS personnel funded by the District. Mr. Nealy stated that CCEMS currently has 37 dispatchers (par is 40), 71 unit operators (par is 80) and 79 paramedics (par is 80). Mr. Nealy reiterated that CCEMS currently has 17 24/7 ambulances and two (2) 12-hour peak ambulances in service. Mr. Nealy stated that CCEMS is making every effort to bring the personnel levels up to par. Mr. Nealy then reported on the status of the most recent academy class and the effects of COVID-19 on CCEMS' hiring procedures. Mr. Nealy stated that CCEMS' next scheduled hirings should occur in June and/or July and the next academy class is scheduled to begin in September. A discussion ensued regarding CCEMS' hiring practices.

CORRECTED CCEMS AUDIT FOR FYE DECEMBER 31, 2018 AND 2019 ("CCEMS Audit")

Mr. Nealy reported that Mr. Mike Burcham of Svadlenak, See & Co., PC, auditor for CCEMS, is in the process of revising the CCEMS Audit. The Board requested a copy of same upon completion.

CCEMS BILLING/COLLECTION PROCESSES AND PROCEDURES

In response to a question from Commissioner Pinard, Ms. Sulentic stated that Mr. Rene Johnson, the CCEMS Controller, was unable to attend the meeting to review the billing and collection process for CCEMS.

STATUS OF DOCUMENTS AND INFORMATION REQUESTED BY THE DISTRICT FROM CCEMS (ASSETS, SECURED LOANS AND HEALTH INSURANCE)

An extensive discussion ensued regarding the status of CCEMS' response to the letter from RBAP (on behalf of the District) dated May 26th and requesting certain information/documents related to the CCEMS Audit. Ms. Adams stated that, subsequent to the June 9th special Board meeting, she spoke to Ms. Sulentic regarding the information/documents that are still outstanding and need to be provided by CCEMS. Ms. Adams went on to report that she was provided a substantive number of documents from Ms. Sulentic after 5:30 p.m. the day prior.

Commissioner Brost expressed his frustration with CCEMS' submission of requested documents the night before a Board meeting.

A discussion then ensued regarding the number of CCEMS employees for which the District is funding the salaries and health insurance. Ms. Adams then reviewed with the Board a summary of CCEMS employees whose salaries are funded by the District (150 EMS/paramedics and 34 Communication Center (the "Comm Center" dispatchers) and the related health insurance costs for same, a copy of which is attached hereto. After a brief discussion, Commissioner Brost reiterated his belief that that the District should not be funding over 91% of the CCEMS Comm Center employee (34/37) wages and health insurance when only 48% of the calls dispatched by CCEMS are for the District. Commissioner Brost noted that 48% of the Comm Center employees, based on current staffing levels, is 16 employees.

An extensive discussion ensued regarding the health insurance costs for CCEMS employees and the calculation of same. In response to a request from Commissioner Brost, Ms. Sulentic noted that Mr. R. Johnson would be willing to meet with a committee of the Board to further explain the health insurance costs and calculation of same. Commissioner Brost informed Ms. Sulentic that Mr. R. Johnson's explanation of the health insurance costs and the District's funding of same needs to happen at a Board meeting since the District has a fiduciary duty to the taxpayers of the District to be transparent with the District's use of taxpayer dollars. In response to a question from Commissioners Brost and Pinard, Ms. Adams stated that, based upon the terms contained in the CCEMS current fiscal year budget, the health insurance expense line item is for "the employee's insurance coverage" and the District's share of funding to CCEMS was \$2,491,180 for employee health insurance for the current policy year, but the CCEMS employee health insurance summary provided by Mr. R. Johnson includes the insurance costs for dependents in addition to employees. Ms. Adams noted that the approximate difference between the health insurance costs for employees only (\$1,715,174) and employees plus dependents (\$2,491,000) is \$776,005.

An extensive discussion ensued regarding the high cost of health insurance for CCEMS employees. In response to a previous question from Commissioners Brost and Pinard,

Ms. Sulentic stated that CCEMS does not believe that Commissioners should play an active role in the design or administration of the employee benefit plans.

Commissioner Brost stated that instead of focusing on placing additional ambulances in service to better serve the residents of the District, CCEMS seems to be utilizing a portion of District funds to subsidize other CCEMS activities and programs.

Commissioner Pinard stated that, if CCEMS is "saving" the District money, he would like to see CCEMS utilize such savings/funds for employee bonuses and/or incentives.

Ms. Adams next stated that it appears CCEMS has provided all title documentation (with the exception of the titles for two (2) vehicles) to the District, as requested. Ms. Adams, therefore, reported that RBAP will begin updating the Lease Agreement with CCEMS in connection with the vehicles/ambulances owned by the District but will not be able to complete same until the remaining vehicle titles are received.

In response to a question, Mr. Nealy stated that he will provide the District with a copy of CCEMS' IRS Form 1099 from Medicare for the tax year 2019.

An extensive discussion ensued regarding how CCEMS tracks the expenditure of District funds. Commissioner Brost stated that the District has a right to inspect CCEMS' billing and collection records to confirm how District funds are spent by CCEMS. 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 require CCEMS to make all billing/collection records (with the exception of HIPPA-related information) available for District inspection by a CPA of the District's choosing.

Commissioner Brost then reported that the District continued to pay the salaries and health benefits for Medic 563 even though such ambulance was out of service for a month.

An extensive discussion ensued regarding CCEMS' assets (including equipment and vehicles/ambulances) and whether CCEMS utilized District assets (equipment and vehicles purchased with District funds) as collateral for various loans. Ms. Adams noted that the requested CCEMS loan documentation is still incomplete.

In response to a question from Commissioner Brost regarding any agreements made between CCEMS and its former Executive Director, Mr. Brad England, upon his resignation from CCEMS, Mr. Henning stated that he will not discuss CCEMS personnel matters with the District.

In response to a question from Commissioner Brost regarding the deployment of CCEMS medics to the City of Houston (the "City") in connection with recent protests, Mr. Nealy reported that five (5) medics were deployed to the City for approximately one (1) week at the request of the Southeast Texas Regional Advisory Council ("SETRAC"). In response to another question from Commissioner Brost regarding how many times CCEMS has received federal or state funds in connection with a national, state or local emergency or disaster, Mr. Nealy responded that he will need to further research such matter, but stated that CCEMS recently received funds from the Federal Emergency Management Agency ("FEMA") in connection with Hurricane Harvey.

Mr. Nealy went on to report that, to-date, CCEMS has only received 80% of the FEMA funding for which it applied and is still in the process of calculating the District's pro-rata share of such funding.

Commissioner Brost then requested that Mr. Nealy provide him with the previously requested serial numbers for all Zoll monitors by the end of the day.

INVESTIGATION OF CCEMS MAINTENANCE FACILITY AND EMPLOYEES RELATED THERETO

Mr. Nealy then provided an update on the investigation of possible criminal activity by CCEMS maintenance facility employees. Mr. Nealy reminded the Board that CCEMS has turned such matter over to the Public Integrity Unit of the Harris County District Attorney's ("DA") office. Mr. Nealy stated that the DA is pursuing the case, but there have been delays in calling a grand jury due to the COVID-19 pandemic.

An extensive discussion ensued regarding the disparity in CCEMS' salary structure for paramedics/dispatchers in comparison to other EMS organizations in the area. Commissioner Brost requested that Mr. Nealy provide the Board with an explanation for all of the paramedic overtime. In response to a question from Commissioner Brost, Mr. Nealy stated that CCEMS can start working on placing additional ambulances into service, but it would require an increase in the District's budget.

Upon motion by Commissioner Williams, 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.

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

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 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 \$122,981.31 in 2019 property tax revenue and \$1,151.87 in investment interest. Mr. Russell further reported that all such revenue had been deposited into the District's Operating Account.

A discussion ensued regarding the current state of the District's investments.

A discussion ensued regarding the necessity to amend the District's budget for FYE December 31, 2020.

In response to a question, Ms. Adams stated that her office has received the requested receipts for the medical supplies purchased by CCEMS in January. Ms. Adams noted, however, that CCEMS has not yet provided the receipts for the medical supplies purchased by CCEMS in May. Mr. Nealy agreed to provide such receipts to RBAP as soon as possible.

Upon motion by Commissioner Williams, seconded by Commissioner Grundmeyer, after full discussion and the question being put to the Board, the Board voted unanimously to: 1) approve the Bookkeeper's Report, as discussed; and 2) authorize payment of the bills as submitted, with the exception of the CCEMS operations payment for June, which would be reviewed further later in the Board meeting.

SCHEDULE WORKSHOP MEETING IN CONNECTION WITH PROPOSED BUDGET FOR FYE DECEMBER 31, 2021

Ms. Adams then reminded the Board that the District is required to adopt its annual budget prior to setting the 2020 tax rate. A discussion ensued regarding conducting a workshop meeting of a committee of two (2) Commissioners to discuss/prepare the proposed budget for FYE December 31, 2021.

Upon motion by Commissioner Brost, seconded by Commissioner Williams, after full discussion and the question being put to the Board, the Board voted unanimously to appoint Commissioners Pinard and Williams to the District's budget committee. Commissioners Pinard and Williams stated that they will schedule a budget committee meeting to prepare a draft budget for FYE December 31, 2021. Mr. Russell agreed to provide Ms. Adams with a draft budget for FYE December 31, 2021.

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Adams then reviewed with the Board the Tax Assessor/Collector's Report for the month of May, a copy of which is attached hereto. Ms. Adams noted that, as of May 31, 2020, the District had collected 97.78% of its 2019 tax levy.

Ms. Adams went on to report that the District's 2020 preliminary taxable value is \$52,775,657,274, which is an increase from the 2019 certified taxable value. A copy of the 2020 preliminary taxable value is attached hereto.

DISTRICT COMMUNICATIONS REPORT

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

Mr. K. Johnson then presented to and reviewed with the Board a summary of the website usage between May 1st and the date of the meeting, a copy of which is attached hereto.

DISCUSS CREATION OF STRATEGIC CAPITAL PLAN AND REVIEW GENERAL AREAS WITHIN THE DISTRICT FOR POTENTIAL ADDITIONAL STATION LOCATIONS AND ACQUISITION OF ADDITIONAL AMBULANCES AND TAKE NECESSARY ACTION ON SAME

A brief discussion ensued regarding the creation of a strategic capital plan for the District. Commissioner Plummer noted that the top priority for the Board is placing additional ambulances in operation in an effort to meet the increasing demand and reduce high response times.

REVIEW DISTRICT CONSULTANT CONTRACTS AND TAKE NECESSARY ACTIONS ON SAME

There was no discussion on this matter at this time.

ATTORNEY'S REPORT

REVIEW VARIOUS MATTERS RELATED TO SERVICE AGREEMENT WITH CCEMS AND TAKE ANY NECESSARY ACTIONS ON SAME

The Board asked Ms. Adams to further review legal matters pertaining to the Service Agreement in Executive Session.

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

Ms. Adams next reported that no PIA request had been received since the May Board meeting. Ms. Adams noted that her office has provided the responsive information to Dolcefino in connection with its PIA request to the District dated May 12, 2020.

Mr. Dolcefino then requested that the Board consider reimbursing Dolcefino for hundreds of thousands of dollars that Dolcefino has expended in legal fees over the years to fight CCEMS for the release of salary and billing/collections information.

All meeting attendees, with the exception of all members of the Board present, Mr. Nealy, Ms. Sulentic, Ms. Adams, Ms. Christensen, Mr. Trachtenberg and Ms. Supkis Cheek exited the meeting at 11:20 a.m.

CONVENE IN EXECUTIVE SESSION

Pursuant to the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code, as amended, specifically Section 551.071, regarding matters of attorney-client privilege and pending or contemplated litigation, Commissioner Plummer convened the Board in Executive Session at 11:30 a.m., to consult with the District's attorney regarding legal matters pertaining to the CCEMS maintenance facility investigation and the Service Agreement with CCEMS. The persons present in the executive session were Commissioners Plummer, Pinard, Grundmeyer, Williams and Brost, Mr. Nealy, Ms. Sulentic, Ms. Adams, Ms. Christensen, Mr. Trachtenberg and Ms. Supkis Cheek.

Mr. Nealy and Ms. Sulentic exited the meeting at 12:09 p.m.

Ms. Supkis Cheek exited the meeting at 1:25 p.m.

RECONVENE IN OPEN SESSION

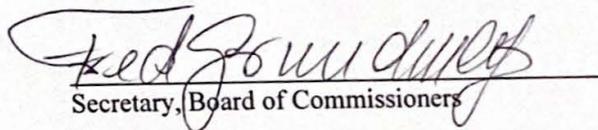
Mr. Nealy, Mr. Uhl and Mr. Russell re-entered the meeting at this time.

Commissioner Plummer then reconvened the meeting in open session at approximately 1:32 p.m. at which time the following action was taken:

Upon motion by Commissioner Williams, seconded by Commissioner Pinard, after full discussion and the question being put to the Board, the Board voted unanimously to authorize payment of the CCEMS operations invoice in the amount of \$1,325,000 for the month of June, with the following qualifications: 1) withholding 30% of the total amount requested by CCEMS and all future monthly payments to CCEMS until such time as the District has completed a full inspection/audit, with CCEMS' full cooperation, within the scope as determined by the Board to determine if and how much money CCEMS should be required to reimburse the District for overpayments by the District to CCEMS since 2017; and 2) payment of 70% (\$927,500) of the monthly payment requested by CCEMS for the month of June, under protest and subject to: a) receipt of all previously requested loan documentation from CCEMS; and b) CCEMS placing another 12-hr (peak) ambulance in service as soon as possible without any increase to the District's portion of CCEMS' budget and with the stipulation that, from this point forward, CCEMS will notify the District each time any of the full-time or peak ambulances are taken out of service for any reason.

There being no further business to come before the Board, the meeting was adjourned at 1:45 p.m.

PASSED, APPROVED AND ADOPTED this 16th day of July, 2020.


Secretary, Board of Commissioners

(DISTRICT SEAL)

