

MINUTES OF MEETING OF THE
BOARD OF COMMISSIONERS

April 1, 2021

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 special session, open to the public, at the District's Administration Building, 18334 Stuebner Airline Road, Spring, Texas 77379, a meeting place inside the boundaries of the District, on Thursday, April 1, 2021, 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: the following District employees: Mr. Douglas Hooten, Executive Director; Mr. James Chebra, Chief Operations Officer; Mr. Rob Farmer, Chief Administrative Officer; Ms. Shirley Ware, Executive Assistant; and Ms. Dawn Stumbo, Human Resources ("HR") Assistant. District Consultants in attendance were: Ms. Chris Linn of Myrtle Cruz, Inc., bookkeeper for the District; Mr. Ricardo Martinez of Martinez Architects ("Martinez"); Mr. John Howell of The GMS Group, L.L.C., financial advisor for the District (via teleconference); Ms. Regina D. Adams, Ms. Monica Garza and Ms. Sholeh Abedinzadeh, attorneys, of Radcliffe Bobbitt Adams Polley PLLC ("RBAP"), attorneys for the District; Mr. Brian Trachtenberg (via teleconference) and Ms. Anna Phillips of Greathouse Holloway McFadden Trachtenberg, special counsel to the District; and Mr. Zach Karrenbrock of 62 Digital, LLC ("62 Digital"), the District's website service provider and communications coordinator. Also in attendance were: Mr. Wren Nealy, Cypress Creek Emergency Medical Services ("CCEMS") Chief Executive Officer; Messrs. Enrique Lima and Dave Billings, members of the CCEMS Board of Directors; Mr. George Vie of Feldman & Feldman, P.C., attorney for CCEMS; and members of the public and CCEMS employees. A copy of the sign-in sheets are attached hereto.

There were 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 62 Digital for use by the District. The meeting was also streamed live by 62 Digital on the District's website.

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

PUBLIC COMMENTS

The President first recognized Mr. George Peckham, who thanked the Board for their service to the community. Mr. Peckham also stated that CCEMS has provided exceptional emergency medical services ("EMS") and he hopes that the District and CCEMS can work together to continue to provide high quality EMS to the community.

The President then recognized Ms. Diane Peckham, who stated that all of the members of the public in attendance at this Board meeting are representing the constituents of the District. Ms. Peckham went on to state that the lawsuits between the District and CCEMS should cease.

The President next recognized Mr. Tom Petrick, who stated that the lawsuits between the District and CCEMS should cease.

Commissioner Plummer reminded the members of the public that the District is only defending its position in connection with the lawsuit that CCEMS filed.

The President then recognized Mr. Mike Palmquist, who stated that he has never seen a board of elected officials behave the way the District's Board has behaved.

The President went on to recognize Mr. Billings, who stated that CCEMS cannot operate without the full funding requested in the CCEMS budget.

The President next recognized Mr. Larry Lipton, who stated that the issues between the District and CCEMS could have been addressed prior to the lawsuit through mediation. Mr. Lipton went on to state that the Board needs to be more transparent with the public in connection with the amount of funds being expended on EMS.

The President then recognized Mr. Shay McGarr, who commented on the current District budget and proposed operations budget. Mr. McGarr went on to request that the Board be transparent and forthcoming with the public regarding the District's plans for its self-operating EMS model and related budget. Mr. McGarr also noted that there was previously an opportunity for the Board to mediate the District's situation with CCEMS. Mr. McGarr then summarized the events of a recent gas explosion in the area and CCEMS' response to same.

The President went on to recognize Mr. Brian Gilman, who stated that CCEMS cannot continue to operate at the highest level of EMS with reduced funding from the District.

Commissioner Pinard entered the meeting at this time.

There were no additional public comments at this time.

REVIEW MATTERS RELATED TO THE SERVICE AGREEMENT WITH CCEMS, INCLUDING STATUS OF CCEMS V. THE DISTRICT, ET AL., (THE "CCEMS LITIGATION") AND TAKE ANY NECESSARY ACTION ON SAME

STATUS OF SECOND PHASE OF SPECIAL DISTRICT EXAMINATION BY PANELL KERR FORSTER OF TEXAS, P.C. ("PKF"), RELATED TO: A) RECONCILIATION OF DISTRICT FUNDING VS. CCEMS EXPENDITURES; B) PHYSICAL INVENTORY OF DISTRICT AND CCEMS ASSETS; AND C) CONCLUSIONS FROM HSSK, LLC REPORT (THE "PKF REPORT")

REVIEW CCEMS BUDGET PROPOSAL FOR JANUARY-AUGUST OF FISCAL YEAR ENDING ("FYE") DECEMBER 31, 2021 AND TAKE NECESSARY ACTIONS ON SAME

Commissioner Plummer then stated that the Board would be going into Executive Session at this time to discuss matters of attorney-client privilege and pending litigation pursuant to Section 551.071, Texas Government Code regarding these agenda items and related matters.

All meeting attendees, with the exception of all members of the Board present, Ms. Adams, Ms. Garza, Ms. Abedinzadeh, Mr. Trachtenberg (via teleconference), Ms. Phillips and Mr. Hooten exited the meeting at 9:24 a.m.

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 litigation, Commissioner Plummer convened the Board in Executive Session at 9:25 a.m., to deliberate matters related to the CCEMS Litigation, PKF Report and the CCEMS budget. The persons present in the Executive Session at various times were Commissioners Plummer, Williams, Pinard, Grundmeyer and Brost, Ms. Adams, Ms. Garza, Ms. Abedinzadeh, Mr. Trachtenberg (via teleconference), Ms. Phillips and Mr. Hooten.

RECONVENE IN OPEN SESSION

All meeting attendees still present re-entered the meeting at 10:07 a.m.

Commissioner Plummer then reconvened the meeting in open session at approximately 10:08 a.m. at which time no action was taken by the Board.

STATUS OF CLOSING OF FINANCING FOR PHASE I REDEVELOPMENT OF DISTRICT ADMINISTRATION PROPERTY ("PHASE I PROJECT") AND PROCUREMENT OF FINANCING FOR AMBULANCE AND APPURTENANCE PURCHASE(S) AND TAKE ANY NECESSARY ACTIONS ON SAME

Ms. Garza reminded the Commissioners that they previously accepted the proposal of ZMFU II, Inc. for financing the Phase I Project and authorized the District's legal counsel and financial advisor to handle the remainder of the sale and closing matters for same. Ms. Garza reported that the Phase I Project financing closed on March 30th.

EXECUTIVE DIRECTOR'S AND DISTRICT ADMINISTRATION REPORT, INCLUDING:

STATUS OF HIRING FOR VARIOUS OPEN EMPLOYMENT POSITIONS

Mr. Hooten then reported that he and the District's executive staff continue to conduct interviews for the middle-management and other various staff positions. Mr. Hooten stated that the District has hired HR, Communications and Operations and IT managers.

REVIEW DISTRICT EMPLOYEE COMPENSATION PLAN

Mr. Hooten next reported that he plans to present the District's Employee Compensation Plan at the April regular Board meeting.

STATUS OF ENROLLMENT AS A MEDICARE PROVIDER, AS NECESSARY

Mr. Hooten then stated, now that the District has received its Texas Department of State Health Services EMS Provider license, the District has applied to enroll as a Medicare provider. Mr. Hooten stated that he anticipates approval of the District's Medicare provider application by June.

REVIEW AND APPROVE EMPLOYEE PAID TIME OFF ("PTO") AND HOLIDAY POLICY

Mr. Hooten then presented to and reviewed with the Board a memorandum recommending a PTO and holiday policy, a copy of which is attached hereto. 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 adopt the PTO and holiday policy, as presented.

AUTHORIZE APPLICATION FOR MEMBERSHIP IN SOUTHEAST TEXAS REGIONAL ADVISORY COUNCIL ("SETRAC")

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 authorize submission of the SETRAC membership application.

STATUS OF ESTABLISHING DISPATCH SERVICES AND COMMUNICATIONS WITH OTHER EMERGENCY SERVICES PROVIDERS REGARDING SAME

Mr. Hooten next reminded the Board that he and Commissioners Brost and Pinard held preliminary meetings with the chiefs of the fire departments located within the District in connection with future plans for dispatching and a communications center. Mr. Hooten added that he continues to meet and coordinate with the chiefs of the fire departments.

REVIEW AND APPROVE INTERLOCAL AGREEMENT WITH HARRIS COUNTY (THE "COUNTY") FOR USE OF PUBLIC SAFETY COMMUNICATIONS SYSTEM

Mr. Hooten then presented to and reviewed with the Board the proposed Interlocal Agreement with the County. A discussion ensued.

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 approve and authorize execution of the Interlocal Agreement with the County for use of public safety communications system, a copy of which is attached hereto, subject to review of same by RBAP.

ADMINISTRATION, DISPATCH AND LOGISTICS FACILITIES REPORT, INCLUDING:

STATUS OF PRE-CONSTRUCTION PHASE MATTERS FOR PHASE I PROJECT AND ADDITIONAL GROSS MAXIMUM PRICE ("GMP") DOCUMENTATION FOR CONSTRUCTION PHASE AND TAKE NECESSARY ACTION ON SAME

Ms. Adams then reported that, at the February 25th Board meeting, the Board awarded the Contract for the construction manager at risk services ("CMAR") for the Phase I Project to J.E. Dunn Construction Company ("J.E. Dunn"), subject to review and approval of same by RBAP. Ms. Adams stated that RBAP reviewed and commented on the CMAR Service Contract and related Amendment No. 1 to same. Ms. Adams added that the CMAR Service Contract and Amendment No. 1 have been executed.

Mr. Martinez next reported that J.E. Dunn is in the process of ordering necessary materials to be delivered and has mobilized on-site. Mr. Martinez stated that demolition for the Phase I Project would commence the following week. Mr. Martinez also reported that GMP bids would be received on April 6th and presented to the Board on April 15th for review and approval.

REVIEW MAINTENANCE AND REPAIR ITEMS FOR THE FACILITIES AND TAKE NECESSARY ACTIONS ON SAME, IF ANY

Mr. Hooten reported that there are no maintenance or repair items to consider at this time.

REVIEW AND APPROVE PURCHASE ORDERS AND VENDOR ACCOUNT AGREEMENTS FOR VEHICLES, SERVICES, SUPPLIES, FURNITURE, FIXTURES AND EQUIPMENT FOR THE DISTRICT, AS NECESSARY, INCLUDING:

PURCHASE ORDERS

Mr. Hooten reported that he is working to obtain the necessary service agreements for the automated external defibrillators ("AED") and monitors.

REVIEW AND APPROVE PURCHASE AGREEMENT FOR DEFIBRILLATOR ACCESSORIES WITH ZOLL

Mr. Hooten then presented to and reviewed with the Board the proposed Purchasing Agreement with Zoll for the District's purchase of AED accessories, a copy of which is attached hereto. A discussion ensued. Ms. Adams added that her office is reviewing the Purchase Agreement with Zoll.

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 authorize the purchase of necessary AED accessories from Zoll and authorize execution of the Purchase Agreement for same, and related addendums, subject to review of same by RBAP.

SUBSCRIPTION AGREEMENT AND IMPLEMENTATION AGREEMENT WITH WAYSTAR REVENUE CYCLE TECHNOLOGY ("WAYSTAR") IN CONNECTION WITH MEDICAL BILLING AND RELATED SERVICES

Mr. Hooten next presented and reviewed with the Board a summary, Subscriber Agreement, Implementation Agreement and fee schedule from Waystar in connection with medical billing and related services. A discussion ensued. Ms. Adams reported that her office reviewed the Waystar agreements.

Upon motion by Commissioner Grundmeyer, seconded by Commissioner Brost, after full discussion and the question being put to the Board, the Board voted unanimously to approve and authorize execution of the Subscription and Implementation Agreements with Waystar, copies of which are attached hereto.

REVIEW AND APPROVE ENGAGEMENT AGREEMENT WITH PAGE, WOLFBERG AND WORTH, LLC ("PW&W") FOR CLIENT CONNECT EMS COMPLIANCE LEGAL SERVICES

Mr. Hooten next presented and reviewed with the Board the Engagement Agreement from PW&W for client connection EMS compliance and legal services. A discussion ensued. Ms. Adams reported that her office is in the process of reviewing the PW&W Engagement Agreement.

Upon motion by Commissioner Williams, seconded by Commissioner Brost, after full discussion and the question being put to the Board, the Board voted unanimously to approve and authorize execution of the Engagement Agreement with PW&W, a copy of which is attached hereto, subject to review of same by RBAP.

PROCUREMENT OF BIDS FOR COMPREHENSIVE RECORDS MANAGEMENT SYSTEM/SOFTWARE AND RELATED SERVICES FOR DISTRICT'S INCIDENT REPORTING AND TAKE NECESSARY ACTIONS ON SAME

Mr. Hooten then reminded the Commissioners that they previously authorized his office to advertise for bids from qualified vendors for comprehensive records management system/software and related services for the purpose of the District's incident reporting. Mr. Hooten stated that he anticipates receipt of the bids/proposals in two (2) weeks.

REVIEW CCEMS BUDGET PROPOSAL FOR JANUARY-AUGUST OF FYE ENDING DECEMBER 31, 2021 AND TAKE ANY NECESSARY ACTIONS ON SAME

Ms. Adams then reviewed correspondence that her office received the previous evening from Mr. Vie, on behalf of CCEMS, a copy of which is attached hereto. Ms. Adams stated that, according to such letter, CCEMS submitted its final budget request to the District in the total amount of \$10,874,263, or \$1,359,283 per month, for January-August of FYE December 31, 2021. Ms. Adams went on to note that the correspondence stated that the CCEMS Board of Directors also wanted to inform the Board that if the District does not approve the requested CCEMS budget amount, then CCEMS' last day to provide EMS under the Services Contract is Saturday, April 17, 2021. An extensive discussion ensued. In response to a question from Commissioner Brost regarding how CCEMS plans to be accountable to the District, Mr. Nealy stated that he plans to continue to submit detailed monthly reports, including metrics, to the Board. In response to a

follow-up question from Commissioner Brost, Mr. Nealy stated that he will include the actual CCEMS monthly cost to operate detailed on a per effective unit hour basis, but CCEMS cannot be funded on a per unit hour system. In response to a question, Mr. Hooten then explained that the cost per effective unit hour is the total cost to staff an ambulance for one (1) hour. Further discussion ensued.

In response to a question from Commissioner Williams, Ms. Adams noted that, according to her calculations and taking into account CCEMS' other sources of revenue, the average total monthly cost for CCEMS to operate 19 peak ambulances at \$175 per effective unit hour is \$1,174,201 per month. Commissioner Williams then proceeded to ask several questions about CCEMS' billing and collection efforts and sub-standard collection percentages. An extensive discussion ensued.

Upon motion by Commissioner Pinard, seconded by Commissioner Grundmeyer, after full discussion and the question being put to the Board, the Board voted unanimously to approve CCEMS' budget proposal for January-August of FYE December 31, 2021 of \$10,874,263, paid as \$1,359,283 per month, under protest and duress and with the stipulation that CCEMS will account for, and report to the Board, its actual costs to operate 19 peak ambulances each month.

REVIEW AND TAKE ANY NECESSARY ACTIONS ON FINANCIAL MATTERS, INCLUDING FINANCIAL REPORT FROM DISTRICT BOOKKEEPER AND TREASURER, BUDGET COMPARISON AND APPROVE PAYMENT OF BILLS

REVIEW AND ADOPT AMENDED DISTRICT BUDGET FOR FYE DECEMBER 31, 2021

Ms. Linn then presented to and reviewed with the Board the Bookkeeper's Report and the proposed amended District budget for FYE December 31, 2021, copies of which are attached hereto. Ms. Linn noted that the CCEMS operations expense line item has been updated to reflect the CCEMS budget approval and District operation expenses.

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 adopt the Amended District Budget for FYE December 31, 2021, as discussed.

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: 1) approve the Bookkeeper's Report, as discussed; and 2) authorize payment of the bills, as submitted.

STATUS OF SECOND PHASE OF THE PKF REPORT

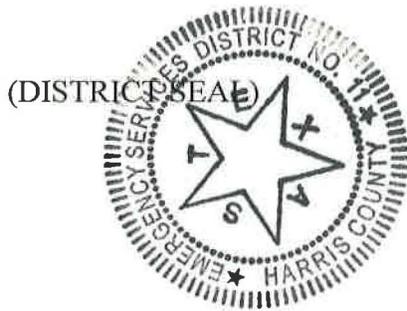
Ms. Adams then reminded the Board that it previously received the draft findings of the first (1st) phase of the PKF Report and subsequently authorized PKF to proceed with conducting the second (2nd) phase of the special forensic examination.

Ms. Phillips next reported that the second (2nd) phase of the PKF Report will entail a more in-depth review of additional CCEMS financial documents and Koronis billing records to further identify discrepancies and quantify the related amounts of over and/or under payments by the District to CCEMS. Ms. Phillips went on to state that PKF made initial requests to CCEMS, through correspondence to Mr. Vie, for access to additional financial records beginning in January.

Ms. Phillips reported that CCEMS previously uploaded some of the responsive information and uploaded additional information the evening prior to the Board meeting, but PKF is awaiting receipt of the balance of requested information.

There being no further business to come before the Board, the meeting was adjourned at 11:35 a.m.

PASSED, APPROVED AND ADOPTED this 20th day of May 2021.




Secretary, Board of Commissioners