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March 4, 2020

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VIA, CMRRR, FIRST CLASS MAIL AND EMAIL

Board of Directors and Executive Director
Cypress Creek Emergency Medical Services
c/o Mr. Andrew McKinney
McKinney & Taylor
Three Riverway, Suite 900
Houston, Texas 77056

Re: Harris County Emergency Services District No. 11 (the "District"); Reduced Payment and Outstanding Items from Cypress Creek Emergency Medical Services ("CCEMS")

Dear CCEMS Representatives:

As you are aware, at the District's February 27, 2020 Board of Commissioners (the "Board") meeting, the Board voted to authorize payment to CCEMS for February 2020 services in the amount of \$1,208,500, which reduced the invoiced amount of \$1,325,000 by \$116,500. The amount paid includes payment for Insurance and Wages for all EMT/Paramedic and Communications Center employees, as outlined in CCEMS' 2020 budget. The Board believed it to be of the utmost importance that the wages and benefits of the subject CCEMS employees be covered.

However, the District's payment excludes medical supplies. After a rather lengthy Board meeting discussion with Mr. Brad England, Executive Director of CCEMS, it became apparent, based upon Mr. England's statements, that the District pays for 100 percent (100%) of CCEMS medical supplies and such payment goes into CCEMS's general operating fund and the area fire departments also pay CCEMS for the District-funded medical supplies provided for their use. Mr. England noted that such payments by the fire departments "reimburses" CCEMS for those supplies. CCEMS has provided no evidence that the District receives credits or reduced billing to account for the fire departments' reimbursements for supplies to CCEMS.

In accordance with Section 5.01(C) of the Contract for Providing Emergency Medical Services between the District and CCEMS (the "Service Agreement"), the District has the right to approve "...the monthly monetary amounts that will be paid by the District to CCEMS...". The Board exercised that right in deciding to reduce the payment unless and until CCEMS provides the 1) evidence of the expenditures for medical supplies, and 2) the receipts from the fire departments for medical supplies, in accordance with Section 5.02(A) of the Service Agreement. This evidence must

include all billings to the fire departments and vendor invoices for the medical supplies purchased with District funds for the last twelve (12) months. If, after review of such information, it appears that the District has not been consistently overcharged for medical supplies, then it will be glad to release the remainder to CCEMS. If, however, the review bears out that the District has been overcharged, or not reimbursed, for medical supplies for which it is solely paying, then the Board will review the matter further and take any necessary action at that time.

CCEMS's receipts and expenditure reports are inadequate and fail to provide the Board with any real information related to CCEMS's financials. By way of example, the most recent CCEMS report received is enclosed herewith. This report gives no indication what the "other funds" in the receipts section are. How much are reimbursements from fire departments for medical supplies funded by the District? The expenditures section also provides no real information on operating expenditures. What portion of those operating expenditures are medical supplies and how can those expenditures be verified? This report is woefully lacking in transparency; it would be better received by the Board and reduce questions to CCEMS if CCEMS would provide back-up to this report, which has been requested of Mr. England at various times in the past. Therefore, the District requests that CCEMS attach to this report on a monthly basis: 1) a list of the employee positions being paid for by the District with the corresponding salary(ies) (this can be done and still protect the privacy of the employee), 2) a copy of the insurance bill with a notation of how much applies to the employees whose salaries are funded by the District; and 3) copies of the supply invoices. Providing such information would be more in line with what Section 5.02(A) of the Service Agreement intends.

Mr. England provided CCEMS' 2020 budget at the February 27, 2020 Board meeting. After extensive discussion-both before and after Mr. England left the Board meeting-and after the fire department representatives indicated a need and desire for more ambulances in the District, the Board voted unanimously to revise the breakdown of CCEMS's capital expenditures being paid by the District. Specifically, the Board voted to revise the "ESD-11 Capital Expenditures" column to move the entirety of the "Capital Equipment" expenditure amount (\$780,000) into the "Vehicles" category and zeroed out the other capital categories. The notation is enclosed herewith. As noted at the Board meeting, the District would like to order the ambulances itself and meet with the relevant CCEMS staff member(s) to work through the ambulance specifications required and desired.

This letter also serves as formal notice of the District's request for the following outstanding items as required per the Service Agreement:

- a. Pursuant to Section 7.02 of the Service Agreement, please provide the District with an update on the status of the criminal investigation of CCEMS maintenance facility and employees of same. According to Mr. England, the "investigation" has been ongoing since January 2019 and to-date, Mr. England has provided the Board with a cursory update, at best. The Board has repeatedly asked, in the District's open Board meetings, for a case number from the relevant law enforcement agency, to which Mr. England has responded in a number of ways: 1) he will provide it to the District (but never does); 2) he cannot provide such information because the investigation is on-going; 3) the District can go get the case number itself from the Harris County Sherriff's Office ("HCSO"); and 4) most recently at the February 27, 2020 Board meeting, that a case

number does not exist because HCSO has not in fact commenced an investigation, but rather had advised CCEMS to conduct its own private investigation of the matter. That would be a highly unusual course of action by HCSO. Therefore, if one exists, the District requests the case number described above, along with a case file of the matter to-date, since this matter relates to financial records of CCEMS.

- b. Pursuant to Section 2.03(O), and as previously requested in the District's correspondence dated December 19, 2019 and attached hereto, please provide the District with an equipment inventory listing all equipment, regardless of cost, acquired by the District directly or through CCEMS using any amount of District funds in whole or in part for the previous four (4) years. A date of purchase, simple description of each item, date of any disposition, and serial number/VIN number should suffice.
- c. Pursuant to Section 5.01(E), please provide the District with a Three-Year Operating and Capital Planning Projection.
- d. Pursuant to Section 2.03(J), please provide the District with CCEMS' 2019 Audit as soon as possible but no later than the District's May 2020 Board meeting.

Lastly, please provide an update on or response to the following items:

- a. To-date, the District has not received a response to correspondence dated January 9, 2020, regarding the District's proposed Term Sheet for amendment to the Service Agreement. The District has continuously attempted to collaborate with CCEMS to amend the Service Agreement for the benefit of both parties, to no avail.
- b. By March 13, 2020, the Alpha- through Echo- layered map of ambulance response times for each census tract located within the District for the prior year. At the February 27 Board meeting, the Commissioners emphasized to Mr. England that such response times should be actual response times for each station/ambulance and not just average times or general first responder times. This information has been repeatedly requested in one format or another, and is key in determining how many additional station locations and ambulances might be needed.
- c. By March 13, 2020, the previous 90 days (December 2019-February 2020) record of 1) how many 24 hour ambulances were in service each day, 2) how many peak/part time ambulances were in service each day, and 3) the total number of daily hours for each of the peak/park time ambulances in service. The same information is requested for the previous six (6) months by March 30, 2020.
- d. Please provide the District with copies of CCEMS' IRS Form 1099 from Medicare for the tax years 2017 and 2018 pursuant to the District's rights under § 7.02(B) of the Service Agreement.


As you know, many of the above items have been addressed verbally and in writing with CCEMS representatives on numerous occasions. CCEMS's refusal to respond to or address many of these items constitute breaches by CCEMS of the Service Agreement. The Board has been more than patient with CCEMS. It has, however, grown weary of being either ignored, or in the alternative, fed only what CCEMS wants to give to the District as opposed to what the Commissioners have actually requested. Unless otherwise noted herein, the District demands that the various documents it has requested be provided within 30 days of the date of this letter, or, if they are intended to be part of

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CCEMS' monthly meeting report, by the District's March 19, 2020 Board meeting. Further, nothing in this letter is intended to be a waiver or relinquishment of any rights, legal or equitable, by the District, and the District reserves any and all rights it may have, including the right to take any action necessary with regard to these matters.

Sincerely,

Regina D. Adams
General Counsel for the District

RDA/mag
Attachment

cc: Board of Commissioners of the District [*via email*]
Mr. Bill Russell, Myrtle Cruz, Inc. [*via email*]
Ms. Monica Garza (firm)
Ms. Carla Christensen (firm)