

MINUTES OF MEETING OF THE  
BOARD OF COMMISSIONERS

December 17, 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 ("Bridgestone") Operations and Water Education Center, 19720 Kuykendahl Road, Spring, Texas 77379, a meeting place inside the boundaries of the District, on Thursday, December 17, 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. Douglas Hooten, Executive Director of the District; Mr. James Chebra, future Chief Operations Officer of the District; Ms. Chris Linn of Myrtle Cruz, Inc. ("Bookkeeper"), bookkeeper for the District; Mr. Joseph Ellis of McCall Gibson Swedlund Barfoot PLLC ("McCall"), auditors for the District (via teleconference); Ms. Regina D. Adams and Ms. Monica Garza, attorneys, and Ms. Carla Christensen, paralegal, of Radcliffe Bobbitt Adams Polley PLLC ("RBAP"), attorneys for the District; Mr. Brian Trachtenberg and Ms. Anna Phillips (via teleconference) of Greathouse Holloway McFadden Trachtenberg ("Greathouse"), special counsel to the District; Ms. Danielle Supkis Cheek, CPA and Mr. Chris Boatcallie of Pannell Kerr Forster of Texas, P.C. ("PKF") (via teleconference); Mr. Zach Karrenbrock of 62 Digital, LLC ("62 Digital"), the District's website service provider and communications coordinator; Mr. Matt Zavadsky of Metropolitan Area EMS Authority d/b/a MedStar Consulting ("MedStar") (via teleconference); Mr. Steve Athey of Health Care Visions (via teleconference); Mr. Wren Nealy, Cypress Creek Emergency Medical Services ("CCEMS") Chief Executive Officer; Mr. Rene Johnson, CCEMS Comptroller; Messrs. Enrique Lima and Dave Billings, members of the CCEMS Board of Directors ("CCEMS Board"); Mr. Steven Beesley, CCEMS Interim Public Information Officer; Mr. George Vie of Feldman & Feldman, P.C., attorney for CCEMS; and numerous members of the public and CCEMS employees. 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. Beesley for use by CCEMS and 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.

At this time, Ms. Adams noted the misnumbering of agenda items numbered 18 through 24 and stated the correct numbering.

### PUBLIC COMMENTS

Mr. Vie informed the Board that Mr. Lima is planning to attend the meeting and make a statement to the Board, on behalf of the CCEMS Board, in connection with item number 12.d regarding transitional matters with CCEMS.

The President then recognized Mr. Michael Palmquist, a resident of the District, who read a statement requesting that the Commissioners sign a pledge that they will not personally profit in any way from the replacement of CCEMS, a copy of which is attached hereto. Ms. Adams clarified that the Commissioners were required to complete a similar statement when they first took office.

The President then recognized Mr. Shay McGarr, a resident of the District and President of the Gleannloch Farms Community Association, who stated that he and his family have utilized the services of CCEMS on four (4) occasions and noted that he is a supporter of CCEMS.

Mr. Tom Guyton, a resident of the District, then stated that he believes the District needs to work out its differences with CCEMS regarding the provision of emergency medical services ("EMS"). Mr. Guyton added that he believes the Board needs to keep in mind the concerns of residents such as himself and noted that he is a supporter of CCEMS.

An athletic director of a local football association, who is also a resident of the District, then expressed her concerns in connection with the District's termination of its Service Agreement with CCEMS and stated that she is a staunch supporter of CCEMS.

The President then recognized Ms. Diana Lockringer, a resident of the District, who stated that she is a supporter of CCEMS and Commissioners Plummer, Brost, Williams and Pinard need to stop turning away from CCEMS with a "deaf ear".

The President next recognized Mr. George Peckham, a resident of and business owner in the District, who stated that he is a supporter of CCEMS.

An unknown CCEMS employee then requested that the Board make a motion to go into immediate mediation with CCEMS regarding the Service Agreement and related issues.

A coach of a local little league team, who is also a resident of the District, then expressed his concerns in connection with the District's termination of its Service Agreement with CCEMS and stated that he is a supporter of CCEMS.

The President then recognized Mr. Ed Rogers, a resident of the District, who stated that he expects the District to represent the taxpayers of the District. Mr. Rogers went on to state that he is a supporter of CCEMS and he believes the District is causing potentially dangerous disruptions to services.

Mr. Jason Holbert, a CCEMS employee, stated that no District taxpayers are standing up to agree with the Board's decisions.

The President next recognized Mr. Brian Gillman, a CCEMS volunteer, who requested that the Board "do the right thing" and follow Commissioner Grundmeyer's lead. Mr. Gillman stated that the District should pay CCEMS the previously withheld funding and fund COVID-19 stipends to the CCEMS employees.

Commissioner Grundmeyer then thanked those in attendance for their comments.

An unknown CCEMS employee then stated (via teleconference) that the District's withholding of funding from CCEMS is affecting the CCEMS field staff.

There were no additional public comments at this time.

REVIEW OF SPECIAL DISTRICT EXAMINATION BY 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 MATTERS RELATED TO *CYPRESS CREEK EMERGENCY MEDICAL SERVICES VS. THE DISTRICT, ET AL* (THE "CCEMS LITIGATION") AND TAKE NECESSARY ACTION REGARDING SAME

Commissioner Plummer then stated that the Board would be going into Executive Session at this time on these two items to discuss matters of attorney-client privilege and pending or contemplated litigation as it relates to the PKF Report and the CCEMS Litigation pursuant to Section 551.071, Texas Government Code.

All meeting attendees, with the exception of all members of the Board present, Ms. Adams, Ms. Garza, Ms. Christensen, Mr. Trachtenberg, Ms. Phillips (via teleconference) and Mr. Hooten exited the meeting at 9:30 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 or contemplated litigation, Commissioner Plummer convened the Board in Executive Session at 9:34 a.m., regarding the PKF Report and the CCEMS Litigation. The persons present in the Executive Session at various times were Commissioners Plummer, Williams, Pinard, Grundmeyer and Brost, Ms. Adams, Ms. Garza, Ms. Christensen, Mr. Trachtenberg, Ms. Phillips (via teleconference) and Mr. Hooten.

## RECONVENE IN OPEN SESSION

All meeting attendees still present re-entered the meeting at this time.

Commissioner Plummer then reconvened the meeting in open session at approximately 9:55 a.m. at which time no action was taken by the Board.

## REVIEW OF SPECIAL DISTRICT EXAMINATION BY PKF, RELATED TO THE PKF REPORT

The President then recognized Ms. Cheek, who stated that she pre-recorded the presentation of the findings of the draft PKF Report. At this time the pre-recorded video presentation was played for the Board and audience, a copy of the PowerPoint slide presentation is attached hereto.

Ms. Cheek reported on her top five (5) findings in the draft PKF Report:

- 1) Payroll Miscoding by CCEMS. Ms. Cheek noted that payroll miscoding occurred 11 times in one (1) payroll period (January 1, 2020). Ms. Cheek noted that there is evidence that CCEMS employees have been coded to 'EMS Wages', which are funded by the District, but are not listed as EMS employees pursuant to CCEMS' Employee Census. Ms. Cheek explained that this impacts the classification and amount of employee wages that are funded by the District.

Ms. Cheek next reported that the previous "reconciliation reports" did not assess CCEMS payroll allocations or trace records for any miscodings. Ms. Cheek concluded that, therefore, a.) until the previous "reconciliation reports" are re-performed, they should be considered unreliable due to the payroll miscoding; and b.) that PKF has concerns regarding the potential for widespread and systemic over coding of wages to the District's funded categories with monthly true-ups to reduce the numbers to the maximum budgeted amounts.

- 2) CCEMS Payroll Allocations. Ms. Cheek then reported that she found evidence that the District has paid substantially more wages toward the Communications Center (the "Comm Center") staff between January 2016 and August 2020 than the District's actual pro-rata share of the Comm Center call volume for the same timeframe. Ms. Cheek concluded that her estimate of the potential impact of this disproportionate allocation is approximately \$3.3 million in overpayments by the District to CCEMS for the timeframe that was reviewed.
- 3) MedStar Operates More Efficiently than CCEMS. Ms. Cheek reported that MedStar realized between 1.96 and 2.38 times the net insurance billings, for each 24-hour truck/ambulance, as CCEMS for only 77%-90% of CCEMS' total costs from 2017 to 2019 while billing approximately 10%-20% less.
- 4) Billing Anomalies. Ms. Cheek next reported that that she identified two (2) types of substantial anomalies in Koronis' billing: a.) unexplainable overpayments (payments received exceeding the amount billed); and b.) unexplainable over-refunds (refunds or payments to patients in excess of the amount originally paid, if any).

- 5) Greater than \$10 Million Unaccounted For (in billings). Ms. Cheek went on to report that PKF could not correlate the amount of payments in Koronis' data sets that should be collected for medical billing to the cash inflow from Koronis into the CCEMS depository account. Ms. Cheek concluded that there is a difference of \$10,046,684.03 between the funds that should be going to CCEMS (\$47,198,027.26) and the cash flows that CCEMS received (\$37,151,343.23) during the timeframe under review.

Ms. Cheek stated that PKF would need to perform phase 2 of the forensic examination and perform a more in depth review of additional CCEMS financial documents and Koronis billing records to further identify additional discrepancies and quantify the related amounts of over and/or under payments by the District to CCEMS.

RATIFY APPROVAL OF CONSULTING AGREEMENT WITH MEDSTAR, COMMERCIAL BROKERAGE SERVICES AGREEMENT WITH J T LYNCH COMPANY, LLC AND LETTER AGREEMENT WITH HARRIS COUNTY EMERGENCY CORPS AND THE DISTRICT

Ms. Adams recommended tabling this item at this time.

APPROVAL OF THE MINUTES

The Board considered approval of the minutes of the regular meeting of November 19, 2020 and the minutes of the special meetings of November 12, 2020 and November 22, 2020. 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 the minutes of the regular meeting of November 19, 2020 and the minutes of the special meetings of November 12, 2020 and November 22, 2020, as presented, and the certified agendas for same.

CONFIRM AUDITOR ENGAGEMENT FOR FISCAL YEAR ENDING ("FYE") DECEMBER 31, 2020.

Mr. Ellis then presented to and reviewed with the Board the confirmation of the Auditor's engagement for preparation of the required annual governmental audit for FYE December 31, 2020, a copy of which is attached hereto. Mr. Ellis stated that the Board previously engaged McCall to prepare future annual audits. Mr. Ellis noted that the fee for preparation of the FYE December 31, 2019 audit was \$16,000 and estimates a fee range of \$15,500 to \$16,500 for preparation of the FYE December 31, 2020 audit. Upon a motion by Director Brost, seconded by Director Williams, after full discussion and the question being put to the Board, the Board voted unanimously to confirm McCall's engagement to prepare the District's annual audit for FYE December 31, 2020.

STATUS OF TRANSITION TO NEW INTERSECTION PREEMPTION CONTROLLER DEVICES (THE "PREEMPTION DEVICES"), INCLUDING AUTHORIZE ADDITIONAL PAYMENTS RELATED TO SAME

Commissioner Brost reported on the status of the installation of the new preemption devices at the Harris County and Texas Department of Transportation intersections.

## MEDSTAR REPORT

Mr. Zavadsky then reported that he continues to coordinate with Mr. Hooten and the Texas Department of State Health Services ("DSHS") in connection with the preparation of the application to obtain the District's DSHS EMS Provider license as well as the District's employment of personnel.

Commissioner Plummer then introduced the District's new Executive Director, Mr. Hooten.

## EXECUTIVE DIRECTOR'S REPORT, INCLUDING:

### APPROVE AND AUTHORIZE EXECUTION OF CONTRACT WITH MEDICAL DIRECTOR

Mr. Hooten then reported that he is working to locate an available qualified candidate to engage as the Medical Director for the District.

### STATUS OF PURCHASING CARD/CREDIT CARD

Mr. Hooten then reported that he has applied for a purchasing card for District expenses for his use as Executive Director.

### STATUS OF ESTABLISHING THE NECESSARY VENDOR ACCOUNTS FOR DISTRICT ADMINISTRATION PURPOSES

Mr. Hooten then reminded the Board that, at the December 7<sup>th</sup> Board meeting, the Board authorized him to establish the necessary vendor accounts for District administration purposes. Mr. Hooten reported that he is coordinating with various vendors to establish accounts.

### STATUS REPORT ON INTERVIEWS/OFFERS OF EMPLOYMENT OF CHIEF OPERATING OFFICER, EXECUTIVE ASSISTANT, CHIEF ADMINISTRATIVE OFFICER AND DIRECTOR OF CLINICAL SERVICES

### ADOPT SINGULAR DISTRICT ORGANIZATION CHART

### REVIEW MATTERS RELATED TO THE CCEMS LITIGATION AND TAKE NECESSARY ACTION REGARDING SAME

Commissioner Plummer then stated that the Board would be going into Executive Session at this time to discuss matters of attorney-client privilege, pending or contemplated litigation and personnel matters pursuant to Sections 551.071 and 551.074, Texas Government Code.

All meeting attendees, with the exception of all members of the Board present, Mr. Hooten, Ms. Adams, Ms. Garza, Ms. Christensen, Mr. Trachtenberg, and Ms. Phillips (via teleconference) exited the meeting at 10:26 a.m.

Pursuant to the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code, as amended, specifically Sections 551.071 and 551.074 regarding

matters of attorney-client privilege, pending or contemplated litigation and personnel matters, Commissioner Plummer convened the Board in Executive Session at 10:29 a.m., regarding the CCEMS Litigation and personnel matters. The persons present in the Executive Session at various times were Commissioners Plummer, Williams, Pinard, Grundmeyer and Brost, Mr. Hooten, Ms. Adams, Ms. Garza, Ms. Christensen, Mr. Trachtenberg, and Ms. Phillips (via teleconference).

#### RECONVENE IN OPEN SESSION

All meeting attendees still present re-entered the meeting at this time.

Commissioner Plummer then reconvened the meeting in open session at approximately 10:53 a.m. at which time the following action was taken by the Board:

#### ADOPT SINGULAR DISTRICT ORGANIZATION CHART

A brief discussion ensued regarding the need to determine which organizational chart the District should operate under. Upon a motion by Commissioner Brost, seconded by Commissioner Williams, after full discussion and the question being put to the Board, the Board voted unanimously to singularly adopt the District's 'Self-Operating' Organizational Chart.

#### REVIEW AND APPROVE EMPLOYEE PURCHASING, CREDIT CARD, TRAVEL AND MEAL EXPENSE POLICIES

Ms. Adams then presented to and reviewed with the Board the proposed Employee Purchasing, Credit Card, Travel and Meal Expense Policies, copies of which are attached hereto. A discussion ensued.

Upon a 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 Employee Purchasing, Credit Card, Travel and Meal Expense Policies, as presented.

#### DISCUSS COMMUNICATIONS WITH EMS PROVIDER CANDIDATES AND TAKE ANY NECESSARY ACTIONS ON SAME

A brief discussion ensued. Upon a motion by Commissioner Pinard, seconded by Commissioner Brost, after full discussion and the question being put to the Board, the Board voted unanimously to authorize RBAP to inform the EMS provider candidates that the District is proceeding with a 'Self-Operating' business/organizational structure.

#### REVIEW OF PKF REPORT

#### REVIEW AND TAKE ANY NECESSARY ACTIONS ON MONTHLY OPERATIONS AND FINANCIAL REPORT FROM CCEMS, CCEMS BILLING/COLLECTION PROCESSES AND PROCEDURES, STATUS OF INVESTIGATION OF CCEMS MAINTENANCE FACILITY AND EMPLOYEES RELATED THERETO AND DISCUSS TRANSITIONAL MATTERS WITH CCEMS BOARD OF DIRECTORS

REVIEW MATTERS RELATED TO THE CCEMS LITIGATION AND TAKE NECESSARY ACTION REGARDING 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 or contemplated litigation pursuant to Section 551.071, Texas Government Code regarding these agenda items.

All meeting attendees, with the exception of all members of the Board present, Ms. Adams, Ms. Garza, Ms. Christensen, Mr. Trachtenberg, Ms. Phillips (via teleconference) and Mr. Hooten exited the meeting at 11:05 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 or contemplated litigation, Commissioner Plummer convened the Board in Executive Session at 11:10 a.m., regarding the PKF Report and CCEMS Litigation. The persons present in the Executive Session at various times were Commissioners Plummer, Williams, Pinard, Grundmeyer and Brost, Ms. Adams, Ms. Garza, Ms. Christensen, Mr. Trachtenberg, Ms. Phillips (via teleconference), Ms. Cheek (via teleconference), Mr. Boatcallie (via teleconference) and Mr. Hooten.

Ms. Cheek and Mr. Boatcallie entered the meeting at 11:16 a.m.

Ms. Cheek and Mr. Boatcallie exited the meeting at 12:10 p.m.

RECONVENE IN OPEN SESSION

All meeting attendees still present re-entered the meeting at this time.

Commissioner Plummer then reconvened the meeting in open session at approximately 1:15 p.m. at which time no action was taken by the Board.

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

Ms. Linn 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.

Ms. Linn reported that during the prior month, the District received \$826,779.66 in property tax revenue and \$315.75 in investment interest.

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: 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 December 2020, which would be further considered later in the Board meeting.



AMEND BUDGET FOR FYE DECEMBER 31, 2021, IF NECESSARY

Ms. Linn then reported that she is coordinating with Commissioner Williams and Mr. Hooten regarding the necessary amendments to the District's budget for FYE December 31, 2021.

APPROVE AMENDMENT TO BOOKKEEPING CONTRACT WITH BOOKKEEPER

Ms. Linn next presented to and reviewed with the Board the proposed Amended and Restated Agreement for Bookkeeping Services, a copy of which is attached hereto. Ms. Adams noted that her office had reviewed the Amendment to the Bookkeeping Contract. 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 and authorize execution of the Amended Agreement for Bookkeeping Services.

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Adams then reviewed with the Board the Tax Assessor/Collector's Report for November, a copy of which is attached hereto.

Ms. Linn exited the meeting at this time.

DISTRICT COMMUNICATIONS REPORT:

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

Mr. Karrenbrock then presented to and reviewed with the Board 62 Digital's monthly website and PR report, a copy of which is attached hereto.

DISCUSS STATUS OF POTENTIAL ADDITIONAL STATION LOCATIONS AND ACQUISITION OF ADDITIONAL AMBULANCES, INCLUDING:

STATUS OF REAL ESTATE ACQUISITION AND DUE DILIGENCE FOR SAME AND TAKE ANY NECESSARY ACTION ON SAME, INCLUDING APPROVE LOAN RESOLUTION FOR FINANCING OF REAL PROPERTY (THE "LOAN RESOLUTION"), AUTHORIZE BOARD PRESIDENT OR VICE PRESIDENT AND SECRETARY OR ASSISTANT SECRETARY TO EXECUTE FINALIZED FINANCING DOCUMENTS, AND AUTHORIZE GENERAL COUNSEL AND FINANCIAL ADVISOR TO TAKE ANY OTHER NECESSARY ACTIONS TO CLOSE THE TRANSACTION

Ms. Adams next reported that the keys to the property that the District is leasing have been provided to Mr. Hooten.

Ms. Adams reviewed the Loan Resolution and related loan financing documents with the Board. Ms. Adams stated that the loan is scheduled to close on December 29<sup>th</sup> and the real estate purchase is scheduled to close after January 6, 2021.

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: 1) approve the Loan Resolution; 2) approve and authorize the President and Secretary to execute all of the loan financing documents; and 3) authorize General Counsel and Financial Advisor to take any other necessary actions to close the loan transaction.

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 approve and authorize the President to execute all real estate closing documents.

#### STATUS OF RECEIPT OF ADDITIONAL AMBULANCES

A discussion ensued regarding ambulance procurement. 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 Mr. Hooten to continue negotiations, through one of the District's cooperative purchasing partners, to purchase 30 F-450 extended cab chassis for a cost not to exceed \$1.7 million.

#### AUTHORIZE FILING OF ANNUAL REPORT WITH TEXAS DEPARTMENT OF EMERGENCY MANAGEMENT ("TDEM")

Ms. Adams reported that, pursuant to Section 775.083, Texas Health and Safety Code, RBAP will file the District's Annual Report with TDEM by January 1, 2021. 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 RBAP to file the required Annual Report with TDEM.

#### AUTHORIZE FILING OF FINANCIAL AND TAX-RELATED INFORMATION WITH TEXAS STATE COMPTROLLER (THE "COMPTROLLER") PURSUANT TO TEXAS LOCAL GOVERNMENT CODE, SECTIONS 203.062 AND 403.0241 FOR THE SPECIAL PURPOSE DISTRICT PUBLIC INFORMATION DATABASE ("SPDPID")

Ms. Adams then reminded the Board that the District is required to annually file certain financial and tax-related information with the Comptroller's SPDPID. Ms. Adams noted that such information must be filed with the Comptroller by April 1, 2020. 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 RBAP to file the required financial and tax-related information with the Comptroller by April 1, 2021.

#### REVIEW 2021 ANNUAL AGENDA

Ms. Adams then distributed the draft 2021 Annual Agenda for the Board's review, a copy of which is attached hereto. 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 adopt the proposed 2021 Annual Agenda.

ATTORNEY'S REPORT:

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

Ms. Garza noted that four (4) PIA requests had been received since the November 19<sup>th</sup> Board meeting. Ms. Garza then reported on the status of such PIA requests, including responses to and requests for Texas Attorney General rulings on same.

REVIEW DISTRICT CONSULTANT CONTRACTS AND TAKE NECESSARY ACTIONS ON SAME

There was no discussion on this matter at this time.

REVIEW AND TAKE ANY NECESSARY ACTIONS ON MONTHLY OPERATIONS AND FINANCIAL REPORT FROM CCEMS, CCEMS BILLING/COLLECTION PROCESSES AND PROCEDURES, STATUS OF INVESTIGATION OF CCEMS MAINTENANCE FACILITY AND EMPLOYEES RELATED THERETO AND DISCUSS TRANSITIONAL MATTERS WITH CCEMS BOARD OF DIRECTORS

Commissioner Brost noted that the Board received the CCEMS Operations and Financial Reports the evening prior to the Board meeting at approximately 6:00 p.m.

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 accept the CCEMS Operations and Financial Reports, subject to any questions/comments from the Commissioners.

In response to a question from Commissioner Brost regarding the length of time Truck 81, which is owned by the District but utilized by CCEMS, had been out of service due to a bad engine, Mr. Nealy reported that Truck 81 has been out of service for two (2) weeks and CCEMS is currently utilizing a reserve ambulance. Commissioner Brost then inquired when CCEMS plans to repair Truck 81 since CCEMS, pursuant to the Service Agreement with the District, is responsible for the maintenance of ambulances. Mr. Nealy stated that CCEMS does not have the necessary funds to immediately repair Truck 81. Ms. Adams noted that CCEMS does have sources of revenue other than funding from the District. In response to a question from Commissioner Brost, Mr. Nealy agreed that CCEMS receives approximately \$12 million in annual revenue through its billings.

Mr. Nealy went on to report that it is difficult to predict how long CCEMS can keep operating if the District continues to withhold funding. In response to a question from Commissioner Brost, Messrs. Nealy and Vie stated that CCEMS cannot fully operate on \$2 million in revenues per month.

In response to a question from Commissioner Brost regarding what, if any, steps CCEMS has taken to reduce its unnecessary expenses (i.e. expenses not related to putting ambulances in service), Mr. Vie stated that CCEMS will not disclose such information at this time.

In response to a statement from Commissioner Brost regarding the Board's willingness to consider: 1) providing CCEMS with the full \$1.325 million in monthly funding requested by CCEMS; and 2) CCEMS' budget proposal for funding in 2021, Mr. Lima stated that CCEMS also requires payment of previously withheld funding. Mr. Lima, on behalf of the CCEMS Board, then proceeded to read a statement imploring the Board to restore full monthly funding to CCEMS as well as providing the previously withheld funds. Mr. Lima stated that as a result of the District withholding 30% of monthly funding, CCEMS cannot confidently continue to operate after Monday, December 21<sup>st</sup>. Commissioner Williams then asked Mr. Lima if the District's fiduciary duty to the District's taxpayers end once the District provides CCEMS with the requested monthly funding. Mr. Lima stated he didn't follow with what Commissioner Williams was asking and, Commissioner Williams then stated that the District has a fiduciary duty to ensure taxpayer funds are used appropriately and that, based on the preliminary findings of PKF, the District intends to continue to have PKF trace CCEMS' use of funds provided by the District's taxpayers.

In response to a request from Messrs. Lima and Vie for a copy of PKF's full report, Mr. Trachtenberg reminded them that CCEMS previously made claims that their financial information is confidential and/or proprietary. Mr. Trachtenberg noted that Greathouse will not be releasing the full PKF report at this time for this reason and that publicly releasing the PKF report would violate the District's attorney-client privilege.

In response to a question from Commissioner Pinard, Messrs. Vie and Nealy agreed to allow PKF to continue to review CCEMS' financial records and documents.

Commissioner Williams then expressed his concerns with CCEMS' substantially lower percentage of billing collections than other EMS providers in the state.

Mr. Vie next stated that while the District has legitimate concerns regarding the use of taxpayer dollars, CCEMS will not be able to continue operating after Monday, December 21<sup>st</sup> unless the District agrees to restore full monthly funding to CCEMS. Mr. Vie then inquired why it has taken four (4) years for the District to determine that CCEMS was overcharging the District approximately \$3.3 million in Comm Center Wages. Mr. Trachtenberg responded to Mr. Vie that the District could not quantify the amount that CCEMS was overcharging the District until CCEMS allowed the inspection of its financial records by PKF, which did not happen until the District started withholding 30% of the monthly funding from CCEMS.

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 payment, under protest and duress, to CCEMS in the amount of \$1,325,000, which is 100% of the monthly payment requested by CCEMS for December 2020, subject to CCEMS' continued cooperation with PKF's inspection of CCEMS financial records and physical inventory.

In response to a question from Mr. Vie regarding whether CCEMS can expect to continue to receive full funding each month through the end of the Service Agreement, Ms. Adams stated that the District cannot guarantee future payments especially since CCEMS has not presented its 2021 budget, or some modified budget since the Contract will end before the end of the fiscal year, to the Board for consideration.

Commissioner Brost requested that CCEMS calculate the actual cost to perform under the contract each month and present such findings to the Board at the January meeting.

There being no further business to come before the Board, the meeting was adjourned at 2:33 p.m.

PASSED, APPROVED AND ADOPTED this 21<sup>st</sup> day of January, 2021.



  
Secretary, Board of Commissioners