

MINUTES OF MEETING OF THE
BOARD OF COMMISSIONERS

December 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, December 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, except Commissioner Pinard, thus constituting a quorum. Also attending the meeting were: Mr. Wayne Dolcefino and cameraman of Dolcefino Consulting ("Dolcefino"); Mr. Matt Folsom, a District resident; Mr. Gregory R. Schuelke of HSSK, LLC ("HSSK"); Ms. Debbie Gibson of McCall Gibson Swedlund Barfoot PLLC ("McCall"), auditors for the District; Mr. Bill Russell of Myrtle Cruz, Inc. ("Bookkeeper"), bookkeeper for the District; 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 CCEMS Board of Directors; Mr. Brad England, CCEMS Executive Director; Mr. Wren Nealy, CCEMS Assistant Executive Director; and Mr. Norm Uhl, CCEMS Public Information Officer. A sign-in sheet is attached hereto.

This meeting was video recorded by Mr. Dolcefino's cameraman for use by Dolcefino and by Mr. Uhl for use by CCEMS.

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.

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 November 20, 2018. Upon motion by Commissioner Plummer, seconded by Commissioner Grundmeyer, 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 20, 2018, as prepared.

Commissioner Brost and Messrs. Dolcefino, Folsom and Schuelke entered the meeting at this time.

ENGAGE AUDITOR FOR FISCAL YEAR ENDING ("FYE") DECEMBER 31, 2018.

Ms. Gibson then presented to and reviewed with the Board the confirmation of the Auditor's, McCall, engagement for preparation of the annual audit for FYE December 31, 2018, a copy of which is attached hereto. Ms. Gibson stated that the Board previously engaged McCall to prepare future annual audits. Ms. Gibson noted that the fee for preparation of the FYE December 31, 2017 audit was \$14,250 and estimates a fee range of \$14,500 to \$15,500 for preparation of the FYE December 31, 2018 audit. Upon a motion by Director Plummer, seconded by Director Grundmeyer, after full discussion and the question being put to the Board, the Board voted unanimously to approve the audit confirmation letter submitted by McCall and authorize McCall to perform the audit of the District's books and records for FYE December 31, 2018.

PRESENTATION OF FORENSIC AUDIT REPORT FOR FYE DECEMBER 31, 2017 (DISTRICT FUNDING VS. CCEMS EXPENDITURES), FROM HSSK

Commissioner Ripley reminded the Commissioners that the Board had previously authorized HSSK to conduct a financial forensic audit for the District's benefit with the scope of work to be determined by the forensic audit committee. Commissioner Ripley then introduced Mr. Schuelke, who presented to and reviewed with the Board HSSK's executive summary and forensic analysis in connection with the District's funding of CCEMS in 2016 and 2017, (the "Forensic Audit"), a copy of which is attached hereto. Mr. Schuelke reviewed with the Board the scope of services that HSSK performed for the District, including:

1. Verifying the mathematical accuracy of the funds provided by the District to CCEMS for years 2016 and 2017;
2. Verifying that District funds were spent by CCEMS as authorized/designated by the District;
3. Verifying that uses of funds designated as District costs are not overstated after taking into consideration other revenue sources for CCEMS. Stated differently, verifying that expenses are correctly allocated between the District and CCEMS after considering budgets and any related sources of funds; and
4. Analyzing the funding needs of CCEMS and determining why CCEMS could not become self-funded and why CCEMS continues to be more reliant on District funding.

Mr. Schuelke next reported that HSSK verified the mathematical accuracy of District funds provided to CCEMS for 2016 and 2017, but noted some issues with the classification of certain expenses in CCEMS' financial records. Mr. Schuelke explained that certain CCEMS expenses were budgeted one way, but the same expenses were reflected another way in CCEMS' financial statements. Mr. Schuelke continued to review with the Board his findings. An extensive discussion ensued after which Mr. Schuelke addressed numerous questions from the Board. It was the consensus of the Board to defer action on the Forensic Audit until all Board members and consultants have had a chance to review the Forensic Audit.

PRESENTATION OF LEGAL AUDIT REPORT FOR FYE DECEMBER 31, 2017 FROM COUNTS|THOMSON

Commissioner Ripley then reported that the Commissioners had previously authorized Counts|Thomson to conduct a legal forensic audit for the District's benefit and that Counts|Thomson previously presented to and reviewed with the Board their legal opinion in connection with CCEMS' litigation history. Commissioner Ripley reported that both he and Commissioner Pinard, as the legal audit committee, directed Mr. Mark Counts with Counts|Thomson to prepare an additional report regarding his findings in connection with the legal fees invoiced by RBAP to the District in 2017 (the "Legal Fee Report"). Commissioner Ripley reported that Mr. Counts' could not attend the Board meeting, but plans to attend the January 16th meeting to present the draft Legal Fee Report. Ms. Adams noted that she recently had a conference call with Mr. Counts and Commissioner Ripley regarding Mr. Counts' preliminary findings and the draft Legal Fee Report. Ms. Adams added that her office will prepare and file a written response to the District in connection with the Legal Fee Report.

Messrs. Dolcefino, Folsom and Schuelke exited the meeting at this time.

STATUS OF PROPOSED ADMINISTRATIVE AND OPERATIONAL POLICIES AND PROCEDURES OF THE BOARD, INCLUDING REGULAR MEETING DATE AND TIME AND COMMISSIONER CONFERENCE ATTENDANCE AND EXPENSE REIMBURSEMENT AND TAKE ANY NECESSARY ACTIONS ON SAME

A discussion ensued regarding the District's regular meeting date and time. It was the consensus of the Board to hold regular Board meetings on the third (3rd) Wednesday of each month at 5:30 p.m.

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

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 and the Interlocal Agreement (the "ILA") with Harris County (the "County"). Commissioner Brost then reported on his attendance at the stakeholder's "kick-off" meeting held on December 17th regarding the implementation of the new Preemption Devices. Commissioner Brost added that the District is awaiting receipt of the final version of the ILA from the County for the Board's execution.

Messrs. Dolcefino and Folsom and re-entered the meeting at this time.

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 (THE "CCEMS REPORT")

Commissioner Ripley next 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 November 2018, and the 2018 CCEMS budget comparison, copies of which are attached hereto. Mr. England reported that during the month of November there were 2,258 transports, three (3) Life Flight transports, and that 22% of the calls made during the month were "no transports." Mr. England went on to report that during the month of November, CCEMS received 16 mutual aid assists and provided 13 mutual aid assists outside of CCEMS's boundaries.

Mr. England then reported that CCEMS continues to coordinate with the U.S. Army regarding the Clinical Fellowship Program and the U.S. Army recently conducted on-site training.

Mr. England also reported that McGraph Consulting Group, Inc. is in the process of updating CCEMS's Operational Assessment Report.

Mr. England then presented to and reviewed with the Board the finalized CCEMS budget for FYE December 31, 2019, a copy of which is attached hereto. Mr. England reported that both the District's and CCEMS' budget committees have met and reviewed such budget. Upon motion by Commissioner Plummer, seconded by Commissioner Grundmeyer, after full discussion and the question being put to the Board, the Board voted unanimously to accept the CCEMS budget for FYE December 31, 2019.

AMEND DISTRICT BUDGET FOR FYE DECEMBER 31, 2019, IF NECESSARY

The Board then reviewed the District's previously adopted budget for FYE December 31, 2019. An extensive discussion ensued regarding the District's previously estimated revenues and expenses for FYE December 31, 2019. The Board noted several changes to expense line items. Ms. Adams recommended decreasing the tax revenue line item since the District reduced its tax rate for 2018 after the FYE December 31, 2019 budget was first adopted. Upon motion by Commissioner Brost, seconded by Commissioner Plummer, after full discussion and the question being put to the Board, the Board voted unanimously to amend the District's budget for FYE December 31, 2019, as discussed subject to the notation that the Board may amend said budget at any time during the fiscal year. A copy of the amended budget for FYE December 31, 2019 is attached hereto.

Messrs. Dolcefino, Folsom and Johnson exited the meeting at this time.

CCEMS REPORT CONTINUED

Mr. England reminded the Board that the sign at Station No. 511 was damaged in a single vehicle accident a couple of months ago. Mr. England reported that an insurance claim had been filed with the vehicle owner's insurance and the sign is in the process of being repaired. Mr. England noted that the vehicle owner's insurance will only cover \$25,007.00 of the proposed replacement cost of \$26,421.00. A copy of the proposal from LaW Construction & Consulting ("LaW") for replacement of the Station No. 511 sign is attached hereto. An extensive discussion

ensued. It was the consensus of the Board that RBAP contact LaW and inquire if LaW will replace the sign for \$25,000.

Mr. England went on to report that he will contact St. Luke's Hospital regarding recent issues in connection with non-transfers to specialty hospitals.

Upon motion by Commissioner Plummer, 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 \$1,213,560.00 for the month of December.

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 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 \$674,199.73 in 2018 property tax revenue, \$3,116.16 in penalties and \$486.46 in investment interest. Mr. Russell further reported that all such revenue had been deposited into the District's Operating Account.

Upon motion by Commissioner Brost, seconded by Commissioner Plummer, 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 November 2018 investment report.

The Board then reviewed the District's previously adopted budget for FYE December 31, 2018. A discussion ensued regarding the District's previously estimated revenues and expenses for FYE December 31, 2018 as compared to actual revenues and expenses. Upon motion by Commissioner Brost, seconded by Commissioner Plummer, after full discussion and the question being put to the Board, the Board voted unanimously to amend the District's budget for FYE December 31, 2018, as discussed. A copy of the amended budget for FYE December 31, 2018 is attached hereto.

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Adams then reviewed with the Board the Tax Assessor/Collector Report for the month of November 2018, a copy of which is attached hereto.

DISTRICT COMMUNICATIONS REPORT

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

Commissioner Ripley then reported that three (3) of the five (5) "Meet the Board" videos were filmed prior to the October Board meeting and NRG is coordinating with the remaining Commissioners to film the final two (2) "Meet the Board" videos. Commissioner Ripley noted that once all videos have been filmed, NRG will finalize such videos for posting on District's website along with a "Frequently Asked Questions" page in an effort for the Commissioners to better engage with and disseminate District-related information to District constituents.

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

In the absence of Mr. Johnson, there was no report on the District's website.

COMMISSIONER'S MONTHLY FACILITIES INSPECTION/TOUR REPORT

Commissioner Ripley reported that no facility inspections were conducted after the November Board meeting and no facility inspections/tours would be conducted after the December 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 2019 AND TAKE ANY NECESSARY ACTIONS ON SAME

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

AUTHORIZE COMMISSIONER ATTENDANCE AT SAFE-D ANNUAL CONFERENCE IN FRISCO, TEXAS

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 authorize the Board's attendance at the SAFE-D Annual Conference to be held in Frisco, Texas on February 7-9, 2019.

ATTORNEY'S REPORT

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 November Board meeting.

In connection with a previous PIA request received from Mr. Zach Karrenbrock of *Spring Happenings* on May 17, 2018 for digital copies of Commissioner Plummer's emails from January 1, 2018 through May 17, 2018, Ms. Adams reminded the Board that her office previously received questions from the Texas Attorney General (the "AG") in connection with Mr. Karrenbrock's cost complaint associated therewith. Ms. Adams noted that her office responded to the AG's questions on October 4, 2018, but has not received any further communication from the AG.

AUTHORIZE PUBLICATION OF NOTICE OF DISTRICT ADMINISTRATION OFFICE ADDRESS

Ms. Adams next reported that, pursuant to Section 775.036(f), Texas Health and Safety Code, RBAP will schedule the annual publication of the District's administrative office location in the Houston Chronicle for publication by January 31, 2019. A draft copy of the Notice of Administration Office Location is attached hereto. Upon motion by Commissioner Brost, seconded by Commissioner Plummer, after full discussion and the question being put to the Board, the Board voted unanimously to

authorize the publication of the Notice of District Administration Office, with such address being that of the District's General Counsel.

AUTHORIZE FILING OF ANNUAL REPORT WITH TEXAS DEPARTMENT OF AGRICULTURE (THE "TDA")

Upon motion by Commissioner Brost, seconded by Commissioner Plummer, 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 the TDA. Ms. Adams reported that, pursuant to Section 775.083, Texas Health and Safety Code, RBAP will file the District's Annual Report with the TDA by January 1, 2019.

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, 2019. Upon motion by Commissioner Brost, seconded by Plummer, after full discussion and with all Directors present voting aye, the Board voted to authorize RBAP to file the required financial and tax-related information with the Comptroller by April 1, 2019.

REVIEW 2019 ANNUAL AGENDA

Ms. Adams then distributed a draft of the 2019 Annual Agenda for the Board's review, a copy of which is attached hereto. Upon motion by Commissioner Brost, seconded by Commissioner Plummer, after full discussion and with all Directors present voting aye, the Board approved the proposed 2019 Annual Agenda.

STATUS OF PREPARATION OF DISTRICT PIA POLICY

Ms. Adams next reminded the Board that she had previously reviewed with the Board a draft outline of a proposed District PIA policy and is awaiting feedback from Commissioner Pinard.

PUBLIC COMMENTS AND MISCELLANEOUS MATTERS

There were no comments from the public at this time.

CONFIRM JANUARY REGULAR MEETING DATE AND MEETING ADJOURNMENT

Ms. Adams then reminded the Board that the next regular meeting is scheduled for Wednesday, January 16, 2019, at 5:30 p.m.

There being no further business to come before the Board, the meeting was adjourned at approximately 8:27 p.m.

PASSED, APPROVED AND ADOPTED this 16th day of January, 2019.



A handwritten signature in cursive script, appearing to read "Fred J. ...".

Secretary, Board of Commissioners