

MINUTES OF THE BUDGET WORKSHOP AND SPECIAL MEETING  
OF THE BOARD OF COMMISSIONERS OF THE  
GALVESTON COUNTY EMERGENCY SERVICES DISTRICT NO. 2

A budget workshop and special meeting of the Board of Commissioners of Galveston County Emergency Services District No. 2 (the "District") was called for at 3:00 p.m. on August 3, 2017, at the Crystal Beach fire station, 930 Noble Carl Road, Crystal Beach, Texas 77650, pursuant to notice duly posted according to law.

The budget workshop was called to order at approximately 3:05 p.m., and the roll was called of the duly constituted officers and members of the Board, to wit:

Sid Bouse	President
John Lee, Jr.	Vice President
Kate Newberry	Secretary
George Strong	Treasurer
Moody Fredenburg	Assistant Treasurer

All of said Board members were present, with the exception of Vice President Lee, thus constituting a quorum. Also present at the meeting were: Jan Foster, District Administrative Assistant; David Sticker, District accountant; Joshua Heinz of Benckenstein & Oxford, LLP, attorneys for the District; and, the individuals listed on the attendance log attached hereto as Exhibit A.

Upon establishing that a quorum was present, President Bouse directed the Board to budget workshop Agenda Item No. 3, at which time the Board members and others in attendance said the U.S. and Texas pledges of allegiance.

Thereafter, the Board moved along to budget workshop Agenda Item No. 5 regarding the 2017-18 budget. Treasurer Strong reviewed and discussed the current draft 2017-18 budget with the Board. He also advised the Board that the District's 2017 certified net taxable value is \$1,173,918,938. And, if the Commissioners Court of Galveston County decides to reduce the amount of annual EMS funding to the District, then Treasurer Strong believes it will be necessary

to exceed the effective tax rate in order to make up the projected budget shortfall; but, he is waiting on the Tax Assessor-Collector to calculate and confirm the District's 2017 effective tax rate so as to determine whether a tax rate increase will be necessary. Treasurer Strong also reviewed the proposed schedule for adopting a rate in excess of the effective tax rate, including published notices and public hearings.

Being as there were no further discussions concerning the District's 2017-18 budget, the workshop was adjourned at approximately 3:20 p.m.

Immediately thereafter, the special meeting was called to order, and being as all of the aforementioned Board members remained present, a quorum was again established. Also remaining present for the special meeting were the other individuals listed above and in the attached attendance log.

President Bouse then directed the Board to special meeting Agenda Item No. 3 regarding the records produced and other responses by PEMSI to the District's July 19, 2017 request for records, a copy of which is attached hereto as **Exhibit B**. The Board went through the listing of requested records, along with the records produced by PEMSI in response thereto, and discussed same with the PEMSI representatives present, as follows:

- 1-3. Matt Summers advised that PEMSI has not filed a federal income tax return for 2015 or 2016, and that 2014 was the last tax return it filed, a copy of which it will provide to Mr. Sticker. Mr. Summers also indicated that Breedlove & Co., PEMSI's CPA firm, will be preparing and filing its 2015 and 2016 tax returns, but is first in the process of obtaining PEMSI's 501(c)(3) exempt status and to apply same retroactively so that PEMSI will not have any tax liability for 2015 and 2016. Furthermore, Mr. Summers advised that Breedlove & Co. is also performing PEMSI's audits for the past two fiscal years. Per Mr. Summers, the

tax returns, audit reports and fixed asset/depreciation schedules will be available in 8-10 weeks. PEMSI is going to authorize Breedlove & Co. to discuss and confirm said matters with Mr. Sticker.

4. Mr. Summers indicated that PEMSI does not currently use Quickbooks or any other bookkeeping software. He indicated that Breedlove & Co. had performed bookkeeping services for PEMSI in the past, but that same had ended in May 2015. Now, Breedlove & Co. is in the process of inputting data to bring the bookkeeping information current, and then will train PEMSI on how to continue using the bookkeeping software. Mr. Sticker will also discuss and confirm this with the accountant at Breedlove & Co.
5. PEMSI provided bank statements for the following checking accounts at Texas First Bank: account no. ending 696 (funds received from District); and, account no. ending 241 (PEMSI billing revenue). PEMSI also has a savings account at Texas First Bank, account no. ending 170, for which no statements were provided. Mr. Summers indicated that this account contains CPR class/training donations, and Orbin Thompson reported a current balance of \$371.66 in said savings account. Mr. Summers stated that PEMSI will also produce statements for this account. Mr. Sticker will review the bank statements and other financial records produced by PEMSI and then will report back to the Board.
- 6-8. PEMSI produced all requested time sheets, payroll reports, and employee W-2's.
9. Mr. Summers stated that PEMSI did not prepare or issue any 1099's for 2015 or 2016, and he was unaware whether it was required to do so. Mr. Sticker will also discuss this issue with the accountant from Breedlove & Co.

10. PEMSI has no vehicle usage policy, but Mr. Summers indicated that its attorney is in process of preparing one.
11. PEMSI provided a copy of its current By-Laws, which were last amended in March 2016 per Mr. Summers.
12. PEMSI produced copies of all requested meeting minutes. However, the Board noted that the certified minutes for the May 2017 meeting produced by PEMSI did not match the certified minutes on its website, and that the May 2017 meeting minutes produced to the District had no mention of the \$7,500 bonus paid to Mr. Summers, while the minutes on PEMSI's website did. The PEMSI representatives present claimed to have no knowledge of these conflicting minutes or how it might have happened. Furthermore, said representatives advised that Mr. Summers had declined a proposed bonus during the May 2017 PEMSI board meeting, and that the \$7,500 bonus was subsequently approved by the PEMSI Board through a series of phone calls. The Board and PEMSI representatives then reviewed PEMSI's by-laws, which require all board action to take place during a properly noticed meeting, and allow Board members to attend meetings by conference call. The Board requested that PEMSI provide additional records and information regarding the May 2017 meeting minutes to Mr. Heinz.
13. PEMSI produced copies of its monthly run report summaries, and it will also produce data/reports to support the information set forth in the monthly run report summaries.
14. Mr. Summers stated that the billing records provided will show whether a patient is self-pay or has insurance.

15. PEMSI confirmed that it bills all patients regardless of whether they reside within or outside its service area.

16-17. PEMSI produced copies of billing summaries as provided by its billing service provider.

18. PEMSI will produce copies of all expenditures receipts, which Mr. Summers indicated are currently in the possession of Breedlove & Co. so that it can input data into the bookkeeping software.

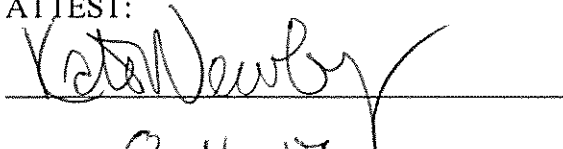
Being as there were no further discussions regarding the records requested from and produced by PEMSI, the special meeting was adjourned at approximately 5:20 p.m.



Sid Bouse, President

Date: 8-16-17

ATTEST:



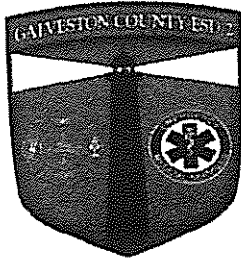
Date: 8-16-17

# Exhibit A



# Exhibit B





## Galveston County Emergency Services District No. 2

P.O. Box 1575  
930 Noble Card Drive  
Crystal Beach, Texas 77650

Phone: (409) 684-2005  
www.gccsd2.org

July 19, 2017

Peninsula Emergency Medical Services, Inc.  
c/o Matt Summers, EMS Director  
930 Noble Carl Drive  
Crystal Beach, Texas 77650

Dear Mr. Summers,

The Board of Commissioners of Galveston County Emergency Services District No. 2 ("GCESD No. 2"), pursuant to Sections 5.05 and 6.03 of the April 9, 2014 Agreement for Providing Emergency Medical Services between GCESD No. 2 and Peninsula Emergency Medical Services, Inc. ("PEMSI"), and Chapter 552 of the Texas Government Code (the "Public Information Act"), hereby formally requests and demands that PEMS I produce copies of the following records to the GCESD No. 2 Board of Commissioners:

1. 2015-16 Federal Income Tax Returns;
2. 2015-16 Audit Report(s);
3. 2015-16 Fixed Asset/Depreciation Schedules;
4. Back up copy of PEMS I's QuickBooks which includes all transactions during the period of January 1, 2016 – Present (produce on a thumb drive or other accessible electronic data storage device);
5. Bank statements for all of PEMS I's bank accounts for the period of January 1, 2016 – Present;
6. All time sheets and/or employee logs for period of January 1, 2016 – Present, including any such records submitted by PEMS I to its payroll company during said period;
7. All payroll reports and/or summaries submitted by the payroll company to PEMS I covering the period of January 1, 2016 – Present;
8. All employee W-2's issued by PEMS I for 2016;

Galveston County ESD No. 2

July 19, 2017

Page - 2 -

9. All 1099's issued by PEMSI for 2016;
10. PEMSI's vehicle usage policy;
11. PEMSI's Corporate By-Laws, and any amendments thereto during the period of January 1, 2016 – Present;
12. Minutes of all PEMSI Board of Director meetings held during the period of January 1, 2016-Present;
13. Detailed run reports for each service call made by PEMSI during the period of January 1, 2016 – Present, including the disposition for each call during said time period (i.e., transport, air-lift, refusal, DOS, etc.);
14. For each call of service made by PEMSI during the period of January 1, 2016 – Present, records indicating whether the patient had private health insurance, Medicare, and/or Medicaid, or if the patient was self-pay/uninsured;
15. For each call of service made by PEMSI during the period of January 1, 2016 – Present, records indicating whether the patient resides within the District;
16. All records submitted by PEMSI to its billing service provider during the period of January 1, 2016 – Present; and,
17. All billing and collection reports and summaries submitted by the billing company to PEMSI during the period of January 1, 2016 – Present.

Thank you for your soonest attention to the foregoing request, and please contact me if you have any questions.

*18) Receipts of All EXPENDITURES for ALL ACCOUNTS Jan 2016 to Present.*

Sincerely,

Galveston County ESD No. 2



Sid Bouse, President

cc: GCESD No. 2 Board of Commissioners  
David Sticker, District Accountant  
Joshua Heinz, District Attorney