

**MINUTES OF A REGULAR MEETING
OF THE BOARD OF DIRECTORS
MONTGOMERY COUNTY HOSPITAL DISTRICT**

The regular meeting of the Board of Directors of Montgomery County Hospital District was duly convened at 4:00 p.m., November 15, 2016 in the Administrative offices of the Montgomery County Hospital District, 1400 South Loop 336 West, Conroe, Montgomery County, Texas.

1. Call to Order

Meeting called to order at 4:00 p.m.

2. Invocation

Led by Mr. Posey

3. Pledge of Allegiance

Led by Mr. Cole

4. Roll Call

Present:

Bob Bagley
Chris Grice
Mark Cole
Harold Posey
Sandy Wagner
Kenn Fawn
Georgette Whatley

5. Public Comment

No comments made from the public.

6. Special Recognition –

Non-Field – Angie Hoffart

7. Report on activities related to Medicaid 1115 Waiver Project. (Mrs. Wagner, Chair – Public Health District Board)

Video was shown to board members on the volunteers including Public Health Community Paramedicine Case Workers building a ramp for a Community Paramedicine patient.

Mr. Andrew Karrer made a presentation to the board.

Mr. Andrew Karrer, Ms. Angie Hoffart and Mrs. Nivea Wheat presented certificates to businesses and individuals that made contributions of time and materials during the building of a wheelchair ramp for a Community Paramedicine client.

“Mr. Posey requested agenda item no. 19 be moved up prior to agenda item no. 8”

- 8. Consider and act on ratification of contracts with additional network providers for indigent care. (Mrs. Wagner, Chair - Indigent Care Committee)**

Mrs. Wagner made a motion to consider and act on ratification of contracts with additional network providers for indigent care. Mr. Fawn offered a second and motion passed unanimously.

- 9. CEO Report to include update on District operations, strategic plan, capital purchases, employee issues and benefits, transition plans and other healthcare matters, grants and any other related district matters.**

Mr. Randy Johnson, CEO presented a report to the board.

- 10. Introduction of Lee Gillum regarding his participation on the Governor EMS and Trauma Advisory Council.**

Mr. Lee Gillum was introduced and gave a brief overview to the board as the newest board member on the GETAC - Governor EMS and Trauma Advisory Council.

- 11. EMS Director Report to include updates on EMS staffing, performance measures, staff activities, patient concerns, transport destinations and fleet.**

Mr. Jared Cosper, EMS Director presented a report to the board.

- 12. Consider and act on sole source letter for Fit Responder Injury Prevention Program. (Mr. Fawn, Chair – EMS Committee) (attached)**

Mr. Fawn moved to approve Fast Consulting, LLC as sole source provider for Fit Responder Injury Prevention Program. Ms. Whatley offered a second. After board discussion motion passed unanimously.

- 13. Consider and act on proposal for Fit Responder Injury Prevention Program and Physical Agility Test. (Mr. Fawn, Chair – EMS Committee) (attached)**

Mr. Fawn moved to approve the purchase of Fit Responder Injury Prevention Program and Physical Agility Test not to exceed \$29,000.00. Ms. Whatley offered a second. Motion failed three for (Mrs. Wagner, Mr. Fawn and Mr. Posey) to four abstained from vote (Ms. Whatley, Mr. Cole, Mr. Grice and Mr. Bagley).

Several board members advised they were not against the proposal but would like more information to be brought back to them at a future board meeting.

- 14. COO Report to include updates on infrastructure, facilities, radio system, warehousing, staff activities, community paramedicine, emergency management, and purchasing.**

Mrs. Melissa Miller, COO presented a report to the board.

- 15. Health Care Services Report to include regulatory update, outreach, eligibility, service, utilization, community education, clinical services, epidemiology, and emergency preparedness.**

Mrs. Ade Moronkeji presented a report to the board.

- 16. Consider and act on Healthcare Assistance Program claims from Non-Medicaid 1115 Waiver providers processed by Boon-Chapman. (Mrs. Wagner, Chair - Indigent Care Committee)**

Mrs. Wagner made a motion to consider and act on Healthcare Assistance Program claims from Non-Medicaid 1115 Waiver providers processed by Boon-Chapman. Ms. Whatley offered a second and motion passed unanimously.

- 17. Consider and act on ratification of voluntary contributions to the Medicaid 1115 Waiver program of Healthcare Assistance Program claims processed by Boon Chapman. (Mrs. Wagner, Chair – Indigent Care Committee)**

Mrs. Wagner made a motion to consider and act on ratification of voluntary contributions to the Medicaid 1115 Waiver program of Healthcare Assistance Program claims processed by Boon Chapman. Ms. Whatley offered a second and motion passed unanimously.

- 18. Preliminary Financial Report for one month ended October 31, 2016 will be rescheduled and presented at the December, 2016 board meeting due to early board date for November – Brett Allen, CFO.**

Mr. Brett Allen, CFO advised October financials will be presented at the December board meeting.

- 19. Consider and act on audit engagement letter for FY 2017. (Mr. Grice, Treasurer – MCHD Board) (attached)**

Mr. Greg Peterson and Ms. Shelby Lackey with Weaver gave a presentation to the board.

Mr. Grice made a motion to consider and act on audit engagement letter for FY 2017. Mr. Cole offered a second and motion passed unanimously.

Mr. Grice made an amendment to his original motion that if mediation occurs the location would move from Harris County to Montgomery County. Mr. Bagley offered a second and motion passed unanimously.

- 20. Consider and act on ratification of payment of District invoices. (Mr. Grice, Treasurer - MCHD Board)**

Mr. Grice made a motion to consider and act on ratification of payment of District invoices. Ms. Whatley offered a second and motion passed unanimously.

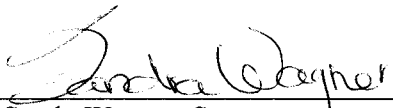
- 21. Secretary's Report - Consider and act on minutes for the October 25, 2016 Regular BOD meeting and October 25, 2016 Special BOD meeting. (Mrs. Wagner, Secretary - MCHD Board)**

Mrs. Wagner made a motion to consider and act on minutes for the October 25, 2016 Special BOD Meeting. Mr. Fawn offered a second and motion passed unanimously.

Mrs. Wagner made a motion to consider and act on minutes for the October 25, 2016 Regular BOD Meeting. Mr. Fawn offered a second and motion passed unanimously.

22. Adjourn

Meeting adjourned at 5:01 p.m.


Sandy Wagner, Secretary



Respectfully Submits a Proposal to provide Injury Prevention Training to:

Montgomery County Hospital District

2/27/16

Submitted by:

Bryan Fass, President
Fit Responder
519 Delburg St.
Davidson, NC, 28036
704-201-5016
www.fitresponder.com

Impetus

Fit Responder proposes an opportunity to create a structured soft tissue conditioning program along with advanced ergonomic and biomechanical patient handling training techniques for new and incumbent employees. Since overexertion and lost time injuries account for a large number of all work-related injuries it MCHD's goal to reduce the rate and severity of injuries with the ultimate goal of reducing worker's compensation expenses and OSHA recordable lost work days. To accomplish these goals will require developing a scientifically valid and evidence based program which will include the following six elements.

- A biomechanically accurate pre-shift active stretching program designed to improve employee 'MOSTABILITY' motion & stability while reducing provider pain.
- Advanced patient & Equipment handling training techniques to improve biomechanics while reducing chronic and exertional exposure to injury. No more handing down techniques that dangerous, they must be scientifically based and evidence focused.
 - Since most injuries come from patient handling we will introduce our proven and proprietary system of risk reduction.
 - Our proven system will serve to educate and re-enforce employee behavior and technique from hire to retire.
- Implement a "toolbox" of self-care modalities so employees can manage minor musculoskeletal issues. Utilize posters in stations as a reference to guide employees through soft tissue mobilization techniques.
 - With over 65% of all injuries un-reported a key to reducing injury is to teach EMT's to 'manage' their symptoms before they become injuries.
- Develop a detailed ergonomics, patient/equipment handling, pre-shift stretching and training guideline following the principles of the fit responder program.
- Utilize web based training resources for new employee training and for monthly injury prevention curriculum.
- Train MCHD on the Fit Responder-Avesta nationally validated EMS Physical Abilities Test for pre-hire candidates. STOP hiring your next injury.

"The key to a successful and lasting program is constant training, constant reinforcement and a clear understanding of what movements are safe/valid and what is myth. To improve wellness requires that mobility marries to ergonomics which marry to safe job specific exercises. Programs that fail to follow this proven methodology will fall short of meeting their goals".

"With 1/3 of all injuries a direct result of training, to not get hurt in the first place, the program we will design will educate, empower and motivate while stopping the misdirected pursuit of strength and fitness common public safety services" Bryan Fass

MCHD Injury Prevention Program Project Elements

1. Train the Trainer class (3)

An 8 hour course for ALL training, supervisory, field training and fitness minded staff.

2. Guideline / Policy Development

A detailed ergonomics, patient/equipment handling and soft tissue conditioning guideline will be written to eventually be phased in as SOP.

3. Train the Trainer Manuals

Detailed training and class facilitation manuals will be provided to each "trainer" to assist in consistency and efficiency of all training techniques.

*The manual cost will be based on total number of trainers. (40)

4. EMS Intro to Fitness Coaching Train the Trainer

An 8 hour train the trainer to begin the process of adopting a fitness culture into MCHD. This class is a fundamentals of EMS fitness course and is for your fitness minded staff. Their focus will be to lead the culture change and empower their peers to adopt a fitness focus. *fitness app access will be provided for the trainers after the class.

5. Support Materials

To keep employees engaged, reminded and empowered posters and news letters will be included in the program implementation.

6. Web Site Access

12 month access for the 'trainers' to utilize 1) training videos 2) ppt training presentation for new hire and incumbent training classes. The videos are married to the training manuals and both support each other.

7. Physical Abilities Test

The PAT will be set up and staff trained while on site for the Train the Trainer classes. This is a 4 hour set up and instructional process and will require 10 employees to function as candidates.

*See attached info and description

Logistics:

1. Train the Trainer class.

- a. Ambulance (highest chassis in the fleet)
- b. Stretcher (standard issue/powerd)
- c. Weighted mannequin or weights
- d. Standard gear from the ambulance
- e. Climate controlled bay or garage
- f. Classroom with a/v.

2. Train the Trainer Class Curriculum

- a) Why injury occurs in public safety.
- b) Understand Posture and its effects on injury potential.
 - 1) Upper Crossed Syndrome.
 - 2) Lower Crossed Syndrome.
 - 3) Tissue torque, load, strain and failure
- c) Learn a system of biomechanical behavior modification.

The Self Care Tool Box

- d) Master Static spot treatment & Active pre-shift Stretching.
- e) Learn Tissue mobility as it pertains to injury reduction (foam rollers and massage techniques)

Patient & Equipment Handling

*Dispel the myths, fallacies and dangerous short cuts

- f) Learn the 5 proper steps of patient handling.
- g) Be able to teach Spine Stiffening Technique for dangerous lift situations.
- h) Learn and teach Patient handling techniques; common errors and proper technique.
 - 1) Lifting, pulling, pushing, transferring, carrying and stabilizing (hands on)
- i) Learn and teach Equipment use and patient handling; common errors and proper technique.
 - 1) Spine Board, Stretcher, Stair Chair, slide sheets, scoop stretchers etc. (hands on)
- j) Follow ergonomics guidelines; acceptable/safe & unacceptable/unsafe movements.
 - 1) Best practices from around the industry
 - 2) Leveraged lifts, mechanical advantage

- 3) Creating a limited to no lift pre-hospital environment.
- k) Establish command structure and training / reinforcement responsibilities.
- l) Identify key program roll out and success steps.

Projected Budget and Retainer

Train the Trainer Class, Manuals, Web Site, Policy/Guideline Development, Fitness course, PAT.

Projected Budget: TT and Launch Classes

Train the Trainer Class (3)	\$6000.00
Manuals (based on 40)	\$1198.00
Ergonomics SOG/SOP	\$500.00
1 Year website training video access	\$500.00
EMS Fitness Train the Trainer	\$2000.00
Travel(air, meals, car, Lodging)	\$ 2980.00(estimate)
Posters (22 sets)	\$1650.00
*In-Service patient handling launch classes	\$ TBD
Estimated total	\$14,828.00
EMS Physical Abilities Test	\$12,000.00

*yearly recurring cost of \$500.00 for video, webinar and consultant access.

Pricing and Deliverables includes: (in order of action)

- Train the Trainer Classes, , manuals, posters
- Guideline / Policy Development
- Web Site access
- PAT Set up & Training

Service Agreement and Project Retainer

If the terms of this proposal are satisfactory, this will serve as a draft Services Agreement; Classes will be scheduled work will commence immediately upon receipt of an executed copy and the project retainer check equal to the amount of the fifteen (25) percent of the project budget. (\$3707.00)

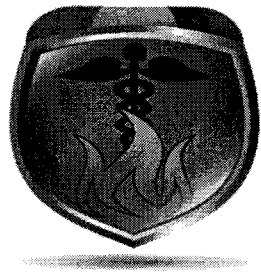
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Bryan Fass, President

Fit Responder

_____(/ /)

**Our Overriding Goal is to Improve Employer Financial Wellness by Improving
Employee Physical Wellness**



11/07/2016

Fass Consulting llc DBA as The Fit Responder is the nation's only provider of a proprietary EMS injury prevention training system. This training system was developed by Fit Responder and is offered to end users as a customized training system for the reduction of workers compensation claims and improvement of employee wellness. The techniques and training methodologies taught are unique to the Fit Responder system and are found nowhere else. Fit Responder also employs a video based training system following the Fit Responder patient handling principles and is only available Post train the trainer classes provided by Fit Responder.

The Avesta-Fit Responder Physical Abilities Test (PAT) is the only commercially available PAT that has been validated for EMS and is a true job task simulation. The weights, measures, times and distances are closely guarded and only available to contracted users of the PAT.

Bryan E. Fass

A handwritten signature in black ink, appearing to read "Bryan E. Fass".

President & Founder



August 3, 2016

To the Board of Directors
Montgomery County Hospital District
1400 S. Loop 336 West
Conroe, Texas 77304

Dear Board of Directors:

You have requested that we audit the financial statements of the governmental activities, the discretely presented component unit and each major fund information of Montgomery County Hospital District (District), as of September 30, 2016, and for the year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. In addition, we will audit the District's compliance over major federal award programs, if applicable, for the period ended September 30, 2016. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter, which shall serve to extend and renew the District's prior engagements with the firm as successor to Hereford, Lynch, Sellars & Kirkham, P.C. but on the terms and conditions expressly set forth herein.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information, among other items, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by accounting principles generally accepted in the United States of America. This RSI will be subjected to certain limited procedures but will not be audited:

1. Management's Discussion and Analysis.
2. Budgetary Comparison Schedules, as applicable.
3. Pension Schedules, as applicable.

Supplementary information other than RSI will accompany the District's basic financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including

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comparing and reconciling the supplementary information to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. We intend to provide an opinion on the following supplementary information in relation to the financial statements as a whole:

1. Schedule of Expenditures of Federal Awards, as applicable.

Also, the document we submit to you will include the following other additional information that will not be subjected to the auditing procedures applied in our audit of the financial statements:

1. Introductory Section, as applicable.
2. Statistical Section, as applicable.

Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material aspects, in conformity with generally accepted accounting principles and to report on the fairness of the supplementary information referred to above when considered in relation to the financial statements as a whole. The objective also includes reporting on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*; and internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as applicable. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions, add emphasis-of-matter, or other-matter paragraphs. If our opinions on the financial statements or compliance are other than modified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or withdraw from this engagement.

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Auditor Responsibilities

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; and the provisions of the Uniform Guidance, as applicable. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements or noncompliance may not be detected exists, even though the audit is properly planned and performed in accordance with U.S. GAAS and *Government Auditing Standards* issued by the Comptroller General of the United States of America. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

In making our risk assessments, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.

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As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District's compliance with certain provisions of laws, regulations, contracts, and grants that could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions is not an objective of our audit, and accordingly, we will not express such an opinion.

As applicable, our audit of the District's major federal award program(s) compliance will be conducted in accordance with the requirements of the Single Audit Act, as amended; and the provisions of the Uniform Guidance; and will include tests of accounting records, a determination of major programs in accordance with the Uniform Guidance, and other procedures we consider necessary to enable us to express such an opinion on major federal award program compliance and to render the required reports. We cannot provide assurance that an unmodified opinion on compliance will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or withdraw from the engagement.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the District has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major federal award programs. Our procedures will consist of determining major federal programs and performing the applicable procedures described in the U.S. Office of Management and Budget *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the District's major programs. The purpose of those procedures will be to express an opinion on the District's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Also, as required by the Uniform Guidance, we will perform tests of controls to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each of the District's major federal award programs. However, our tests will be less in scope than would be necessary to render an opinion on these controls and, accordingly, no opinion will be expressed in our report.

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality

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agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service provider.

Management's Responsibilities

Our audit will be conducted on the basis that management acknowledge and understand that they have responsibility:

- a. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
- b. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements;
- c. For safeguarding assets;
- d. For identifying all federal awards expended during the period including federal awards and funding increments received prior to December 26, 2014, and those received in accordance with the Uniform Guidance generally received after December 26, 2014;
- e. For preparing the schedule of expenses of federal awards (including notes and noncash assistance received) in accordance with the Uniform Guidance;
- f. For the design, implementation, and maintenance of internal control over compliance;
- g. For identifying and ensuring that the District complies with laws, regulations, grants, and contracts applicable to its activities and its federal award programs;
- h. For following up and taking corrective action on reported audit findings from prior periods and preparing a summary schedule of prior audit findings;
- i. For following up and taking corrective action on current year audit findings and preparing a corrective action plan for such findings;
- j. For submitting the reporting package and data collection form to the appropriate parties;
- k. For making the auditor aware of any significant vendor relationships where the vendor is responsible for program compliance;

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- l. To provide us with:
 - i. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, and relevant to federal award programs, such as records, documentation, and other matters;
 - ii. Additional information that we may request from management for the purpose of the audit; and
 - iii. Unrestricted access to persons within the District from whom we determine it necessary to obtain audit evidence.
- m. For including the auditor's report in any document containing financial statements that indicates that such financial statements have been audited by the District's auditor;
- n. For adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year under audit are immaterial, both individually and in the aggregate, to the financial statements as a whole;
- o. For confirming your understanding of your responsibilities as defined in this letter to us in your management representation letter;
- p. With respect to any nonaudit/nonattest services we perform, including preparation of financial statements and related notes and preparation of schedule of expenditures of federal awards (as applicable), for (a) making all management decisions and performing all management functions; (b) assigning an individual with suitable skills, knowledge, and experience to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities. These nonaudit/nonattest services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*.
- q. With regard to the supplementary information referred to above: (a) for the preparation of the supplementary information in accordance with the applicable criteria; (b) to provide us with the appropriate written representations regarding supplementary information; (c) to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information; and (d) to present the supplementary information with the audited consolidated financial statements, or if the supplementary information will not be presented with the audited consolidated financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by you of the supplementary information and our report thereon.

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Government Auditing Standards require that we document an assessment of the skills, knowledge, and experience of management, should we participate in any form of preparation of the basic financial statements and related schedules or disclosures as these actions are deemed a nonaudit/nonattest service.

During the course of our engagement, we will request information and explanations from management regarding the District's operations, internal controls, future plans, specific transactions and accounting systems and procedures. At the conclusion of our engagement, we will require, as a precondition to the issuance of our report, that management provide certain representations in a written representation letter. The District agrees that as a condition of our engagement to perform an audit that management will, to the best of its knowledge and belief, be truthful, accurate and complete in all representations made to us during the course of the audit and in the written representation letter. The procedures we perform in our engagement and the conclusions we reach as a basis for our report will be heavily influenced by the written and oral representations that we receive from management. False or misleading representations could cause us to expend unnecessary efforts in the audit; or, worse, could cause a material error or a fraud to go undetected by our procedures. Thus, the District agrees that we will not be liable for any damages or otherwise responsible for any misstatements in the District's financial statements that we may fail to detect as a result of false or misleading representations that are made to us by management. Moreover, the District agrees to indemnify and hold us harmless from any claims and liabilities, including reasonable attorneys' fees, expert fees and costs of investigation and defense, arising out of or related to this engagement if false or misleading representations are made to us by any member of the District's management.

Reporting

We will issue a written report upon completion of our audit of the District's basic financial statements. Our report will be addressed to the governing body of the District.

In accordance with the requirements of *Government Auditing Standards*, we will also issue a written report describing the scope of our testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing. However, providing an opinion on internal control and compliance over financial reporting will not be an objective of the audit and, therefore, no such opinion will be expressed.

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As applicable, we will issue a report on compliance that will include an opinion or disclaimer of opinion regarding the District's major federal award programs, and a report on internal controls over compliance that will report any significant deficiencies and material weaknesses identified; however, such report will not express an opinion on internal control.

Other

We understand that your employees will prepare all confirmations we request and will locate any documents or invoices selected by us for testing.

In the unlikely event that circumstances occur which we in our sole discretion believe could create a conflict with either the ethical standards of our firm or the ethical standards of our profession in continuing our engagement, we may suspend our services until a satisfactory resolution can be achieved or we may resign from the engagement. We will notify you of such conflict as soon as practicable, and will discuss with you any possible means of resolving them prior to suspending our services.

Both of us agree that any dispute between you and Weaver and Tidwell, L.L.P., arising from the engagement, this agreement, or the breach of it, may, if negotiations and other discussion fail be first submitted to mediation in accordance with the provisions of the Commercial Mediation Rules of the American Arbitration Association (AAA) then in effect. Both of us agree to conduct any mediation in good faith and make reasonable efforts to resolve any dispute by mediation. Mediation is not a pre-condition to the right of a party to institute litigation and the failure or refusal by either party to request or participate in mediation shall not preclude the right of either party to initiate litigation. We agree to conduct the mediation in Houston, Texas or another mutually agreed upon location.

If any term of this engagement letter is declared illegal, unenforceable, or unconscionable, that term shall be severed and the remaining terms of the engagement letter shall remain in force. Both of us agree that the arbitrator(s) or Court, as the case may be, should modify any term declared to be illegal, unenforceable, or unconscionable in a manner that will retain the intended term as closely as possible. If a dispute arising from the engagement or from this agreement or any term of it or any alleged breach of it is submitted to a Court for interpretation or adjudication, both of us irrevocably waive right to trial by jury and agree that the provisions of this engagement letter regarding damages, attorneys' fees, and expenses shall be applied and enforced by the Court.

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If you intend to publish or otherwise reproduce the financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

Laura Lambert is the engagement partner for the audit services specified in this letter. Her responsibilities include supervising our services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report. We expect to begin our audit procedures in August 2016, and issue our report on or prior to April 2017.

We estimate that the fee for our audit will be \$41,200. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. Our fee is based upon the complexity of the work to be performed and the tasks required. Payments are due in compliance with the Texas Local Government Code.

The audit documentation for this engagement is the property of Weaver and Tidwell, L.L.P. and constitutes confidential information. However, we may be requested to make certain audit documentation available to regulators and federal agencies and the U.S. Government Accountability Office pursuant to authority given to it by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of Weaver and Tidwell, L.L.P.'s personnel. Furthermore, upon request, we may provide copies of selected audit documentation to these agencies and regulators. The regulators and agencies may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies. We agree to retain our audit documentation or work papers for a period of at least five years from the date of our report.

It is expected that prior to the conclusion of the engagement, sections of the Data Collection Form will be completed by our firm. The sections that we will complete summarize our audit findings by federal grant or contract. Management is responsible to submit the reporting package (defined as including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan) along

Montgomery County Hospital District
1400 S. Loop 336 West
Conroe, Texas 77304
August 3, 2016

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with the Data Collection Form to the federal audit clearinghouse. The instructions to the Data Collection Form require that the reporting package be an unlocked, unencrypted, text searchable portable document file (PDF) or else it will be rejected by the Federal Audit Clearinghouse. We will be available to assist management in creating the PDF if needed.

We will coordinate with you the electronic submission and certification upon the reporting package completion. If applicable, we will provide copies of our report for you to include with the reporting package if there is a need to submit the package to pass-through entities.

The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of our reports or nine months after the end of the audit period.

During the course of the audit, we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

In accordance with the requirements of *Government Auditing Standards*, we have attached a copy of our latest external peer review report of our firm for your consideration and files.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements and compliance over major federal award programs, as applicable, including our respective responsibilities.

We appreciate the opportunity to be your financial statement auditors and look forward to working with you and your staff.

Yours truly,

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Conroe, Texas

Montgomery County Hospital District
1400 S. Loop 336 West
Conroe, Texas 77304
August 3, 2016

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RESPONSE:

This letter correctly sets forth the understanding.

Acknowledged and agreed on behalf of Montgomery County Hospital District by:

Signature: _____

Title: _____

Date: _____



System Review Report

October 4, 2013

To the Partners of Weaver and Tidwell, L.L.P.
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Weaver and Tidwell, L.L.P. (the firm) applicable to non-SEC issuers in effect for the year ended May 31, 2013. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*; audits of employee benefit plans, audits performed under FDICIA, and examinations of service organizations (Service Organizations Control (SOC) 1 and 2 engagements).

In our opinion, the system of quality control for the accounting and auditing practice of Weaver and Tidwell, L.L.P. applicable to non-SEC issuers in effect for the year ended May 31, 2013, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Weaver and Tidwell, L.L.P. has received a peer review rating of *pass*.

A handwritten signature in cursive script that reads 'Eide Bailly LLP'.

Eide Bailly LLP

www.eidebailly.com

800 Nicollet Mall, Ste. 1300 | Minneapolis, MN 55402-7033 | T 612.253.6500 | F 612.253.6600 | EOE

Daniel, Donna

From: Allen, Brett
Sent: Monday, November 21, 2016 4:31 PM
To: 'Greg Peterson'
Cc: Daniel, Donna
Subject: RE: Engagement Letter
Attachments: 1093_001.pdf

Greg,
The executed engagement letter is attached.

I noticed that the System Review Report for Weaver that done by EideBailly is dated October 4, 2013. How often is the system review performed?

Thank you, and I am looking forward to working with you.

Brett

D. Brett Allen, CPA
Chief Financial Officer
Montgomery County Hospital District

1400 South Loop 336 W
Conroe, Texas 77304

936.523.1138

-----Original Message-----

From: Greg Peterson [mailto:greg.peterson@weaver.com]
Sent: Thursday, November 17, 2016 4:57 PM
To: Allen, Brett <ballen@mchd-tx.org>
Cc: Daniel, Donna <ddaniel@mchd-tx.org>; Laura Lambert <laura.lambert@weaver.com>; Shelby Lackey <shelby.lackey@weaver.com>
Subject: RE: Engagement Letter

Brett

Attached is the updated engagement letter for your review.

Thanks

Greg Peterson
Senior Manager
Assurance Services

D: 832-320-3236 greg.peterson@weaver.com

24 Greenway Plaza, Suite 1800
Houston, TX 77046
P: 713.850.8787 F: 713.850.1673

Locations Throughout Texas | weaver.com -----Original Message-----

From: Allen, Brett [mailto:ballen@mchd-tx.org]
Sent: Thursday, November 17, 2016 1:22 PM
To: Greg Peterson
Cc: Daniel, Donna; Laura Lambert; Shelby Lackey
Subject: RE: Engagement Letter

Notice: This email was received from an external source.

Greg,
Thanks for coming on Tuesday night to introduce yourself and Weaver to the MCHD Board of Directors.

As discussed during the meeting, please update the engagement letter to reflect Montgomery County or the city of Conroe as the site for mediation.

Once I get receive the updated letter, I will sign and return it.

Thanks again, and it was nice to meet you the other night.

Brett

D. Brett Allen, CPA
Chief Financial Officer
Montgomery County Hospital District

1400 South Loop 336 W
Conroe, Texas 77304

936.523.1138

-----Original Message-----

From: Greg Peterson [mailto:greg.peterson@weaver.com]
Sent: Thursday, November 10, 2016 10:02 AM
To: Allen, Brett <ballen@mchd-tx.org>
Cc: Daniel, Donna <ddaniel@mchd-tx.org>; Laura Lambert <laura.lambert@weaver.com>; Shelby Lackey <shelby.lackey@weaver.com>
Subject: RE: Engagement Letter

Allen

Attached is the updated engagement letter with your edits.

Thanks

Greg Peterson

Senior Manager
Assurance Services

D: 832-320-3236 greg.peterson@weaver.com

24 Greenway Plaza, Suite 1800
Houston, TX 77046
P: 713.850.8787 F: 713.850.1673

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-----Original Message-----

From: Allen, Brett [mailto:ballen@mchd-tx.org]
Sent: Thursday, November 10, 2016 9:55 AM
To: Greg Peterson
Cc: Daniel, Donna
Subject: Engagement Letter

Notice: This email was received from an external source.

Greg,
I am out of the office today, and I'm about to lose cell service.

When the engagement letter is ready, please email it to Donna Daniel. If at all possible, please send it by 1:30p.

Thanks and have a nice weekend.

Brett

Sent from my iPhone

The contents of this communication are intended only for the addressee and may contain confidential and/or privileged material. If you are not the intended recipient, please do not read, copy, use or disclose this communication and notify the sender. Opinions, conclusions and other information in this communication that do not relate to the official business of Montgomery County Hospital District shall be understood as neither given nor endorsed by it.

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The contents of this communication are intended only for the addressee and may contain confidential and/or privileged material. If you are not the intended recipient, please do not read, copy, use or disclose this communication and notify

the sender. Opinions, conclusions and other information in this communication that do not relate to the official business of Montgomery County Hospital District shall be understood as neither given nor endorsed by it.
