

**REGULAR MEETING OF
THE BOARD OF DIRECTORS
NACOGDOCHES COUNTY HOSPITAL DISTRICT
MARCH 31, 2026 @ 5:15 P.M.**

Minutes

IN ATTENDANCE:

Philip Blackburn, President
David Schaefer, Vice-President
John McLaren, Secretary
Rikki Leigh Willoughby
Almarie Henderson Shumate
Pamela Wheeler

ABSENT:

Ahammed Hashim, M.D.

MEDICAL STAFF:

Ryan Head, M.D.

ALSO IN ATTENDANCE:

Rhonda McCabe, CEO
James Pool, Interim CFO
Stacy Garcia, VP Clinical Operations / CNO
Noella Crayton, Compliance Officer / Zoom
Robert Spurck, Legal Counsel / Zoom
Ella B. Nobles, Operations Manager

1. CALL TO ORDER

Philip Blackburn called the scheduled board meeting to order at 5:15 P.M.

2. WELCOME VISITORS

Philip Blackburn welcomed all the visitors.

3. COMMENTS FROM THE AUDIENCE

Public comments on any topic at regular monthly Board meetings are encouraged. Individuals who wish to speak during the public comment portion of the meeting must sign in before the meeting. No one signed in to speak.

4. TRANSITION UPDATE FROM JEFF PATTERSON, TENET CEO.

Thank you to Rhonda McCabe, CEO of Nacogdoches Memorial Hospital, and the hospital staff for their hospitality. Jeff Patterson, CEO of Tenet, presented the new branding and logo for NMC Health Network South Campus and provided a board update regarding the Nacogdoches Memorial Hospital ("NMH") Lease.

This update included transition Workstreams, Governance & Mobilization, Regulatory & Transaction Readiness, Operational Planning Progress, Upcoming Key Dates, Key Issues for Lease Effectuation, and Requirements. Also, Mr. Patterson discussed posting jobs in mid-April and the job fair at the end of April in the Auxiliary Conference Center. To keep everyone in the loop, Mr. Patterson will have a bi-weekly newsletter available.

5. ADMINISTRATIVE REPORTS – INFORMATION ONLY

5.1 Report From the CEO

Rhonda McCabe, CEO, presented the Administrative Update to the Board of Directors.

Ms. McCabe gave a brief report that included the data breach that occurred at the end of January. Due to the breach, we have had to engage specialists to help restore and bring some of our servers back online. At this time, several of our systems remain down; therefore, the minutes may be somewhat vague until all systems have been fully restored. James Pool, CFO, will provide more detailed information during his presentation.

Additionally, Ms. McCabe asked the Board if we could move the regular Board meeting up to April 16, as we have time-sensitive business with Prosperity Bank regarding the refinancing of our loan.

5.2 Report From CFO

Financial Summary – 2026:

Mr. James Pool, CFO, reported that due to the cyber event, the database system remains down, and financial statements are not currently available. He explained that patient accounts are initially billed at gross charges, and the system is normally used to net those charges appropriately.

Mr. Pool stated that the organization is still able to monitor cash collections and track expenses during this time. Over the past month and a half, the hospital has seen a reduction in daily cash outflow for expenses. The organization had budgeted approximately \$166,000 per day to operate; however, that amount has decreased to approximately \$160,000 per day. Efforts continue to focus on controlling expenses during this period.

Mr. Pool also reported that the \$2 million loan from Texas Capital Bank was used to fund payroll. In addition, he reminded the Board that the Prosperity Bank loan is up for annual renewal, which is required under the organization's current lending structure.

Mr. Pool further reported that property tax collections met the projected goal of \$1.8 million, and those funds will be included in the budget.

Regarding the cyber event update, Mr. Pool stated that the Attorney General was notified within 30 days following the event, as required. Any individuals affected by the breach were required to be notified within 60 days. Notification letters were mailed from San Antonio and are expected to be received by tomorrow.

To assist affected individuals, the hospital has established a dedicated 1-888 telephone number and email address specifically for matters related to the cyber event. These communications are being managed by the Medical Records Department.

In addition, credit monitoring services will be provided in the five states where required. Mr. Pool reported that the breach affected a large number of individuals, ranging from Canada to Saudi Arabia. These additional expenses related to the cyber event were not included in the budget, and approval for those costs will be requested.

Mr. Pool also reported that the Retirement Committee met on March 27, 2026. During that meeting, it was discussed that Principal Group, which currently manages the organization's retirement plans, has provided notice that it will no longer service governmental benefit plans. The organization has engaged CAPTRUST to assist with the

Request for Proposal (RFP) process for selecting a new provider. The transition is expected to be effective January 1, 2027.

6. DISCUSSION AND POSSIBLE BOARD APPROVAL OF CONSENT AGENDA

Any board member may request that any or all of the items on the consent agenda be removed and considered as a separate item. If no such request is made, all items on the consent agenda may be approved by a single action.

- **6.1** Minutes of Regular / Special Board Meeting
- **6.2** CFO Financial Report

The motion was made by David Schaffer to approve Consent Agenda items 5.1 and 5.2. The motion was seconded by Rikki Leigh Willoughby, and the board approved.

7. REPORT FROM MEDICAL EXECUTIVE STAFF COMMITTEE REQUIRING DISCUSSION, UPDATE, DELIBERATION, ACTIONS, AND/OR POSSIBLE APPROVAL

7.1 Request for Approval of Medical Staff Appointments and Privileges

The Medical Staff Report was given by Ryan Head, M.D. Motion was made by John McLaren to approve the Medical Staff Appointments and Privileges. The motion was seconded by Pam Wheeler, and the board approved.

8. DISCUSSION AND POSSIBLE APPROVAL OF INDIGENT CARE SERVICES AGREEMENT CONTRACT. No Action was taken.

9. DISCUSSION AND POSSIBLE APPROVAL OF INCIDENT RESPONSE FUNDING.

The motion was made by John McClaren to approve the incident response funding with an estimated amount of \$ 320,000 for a data breach. The motion was seconded by Almarie Henderson, and the board approved.

10. DISCUSSION AND APPROVAL OF DEBT RESTRUCTURING.

Philip Blackburn made the motion for the preclearance of the refinancing bond validation for the debt restructuring of the district. The motion was seconded by David Schaefer, and the board approved.

11. THE BOARD WILL MEET IN CLOSED SESSION (AS APPLICABLE) PURSUANT TO:

- Tex. Gov't Code §551.071, .129 (consultation with attorney).
- Tex. Gov't Code §551.074 (deliberation on the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee).
- Tex. Gov't Code §551.076, .089 (deliberation on security issues).
- Tex. Gov't Code §551.078, .0785 (deliberation involving confidential patient medical records).
- Tex. Gov't Code §551.085 (deliberation on contract negotiations for services or product lines and relating to a proposed new service or product line).
- Tex. Health & Safety Code §161.031, .032 (disclosure of medical information and peer review).

12. CONVENE TO EXECUTIVE SESSION

Meeting convened in Executive Session at 5:46 P.M.

13. RETURNED TO OPEN SESSION

Meeting returned to Open Session at 6:52 P.M.

15. BOARD REQUEST FOR NEW INFORMATION AND/OR REPORTS

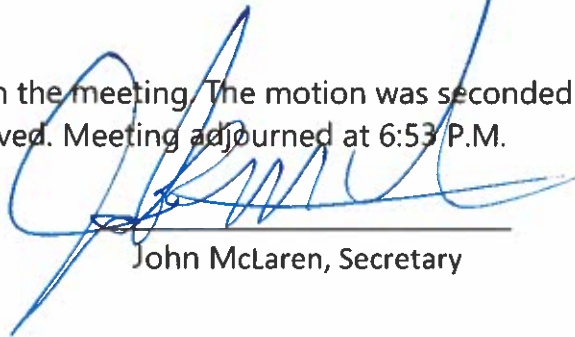
An individual Board member may request a report or new information at a regular Board meeting by a majority vote of the Board. No changes were made.

16. ADJOURNMENT

Motion made by David Schafer to adjourn the meeting. The motion was seconded by Almarie Henderson, and the board approved. Meeting adjourned at 6:53 P.M.



Philip Blackburn, President



John McLaren, Secretary