

**Palomar UCSD Health
Authority
Board of Directors**

Meeting Materials

May 18, 2026

Board of Directors

Pauline Gourdie, Chair

Margarita Baggett, RN, MSN, Vice Chair

John M. Carethers, MD, MACP, FAACR

Z. Jeff Daskalakis, MD, PhD, FRCP(C)

John Whitham

Charlene Zettel

Posted
Friday,
May 15, 2026

Monday,
May 18, 2026
AMENDED

**PALOMAR UCSD HEALTH AUTHORITY
BOARD OF DIRECTORS
Meeting Agenda**

**Monday, May 18, 2026
2:00 p.m.**

Please see page 3 of agenda for meeting location

<i>The Board may take action on any of the items listed below, including items specifically labeled "Informational Only"</i>				Time	Target
Call To Order					2:00
I.	Establishment of Quorum			1	2:01
II.	Public Comments¹			30	2:31
III.	Approval of Minutes (ADD A)			5	2:36
	Agenda Item	Committee/ Department	Action		
	A. Board of Directors Meeting Minutes – Tuesday, March 24, 2026 (Pp 6-16)	Board of Directors	Review/ Approve		
IV.	Adjourn to Closed Session			30	3:06
	A. Pursuant to California Government Code § 54962 and California Health & Safety Code § 32106—REPORT INVOLVING TRADE SECRET—Discussion will concern: proposed new service or program. Estimated date of public disclosure: January 1, 2027				
	B. Pursuant to California Government Code § 54962 and California Health & Safety Code § 32106—REPORT INVOLVING TRADE SECRET—Discussion will concern: proposed new service or program. Estimated date of public disclosure: January 1, 2027				
	C. Pursuant to California Government Code § 54962 and California Health & Safety Code § 32106—REPORT INVOLVING TRADE SECRET—Discussion will concern: proposed new service or program. Estimated date of public disclosure: January 1, 2027				
V.	Re-Adjourn to Open Session			1	3:07
VI.	Action Resulting from Closed Session, if any			1	3:08

VII.	Reports – Informational Only				
	A. Chief Executive Officer, Palomar UCSD Health Authority – Diane Hansen			10	3:18
	B. Chief Executive Officer, UC San Diego Health – Patty Maysent			10	3:28
VIII.	Approval of Bylaws, Charters, Resolutions and Other Actions (ADD B)			15	3:43
	Agenda Item	Committee/ Department	Action		
	A. Resolution: Approving and Authorizing the Execution of Certain Agreements and Related Actions in Furtherance of Closing and the Operational Date of the Authority (Pp 18-20), including the following: <i>i.</i> Initial Contribution Agreement (Pp 21-105) <i>ii.</i> Use Agreement (Pp 106-134) <i>iii.</i> Tax Revenue Contribution Agreement (Pp 135-153) <i>iv.</i> UCSD Health Contribution Agreement (Pp 154-174) <i>v.</i> Tenancy-in-Common Agreement (Pp 175-194) <i>vi.</i> Amended and Restated Closing Agreement (Pp 195-234) <i>vii.</i> Acceptance and Recordation of Real Property Interests	Board of Directors	Review/ Approve		
	B. Resolution: Authorizing the Authority to Become a Member of the Obligated Group Pursuant to a Master Trust Indenture and to Become the Credit Group Representative (Pp 235-237)	Board of Directors	Review/ Approve		
	C. Resolution: Authorizing Designated Individual(s) to Represent the Authority in Negotiations and Communications with Health Plans and Health Insurance Payors (Pp 238-239)	Board of Directors	Review/ Approve		
	D. Approval: Branding of Palomar UCSD Health Authority	Board of Directors	Review/ Approve		
Final Adjournment					4:00

NOTE: If you need special assistance to participate in the meeting, please call 760.740.6375 with requests 48 hours prior to the event, so we may provide reasonable accommodations.

¹3 minutes allowed per speaker.

Palomar UCSD Health Authority Board of Directors Meeting Location Options

Palomar Medical Center Escondido
2185 Citracado Parkway
1st Floor Conference Room
Escondido, CA 92029

- Board Members of the Palomar UCSD Health Authority Board of Directors will attend at this location, unless otherwise noticed below
- Non-Board member attendees, and members of the public may also attend at this location
 - 8080 North Central Expressway, Suite 1700, Dallas, TX 75206
 - 15562 Rising Place S., San Diego, CA 92127

<https://www.microsoft.com/en-us/microsoft-teams/join-a-meeting?rtc=1>

Meeting ID: 237 311 284 005 33

Passcode: ph78j4zX

or

Dial in using your phone at 929.352.2216; Access Code: 914 580 472#¹

- Non-Board member attendees, and members of the public may also attend the meeting virtually utilizing the above link

¹ *New to Microsoft Teams? Get the app now and be ready when your first meeting starts: [Download Teams](#)*

Palomar UCSD Health Authority Board of Directors Meeting

Meeting will begin at 2:00 p.m.



Request for Public Comments

If you would like to make a public comment, submit your request by doing the following:

- **In Person: Submit a Public Comment Form, or verbally submit a request, to the Board Clerk**
- **Virtual: Enter your name and “Public Comment” in the chat function**

Those who submit a request will be called on during the Public Comments section and given 3 minutes to speak.

Public Comments Process

Pursuant to the Brown Act, the Board of Directors can only take action on items listed on the posted agenda. To ensure comments from the public can be made, there is a 30 minute public comments period at the beginning of the meeting. Each speaker who has requested to make a comment is granted three (3) minutes to speak. The public comment period is an opportunity to address the Board of Directors on agenda items or items of general interest within the subject matter jurisdiction of Palomar UCSD Health Authority.

ADDENDUM A

PALOMAR UCSD HEALTH AUTHORITY BOARD OF DIRECTORS

<i>Board of Directors Meeting Minutes – Tuesday, March 24, 2026</i>	
Agenda Item	
<ul style="list-style-type: none"> <i>Discussion</i> 	<i>Conclusion/Action/Follow Up</i>
Notice of Meeting	
<p>Notice of Meeting was physically posted at the Palomar Health Administrative Office at 2125 Citracado Parkway, Suite 300, Escondido, CA. 92029 and UC San Diego Health – La Jolla Emergency Department, 9432 Medical Center Drive, La Jolla, CA 92037 as well as on the Palomar Health website on Friday, March 20, 2026, an Amended posting on Friday, March 20, 2026 and on Monday, March 23, 2026, which is consistent with legal requirements.</p>	
Call to Order	
<p>The meeting, which was held at the Palomar Health Medical Center Escondido, 1st Floor Conference Room, 1285 Citracado Parkway, Escondido, CA 92029, and called to order at 2:02 p.m. by Diane Hansen.</p>	
I. Establishment of Quorum	
<p>Quorum was established via roll call comprising of Directors Margarita Baggett; John Carethers, MD; Z. Jeff Daskalakis, MD; Pauline Gourdie; John Whitham (virtual); Charlene Zettel</p> <p>Absences: none</p>	
II. Welcome and Introductions of the Palomar UCSD Health Authority Board of Directors	
III. Public Comments	
<p>A. No public comments</p>	

Board of Directors Meeting Minutes – Tuesday, March 24, 2026	
Agenda Item	
• Discussion	Conclusion/Action/Follow Up
IV. Election of Officers	
A. Election of Board Chair was handled by Kevin DeBruin	<p>MOTION: By Director Carethers, 2nd by Director Zettel to nominate Director Gourdie for the position of Board Chair for 2026. Director Gourdie accepted the nomination.</p> <p>Roll call voting was utilized. Director Baggett – aye Director Carethers, MD – aye Director Daskalakis, MD - aye Director Gourdie – aye Director Whitham - aye Director Zettel – aye</p> <p>Kevin DeBruin announced by a six (6) to zero (0) vote in favor of Director Gourdie. Director Gourdie is nominated and elected as Board Chair for 2026.</p>

Board of Directors Meeting Minutes – Tuesday, March 24, 2026	
Agenda Item	
• Discussion	Conclusion/Action/Follow Up
V. Approval of Minutes	
A. Board of Directors Meeting Minutes – Monday, February 2, 2026	<p>MOTION: By Director Zettel, 2nd by Director Carethers to approve the Palomar UCSD Health Authority Board of Directors Meeting Minutes from Monday, February 2, 2026 as written.</p> <p>Roll call voting was utilized. Director Baggett – aye Director Carethers, MD – aye Director Daskalakis, MD - aye Director Gourdie – aye Director Whitham - aye Director Zettel – aye</p> <p>Director Gourdie announced that six (6) board members were in favor. None opposed. No abstention(s). None absent.</p> <p>Motion approved.</p>
• No discussion	
VI. Adjourn to Closed Session	
VII. Re-Adjourn to Open Session	
VIII. Action Resulting from Closed Session, if any	
• No reportable action.	
IX. Reports – Informational Only	
A. Chief Executive Officer – Diane Hansen	
• Verbal report was provided.	
B. Chief Executive Officer, UC San Diego Health – Patty Maysent	
• Verbal report was provided.	

Board of Directors Meeting Minutes – Tuesday, March 24, 2026	
Agenda Item	
• Discussion	Conclusion/Action/Follow Up
X. Approval of Bylaws, Charters, Resolutions and Other Actions	
<p>A. Resolution Authorizing and Approving Expenditures in Furtherance of the Implementation of the Electronic Health Record System</p>	<p>MOTION: By Director Carethers, 2nd by Director Baggett and carried to approve Resolution No. 03.24.26(01)-05 of the Board of Directors of Palomar UCSD Health Authority Authorizing and Approving Expenditures in Furtherance of the Implementation of the Electronic Health Record System</p> <p>Roll call voting was utilized. Director Baggett – aye Director Carethers, MD – aye Director Daskalakis, MD - aye Director Gourdie – aye Director Whitham - aye Director Zettel – aye</p> <p>Nicholaus Norvell announced that six board members were in favor. None opposed. No abstention(s). None absent.</p> <p>Motion approved.</p>
<p>• No discussion</p>	

Board of Directors Meeting Minutes – Tuesday, March 24, 2026	
Agenda Item	
• Discussion	Conclusion/Action/Follow Up
<p>B. Resolution Authorizing and Approving Entering into a Co-Management Agreement with UCSD Health for a proposed Cancer Center</p>	<p>MOTION: By Director Carethers, 2nd by Director Daskalakis and carried to approve Resolution No. 03.24.26(02)-06 of the Board of Directors of Palomar UCSD Health Authority Authorizing and Approving Entering into a Co-management Agreement with UCSD Health for a Proposed Cancer Center</p> <p>Roll call voting was utilized. Director Baggett – aye Director Carethers, MD – aye Director Daskalakis, MD - aye Director Gourdie – aye Director Whitham - aye Director Zettel – aye</p> <p>Nicholaus Norvell announced that six board members were in favor. None opposed. No abstention(s). None absent.</p> <p>Motion approved.</p>
<p>• Discussion</p>	

Board of Directors Meeting Minutes – Tuesday, March 24, 2026	
Agenda Item	
Discussion	Conclusion/Action/Follow Up
<ul style="list-style-type: none"> • Discussion C. Resolution Authorizing and Approving Entering into an Expense Reimbursement Agreement for Certain Expenses Incurred by UCSD Health Prior to the Operational Date of the JPA 	<p>MOTION: By Director Baggett, 2nd by Director Carethers and carried to approve Resolution No. 03.24.26(03)-07 of the Board of Palomar UCSD Health Authority Authorizing and Approving Entering into an Expense Reimbursement Agreement for Certain Expenses Incurred by UCSD Health Prior to the Operational Date of the Authority</p> <p>Roll call voting was utilized. Director Baggett – aye Director Carethers, MD – aye Director Daskalakis, MD - aye Director Gourdie – aye Director Whitham - aye Director Zettel – aye</p> <p>Nicholaus Norvell announced that six board members were in favor. None opposed. No abstention(s). None absent.</p> <p>Motion approved.</p>
<ul style="list-style-type: none"> • Discussion and questions were answered 	

Board of Directors Meeting Minutes – Tuesday, March 24, 2026	
Agenda Item	
Discussion	Conclusion/Action/Follow Up
<ul style="list-style-type: none"> Discussion <p>D. Resolution Appointing and Authorizing the Chief Financial Officer as an Authorized Signatory of the Authority</p>	<p>MOTION: By Director Carethers, 2nd by Director Zettel and carried to approve Resolution No. 03.24.26(04)-08 of the Board of Palomar UCSD Health Authority Appointing and Authorizing the Chief Financial Officer as an Authorized Signatory of the Authority</p> <p>Roll call voting was utilized. Director Baggett – aye Director Carethers, MD – aye Director Daskalakis, MD - aye Director Gourdie – aye Director Whitham - aye Director Zettel – aye</p> <p>Nicholaus Norvell announced that six board members were in favor. None opposed. No abstention(s). None absent.</p> <p>Motion approved.</p>
<ul style="list-style-type: none"> Discussion and questions answered 	
<p>E. Resolution Appointing and Authorizing Designated Individuals(s) to Represent the Authority in Negotiations and Communications with Health Plans and Health Insurance Payors</p>	<p>Resolution Tabled</p>

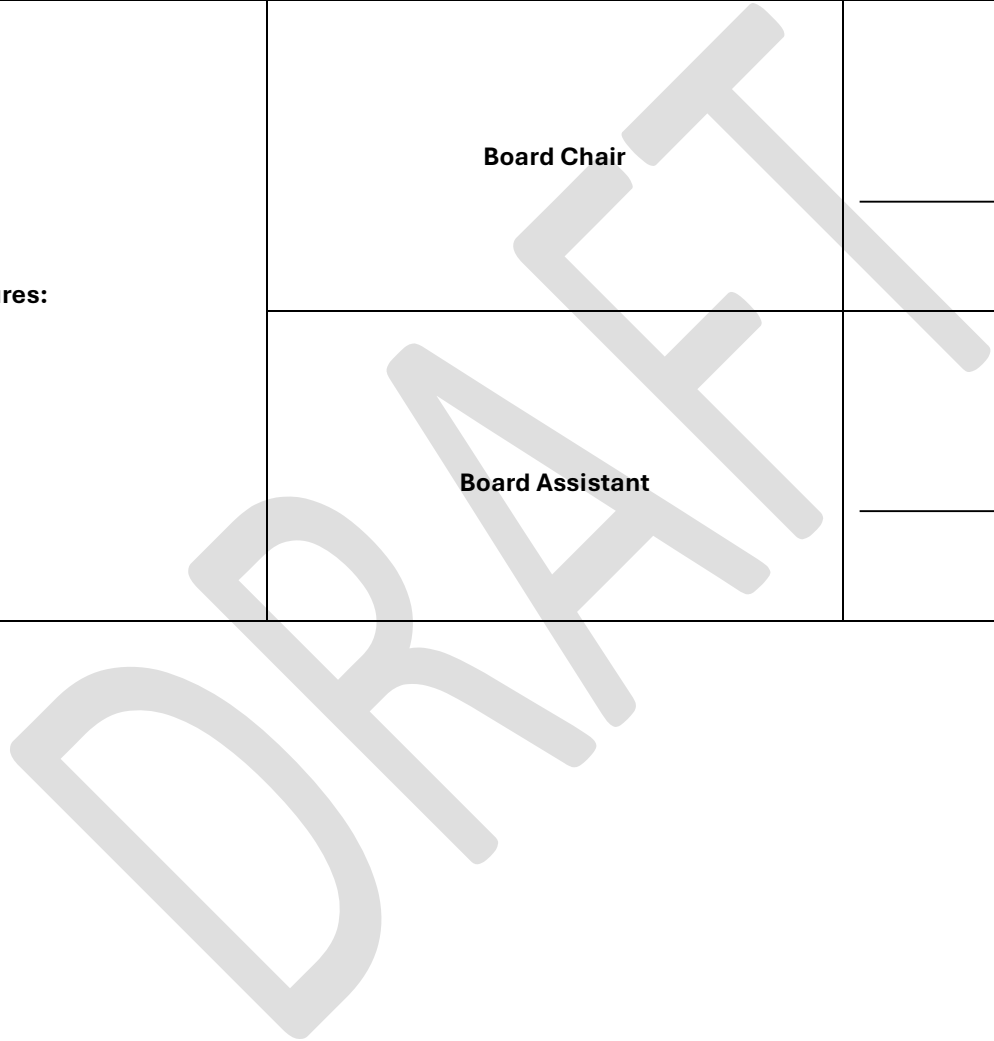
Board of Directors Meeting Minutes – Tuesday, March 24, 2026	
Agenda Item	
Discussion	Conclusion/Action/Follow Up
<ul style="list-style-type: none"> F. Adoption of Conflict of Interest Code 	<p>MOTION: By Director Carethers, 2nd by Director Zettel and carried to approve Resolution No. 03.24.26(06)-10 of the Board of Directors of Palomar UCSD Health Authority Adopting a Conflict of Interest Code Pursuant to the Political Reform Act of 1974</p> <p>Roll call voting was utilized. Director Baggett – aye Director Carethers, MD – aye Director Daskalakis, MD - aye Director Gourdie – aye Director Whitham - aye Director Zettel – aye</p> <p>Nicholaus Norvell announced that six board members were in favor. None opposed. No abstention(s). None absent.</p> <p>Motion approved.</p>
<ul style="list-style-type: none"> Discussion and questions answered 	

Board of Directors Meeting Minutes – Tuesday, March 24, 2026	
Agenda Item	
Discussion	Conclusion/Action/Follow Up
<p>G. Resolution Adopting 2026 Regular Board Meeting Schedule</p>	<p>MOTION: By Director Carethers, 2nd by Director Zettel and carried to approve Resolution No. 03.24.26(07)-11 of the Board of Directors of Palomar UCSD Health Authority Establishing Regular Board Meetings for the Calendar Year 2026</p> <p>Roll call voting was utilized. Director Baggett – aye Director Carethers, MD – aye Director Daskalakis, MD - aye Director Gourdie – aye Director Whitham - aye Director Zettel – aye</p> <p>Nicholaus Norvell announced that six board members were in favor. None opposed. No abstention(s). None absent.</p> <p>Motion approved.</p>
<ul style="list-style-type: none"> • Discussion 	

Board of Directors Meeting Minutes – Tuesday, March 24, 2026	
Agenda Item	
Discussion	Conclusion/Action/Follow Up
<p>H. Resolution Adopting Certificate of Incumbency</p>	<p>MOTION: By Director Carethers, 2nd by Director Baggett and carried to approve Resolution No. 03.24.26(08)-12</p> <p>Roll call voting was utilized. Director Baggett – aye Director Carethers, MD – aye Director Daskalakis, MD - aye Director Gourdie – aye Director Whitham - aye Director Zettel – aye</p> <p>Nicholaus Norvell announced that six board members were in favor. None opposed. No abstention(s). None absent.</p> <p>Motion approved.</p>
<ul style="list-style-type: none"> No discussion 	
Final Adjournment	
<ul style="list-style-type: none"> There being no further business, Director Gourdie adjourned the meeting at 3:38 p.m. 	

Board of Directors Meeting Minutes – Tuesday, March 24, 2026

Signatures:	Board Chair _____ Pauline Gourdie
	Board Assistant _____ Janet Kren



ADDENDUM B

RESOLUTION NO. 05.18.26(01)-13

RESOLUTION OF THE BOARD OF DIRECTORS OF PALOMAR UCSD HEALTH AUTHORITY APPROVING AND AUTHORIZING THE EXECUTION OF CERTAIN AGREEMENTS AND RELATED ACTIONS IN FURTHERANCE OF CLOSING AND OPERATIONAL DATE OF THE AUTHORITY

WHEREAS, on October 31, 2025, pursuant to the Joint Exercise of Powers Act, California Government Code § 6500 *et seq.* (the “**JPA Act**”), Palomar Health, a California local healthcare district and political subdivision of California organized pursuant to Division 23 of the California Health and Safety Code, and The Regents of the University of California, a California constitutional corporation organized and existing under Article IX, Section 9 of the Constitution of UCSD of California, on behalf of the University of California, San Diego Health (“**UCSD Health**”), entered into that certain Joint Exercise of Powers Agreement (the “**JPA Agreement**”) and created the Palomar UCSD Health Authority, a California joint powers authority established pursuant to the JPA Act (the “**Authority**”);

WHEREAS, the Authority is a separate public entity created pursuant to the Joint Exercise of Powers Act (California Government Code Sections 6500 *et seq.*) with the power to enter into agreements necessary to carry out its purposes, including the acquisition, operation, and management of healthcare facilities and related assets;

WHEREAS, the JPA Agreement contemplates that, in connection with the formation, capitalization, and commencement of operations of the Authority, the Authority will enter into certain agreements (collectively, the “**Authority Documents**”) necessary to implement the transactions among UCSD Health, Palomar, and the Authority;

WHEREAS, such Authority Documents include, among others, agreements providing for:

- i. the contribution of assets and assumption of liabilities by the Authority;
- ii. the Authority’s right to use and operate certain healthcare facilities and assets;
- iii. the leasing of employees to ensure continuity of operations;
- iv. the contribution of revenues and other financial support to the Authority; and
- v. contributions, capital support, and other financial arrangements with UCSD Health;

WHEREAS, the Board of the Authority (the “**Board**”) has been presented with final or substantially final forms of the following agreements to which the Authority is a party (collectively, the “**Authority Agreements**”):

- i. Initial Contribution Agreement (by and between Palomar and the Authority);
- ii. Use Agreement (by and between Palomar and the Authority);
- iii. Tax Revenue Contribution Agreement (by and between Palomar and the Authority);
- iv. UCSD Health Contribution Agreement (by and between UCSD Health and the Authority);
- v. Tenancy-in-Common Agreement (by and between Palomar and the Authority); and

- vi. Amended and Restated Closing Agreement (by and among Palomar, UCSD Health and the Authority);

WHEREAS, pursuant to the Bylaws of the Authority and JPA Agreement, the Board wishes to delegate the responsibility of finalizing and executing the Authority Agreements and taking any and all further actions necessary to consummate the transactions contemplated by the JPA Agreement and Authority Agreements to the authorized officers specified below.

NOW, THEREFORE, IT IS HEREBY RESOLVED that the Authority Agreements are approved in substantially the forms presented to the Authority Board, with such non-material changes as may be approved by the Authorized Officers (as defined below);

FURTHER RESOLVED, that the Chair of the Board of Directors, Chief Executive Officer, Chief Financial Officer, Chief Legal Officer, and any other officer designated by the Authority Board (each, an “Authorized Officer”) to: (1) execute and deliver each of the Authority Agreements; (2) execute any certificates, exhibits, schedules, or ancillary documents required in connection therewith; and (3) make non-material changes consistent with the intent of this Resolution;

FURTHER RESOLVED, that pursuant to California Government Code section 27281, each Authorized Officer is authorized and directed, on behalf of the Authority, to accept any and all real property interests, including without limitation fee interests, tenant-in-common interests, easements, licenses, and other property rights conveyed to the Authority pursuant to the Authority Agreements and any related conveyance documents, and to execute any certificates of acceptance and related instruments necessary or convenient to effectuate such acceptance;

FURTHER RESOLVED, that upon execution of any certificate of acceptance or related conveyance documents by an Authorized Officer, the Authorized Officers are authorized and directed to cause the recordation of any grant deeds, certificates of acceptance, tenancy-in-common agreements, assignments, easements, notices, memoranda, and any other documents or instruments necessary or convenient to effectuate the transactions contemplated by the Authority Agreements in the Official Records of the County of San Diego;

FURTHER RESOLVED, that each Authorized Officer is authorized to: (1) take any and all further actions necessary or advisable to consummate the transactions contemplated by the Authority Agreements; and (2) execute and deliver any additional documents, agreements, or instruments necessary to carry out the intent of this Resolution;

FURTHER RESOLVED, that the Board hereby ratifies and confirms all prior actions taken by officers, employees, or agents of the Authority in connection with the negotiation of the Authority Agreements and the transactions contemplated thereby; and

FURTHER RESOLVED, that this Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the Board of Directors of the Palomar UCSD Health Authority

held on May 18, 2026, by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAINING:

DATED: May 18, 2026

<i>APPROVED:</i> <hr/>	<i>ATTESTED:</i> <hr/>
Pauline Gourdie, Chair Board of Directors Palomar UCSD Health Authority	Margarita Baggett, Vice-Chair Board of Directors Palomar UCSD Health Authority

INITIAL CONTRIBUTION AGREEMENT

BY AND BETWEEN

Palomar Health

and

Palomar UCSD Health Authority

Dated as of May 31, 2026

THIS DRAFT CONTRIBUTION AGREEMENT REMAINS SUBJECT IN ALL RESPECTS TO A COMPREHENSIVE REVIEW AND THOROUGH EXAMINATION OF THE DUE DILIGENCE, THE DISCLOSURE SCHEDULES, AND A REVIEW OF ALL OTHER DRAFT AGREEMENTS THAT ARE PART OF THIS TRANSACTION. EACH PARTY RESERVES THE RIGHT TO REVISE ALL OR ANY PART OF THIS AGREEMENT UNTIL FINAL REVIEW HAS BEEN COMPLETED IN ALL RESPECTS, AND ANY PROVISIONS SET FORTH HEREIN ARE SUBJECT TO CHANGE.

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EXHIBITS

EXHIBIT A – Definitions – Terms

EXHIBIT B-Amended PHMG Articles

EXHIBIT C-Amended and Restated PHMG Bylaws

EXHIBIT D-Amended PHD Articles

EXHIBIT E-Amended and Restated PHD Bylaws

EXHIBIT F-Grant Deed

EXHIBIT G-Bill of Sale

EXHIBIT H-Assignment and Assumption Agreement

EXHIBIT I-Co-Borrower Assignment and Assumption Agreement

EXHIBIT J-Intellectual Property Assignment Agreement

EXHIBIT K-Lease Assignment

EXHIBIT M-TIC Agreement

EXHIBIT N-Amended Foundation Articles

EXHIBIT O-Amended and Restated Foundation Bylaws

INITIAL CONTRIBUTION AGREEMENT

THIS INITIAL CONTRIBUTION AGREEMENT (this “**Agreement**”) is entered into effective as of May 31, 2026 (the “**Effective Date**”), by and between Palomar Health, a California local healthcare district and political subdivision of the State of California organized pursuant to Division 23 of the California Health and Safety Code (“**Palomar**”); Palomar UCSD Health Authority (the “**Authority**”), a joint powers authority formed by Palomar and The Regents of the University of California, a California constitutional corporation organized and existing under Article IX, Section 9 of the Constitution of the State of California, on behalf of the University of California, San Diego Health (“**UCSD Health**”) in accordance with the Joint Exercise of Powers Act, Cal. Gov. Code § 6500, *et seq.* Palomar and the Authority may also be referred to herein individually as a “**Party**” and collectively as the “**Parties.**”

RECITALS

WHEREAS, the Authority was formed pursuant to a Joint Exercise of Powers Agreement, dated October 31, 2025, as further amended on April 10, 2026, and April 30, 2026 (collectively, the “**Joint Powers Agreement**”), to, among other things, stabilize and strengthen the availability of community hospital services to all residents of San Diego County, California and surrounding areas regardless of payor or funding source and improve access to healthcare for the vulnerable populations served by Palomar and the Authority through the expansion of clinical infrastructure and strengthening of certain healthcare service lines for the benefit of the residents of San Diego County, California through an integrated health system;

WHEREAS, Palomar and the other applicable Palomar Entities operate: (i) the Poway Hospital, (ii) a skilled nursing facility situated on a portion of the Poway Land commonly referred to as The Villas at Poway, (iii) a medical office building situated on a portion of the Poway Land commonly referred to as Pomerado Outpatient Pavilion, (iv) a parking structure situated on a portion of the Poway Land, (v) the other facilities identified on Schedule 1, and (vi) certain other improvements and structures on the Poway Land (collectively, the “**Poway Facilities**”);

WHEREAS, Palomar owns the fee simple interest in and to certain real property located in and around Poway, California, as more specifically described on Schedule 2.1(a)(i) (the “**Poway Land**”), together with all buildings, structures, improvements, and fixtures situated thereon, except to the extent identified on Schedule 2.1(a)(i) to be owned by a ground lease tenant, in which case Palomar owns certain interests as the ground lessor with respect to such buildings, structures, improvements, and fixtures situated thereon);

WHEREAS, Palomar and other applicable Palomar Entities operate: (a) the Escondido Hospital; and (b) (i) three medical office buildings situated on a portion of the Escondido Land commonly referred to as Palomar Health Outpatient Center 1, Palomar Health Outpatient Center 2, and Palomar Health Outpatient Center 3; (ii) a plant and a parking structure situated on a portion of the Escondido Land; (iii) the other facilities identified on Schedule 2, and (iv) certain other improvements and structures on the Escondido Land, (the “**Escondido Facilities**”);

WHEREAS, Palomar owns the fee simple interest in and to certain real property located in and around Escondido, California, as more specifically described on Schedule 2.1(a)(ii) (the “**Escondido Land**”), together with all buildings, structures, improvements, and fixtures situated thereon;

WHEREAS, the applicable Palomar Entities are engaged in the business of delivering healthcare services to the public through the ownership, leasing and operation of the Poway Facilities, including the operation of the Poway Hospital, the Villas at Poway and the provision of outpatient and other healthcare businesses through the Poway Facilities, PHMG or SDEMA, PHD, the Joint Ventures, and any other

businesses owned, managed, or otherwise operated or conducted by Palomar with respect to the operation of the Poway Facilities, PHMG, SDEMA or PHD, and the, applicable, Joint Ventures(collectively, the **“Poway Business”**);

WHEREAS, before the execution of this Agreement, UCSD Health and Palomar have each executed and delivered to the other party an option agreement (the **“Pre-Operational Option Agreement”**) granting UCSD Health an option to purchase all or a portion of the Contributed Assets from Palomar;

WHEREAS, concurrently with the execution and delivery of this Agreement, UCSD Health and the Authority are entering into that certain Contribution Agreement (the **“UCSD Health Contribution Agreement”**);

WHEREAS, prior to the formation of the Authority, but in furtherance of the formation of and fulfillment of the Authority’s purpose, UCSD Health advanced a total of Thirty Million Dollars (\$30,000,000.00) (the **“Existing Advances”**) to Palomar in two separate tranches: (i) an initial advance of Twenty Million Dollars (\$20,000,000.00) pursuant to that certain Loan Agreement dated April 4, 2025 by and between UCSD Health and Palomar (the **“Initial UCSD Loan Agreement”**) and the other Loan Documents (as such term is defined in the Initial UCSD Loan Agreement) (together, the **“Initial UCSD Loan Documents”**); and (ii) a second advance of Ten Million Dollars (\$10,000,000.00) pursuant to that certain Loan Agreement dated July 24, 2025 by and between UCSD Health and Palomar (the **“Second UCSD Loan Agreement”**) and the other Loan Documents (as such term is defined in the Second UCSD Loan Agreement) (together, the **“Second UCSD Loan Documents”** and, together with the Initial UCSD Loan, the **“Existing Loan Documents”**);

WHEREAS, concurrently with formation of the Authority, UCSD Health advanced a total of Ten Million Dollars (\$10,000,000.00) (the **“New Advance”** and, together with the Existing Advances, the **“Pre-Authority Advances”**) to Palomar pursuant to that certain Loan Agreement dated October 31, 2025 by and between UCSD Health and Palomar (the **“Third UCSD Loan Agreement”**) and the other Loan Documents (as such term is defined in the Third UCSD Loan Agreement) (together, the **“Third UCSD Loan Documents”** and, together with the Existing Loan Documents, the **“Pre-Authority Loan Documents”**);

WHEREAS, concurrently with the formation of the Authority, UCSD Health also made available to Palomar a Fifty Million Dollar (\$50,000,000) revolving credit line (the **“Credit Line”**) pursuant to that certain Line of Credit Agreement dated October 31, 2025 by and between UCSD Health and Palomar (the **“Credit Agreement”**) and the other Loan Documents (as such term is defined in the Credit Agreement) (together, the **“Credit Line Documents”**); and

WHEREAS, in reliance upon the representations, warranties, and covenants of the Authority set forth in this Agreement, Palomar desires to contribute the Contributed Assets and assign the Assumed Liabilities to the Authority and the Authority, in reliance upon the representations, warranties, and covenants of Palomar set forth in this Agreement desires to acquire the Contributed Assets and assume the Assumed Liabilities from Palomar, subject to the terms and conditions and for the consideration outlined in this Agreement.

NOW, THEREFORE, for and in consideration of the premises, the agreements, covenants, representations, and warranties set forth in this Agreement, and other good and valuable consideration, the receipt and adequacy of which are acknowledged and agreed, the Parties agree as follows:

AGREEMENT

1. DEFINITIONS AND REFERENCES

1.1 **Definitions.** Unless otherwise specifically defined herein, the capitalized terms used in this Agreement will be defined in the manner set forth on **EXHIBIT A** to this Agreement. Capitalized Terms used in this Agreement that are not otherwise defined have the meaning ascribed to such term in the Joint Powers Agreement.

1.2 **Other Definitional Provisions.** As used in this Agreement, and unless the context requires otherwise:

(a) Accounting terms not defined in this Agreement, and accounting terms partly defined to the extent not defined, have the respective meanings given to them under U.S. governmental accounting standards board, as consistently applied ("**GASB**").

(b) The word "herein" and words of similar import when used in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement, and section, subsection, schedule, and exhibit references are to this Agreement unless otherwise specified.

(c) The word "including" and words of similar import when used in this Agreement, means including without limitation, unless otherwise specified in this Agreement.

(d) Words of the masculine gender include the feminine or neuter genders, and vice versa, where applicable. Words of the singular number include the plural number, and vice versa, where applicable.

(e) A reference to any Law is a reference to that Law as amended, consolidated, supplemented, or replaced from time to time and all rules and regulations promulgated thereunder.

(f) Unless otherwise indicated, references to time are references to Pacific Time.

(g) The phrases "Palomar has delivered," "Palomar has provided," "Palomar has made available," and phrases of similar import means that, before the Effective Date, Palomar has made the document or information in question available by posting a copy thereof to the data room entitled "Palomar Health" on the Holland & Knight Client Portal (the "**VDR**").

2. CONTRIBUTION OF CONTRIBUTED ASSETS, ASSUMPTION OF LIABILITIES, AMENDMENT OF CONSTITUENT DOCUMENTS, CLOSING AND OTHER RELATED MATTERS

2.1 **Contribution of Contributed Assets.** Subject to the terms and conditions of this Agreement, Palomar does hereby assign, convey, transfer, and deliver to the Authority, and the Authority will acquire and accept as of the Effective Time, good and marketable title to the Contributed Assets, free and clear of all Encumbrances (other than Permitted Encumbrances). "**Contributed Assets**" means the following assets related to the Poway Facilities, and all related assets, properties, rights, and interests of every description, wherever situated and of whatever kind and nature, whether real, personal, or mixed, tangible, or intangible, used in or held for use in, or are necessary for, the operation of the Poway Business and Escondido Business, along with the other assets set forth below and specifically excluding the Excluded Assets, including the following items:

(a) (i) all of the fee simple interest in, to, and under the Poway Land as more particularly described on Schedule 2.1(a)(i) attached hereto; together with all structures, buildings, improvements, and other fixtures located on the Poway Land, and all apparatus, equipment, and appliances used in connection with the operation or occupancy of the Poway Facilities or the Poway Land (collectively, the “**Poway Improvements**”); and all rights, privileges, easements, and appurtenances to the Poway Facilities or the Poway Land and the Improvements, including all of Palomar’s or other Palomar Entity’s right, title and interest in and to all minerals, oil, gas, other hydrocarbon substances and water rights owned by Palomar relating to the Poway Facilities or the Poway Land, and all easements, rights-of-way, and other appurtenances used or connected with the beneficial use or enjoyment of the Poway Land (collectively, the “**Poway Appurtenances**,” and together with the Poway Land and the Poway Improvements, the “**Poway Real Property**”); and (ii) a nineteen and one-half percent (19.5%) undivided tenant-in-common interest in, to, and under the Escondido Land, together with all structures, buildings, improvements, and other fixtures located on the Poway Land, and all apparatus, equipment, and appliances used in connection with the operation or occupancy of the Escondido Facilities or the Escondido Land, including the Escondido Hospital, and all rights, privileges, easements, and appurtenances thereto as well as any and all easements, rights-of-way, and other appurtenances used or connected with the beneficial use or enjoyment thereof (together, the “**TIC Property Interest**”);

(b) any and all Lease Agreements relating to any premises located at the Poway Real Property, and which are set forth on Schedule 2.1(b) (the “**Assumed Leases**”), including any right, title, and interest of a Palomar Entity in and to any subleases with respect thereto, and including all amendments or modifications thereto or supplements thereof, covering all or any portion of the Poway Real Property, and all Persons occupying the Poway Real Property or any part thereof pursuant to an Assumed Leases (the “**Tenants**”), together with all files, incident reports, and other data and correspondence related to such Assumed Leases as well as deposits held in connection with the Assumed Leases including, all unapplied security deposits, prepaid rent, guaranties, letters of credit, and other similar charges and credit enhancements providing additional security for the Assumed Leases;

(c) all tangible personal property, furniture, fixtures, equipment (including medical and computer equipment), supplies, and other tangible assets owned by Palomar Entities and used or held for use in the Poway Business and related to the Contributed Assets, the Poway Facilities, or the Escondido Improvements, including the items set forth on Schedule 2.1(c) (the “**Personal Property**”);

(d) all of the Inventory related to or used in the operation of the Contributed Assets, the Poway Facilities or the Escondido Improvements, including any rights to rebates, refunds, or discounts due with respect to the Inventory;

(e) all of a Palomar Entity’s rights, title, and interests in the Contracts related to the operation of the Poway Business, the Escondido Business or the Contributed Assets, including any multi-facility, which are explicitly set forth on Schedule 2.1(e) (collectively, the “**Assumed Contracts**”);

(f) all of the active Medical Records with respect to the Facilities or the Business that are part of the electronic medical record software transferred to the Authority; *provided, however*, such records are being transferred solely to ensure continuity of care;

(g) the Permits set forth on Schedule 2.1(g); which, for the avoidance of doubt, will include the Permits associated with Escondido Hospital, TIC Property Interest, and Poway Facilities and Escondido Facilities;

(h) all Transferred Intellectual Property, including the Trademarks (or variations thereof) that are used or held for use in, or otherwise relating to, the Facilities or the Business, and all right, title, and interest in and to the Domain Names;

(i) all Transferred Information Technology Systems related to the Poway Business or Escondido Business;

(j) all prepaid expenses, advance payments, deposits, surety accounts, and other similar assets of a Palomar Entity relating to the Business or the Facilities, including those set forth on Schedule 2.1(j), and including prepaid deposits with suppliers and utilities, so long as such supplier Contracts are among the Assumed Contracts or otherwise associated with the Business or the Facilities;

(k) all Accounts Receivable generated by the Business or at any of the Facilities, or otherwise received by a Palomar Entity on or before the Effective Time;

(l) to the extent assignable or transferable under applicable Law, the Provider Numbers for the Facilities, including those set forth on Schedule 2.1(l);

(m) all amounts due or become due to Palomar or any other Palomar Entity under a Cost Report for the periods on or before the Effective Time, including any settlements relating to or Payor Program for services provided by Palomar or any other Palomar Entity related to the Business or the Facilities on or before the Effective Time;

(n) all payments due to a Palomar Entity under the California Department of Health Care Services Quality Assurance Fee Program from the State of California or any of its administrative entities or other entities, including Medi-Cal managed care plans, payments or grants due to Palomar from the California Health Foundation & Trust, cost report, claims, electronic health records or similar appeals in each case arising from the rendering of services and the provision of goods, products or supplies to inpatients and outpatients at the Facilities or in respect of the Business before the Effective Time;

(o) all cash and cash equivalents (other than the Initial Operational Holdback and the Transactional Expenses Holdback), marketable securities, notes, and other investments of a Palomar Entity related to the Facilities or the Business;

(p) all Prepaid Assets related to the Facilities or the Business;

(q) all insurance policies and proceeds from the same arising in connection with the Facilities or the Business, and all insurance proceeds arising in connection with the operation of the Business or the Facilities arising from actions occurring on or before the Effective Time;

(r) all claims, causes of action, choses in action, rights of recovery, rights of set off, and rights of recoupment related to the Business or the Facilities arising before the Effective Time, and for the avoidance of doubt, arising after the Effective Time, including those related to any settlement that N Health Network Partners, LLC receives pursuant to ongoing litigation;

(s) all unclaimed property of any third-party before the Effective Time related to the Business and the Poway Facilities and TIC Property Interest, including property which is subject to applicable escheat Laws;

(t) any membership interest, capital stock, or other equity or ownership interest held by Palomar in (i) PHMG; and (ii) PHD;

(u) any membership interest, capital stock, or other equity or ownership interest held by PHD in SDEMA;

(v) any membership interest, capital stock, or other equity or ownership interest held directly or indirectly by Palomar, PHMG or another Palomar Entity in: (i) the Joint Ventures; and (ii) any other entity identified on Schedule 2.1(v), together with all minutes and other Records, in each case related to such entity;

(w) all goodwill and other intangible assets owned by a Palomar Entity that is associated with the Business or the Facilities, including patient and supplier lists, other than those intangibles constituting Excluded Assets;

(x) all trucks, automobiles, trailers, and other titled vehicles used primarily in the Poway Business;

(y) All Records, including operating manuals, files with respect to the operation of the Business and the Facilities, including all personnel records for the Palomar Employees subject to the Employee Lease Agreement or are employed by PHMG, PHD, or SDEMA, financial records, equipment records, construction plans and specifications, medical and administrative libraries, and all other financial and operational records used in connection with the operation of the Business or the Facilities;

(z) all rights in all warranties of any manufacturer, vendor, or contractor in connection with the Contributed Assets;

(aa) to the extent applicable, all tax refunds and claims tax refunds for tax periods (or portions thereof) ending before the Effective Time, to the extent attributable to the ownership or operation of the Business or the Facilities;

(bb) all Credentialing and Medical Staff Records related to the Business or the Facilities;

(cc) all rights of borrower, as co-borrower, under the terms of the Existing Loan Documents and the Credit Line Documents, to the extent that the corresponding liabilities under the Existing Loan Documents and the Credit Line Documents are assumed;

(dd) the other assets listed on Schedule 2.1(dd);

(ee) the revenues that are to be provided to the Authority consistent with the terms of the Tax Revenues Contribution Agreement; and

(ff) any other assets owned by Palomar, another Palomar Entity, or any other Palomar Affiliate that are not otherwise specifically described above in this **Section 2.1** and which are used primarily in the operation of the Contributed Assets or the Poway Facilities and TIC Property Interest, other than the Excluded Assets.

2.2 Excluded Assets. The following assets (collectively, the “**Excluded Assets**”) will not be part of the contribution of assets under this Agreement and are excluded from the Contributed Assets:

(a) any Records that (i) are related to the Excluded Assets or the Excluded Liabilities; or (ii) Palomar is required to retain in its possession under Law and which are listed on Schedule 2.2(a);

- (b) the Contracts which are listed on Schedule 2.2(b) (the “**Excluded Contracts**”);
- (c) any Permit which is listed on Schedule 2.2(c);
- (d) the Initial Operational Holdback and the Transactional Expenses Holdback;
- (e) all Palomar’s Plans and the assets of all Palomar’s Plans and any asset that would revert to the employer upon the termination of any Palomar’s Plans, including any assets representing a surplus or overfunding of any Palomar’s Plans, provided that these shall not be Excluded Assets if the corresponding liabilities are assumed;
- (f) all intercompany obligations of Palomar; and
- (g) the Retained Assets (as such term is defined in the Joint Powers Agreement).

2.3 Assumed Liabilities. On the terms and subject to the conditions set forth in this Agreement, the Authority will assume the Liabilities that relate exclusively and are solely associated with the Contributed Assets and the Poway Facilities and that do not constitute Excluded Liabilities, whether arising before or after the effective date of the contribution of the Contributed Assets; *provided, however*, that, the Authority shall also become a party to the Pre-Authority Loan Documents and the Credit Line Documents and shall be co-obligated under such documents alongside Palomar and PHMG with respect to the Pre-Authority Advances and the Credit Line (the “**Assumed Liabilities**”).

2.4 Excluded Liabilities. Other than the Assumed Liabilities, the Authority will not be responsible for paying, performing, discharging, or assuming, and none of the Contributed Assets will be or become liable for or subject to any Liabilities of Palomar or any other Palomar Affiliate (the “**Excluded Liabilities**”). Palomar will, and will cause each Palomar Affiliate to, pay, perform, and discharge all Excluded Liabilities which any of them is obligated to pay, perform, and discharge when such Excluded Liabilities become due and payable. Without limiting the generality of the foregoing, the Excluded Liabilities include the following: (a) any Liability that the Authority is unable to assume under its Sexual Violence and Sexual Harassment Policy as in effect from time to time; (b) any Liability accruing from, arising out of, or relating to the Management Services Agreement, dated March 18, 2024, by and between Mesa Rock Healthcare Management, Inc. and Palomar (the “**Mesa Rock MSA**”); (c) any Liability accruing from, arising out of, or relating to the Staffing Agreement by and among Vaya Workforce Solutions, LLC, Palomar and PHD; (d) any Liabilities related to Palomar Employees who are not leased to the Authority under the Employee Lease Agreement; and (e) any Liabilities related to payment of expenses or other costs utilizing the funds under the Initial Operational Holdback and the Transactional Expenses Holdback, including the obligation to pay the applicable expenses referenced in Section 11.6.

2.5 Substitution of the Authority as the Sole Member of PHMG. Effective as of the Operational Date, and subject to the conditions contained in this Agreement, Palomar will surrender its membership interest in PHMG (the “**PHMG Membership Interest**”) and cause the Constituent Documents of PHMG to be amended to provide for the Authority to be the sole corporate member of PHMG, along with any other changes required by the Authority. Palomar and PHMG will deliver: (a) the Amendment to Articles of Incorporation of PHMG, substantially in the form of Exhibit B attached hereto (the “**Amended PHMG Articles**”); and (b) the Amended and Restated Bylaws of PHMG, substantially in the form of Exhibit C attached hereto (the “**Amended and Restated PHMG Bylaws**”).

2.6 Substitution of the Authority as the Sole Member of PHD. Effective as of the Operational Date, and subject to the conditions contained in this Agreement, Palomar will surrender its membership interest in PHD (the “**PHD Membership Interest**”) and cause the Constituent Documents of PHD to be

amended to provide for the Authority to be the sole corporate member of PHD, along with any other changes required by the Authority. Palomar and PHD will deliver: (a) the Amendment to Articles of Incorporation of PHD substantially in the form of **Exhibit D** attached hereto (the “**Amended PHD Articles**”); and (b) the Amended and Restated Bylaws of PHD substantially in the form of **Exhibit E** attached hereto (the “**Amended and Restated PHD Bylaws**”).

2.7 **Foundation Matters.**¹ Effective as of the Operational Date, and subject to the conditions contained in this Agreement, the Foundation will enter into a funds transfer agreement with the Authority and amend its Constituent Documents to reduce the size of the Foundation board, along with any other changes required by the Authority. Palomar will cause the Foundation to deliver: (a) the Funds Transfer Agreement between the Foundation and the Authority substantially in the form of **Exhibit N** attached hereto (the “**Foundation Funds Transfer Agreement**”); and (b) the Amended and Restated Bylaws of the Foundation substantially in the form of **Exhibit O** attached hereto (the “**Amended and Restated Foundation Bylaws**”).

2.8 **Property Taxes.** Unless the Poway Real Property and the TIC Property Interest are exempt from property taxation, the Authority will pay all installments of Property Taxes due from and after the Operational Date. For the avoidance of any doubt, Palomar will pay, on or before the Operational Date, any and all delinquent Property Taxes for the Poway Real Property and the TIC Property Interest, if any.

2.9 **After-Contributed Assets.** Notwithstanding anything to the contrary in this Agreement, if after the Operational Date, (i) it is determined by either Party (or UCSD Health, by notice to the Authority) that Palomar or any Palomar Entity holds any right, title or interest in or to, or (ii) Palomar acquires, receives, or is otherwise deemed to hold any right, title or interest, in or to, any asset, property or right that would have constituted part of the Poway Facilities, the TIC Property Interest or a Contributed Asset, had Palomar the Parties known of such asset, property, or rights as of the Operational Date (collectively, the “**After-Contributed Assets**”), Palomar will promptly notify the Authority and UCSD Health in writing of such acquisition or receipt, and will, at the Authority’s or UCSD Health’s request, take all actions reasonably necessary to transfer, convey, assign and deliver to the Authority all of Palomar’s or such or any Palomar Entity’s right, title and interest in and to such After-Contributed Assets, free and clear of all Encumbrances, absent the Permitted Encumbrances; *provided; however*, Palomar’s obligations under this **Section 2.9** will not require Palomar to transfer After -Contributed Assets that would exceed forty-nine percent (49%) of the total assets owned by Palomar, but Palomar will be required to transfer all After-Contributed Assets up to such forty-nine percent (49%) threshold.

2.10 **Other Owners of Contributed Assets.** The Parties acknowledge that if it is determined that any Contributed Assets are owned by one or more Palomar Affiliates rather than Palomar, then: (a) for purposes of all representations, warranties, covenants and agreements contained herein, Palomar agrees that (i) its obligations with respect to any Contributed Assets will be joint and several with any Palomar Affiliate which owns or controls such Contributed Assets; (ii) the representations and warranties herein, to the extent applicable, will be deemed to have been made by Palomar by, on behalf of and with respect to, and with such knowledge possessed by, such Palomar Affiliates; and (iii) Palomar has the legal capacity to cause, and it will cause, any Palomar Affiliate that owns or controls any Contributed Assets to meet all of Palomar’s obligations under this Agreement with respect to such Contributed Assets; and (b) Palomar hereby waives any defense to a claim made by the Authority under this Agreement based on the failure of any Person who owns or controls the Contributed Assets to be a Party.

¹ NTD: Subject to ongoing review.

2.11 Transfer Taxes. All Transfer Taxes incurred in connection with the Contemplated Transactions will be borne by the Authority.

2.12 Initial Holdback Amounts.

(a) Effective as of the Operational Date, Palomar will have transferred to the Authority, through this Agreement and the Use Agreement, the right to operate substantially all of Palomar's business and related assets. From and after the Operational Date, Palomar's ongoing operations are primarily for the purpose of administering the General Obligation Bonds and fulfilling its obligations under the Transaction Agreements ("**Palomar's Post-Authority Operations**"), which obligations are in support of Palomar's ongoing missions and efforts made by and through the Authority. Notwithstanding Palomar's obligation on the Operational Date to transfer all of its cash and cash equivalents to the Authority as part of the Contributed Assets, Palomar may retain (i) a portion of the cash not to exceed Five Hundred Thousand Dollars (\$500,000.00), unless otherwise agreed by the Parties (the "**Initial Operational Holdback**") to support Palomar's Post-Authority Operations for the period from the Operational Date through and including June 30, 2026 (which, for the avoidance of doubt, is in addition to the annual funding contemplated in Section 2.2(a) of the Tax Revenue Contribution Agreement); and (ii) a portion of the cash not to exceed Four Million Five Hundred Thousand Dollars (\$4,500,000.00), unless otherwise agreed by the Parties, to pay Palomar's Transactional Expenses (the "**Transactional Expenses Holdback**").

(b) Thereafter, the cost and expense of Palomar's Post-Authority Operations will be funded through an annual remittance of a portion of the unrestricted property tax revenues received by the Authority pursuant to the Tax Revenue Contribution Agreement (as further described and defined in the Tax Revenue Contribution Agreement, the "**District Operations Allowance**").

(c) Palomar must confirm in writing to the Authority no later than ten (10) Business Days before the Operational Date, the amount of the Initial Operational Holdback it will retain based on its reasonable expectations for its operational costs during the period from the Operational Date through and including June 30, 2026. Within a reasonable period (but not more than ninety (90) days) following the end of the fiscal year ending June 30, 2026, Palomar will deliver a written statement to the Authority detailing the total amount of the Initial Operational Holdback utilized during the period from the Operational Date through and including June 30, 2026, together with reasonable supporting documentation and the Authority will have a period of thirty (30) days to review the statement and supporting documentation, and the Authority will have the right to request additional information from Palomar as reasonably necessary to verify the amounts stated therein. In the event the Initial Operational Holdback exceeds the total costs and expenses incurred by Palomar for Palomar's Post-Authority Operations during the period from the Operational Date through and including June 30, 2026, then the Authority, in its discretion, may: (A) deduct the excess amounts from the initial District Operations Allowance payment to Palomar due on July 1, 2026; or (B) require Palomar to promptly transfer such excess amounts to the Authority. In the event the Initial Operational Holdback is less than the total costs and expenses incurred by Palomar for Palomar's Post-Authority Operations during the period from the Operational Date through June 30, 2026, then the Authority must promptly remit such additional amounts from any unrestricted property tax revenues actually received by the Authority pursuant to the Tax Revenue Contribution Agreement in the fiscal year ended June 30, 2026.

(d) On November 13, 2025, Palomar provided a statement of the outstanding Transactional Expenses as of November 10, 2025, which statement included a listing by vendor and the amount owed to each vendor, and associated supporting documentation. The Authority retains all rights to review and approve the Transaction Expenses, which approval will not be unreasonably withheld, and the Authority retains the right to request additional information from Palomar as reasonably necessary to verify the amounts stated therein.

(e) Palomar must confirm in writing to the Authority no later than Twenty (20) Business Days before the Operational Date, the final amount of the Transactional Expenses Holdback, which statement will include a listing by vendor and the amount owed to each vendor, and associated supporting documentation. The Authority will have a period of Ten (10) Business Days to review the statement and supporting documentation, and the Authority will have the right to request additional information from Palomar as reasonably necessary to verify the amounts stated therein. For the avoidance of doubt, the Authority retains all rights to review and approve the Transaction Expenses, which approval will not be unreasonably withheld.

3. Closing

3.1 Operational Date. The consummation of the Contemplated Transactions (the “Closing”) will take place electronically by the mutual exchange of documents via electronic mail in portable document format (.PDF) on the Operational Date as such term is defined in the Joint Powers Agreement (the “Operational Date”). Unless otherwise agreed in writing by the Parties, the Closing will be effective as of 12:00:01 a.m. Pacific Time on the Operational Date (the “Effective Time”).

3.2 Palomar’s Closing Deliveries. At the Closing and unless otherwise waived in writing by the Authority, Palomar will deliver the following to the Authority and require each applicable Palomar Entity to deliver to the Authority, each in form and substance reasonably satisfactory to the Authority:

(a) a grant deed or deeds (as determined by the Authority) substantially in the form attached hereto as Exhibit F (“Grant Deed”), duly executed, and acknowledged by Palomar and any other applicable Palomar Entity, conveying to the Authority fee simple title to the Poway Real Property and the TIC Property Interest;

(b) a bill of sale substantially in the form attached hereto as Exhibit G, conveying to Palomar the tangible Contributed Assets (the “Bill of Sale”), duly executed by Palomar and, as applicable, any other Palomar Entity;

(c) an assignment and assumption agreement substantially in the form attached hereto as Exhibit H, conveying to the Authority the Assumed Contracts and any other Contributed Assets not otherwise conveyed by any other Transaction Agreement (the “Assignment and Assumption Agreement”), duly executed by Palomar and, as applicable, any other Palomar Entity;

(d) an assignment and assumption agreement substantially in the form attached hereto as Exhibit I, creating co-borrower rights and liabilities under the Existing Loan Documents and the Credit Line Documents (“Co-Borrower Assignment and Assumption Agreement”), duly executed by Palomar and, as applicable, any other Palomar Entity;

(e) as applicable, a Limited Power of Attorney for use of U.S. Drug Enforcement Administration (“DEA”) registration numbers and other registration numbers, and DEA Order Forms (the “Power of Attorney”), duly executed by Palomar and, as applicable, any other Palomar Entity, and any necessary individual, authorizing the Authority to utilize Palomar’s and, as applicable, any other Palomar Entity, if any, federal and state controlled substances permits and pharmacy licenses;

(f) intellectual property assignment agreements, substantially in the form attached hereto as Exhibit J, conveying the Transferred Intellectual Property (the “Intellectual Property Assignment Agreement”), duly executed by Palomar and, as applicable, any other Palomar Entity;

(g) with respect to each Lease Agreement to which Palomar is a party, an assignment of such Lease Agreement, substantially in the form attached hereto as **Exhibit K** (each, a “**Lease Assignment**”), duly executed by Palomar and, as applicable, any other Palomar Entity, together with such consents to assignment, non-referral certificates, estoppel certificates, subordination, non-disturbance, and attornment agreements or similar documents as requested by the Authority and in forms reasonably acceptable to the Authority;

(h) an owner's affidavit in the form required by the Title Company to issue the Title Policy;

(i) copies of resolutions duly adopted by the board of Palomar authorizing and approving: (i) Palomar’s performance of the Contemplated Transactions, including authorizing the transfer of the Contributed Assets and transfer of the Assumed Liabilities by to the Authority; and (ii) the execution and delivery of this Agreement and the other Transaction Agreements, certified as true and in full force and effect as of the Operational Date, by the appropriate officer of Palomar;

(j) copies of resolutions duly adopted by Palomar as the sole member of PHMG authorizing and approving: (i) the Amended PHMG Articles; (ii) the Amended and Restated PHMG Bylaws; and (iii) the execution and delivery of the other Transaction Agreements in which PHMG is a party, as applicable, certified as true and in full force and effect as of the Operational Date, by the appropriate officer of PHMG;

(k) copies of resolutions duly adopted by the PHMG board authorizing and approving: (i) the Amended PHMG Articles; (ii) the Amended and Restated PHMG Bylaws; and (iii) the execution and delivery of the other Transaction Agreements in which PHMG is a party, as applicable, certified as true and in full force and effect as of the Operational Date, by the appropriate officer of PHMG;

(l) copies of resolutions duly adopted by Palomar as the sole member of PHD authorizing and approving: (i) the Amended PHD Articles; (ii) the Amended and Restated PHD Bylaws; and (iii) the execution and delivery of the other Transaction Agreements in which PHD is a party, as applicable, certified as true and in full force and effect as of the Operational Date, by the appropriate officer of PHD;

(m) copies of resolutions duly adopted by the PHD board authorizing and approving: (i) the Amended PHD Articles; (ii) the Amended and Restated PHD Bylaws; and (iii) the execution and delivery of the other Transaction Agreements in which PHD is a party, as applicable, certified as true and in full force and effect as of the Operational Date, by the appropriate officer of PHD;

(n) copies of resolutions duly adopted by PHMG as the sole member of SDEMA authorizing and approving: (i) the Amended SDEMA Articles; (ii) the Amended and Restated SDEMA Bylaws; and (iii) the execution and delivery of the other Transaction Agreements in which SDEMA is a party, as applicable, certified as true and in full force and effect as of the Operational Date, by the appropriate officer of SDEMA;

(o) copies of resolutions duly adopted by the SDEMA board authorizing and approving: (i) the Amended SDEMA Articles; (ii) the Amended and Restated SDEMA Bylaws; and (iii) the execution and delivery of the other Transaction Agreements in which SDEMA is a party, as applicable, certified as true and in full force and effect as of the Operational Date, by the appropriate officer of SDEMA;

(p) copies of resolutions duly adopted by the Foundation board authorizing and approving: (i) the Amended Foundation Articles; and (ii) the Amended and Restated Foundation Bylaws;

(q) evidence of filing with the California Secretary of State of the Amended PHMG Articles, effective as of the Operational Date;

(r) evidence of filing with the California Secretary of State of the Amended SDEMA Articles effective as of the Operational Date;

(s) evidence of filing with the California Secretary of State of the Amended Foundation Articles, effective as of the Operational Date;

(t) the adopted Amended and Restated PHMG Bylaws, Amended and Restated PHD Bylaws, Amended and Restated SDEMA Bylaws, and Amended and Restated Foundation Bylaws;

(u) evidence of dissolution of PAC and Palomar Health Technology;

(v) a certificate, dated as of the Operational Date, of Palomar certifying: (i) each of the representations and warranties of Palomar on behalf of Palomar and the Palomar Entities contained in this Agreement and the other Transaction Agreements will be true and correct as of the Operational Date; (ii) each of the covenants and obligations that Palomar and a Palomar Entity and are required to perform or to comply with pursuant to this Agreement at or before the Closing must have been duly performed and complied with in all material respects; and (iii) the incumbency of the officers of Palomar on the Operational Date and bearing the authentic signatures of all such officers who will execute this Agreement and any additional documents contemplated by this Agreement or the Transaction Agreements;

(w) evidence of procurement of the Tail Policies, the payment for which shall be borne by the Authority;

(x) a properly completed and duly executed IRS Form W-9 for Palomar;

(y) all Material Consents, including those from the debtholders and the Joint Ventures;

(z) the Employee Leasing Agreement, duly executed by Palomar;

(aa) the Tax Revenue Contribution Agreement, duly executed by Palomar;

(bb) the Closing Agreement, duly executed by Palomar;

(cc) the Use Agreement, duly executed by Palomar;

(dd) documentation evidencing transfer of the interests in the JV Interests from Palomar or the applicable Palomar Entity to the Authority and receipt of all applicable consents from any other Person in connection with such assignment;

(ee) assignments and applications for transfer of title to the motor vehicles used in the Business;

(ff) evidence of lockbox/with standing sweep orders/DACAs;

(gg) evidence of termination of the Mesa Rock MSA;

(hh) the Employee Waiver(s);

(ii) resignation of Diane Hansen from her role as Chief Executive Officer of Palomar so that she may serve as the Chief Executive Officer of the Authority, and the resignation of the other applicable officers of Palomar so that they may serve as officers of the Authority; *provided, however*, such individuals will remain employees of Palomar;

(jj) Amendment to Employment Agreement, duly executed by Palomar and the applicable individual;

(kk) Tenant in Common Agreement in the form attached as **Exhibit M** (the “**TIC Agreement**”), duly executed by Palomar to govern the undivided tenant in common interests of Palomar and the Authority in and to the Escondido Property;

(ll) written confirmation of the amount of the Initial Operational Holdback and Transactional Expenses Holdback; and

(mm) such other agreements, instruments, and documents as UCSD Health or the Authority deems reasonably necessary to effectuate the Contemplated Transactions, including as may be required by applicable third parties;

3.3 **The Authority’s Closing Deliveries**. At or before the Closing and unless otherwise waived in writing by Palomar, the Authority will deliver the following to Palomar, each in form and substance reasonably satisfactory to Palomar:

(a) the Bill of Sale, duly executed by the Authority;

(b) the Lease Assignments, duly executed by the Authority;

(c) the Assignment and Assumption Agreement, duly executed by the Authority;

(d) the Intellectual Property Assignment Agreement, duly executed by the Authority;

(e) the Employee Leasing Agreement, duly executed by the Authority;

(f) the Tax Revenue Contribution Agreement, duly executed by the Authority;

(g) the Use Agreement, duly executed by the Authority;

(h) the Closing Agreement, duly executed by the Authority;

(i) the TIC Agreement, duly executed by the Authority;

(j) copies of resolutions duly adopted by the governing body of the Authority authorizing and approving: (i) the Authority’s performance of the Contemplated Transactions; and (ii) the execution and delivery of this Agreement and the other Transaction Agreements, certified as true and in full force and effect as of the Operational Date, by the appropriate officer of the Authority;

(k) a certificate, dated as of the Operational Date, of the Authority certifying the incumbency of the officers of the Authority as of the Operational Date and bearing the authentic signatures of all such officers who will execute this Agreement and any additional documents contemplated by this Agreement or the Transaction Agreements;

(l) a Preliminary Change of Ownership Report(s) (BOE-502-A) with respect to the Poway Real Property, duly executed by the Authority;

(m) a Preliminary Change of Ownership Report(s) (BOE-502-A) with respect to the TIC Property Interest, duly executed by the Authority;

(n) the Power of Attorney, duly executed by the Authority;

(o) Co-Borrower Assignment and Assumption Agreement, duly executed by the Authority; and

(p) such other agreements, instruments, and documents which Palomar and UCSD Health mutually deem reasonably necessary to effectuate the Contemplated Transactions.

3.4 Additional Acts. From time to time after the Effective Time, each of Palomar and the Authority will, and will cause its Affiliates to, execute, acknowledge, and deliver all such further conveyances, notices, assumptions, releases, and acquittances and such other instruments, and will take such further actions, as may be necessary or appropriate to assure fully to the Authority and its respective successors or assigns, all of the properties, rights, titles, interests, estates, remedies, powers, and privileges relating to the Contributed Assets conveyed to the Authority under this Agreement and the other Transaction Agreements and to otherwise make effective the Contemplated Transactions. Palomar also will furnish the Authority with such requested information and documents in Palomar's or a Palomar Affiliate's possession or under Palomar's or a Palomar Affiliate's control, or which Palomar or a Palomar Affiliate can execute or cause to be executed, as will enable the Authority to prosecute any and all petitions, applications, claims, and demands relating to or constituting a part of the Contributed Assets. The terms of this **Section 3.4** will survive indefinitely and will not be subject to any other time limitations contained in this Agreement.

4. REPRESENTATIONS AND WARRANTIES OF PALOMAR AND PALOMAR ENTITIES

Palomar hereby represents, warrants, and covenants to the Authority that the statements contained in this **Section 4** are true and correct as of the Effective Date and will be true and correct as of the Operational Date (except in the case of representations and warranties that are made as of a specified date, in which case such representations and warranties will be true and correct as of such specified date).

4.1 Organization; Capacity, Subsidiaries and Joint Ventures.

(a) Palomar is in good standing under the Laws of the State of California. Palomar is duly authorized, qualified to do business, and in good standing under all applicable Laws of any jurisdictions (domestic and foreign) in which the character or the location of the assets owned or leased by it or the nature of the business conducted by it requires such authorization or qualification. Palomar has the requisite power and authority to enter into this Agreement and the other Transaction Agreements to which Palomar will become a party hereunder. The consummation of the Contemplated Transactions will not violate the provisions set forth in California Government Code §1090. No Palomar Entity has entered into any agreements or other arrangements that violate the provisions set forth in California Government Code §1090.

(b) PHMG is in good standing under the Laws of the State of California. PHMG is duly authorized, qualified to do business, and in good standing under all applicable Laws of any jurisdiction (domestic and foreign) in which the character or the location of the assets owned or leased by it or the nature of the business conducted by it requires such authorization or qualification. Palomar is the sole member of

PHMG, and no other Person has any option or other rights to become a member of PHMG, or has any right to act as a member pursuant to applicable Law or rights under the Constituent Documents of PHMG.

(c) PHD is in good standing under the Laws of the State of California. PHD is duly authorized, qualified to do business, and in good standing under all applicable Laws of any jurisdiction (domestic and foreign) in which the character or the location of the assets owned or leased by it or the nature of the business conducted by it requires such authorization or qualification. Palomar is the sole member of PHD, and no other Person has any option or other rights to become a member of PHD, or has any right to act as a member pursuant to applicable Law or rights under the Constituent Documents of PHD.

(d) SDEMA is in good standing under the Laws of the State of California. SDEMA is duly authorized, qualified to do business, and in good standing under all applicable Laws of any jurisdiction (domestic and foreign) in which the character or the location of the assets owned or leased by it or the nature of the business conducted by it requires such authorization or qualification. PHMG is the sole member of SDEMA, and no other Person has any option or other rights to become a member of SDEMA, or has any right to act as a member pursuant to applicable Law or rights under the Constituent Documents of SDEMA.

(e) To the Knowledge of Palomar, each JV Entity is duly organized, validly existing, and in good standing under the Laws of its respective state of formation, and has the full power to carry on its business and to own, operate, and/or lease the assets used in connection with its business as presently conducted. To the Knowledge of Palomar, each of the Joint Ventures has registered with the proper Governmental Authority all assumed names under which it operates its business(es) and continuously maintains all such filings in good standing. Palomar has made available true, correct, and complete copies of the Constituent Documents of the Joint Ventures.

(f) The organizational chart attached as Schedule 4.1(f) is an accurate and complete description of the ownership structure of Palomar and the Palomar Entities, including Palomar's or any other Palomar Entity's ownership interests in the Joint Ventures. Neither Palomar nor the Palomar Entities has any ownership interests in a Person not identified on such organizational chart. The interest held by Palomar or a Palomar Entity in any Person was acquired in compliance with applicable Law.

(g) Palomar's or the applicable Palomar Entity's interests in each JV Entity is: (i) fully owned by Palomar or applicable Palomar Entity; (ii) duly authorized, validly issued, fully paid and non-accessible; and (iii) not subject to any Encumbrances, options, warrants, calls, commitments, agreements or other rights to purchase some or all of the any interest in such JV Entity, except as otherwise listed on Schedule 4.1(g), which rights to purchase have not been exercised. To the extent required, all necessary consents for the transfer of the interests in the Joint Ventures have been obtained or will be obtained before the Operational Date.

4.2 Authority; Non-contravention; Binding Agreement.

(a) The execution, delivery and performance by Palomar of this Agreement and the other Transaction Agreements to which it is a party or will become a party, and the consummation by Palomar of the Contemplated Transactions and its obligations under the Transaction Agreements: (i) have been duly and validly authorized and approved by all necessary corporate actions, as applicable, on the part of Palomar, none of which actions have been modified or rescinded and all of which actions remain in full force and effect; (ii) are within Palomar's corporate powers and are not and will not be in contravention or violation of the terms of the organizational or governing documents of Palomar; (iii) except as set forth on Schedule 4.2, do not and will not require any Approval of, filing or registration with, the issuance of any Permit by, or any other action to be taken by, any Governmental Authority to be made or sought by Palomar in reference to the Contemplated Transaction; (iv) except as set forth on Schedule 4.2, do not and will not

require any Approval for the assignment of the Assumed Contracts, Assumed Leases or other Contributed Assets to the Authority and will not require any Approval or other action under, conflict with, or result in any violation of or default under (with or without notice or lapse of time or both), or give rise to a right of termination, cancellation, acceleration, loss of material benefit under or result in the creation of any Encumbrance (other than Permitted Encumbrances) upon, any of the Contributed Assets under (x) any Contract or Permit applicable to any of the Contributed Assets or (y) any Order or Law applicable to any of the Contributed Assets, the Facilities or the Business or which Palomar may be subject related to consummation of the Contemplated Transactions. This Agreement and the other Transaction Agreement to which Palomar is or will become a party are and will constitute the valid and legally binding obligations of Palomar and are and will be enforceable against Palomar in accordance with the respective terms hereof and thereof, except as enforceability may be restricted, limited or delayed by applicable bankruptcy or other Laws affecting creditors' rights generally and except as enforceability may be subject to general principles of equity.

(b) The execution, delivery and performance by PHMG of the Transaction Agreements to which it is a party or will become a party, and the consummation of the Contemplated Transactions and its obligations under the Transaction Agreements: (i) have been duly and validly authorized and approved by all necessary corporate actions, as applicable, on the part of PHMG, none of which actions have been modified or rescinded and all of which actions remain in full force and effect; (ii) are within PHMG's corporate powers and are not and will not be in contravention or violation of the terms of the organizational or governing documents of PHMG; (iii) except as set forth on Schedule 4.2, do not and will not require any Approval of, filing or registration with, the issuance of any Permit by, or any other action to be taken by, any Governmental Authority to be made or sought by PHMG in reference to the Contemplated Transaction; (iv) except as set forth on Schedule 4.2, do not and will not require any Approval for the assignment of the Assumed Contracts, Assumed Leases or other Contributed Assets to the Authority and will not require any Approval or other action under, conflict with, or result in any violation of or default under (with or without notice or lapse of time or both), or give rise to a right of termination, cancellation, acceleration, loss of material benefit under or result in the creation of any Encumbrance (other than Permitted Encumbrances) upon, any of the Contributed Assets under (x) any Contract or Permit applicable to any of the Contributed Assets or (y) any Order or Law applicable to any of the Contributed Assets, the Facilities or the Business or which PHMG may be subject related to consummation of the Contemplated Transactions. The Transaction Agreements to which PHMG is or will become a party are and will constitute the valid and legally binding obligations of PHMG and are and will be enforceable against PHMG in accordance with the respective terms hereof and thereof, except as enforceability may be restricted, limited or delayed by applicable bankruptcy or other Laws affecting creditors' rights generally and except as enforceability may be subject to general principles of equity.

(c) The execution, delivery and performance by PHD of the Transaction Agreements to which it is a party or will become a party, and the consummation of the Contemplated Transactions and its obligations under the Transaction Agreements: (i) have been duly and validly authorized and approved by all necessary corporate actions, as applicable, on the part of PHD, none of which actions have been modified or rescinded and all of which actions remain in full force and effect; (ii) are within PHD's corporate powers and are not and will not be in contravention or violation of the terms of the organizational or governing documents of PHD; (iii) except as set forth on Schedule 4.2, do not and will not require any Approval of, filing or registration with, the issuance of any Permit by, or any other action to be taken by, any Governmental Authority to be made or sought by PHD in reference to the Contemplated Transaction; (iv) except as set forth on Schedule 4.2, do not and will not require any Approval for the assignment of the Assumed Contracts, Assumed Leases or other Contributed Assets to the Authority and will not require any Approval or other action under, conflict with, or result in any violation of or default under (with or without notice or lapse of time or both), or give rise to a right of termination, cancellation, acceleration, loss of material benefit under or result in the creation of any Encumbrance (other than Permitted Encumbrances)

upon, any of the Contributed Assets under (x) any Contract or Permit applicable to any of the Contributed Assets or (y) any Order or Law applicable to any of the Contributed Assets, the Facilities or the Business or which PHD may be subject related to consummation of the Contemplated Transactions. The Transaction Agreements to which PHD is or will become a party are and will constitute the valid and legally binding obligations of PHD and are and will be enforceable against PHD in accordance with the respective terms hereof and thereof, except as enforceability may be restricted, limited or delayed by applicable bankruptcy or other Laws affecting creditors' rights generally and except as enforceability may be subject to general principles of equity.

(d) The execution, delivery and performance by any other Palomar Entity of the Transaction Agreements to which it is a party or will become a party, and the consummation of the Contemplated Transactions and its obligations under the Transaction Agreements: (i) have been duly and validly authorized and approved by all necessary corporate actions, as applicable, on the part of such Palomar Entity, none of which actions have been modified or rescinded and all of which actions remain in full force and effect; (ii) are within such entity's corporate powers and are not and will not be in contravention or violation of the terms of the organizational or governing documents of such Palomar Entity; (iii) except set forth on Schedule 4.2, do not and will not require any Approval of, filing or registration with, the issuance of any Permit by, or any other action to be taken by, any Governmental Authority to be made or sought by such entity in reference to the Contemplated Transaction; (iv) except as set forth on Schedule 4.2, do not and will not require any Approval for the assignment of the Assumed Contracts, Assumed Leases or other Contributed Assets to the Authority and will not require any Approval or other action under, conflict with, or result in any violation of or default under (with or without notice or lapse of time or both), or give rise to a right of termination, cancellation, acceleration, loss of material benefit under or result in the creation of any Encumbrance (other than Permitted Encumbrances) upon, any of the Contributed Assets under (x) any Contract or Permit applicable to any of the Contributed Assets or (y) any Order or Law applicable to any of the Contributed Assets, the Facilities or the Business or which such Palomar Entity may be subject related to consummation of the Contemplated Transactions. The Transaction Agreements to which such Palomar Entity is or will become a party are and will constitute the valid and legally binding obligations of such entity and are and will be enforceable against such Palomar Entity in accordance with the respective terms hereof and thereof, except as enforceability may be restricted, limited or delayed by applicable bankruptcy or other Laws affecting creditors' rights generally and except as enforceability may be subject to general principles of equity.

4.3 Bring Down. All of Palomar's and PHMG's representations and warranties in, as applicable, the Master Indenture, the Pre-Authority Loan Documents, the Credit Line Documents, the Assured Forbearance Agreement, the Sharp Loan Agreement, the other Sharp Loan Documents, the Sharp Forbearance Agreement, and the other Trust Indenture Documents (except, as applicable, as modified by the Assured Forbearance Agreement and/or the Sharp Forbearance Agreement) are true, correct and complete (and all such representations and warranties are hereby incorporated herein by this reference and remade to and for the benefit of the Authority).

4.4 Title to Assets. Except as set forth on Schedule 4.4, no Person other than Palomar owns or holds in its name the Contributed Assets (including the Transferred Intellectual Property), used, or held for use in, or otherwise relating to, the Business or located at the Poway Facilities or TIC Property Interest or, except for personal property of Palomar employees, patients, or visitors. Palomar is conveying to the Authority, and the Authority is acquiring, good and marketable title to the Contributed Assets, free and clear of all Encumbrances other than the Permitted Encumbrances. There are no outstanding rights (including any right of first refusal or right of first offer), options, or Contracts giving any Person any current or future right to require Palomar to sell or transfer to such Person or to any third-party any interest in any of the Contributed Assets. All tangible Contributed Assets are in good operating condition, subject to ordinary wear and tear, and are adequate for the uses to which they are being put. None of the tangible

Contributed Assets requires maintenance or repairs, except for ordinary, routine maintenance and repairs that are not material in nature or cost. Further, neither PHMG, PHD, nor any other Palomar Entity or Palomar Affiliate owns any tangible assets that are material to the operation of the Business or the Facilities.

4.5 Financial Information.

(a) Schedule 4.5(a) contains the following financial statements and financial information of the Business (collectively, the “**Historical Financial Information**”):

(i) audited consolidated balance sheets, income statements, statements of cash flows of the Business (including the accompanying consolidating schedules of balance sheet information and income statement information) as of, and for the twelve (12) month periods ended December 31, 2022, December 31, 2023, December 31, 2024, and December 31, 2025;

(ii) an unaudited consolidated balance sheet of the Business (including the accompanying consolidating schedules of balance sheet information) as of the Balance Sheet Date (the “**Reference Balance Sheet**”); and

(iii) an unaudited consolidated income statement of the Business (including the accompanying consolidating schedules of income statement information) for the [] month period ended on the Balance Sheet Date.

(b) The Historical Financial Information is true, correct, and complete in all material respects and fairly presents the consolidated financial position of the Business as of the respective dates thereof and the consolidated results of the operations of the Business and changes in financial position for the respective periods covered thereby. The consolidated financial statements included in the Historical Financial Information have been prepared in accordance with GASB, applied on a consistent basis throughout the periods indicated (subject, in the case of the unaudited Historical Financial Information, to the absence of notes and normal year-end audit adjustments, the effect of which is not material, individually or in the aggregate), and are based on the information contained in the Records of Palomar. Palomar has not changed any accounting policy or methodology during the periods presented in the Historical Financial Information (including the accounting policies and methodologies for determining the obsolescence of Inventory or in calculating reserves, including reserves for uncollected accounts receivable).

(c) Schedule 4.5(c) sets forth all Indebtedness of a Palomar Entity. For each item of Indebtedness of each Palomar Entity, Schedule 4.5(c) correctly sets forth, as of the Operational Date, the debtor or borrower, creditor or lender, outstanding principal amount and accrued but unpaid interest, maturity date, the collateral, if any, securing the Indebtedness (in reasonable detail), and any prepayment, make-whole, breakage or other premiums, payments, fees costs or penalties required to be paid (in reasonable detail) to fully discharge such Indebtedness in connection with the consummation of the Contemplated Transactions.

(d) The Accounts Receivable reflected on the Financial Statement: (i) have arisen from bona fide healthcare or other transactions entered into by Palomar or any other applicable Palomar Entity, involving the sale of goods or the rendering of services in the ordinary course of business consistent with past practice; (ii) are not subject to claims of set-off or other defenses or counterclaims other than normal discounts accrued in the ordinary course of business consistent with past practice; and (iii) subject to a reserve for bad debts shown on the Financial Statement or, with respect to accounts receivable arising after the Balance Sheet Date, are collectible in full within ninety (90) days after billing.

4.6 Permits.

(a) Schedule 4.6 sets forth the type of hospital or other licensure each Facility or Joint Venture is licensed as under applicable Law and the number of licensed beds at each Facility, or as applicable Joint Venture. The pharmacies, laboratories, and all other ancillary departments or services located at the Facilities or the Business that are required to be separately licensed are duly licensed by the appropriate Governmental Authority. Schedule 4.6 sets forth an accurate and complete list of all Permits owned or held by a Palomar Entity or a Joint Venture with respect to the Facilities and the Business, including the dates of issuance and expiration dates for each such Permit, and such Permits constitute all Permits necessary for a Palomar Entity to own and operate the Facilities and to carry on the Business as currently conducted. Palomar has made available accurate and complete copies for each Permit set forth on Schedule 4.6.

(b) PHMG is, and during the last six (6) years has been, in compliance with the requirements of California Health & Safety Code Section 1206(l) that are necessary to qualify PHMG for an exception to California's clinic license requirements. During the last six (6) years, PHMG has not received any written notice or inquiry from any Governmental Authority indicating that PHMG has failed to meet the requirements of Section 1206(l), nor, to the Knowledge of Palomar, is there any basis therefor.

(c) Palomar, the other Palomar Entities, and the Facilities, and to the Knowledge of Palomar, each Practitioner in the performance of services for the Business, is, and during the last six (6) years have been, in compliance in all material respects with the terms of such Permits. There are no provisions in, or agreements relating to, any Permits that preclude or limit Palomar or another Palomar Entity from operating the Facilities and carrying on the Business as currently conducted.

(d) No Permits relating to the Business, including any basis for an exception to the need for any particular Permit, will expire, terminate, or otherwise become invalid as a result of the Contemplated Transactions. There is no pending or, to the Knowledge of Palomar, threatened, Proceeding by or before any Governmental Authority to revoke, cancel, rescind, suspend, restrict, modify, or refuse to renew any Permit and all such Permits are unrestricted, in good standing, in full force and effect and to the Knowledge of Palomar no facts exists with respect to any such Permits or Approvals that allow, or after notice or the lapse of time or both, would allow the suspension, revocation, or termination of any Permits or Approvals.

(e) No Palomar Entity nor a Facility has received any written notice from any Governmental Authority regarding any material violation of any such Permits (other than those which have otherwise been corrected and which are set forth on Schedule 4.6). Palomar has delivered accurate and complete copies of all survey reports, deficiency notices, plans of correction, and related correspondence received by any Palomar Entity with respect to any Facility or the Business since January 1, 2022, in connection with the Permits relating to the Business or the Facilities.

(f) Each applicable Facility is duly accredited, without any conditions or non-conformities, by The Joint Commission through the period set forth on Schedule 4.6 Since the date of the most recent Joint Commission survey, no Palomar Entity nor the Facilities has made any changes in policy or operations that would cause the Facilities to lose such accreditations. Palomar has delivered a copy of each applicable Facility's Joint Commission accreditation reports and any reports, documents, or written correspondence relating thereto from the prior three (3) years.

4.7 Statutory Funds. Except as set forth on Schedule 4.7, neither Palomar nor any other Palomar Entity nor any of their respective predecessors has received any loans, grants, loan guarantees, donations, monies, or other financial assistance pursuant to the Hill-Burton Act program, the Health Professions Educational Assistance Act, the Nurse Training Act, the National Health Planning and Resources Development Act, or the Community Mental Health Centers Act, as amended, or similar Laws

relating to healthcare facilities that remain unpaid or which impose any restrictions on the Business or the Contributed Assets.

4.8 Government Program Participation; Private Programs; Reimbursement.

(a) The Facilities and the Joint Ventures are certified for participation in Medicare and Medicaid and have current and valid payor agreements with such Government Programs and the Facilities are entitled to bill under, current payor agreements with certain private payors or programs, including any private insurance payor or program, self-insured employer, or other third party payor (each, a “**Private Program**”) under which the Facilities or Palomar in respect of the Facilities directly or indirectly receive payments, each set forth on Schedule 4.8(a) Palomar has delivered accurate and complete copies of all Payor Agreements to the clean room of the VDR. Schedule 4.8(a) contains a list of all Provider Numbers.

(b) The Payor Agreements are each in full force and effect, and to the Knowledge of Palomar, no events or facts exist that would cause any Payor Agreement to be suspended, terminated, restricted, or withdrawn. A Palomar Entity has not received written notice from any Government Program or Private Program to the effect that it intends to cease or materially alter its business relationship with Palomar, whether as a result of the Contemplated Transactions or otherwise.

(c) For the last six (6) years, all billing and collection practices of, and claims submitted by a Palomar Entity and the Facilities in the operation of the Business, with respect to all Government Programs and Private Programs have been conducted in compliance in all respects with all applicable Laws and the billing guidelines of such Government Programs or Private Programs. The Palomar Entities have established and maintained commercially reasonable policies, procedures, and processes in accordance with all Laws for reviewing claims for covered services to applicable Payors (including processes for appealing denials of coverage), and has delivered accurate and complete copies of all policies, procedures, and processes to the Authority. To the Knowledge of Palomar, during the past six (6) years, the Palomar Entities and the Facilities have not submitted any claims that are cause for civil penalties or overpayments under, or mandatory or permissive exclusion from, any Government Program, Private Program, or under the terms of a Payor Agreement. Palomar and each Palomar Entity has maintained such records as required by applicable Law or third-party payor policy supporting the provision of services billed under all Government Programs and Private Programs. Other than claims processing adjustments arising in the ordinary course of business, during the past six (6) years, the Palomar Entities have not received any written notices from any Government Programs or Private Programs of any material audits, overpayments, false claims, civil monetary penalties, offsets or recoupments against future reimbursement that have not been fully resolved and the Palomar Entities have not received any notice of any outstanding overpayments or obligations to repay or refund any Government Programs or Private Programs. Any potential overpayment for which a Palomar Entity has credible information has been duly and diligently reviewed and assessed to determine whether any actual overpayment exists, and any actual overpayments have been appropriately and timely repaid to the applicable payors and individuals. The Palomar Entities and the Facilities have not waived or discounted co-payments or deductibles, except pursuant to a bona fide determination of financial need or after exhaustion of reasonable collection efforts. Except as set forth on Schedule 4.8(c), there are no pending appeals, adjustments, challenges, actions, or written notices of intent to audit, and no audits or inquiries with respect to prior claims or reports submitted to Government Programs or Private Programs. During the past six (6) years, no Palomar Entity or a Facility has been audited, surveyed, or otherwise examined in connection with any Government Program or Private Program.

(d) During the past six (6) years, the Palomar Entities have timely filed all required Cost Reports relating to the Business and the Facilities for all fiscal years through and including the most recently completed fiscal year, and copies of all Cost Reports relating to the Business and the Facilities have been made available. All Cost Reports relating to the Business and the Facilities filed by or on behalf

of the applicable Palomar Entities accurately reflect the information required to be included therein, and such Cost Reports do not claim, and neither the Palomar Entities nor the Facilities have received, reimbursement in any amount in excess of the amounts allowed by Law or any applicable agreement. No facts or circumstances exist that would give rise to any disallowance under any such Cost Reports. Schedule 4.8(d) indicates which of such Cost Reports have not been audited and finally settled, and includes a brief description of any notices of program reimbursement, proposed or pending audit adjustments, disallowances, appeals of disallowances, and all other unresolved claims or disputes in respect of such Cost Reports. For the past six (6) years, the applicable Palomar Entities have also timely filed all reports, data, and other information to be filed with CMS regarding CMS Reporting obligations in support of a Palomar Entity's right to receive payments from Government Programs. No Palomar Entity or any managing employee of such entity has made or caused to be made a false statement or representation of a material fact in any report, data, or other information supporting Palomar's CMS Reporting.

4.9 Compliance with Laws.

(a) (i) The Palomar Entities and their officers, directors and key employees have conducted, and is now conducting, the Business, and has operated, and is operating the Facilities and the Business in compliance in all material respects with all applicable Laws; and (ii) the Palomar Entities have not received written notice of any violation of, alleged violation or potential violation of, or Liability under, any such Laws or that a Palomar Entity, or any officer, director or other Person acting on behalf of, a Palomar Entity, related to the operation or conduct of the Business or the Facilities, is under investigation or inquiry with respect to any violation or alleged violation of any Law applicable to a Palomar Entity, the Business or the Facilities. Except as otherwise provided on Schedule 4.9(a), during the past six (6) years, no Palomar Entity nor a Facility has received any written notification of any pending or threatened Proceeding or other action from any Governmental Authority of any potential or actual non-compliance by, or Liability of, a Palomar Entity or a Facility under any Law. Each applicable Palomar Entity has timely filed all reports, data, and other information required to be filed with such Governmental Authorities regarding the Facilities and the Business.

(b) Except as otherwise provided on Schedule 4.9(b), no event has occurred, and no condition exists, that would reasonably be expected to (with or without notice or lapse of time) constitute or result directly or indirectly in a violation by Palomar or another Palomar Entity of, or a failure on the part of a Palomar Entity to comply with, any Law relating to the operation and conduct of the Business, the Facilities or use of the Contributed Assets, or to bear all or any portion of the cost of, any remedial action.

(c) Except as otherwise provided on Schedule 4.9(c), the Palomar Entities, the Facilities and the Business have been during the past six (6) years and are presently in compliance in all respects with all applicable Law, including Title XVIII of the Social Security Act, 42 U.S.C. §§ 1395-1395lll (the Medicare statute), including specifically, the Ethics in Patient Referrals Act, as amended, 42 U.S.C. § 1395nn; Title XIX of the Social Security Act, 42 U.S.C. §§ 1396-1396w-5 (the Medicaid statute); the Federal Health Care Program Anti-Kickback Statute, 42 U.S.C. § 1320a-7b(b); the False Claims Act, as amended (the "**False Claims Act**"), the Stark Law, 42 U.S.C. § 1395nn; the Federal Health Care Fraud law, 18 U.S.C. § 1347; Eliminating Kickbacks in Recovery Act of 2018, 18 U.S.C. § 220; the Travel Act (18 U.S.C. § 1952); 31 U.S.C. §§ 3729-3733; the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812; the Anti-Kickback Act of 1986, 41 U.S.C. §§ 51-58; the Civil Monetary Penalties Law, 42 U.S.C. §§ 1320a-7a and 1320a-7b; the Exclusion Laws, 42 U.S.C. § 1320a-7; HIPAA; Relief Fund Payment Terms and Condition, any similar state and local Laws that address the subject matter of the foregoing; any state Law or precedent relating to the corporate practice of the learned or licensed healthcare professions; any state Law concerning the splitting of healthcare professional fees or kickbacks; any state Law concerning healthcare professional self-referrals; the solicitation or acceptance of improper incentives involving persons operating in the health care industry, including all federal and state Laws prohibiting or regulating

fraud and abuse and patient inducements; any state healthcare professional licensure Laws, Laws governing the licensure and credentialing of healthcare professions and providers, qualifications or requirements for the practice of medicine or other learned healthcare professions; any state requirements for business corporations or professional corporations or associations that provide medical services or practice medicine or related learned healthcare profession; Laws concerning credentialing and licensure of facilities or providers of such services, standards of care, quality assurance, risk management, utilization review, peer review, and/or mandated reporting of incidents, occurrences, diseases, and events, advertising or marketing of health care services, the enforceability of restrictive covenants on health care providers, and workers compensation; any state pharmacy statutes and regulations, as well as state and federal controlled substance and drug diversion Laws, including the Federal Controlled Substances Act (21 U.S.C. § 801, et seq.) and the regulations promulgated thereunder; and all applicable implementing regulations, rules, ordinances and Orders related to any of the foregoing (the “**Healthcare Laws**”).

(d) During the past six (6) years, neither a Palomar Entity nor any officer, director, or current employee of a Palomar Entity has been convicted of, charged with, or, to the Knowledge of Palomar, investigated for, or has engaged in conduct that would constitute an offense related to Medicare or any other Government Program.

(e) During the past six (6) years, neither a Palomar Entity, nor any officer, director or employee of a Palomar Entity, has: (i) been convicted of, charged with, had a complaint filed alleging a violation of any Law related to a breach of fiduciary duty, fraud, theft, embezzlement, kickbacks, bribes, other financial misconduct, obstruction of an investigation; (ii) been investigated for, or (iii) to the Knowledge of Palomar engaged in conduct that would constitute a violation of any Law related to fraud, theft, embezzlement, breach of fiduciary duty, kickbacks, bribes, other financial misconduct, obstruction of an investigation.

(f) During the past six (6) years, none of the Palomar Entities, the Practitioners, the Facilities, any employee or any other officer, director, or employee of a Palomar Entity (whether an individual or entity) or to the Knowledge of Palomar, independent contractor who provides services to the Business, has been excluded from participating in any Government Program, subject to sanction pursuant to 42 U.S.C. § 1320a-7a or § 1320a-8, or been convicted of a crime described at 42 U.S.C. § 1320a-7b nor are any such exclusions, sanctions or charges pending or, to the Knowledge of Palomar, threatened.

(g) Any off-campus locations of each Facility that are treated by a Facility as being a provider-based location or department of such Facility (i) were in operation and billing the Medicare program under the outpatient prospective payment system for covered outpatient department services prior to November 2, 2015; (ii) are in compliance with the site-neutral programs of Section 603 of the Bipartisan Budget Act of 2015 and the requirements of CMS Regulations 42 C.F.R. § 413.65; and (iii) have been reported as practice locations on each Facility’s Part A Medicare enrollment record.

(h) All of Palomar’s and the other applicable Palomar Entities’ Contracts or Lease Agreements with a Physician or any Immediate Family Members of any Physician, or any referral source or potential Referral Source involving services, supplies, payments, or any other type of remuneration are in writing, are signed by the appropriate parties, set forth the services, space or goods to be provided, are commercially reasonable, and provide for a compensation consistent with fair market value and that was consistent with fair market value at the time they were entered into in exchange for such services, space, or goods and comply with all applicable Law.

(i) The applicable Palomar Entities are in compliance with all applicable Laws regarding the selection, deselection, credentialing, and supervision of its Physicians and other Practitioners, including verification of licensing status and eligibility for reimbursement under Government Programs.

(j) Each individual currently employed by or contracted by a Palomar Entity to provide professional services, including the Practitioners to the Facilities, is duly licensed to provide such services, and, to the Knowledge of Palomar, is in compliance in all material respects with all Laws relating to such professional licensure and meets or met the qualifications to provide such professional services under applicable Law and the terms and conditions of the Payor Agreements to which a Palomar Entity or a Facility is a party, in each case during the periods during which such individual provided such services on behalf of such entity or the Facilities or Business.

(k) The Palomar Entities, and their Representatives have complied with the U.S. Foreign Corrupt Practices Act of 1977, as amended, the Corruption of Foreign Public Officials Act, the OECD Anti-Bribery Convention, and other applicable Laws regarding the use of funds for political activity or commercial bribery. Neither the Palomar Entities or their Representatives has, for or on behalf of the Palomar Entities, at any time, (i) made or caused to be made or provided, directly or indirectly, any type of payment, gift, contribution or similar item to a governmental official, political party, or candidate for office for the purpose of influencing a decision, inducing an official to violate their lawful duty, securing an improper advantage, or inducing an official to use their influence to affect a governmental decision; or (ii) accepted or received any unlawful payments, gifts, contributions or similar items. Neither the Palomar Entities or their Representatives has, directly or indirectly, taken any action in violation of any export restrictions, anti-boycott regulations, embargo regulations, or other similar applicable U.S. or foreign Laws. Neither the Palomar Entities nor their Representatives is a “**pecially designated national**” or blocked Person under U.S. sanctions administered by OFAC. The Palomar Entities have not engaged in any business with any Person or in any country that it is prohibited for a U.S. Person to engage in any business with or under applicable Law or under applicable U.S. sanctions administered by the U.S. Department of the Treasury. Neither Palomar nor any Palomar Affiliate is a Person with whom U.S. Persons are restricted from doing business under regulations of OFAC (including those named on OFAC’s Specially Designated and Blocked Persons list) or under any statute, executive Order (including Executive Order Number 13224 on Terrorism Financing, effective September 24, 2001), or the United and Strengthening America by Providing Tools Required to Intercept and Obstruct Terrorism Act of 2001, H.R. 3162, Public Law 107-56, or any other governmental action.

4.10 Information Privacy and Security Compliance. Except set forth in Schedule 4.10:

(a) The Palomar Entities are, and at all times have been for the past six (6) years, in compliance with (i) HIPAA, (ii) all other Information Privacy or Security Laws and all rules and regulations promulgated thereunder; (iii) all Contracts involving the Processing of Personal Information or Medical Records; and (iv) the privacy policies of the Facilities. The Palomar Entities have undertaken regular surveys, audits, inventories, reviews, analyses, and/or assessments of all areas of the Business required by the Information Privacy or Security Laws, including annual HIPAA risk analyses, and have taken commercially reasonable steps to remediate and address vulnerabilities or deficiencies identified by such surveys, audits, inventories, reviews, analyses, and/or assessments.

(b) Palomar Entities currently maintain and implement, and at all times during the past six (6) years have maintained and implemented: (i) a notice of privacy practices and privacy, security, and breach notification policies and procedures as required by HIPAA, and are, and have been, in compliance in all material respects with such policies and procedures, and (ii) commercially reasonable safeguards (including administrative, physical, and technical measures) to protect the confidentiality, security, availability, and integrity of confidential information and Personal Information maintained, Processed, or transmitted by Palomar Entities in a manner consistent with Information Privacy or Security Laws. Palomar Entities have during the past three years made all legally required notifications and disclosures to Persons prior to the Processing of any Personal Information from such Persons and all such notifications and disclosures made or contained in any privacy policy, notice or other such disclosures have been and are

accurate and in material compliance with applicable Information Privacy or Security Laws in all material respects.

(c) Palomar Entities have delivered to the Authority accurate and complete copies of the compliance policies and procedures and privacy notices of Palomar Entities relating to Information Privacy or Security Laws. Palomar Entities have designated a privacy official and a security official who perform the duties specified in 45 C.F.R. Part 164. Each Palomar Entity's respective workforces (as such term is defined in 45 C.F.R. § 160.103) have received training with respect to compliance with Information Privacy or Security Laws.

(d) Each Palomar Entity, as applicable, has entered into business associate agreements (each, a "**BAA**") as required, including with all third parties acting as a business associate (as such term is defined in 45 C.F.R. § 160.103) of Palomar Entities. No action has been filed or threatened in writing (and received by any Palomar Entity) against a Palomar Entity by any Person alleging a violation of such Person's privacy, personal or confidentiality rights or under any Information Privacy or Security Laws. No Palomar Entity, (i) to the Knowledge of Palomar, is under investigation by any Governmental Authority for a violation of any Information Privacy or Security Laws related to Palomar Entities, the Facilities, or the Business; (ii) has received any written notice from the United States Department of Health and Human Services Office for Civil Rights, the Justice Department, the FTC, or the Attorney General of any state or territory of the United States relating to any such violations; and (iii) to the Knowledge of Palomar, has acted in any manner, or has had any incident, that would trigger a notification or reporting requirement under any BAA or any Information Privacy or Security Law, including a breach (as such term is defined in 45 C.F.R. § 164.402) ("**Breach**") with respect to any Unsecured Protected Health Information (as such term is defined in 45 C.F.R. § 164.402) ("**Unsecured PHI**") maintained by or on behalf of the Business.

(e) During the six (6) years, no Breach or a data breach or security incident (as defined under Information Privacy or Security Laws) has occurred with respect to any Personal Information, including Unsecured PHI, maintained by Palomar Entities related to the services provided by the Business, and no information security or privacy breach event has occurred that would require notification or other action or reporting under any other Information Privacy or Security Laws. During the previous three (3) years, No Palomar Entities with respect to the Business, including the Contributed Assets, has identified, documented, investigated, contained, remediated, or eradicated any security incident (as defined in 45 C.F.R. § 164.304 or Information Privacy or Security Laws) related to Personal Information or other confidential data transmitted, Processed, maintained, stored or otherwise in any Palomar Entity's possession or available on or through a Palomar Entity's or a Palomar Affiliate's network or information technology system with respect to the Business, including Contributed Assets. In addition, each Palomar Entity has taken commercially reasonable and appropriate measures to protect and maintain the confidential nature of all Personal Information against loss, corruption, unauthorized modification, misuse, theft, and unauthorized access, use, acquisition, or disclosure of assets and infrastructure, including Personal Information, Medical Records, and Contributed Assets.

(f) No Palomar Entity transmits or stores any Personal Information outside of the United States, nor do they contract with any third-party vendor under which the third-party vendor transmits or stores any Personal Information of any Palomar Entity outside of the United States.

(g) Each Palomar Entity has full right and authority to disclose, and transfer the full ownership rights of, the information included in the Contributed Assets, including the right to access, own, and Process the Personal Information and Medical Records of each Palomar Entity, as applicable, and to make any derivative use thereof without restriction, consistent with applicable Law. Each Palomar Entity has made all necessary disclosures to, and obtained all necessary consents or authorizations from users,

customers, patients, partners, workforce members, employees, contractors, and any other applicable Persons required by Information Privacy or Security Laws.

(h) For the last six (6) years, all Palomar Entities, in the operation of the Business, have used, disclosed, collected, tracked, recorded, or otherwise captured Personal Information by or through use of web technologies, web or mobile applications, software, or programs (such as metapixels, analytics, and other programs) that are furnished or otherwise made available by third parties, and other similar technologies, except as otherwise permitted by applicable Laws and guidance issued by Governmental Authorities.

4.11 Artificial Intelligence.

(a) Schedule 4.11 sets forth a complete and accurate list of (i) all third-party AI Technology used in connection with, and material to, each Palomar Entity in the operation of the Business (“Licensed AI Tools”); and (ii) all datasets that each Palomar Entity licenses to any third Persons (“Company Datasets”), identifying any Persons to whom any Company Datasets are licensed. No Palomar Entity owns any AI Technology and, except for the Licensed AI Tools, no AI Technology is incorporated in or employed by any Palomar Entity’s products or services used in the operation of the Business, or that are under development, by or on behalf of any Palomar Entity.

(b) No Palomar Entity has: (i) included any Personal Information, trade secrets or material confidential or proprietary information of any Palomar Entity or of any third Person to which any Palomar Entity is under an obligation of confidentiality, in any prompts or inputs into any Licensed AI Tools where such Licensed AI Tools use such information, prompts or input to train the machine learning or algorithm of such tools or improve any products or services, including services related to such tools; or (ii) used any Licensed AI Tools to generate any technology or other Intellectual Property that any Palomar Entity intended to maintain as proprietary, or which is otherwise material to a Palomar Entity.

(c) Each Palomar Entity owns, or otherwise possesses sufficient, valid, and enforceable rights to use, all AI Inputs that are material to the Business operations of such Palomar Entity. No Palomar, Entity licenses any AI Inputs from third Persons. Each Palomar Entity: (i) has used the Licensed AI Tools in material compliance with the Contracts applicable to such Licensed AI Tools; and (ii) has provided all notices and disclosures, obtained all consents and permissions, and otherwise has all rights and authority, in each case as required under applicable Laws, to collect, use and otherwise process AI Inputs, including Company Datasets, to conduct the Business and has been and is in compliance with all use restrictions contained in the foregoing.

(d) Each Palomar Entity has taken commercially reasonable measures to ensure the ethical and responsible use of AI Technologies at and by each Palomar Entity, including implementation and compliance with internal policies and procedures relating to the ethical and responsible use of AI Technologies. There has been (i) no material actual or alleged non-compliance by any Palomar Entity with any such policies or procedures or any Laws governing the use of AI Technologies; (ii) no material written claims or allegations challenging any Palomar Entity’s ethical or responsible use of AI Technologies; and (iii) no written requests for information or testimony from regulators or legislators directed to any Palomar Entity’s use of any AI Technologies.

4.12 Compliance Program.

(a) Palomar has delivered an accurate and complete copy of each Facility’s and applicable Palomar Entity’s current compliance program materials, including all program descriptions, compliance officer and committee descriptions, ethics and risk area policy materials, training and education

materials, auditing and monitoring protocols, reporting mechanisms, and disciplinary policies. During the past six (6) years, the Palomar Entities and the Facilities have conducted their operations in accordance with their respective compliance programs. Neither Palomar nor any other Palomar Entity: is (i) a party to any Corporate Integrity Agreement (“CIA”) with the OIG or any other monitoring agreement, deferred prosecution agreement, or similar agreement with any Governmental Authority; (ii) has had any reporting obligations pursuant to any settlement agreement entered into with any Governmental Authority; (iii) has been a defendant in any qui tam/False Claims Act litigation; (iv) has been served with or received any search warrant, subpoena, civil investigation demand, contact letter or, to the Knowledge of Palomar, telephone or personal contact by or from any federal or state enforcement agency (except in connection with medical services provided to third-parties who may be defendants or the subject of investigation into conduct unrelated to the Business); or (v) for the past six (6) years, has not received any complaints through a Palomar Entity’s compliance “hotline” from a Palomar Entity employees, Practitioners or patients that would reasonably be considered to indicate that such Person has violated, or is currently in violation of, any such Law in any respect. For purposes of this Agreement, the term “compliance program” refers to provider programs of the type described in compliance guidance published by the OIG.

(b) Upon hiring employees and monthly thereafter, searches of the OIG’s List of Excluded Individuals/Entities and Medi-Cal’s Provider Suspended or Ineligible List are performed by a Palomar Entity or their designee to confirm that all employees, independent contractors and medical staff members providing any services to the Facilities or to the Business are not, as of the Operational Date of any such person or entity being listed as, excluded, debarred or otherwise ineligible to participate in the Government Programs. Any such Persons who have been identified as excluded as a result of those searches have been terminated.

4.13 Medical Staff Matters. Palomar has made available to the Authority true, correct, and complete copies of the bylaws and rules and regulations of the medical staff of the Facilities, as well as a list of all current members of each Facility’s medical staff. The Facilities each have an open medical staff. With respect thereto: (i) there are no pending adverse actions with respect to any medical staff members of the Facilities or any applicant thereto for which a medical staff member or applicant has requested review under any Facility medical staff bylaws that has not been scheduled or has been scheduled but has not been completed; (ii) there are no pending or, to the Knowledge of Palomar, threatened disputes with applicants, staff members, or health professional affiliates; and (iii) all appeal periods in respect of any medical staff member or applicant against whom an adverse action has been taken have expired. Notwithstanding the foregoing provisions of this **Section 4.13**, Palomar will not be required to disclose any information pursuant to this **Section 4.13** where such disclosure is prohibited by Law.

4.14 Experimental Procedures. During the past six (6) years, the applicable Palomar Entities and the Facilities have not performed or permitted the performance of any experimental or research procedure or study involving patients in the Facilities that were not authorized and/or conducted in accordance with the policies and procedures of the Facilities that comply with applicable Law, including applicable U.S. Food and Drug Administration regulations.

4.15 Intellectual Property.

(a) Schedule 4.15(a), sets forth an accurate and complete list of the following Owned Intellectual Property as of the date of this Agreement: (i) Patents; (ii) registered Trademarks and applications therefor, and unregistered Trademarks that are material to the operation of the Business; (iii) registered Copyrights and applications therefor; (iv) Domain Names (including social media accounts used or held for use in or ancillary to the Business or the Contributed Assets); (v) the names set forth on Schedule 4.15(a), and any derivatives or variations thereof, and (vi) Software, including for each item listed, as applicable, the owner, the jurisdiction, the application/serial number, the registration number, the filing

date, and the issuance/registration date. Schedule 4.15(a) also sets forth all payments and filings that are due, and all other actions with Governmental Authorities that must be taken, within one hundred eighty (180) days after the date hereof, with respect to each item of registered Intellectual Property listed in such schedule. All of the foregoing registered Owned Intellectual Property is valid, subsisting, and enforceable in accordance with applicable Law, has not been canceled, expired, or abandoned, and is not involved in any interference, reexamination, cancellation, or opposition Proceeding.

(b) Palomar solely and exclusively owns all right, title, and interest (including the right to enforce), free and clear of all Encumbrances, other than Permitted Encumbrances, in all Owned Intellectual Property. During the three (3) year period before the Operational Date, Palomar and Palomar Affiliates have used commercially reasonable efforts, consistent with customary industry practices, to maintain and protect each item of Owned Intellectual Property.

(c) Palomar has valid rights to use the Transferred Intellectual Property necessary for the operation of the Business.

(d) Neither Palomar nor any Owned Intellectual Property is subject to any Contract containing any covenant or other provision that in any way limits or restricts the ability of Palomar to use, assert, enforce, or otherwise exploit any Owned Intellectual Property anywhere in the world. No Person who has licensed Intellectual Property to Palomar has any ownership rights or license rights to derivative works or improvements made by or on behalf of Palomar or a Palomar Affiliate related to such Intellectual Property.

(e) Following the Effective Time, the Authority has and be permitted to exercise all of Palomar's or Palomar Entities' rights under and to all Transferred Intellectual Property, including under or pursuant to all Intellectual Property Contracts and Information Technology System Contracts to the same extent Palomar would have been able to had the Contemplated Transactions not occurred and without being required to pay any additional amounts or consideration other than fees, royalties or payments that Palomar or a Palomar Entity would otherwise be required to pay had the Contemplated Transactions not occurred. No event has occurred, and no circumstance or condition exists, that (with or without notice or lapse of time) will, or could reasonably be expected to, result in the delivery, license, or disclosure of any source code included in the Owned Intellectual Property.

(f) During the past three (3) years, the Owned Intellectual Property and the use of the Transferred Intellectual Property by Palomar and the operation of the Business have not infringed, misappropriated, violated, or otherwise conflicted with, in each case in any material respect, and do not infringe, misappropriate, violate or otherwise conflict in any material respect with, any Intellectual Property rights of any other Person, violate any right to privacy or publicity, nor constitute unfair competition or trade practices under the Laws of any jurisdiction. Palomar has not received any written claim that Palomar or any Transferred Intellectual Property infringes, misappropriates, or otherwise violates any Intellectual Property rights of any Person, or constitutes unfair competition or trade practices under the Laws of any jurisdiction.

(g) Except set forth on Schedule 4.15(g), all Information Technology Systems (i) operate and perform in accordance with their documentation and functional specifications and otherwise as required by the Palomar Entities; (ii) have not materially malfunctioned or failed within the past three (3) years; (iii) ensures and protects the integrity and security of Personal Information; and (iv) are free of (A) to the Knowledge of Palomar, any critical defects, including any critical error or critical omission in the processing of any transactions; (B) to the Knowledge of Palomar, any Malicious Code; and (C) information technology, including website, tracker technology, including third-party tracking.

(h) Each Palomar Entity has implemented and follows reasonable backup, security, and disaster recovery technology, plans, policies and procedures, and facilities consistent with industry practices and applicable Law.

(i) To the extent that any Palomar Entity receives, processes, transmits or stores any financial account numbers (such as credit cards, bank accounts, PayPal accounts, debit cards), passwords, CCV data, or other related data (“**Cardholder Data**”), such Palomar Entity has implemented information security procedures, processes and systems that have, during the past three (3) years, met or exceeded all applicable Law and industry standards related to the collection, storage, processing and transmission of Cardholder Data, including those established by applicable Governmental Authorities, and the Payment Card Industry Standards Council (including the Payment Card Industry Data Security Standard).

(j) Each Palomar Entity has taken all reasonable steps to address, manage, and remediate all risks, vulnerabilities, threats, and deficiencies identified in any assessment, audit, review, or analysis of the Information Technology Systems that it has performed in the past three (3) years.

(k) Except set forth on Schedule 4.15(k), no Palomar Entity (i) licenses, owns, is currently developing, or otherwise uses or has used in its business, including in the development of any Owned Intellectual Property, any AI Technology, including third-party AI Technology; or (ii) licenses any AI Inputs or datasets to or from third Persons, or otherwise uses or has used any AI Inputs in the conduct of its business, including in the development of any Owned Intellectual Property or the ongoing modification, update, or improvement of any Owned Intellectual Property. To the knowledge of Palomar, none of the Palomar Entities’ service providers have used AI Technologies to create or develop, or contribute to the creation or development of, any Owned Intellectual Property.

4.16 Contracts.

(a) Schedule 4.16(a) sets forth an accurate and complete list of each Contract (including a description of any oral Contract) that is described in any of the following subsections and either binds or affects any of the Contributed Assets or that Palomar or another Palomar Entity is bound in connection with the Business, the Facilities or the Contributed Assets (collectively, the “**Material Contracts**”):

(i) all Contracts involving aggregate consideration in excess in the aggregate of \$200,000;

(ii) all Contracts that cannot be cancelled without penalty or without more than sixty (60) days’ notice;

(iii) all Contracts that relate to the acquisition of any business, a material amount of stock or assets of any other Person or any real property (whether by merger, sale of stock, sale of assets or otherwise), in each case effective in the past two (2) years;

(iv) all Contracts that contain non-competition or non-solicitation provisions restricting the conduct of the Business, in any geographic area or during any period of time;

(v) all Contracts granting any exclusive rights, rights of first refusal, rights of first negotiation or similar rights to any Person;

(vi) except for agreements relating to trade receivables, all Contracts relating to Indebtedness (including guarantees), or imposing an Encumbrance on any Contributed Asset;

- (vii) all Contracts with Payor Programs;
- (viii) all Contracts with any Practitioner, nurse, healthcare practitioner, or licensed health care facility, including all Contracts for medical direction, the provision of professional health care services, or medical supervision of the performance of health care services, including supervision of nursing services and other allied health services at the Facilities and all other Contracts with a Referral Source or other healthcare facility;
- (ix) all Contracts between Palomar and a Palomar Entity or between Palomar Entities or between a Palomar Entity and an Affiliate;
- (x) All Contracts between Palomar or a Palomar Entity and the Foundation;
- (xi) all collective bargaining agreements or Contracts with any labor organization, union, or association;
- (xii) all employment agreements and all Contracts that provide for severance pay or any other material post-employment payment by, or financial obligation of Palomar or a Palomar Entity with respect to any Palomar Employees;
- (xiii) all Contracts with independent contractors or consultants (or similar arrangements) with annual compensation in excess of \$150,000;
- (xiv) All Contracts involving sales and marketing services;
- (xv) All Contracts involving management, administrative, or consulting services;
- (xvi) all Contracts pursuant to which material payments are required upon a sale of substantially all the assets that constitute the Business;
- (xvii) all joint venture, partnership, or similar Contracts that provide for the sharing of profits relating to the Business;
- (xviii) all Contracts for the sale of any of the Contributed Assets or for the grant to any Person of any option, right of first refusal or preferential or similar right to purchase any of the Contributed Assets;
- (xix) all Contracts that provide for the indemnification of any Person outside of the ordinary course of business of Palomar, or that provide for the assumption of any Tax, environmental or other Liability of any Person;
- (xx) all Intellectual Property Contracts;
- (xxi) all Information Technology System Contracts;
- (xxii) all leases, including any Lease Agreements;
- (xxiii) all confidentiality agreements or non-disclosure agreements;
- (xxiv) all agency agreements and powers of attorney; and

(xxv) all other Contracts material to the Contributed Assets or the operation of the Business and not previously listed above.

(b) Each Material Contract is valid and binding on the applicable Palomar Entity, in accordance with its terms and is in full force and effect. The applicable Palomar Entity has properly conducted and paid all material amounts owed by such entity and otherwise performed all material obligations required to be performed by such Palomar Entity under each Material Contract, and the Palomar Entity has not received any written notice of termination, cancellation, breach, or default under any Material Contract. Except as set forth on Schedule 4.16(b), (i) to the Knowledge of Palomar, no event has occurred that, with the passage of time or the giving of notice or both, would result in a default, breach, or event of noncompliance by such Palomar Entity under any Material Contract, or result in the termination thereof, or would cause or permit the acceleration or other changes of any right or obligation or the loss of any benefit thereunder, and (ii) to the Knowledge of Palomar, no other party to any Material Contract is in breach thereof or default thereunder. Palomar has delivered a true, correct, and complete copy of each written Material Contract.

(c) A Palomar Entity is not a party to any oral Contracts involving the operation of the Business, the Facilities or ownership of the Contributed Assets.

4.17 Inventory. Inventory is carried at the lower of cost or market on a first-in, first-out basis. Except to the extent of reserves reflected in the Reference Balance Sheet, all of the Inventory on hand on the Operational Date consists of and will consist of items of a quality usable or saleable in the ordinary course of business. The quantities of all Inventory are reasonable and justified under the normal operations of each of the Facilities and do not exceed levels that Palomar reasonably believes will be fully utilized within the twelve (12) month period after the date of recordation on the Records.

4.18 Real Property.

(a) Schedule 2.1(a) sets forth the physical address as well as the legal description for each parcel of Poway Real Property and TIC Property Interest. Palomar is conveying to the Authority, good, marketable, and insurable fee simple title to the Poway Real Property and the TIC Property Interest, free and clear of all Encumbrances, other than Permitted Encumbrances.

(b) The Real Property comprises all of the real property used, occupied, or otherwise possessed in connection with the ownership or operation of the Business.

(c) No Palomar Entity or any other Person has a leasehold interest in any of the Real Property or the Facilities (except for those Tenants, if any, under the Lease Agreements set forth on Schedule 4.18(c)).

(d) Schedule 4.18(d) sets forth an accurate and complete list and current rent roll of all existing Lease Agreements, including the following information with respect to each: (i) the physical address and premises covered; (ii) the effective date and any amendments thereto; (iii) the legal name of the tenant, licensee or occupant; (iv) its term; (v) the rents and other charges payable thereunder; (vi) the rents or other charges in arrears or prepaid thereunder, if any, and the period for which any such rents and other charges are in arrears or have been prepaid; (vii) the nature and amount of the security deposits thereunder, if any; (viii) any options to renew or extend such Lease Agreement; (ix) any free rent, concessions, abatements, allowances, rebates or refunds to which the tenant, licensee or occupant may be or may have been entitled; (x) the status of any tenant improvements to be performed by Palomar or the tenant, subtenant, licensee or occupant; and (xi) the nature and amount of any commissions payable with respect thereto. Other than as set forth on Schedule 4.18(d), Palomar is not a party to any Lease Agreement,

and no portion of the Poway Real Property is subject to any leases, subleases, licenses, timeshare arrangements, or other occupancy agreements.

(e) Except set forth on Schedule 4.18(e), with respect to each Lease Agreement: (i) the Lease Agreement is legal, valid, binding and in full force and effect; (ii) the execution, delivery and performance by Palomar of this Agreement, and the consummation of the Contemplated Transactions, do not or will not (as the case may be) require the consent of any other party to such Lease Agreement, will not result in a breach of or default under such Lease Agreement, and will not otherwise cause such Lease Agreement to cease to be legal, valid, binding, enforceable and in full force and effect on identical terms following the Closing; (iii) there are no material ongoing disputes with respect to such Lease Agreement; (iv) Palomar has not received any written notice of a termination of any Lease Agreement, (v) neither Palomar nor any other party to such Lease Agreement is in breach or default under such Lease Agreement, and no event has occurred or circumstance exists which, with the delivery of notice, the passage of time or both, would constitute such a breach or default, or permit the termination, modification or acceleration of rent under such Lease Agreement; (vi) no security deposit or portion thereof deposited with respect to such Lease Agreement has been applied in respect of a breach or default under such Lease Agreement that has not been re-deposited in full; (vii) there are no Encumbrances on the estate or interest created by such Lease Agreement other than Permitted Encumbrances; and (viii) no brokerage or leasing commissions or other compensation are due or payable by Palomar or another Palomar Entity to any Person, firm, corporation or other entity with respect to, or on account of, any Lease Agreement or any extensions or renewals thereof.

(f) Palomar has made available accurate and complete copies of the Lease Agreements, in each case as amended or otherwise modified and in effect, together with all extension notices and other material correspondence, fair market value analyses, estoppel certificates, and subordination, non-disturbance and attornment agreements related thereto.

(g) The Palomar Entities have not received written notice from any Governmental Authority of, and there is not: (i) any pending or, to the Knowledge of Palomar, threatened, condemnation Proceedings affecting the Real Property or any part thereof; (ii) to the Knowledge of Palomar, any violation of any Laws (including zoning and land use ordinances, construction, building codes, Americans with Disabilities Act, as amended, Section 504 of the Rehabilitation Act of 1973 and similar requirements) with respect to the Real Property or any part thereof, which have not heretofore been cured; or (iii) any pending or, to the Knowledge of Palomar, threatened, injunction, decree, Order, writ or judgment outstanding, nor any claims, litigation, administrative actions or similar Proceedings against Palomar, any other Palomar Entity, or any Real Property relating to the ownership, lease, use or occupancy of such Real Property or any portion thereof which is reasonably likely to result in a material change in the condition of any Real Property or any part thereof or in any material respect prevent or limit the present operation of the improvements on the Real Property or any part thereof.

(h) Schedule 4.18(h) sets forth an accurate and complete list of all of the material pending (active) construction activity at the Real Property and all open permits for the performance of any construction activity at the Real Property as of the Effective Date (collectively, the “**Pending Construction Projects**”). Schedule 4.18(h) sets forth the following with respect to each Pending Construction Project, if applicable: (i) name of the contractor, subcontractor, sub-subcontractor, materialmen or supplier, as applicable; (ii) the contract price; (iii) date of the contract; (iv) scope of work; (v) permit numbers with HCAI and any other governmental agency, if applicable; and (vi) projected date of completion and status of completion, as applicable.

(i) Other than the Pending Construction Projects, a Palomar Entity has not engaged any contractors, architects, engineers, material, suppliers, or other parties to perform labor or services at the Real Property in the six (6) months prior to the Operational Date, other than maintenance and repair work

in the ordinary course and which does not constitute a capital improvement or repair. Schedule 4.18(i) sets forth a description of all such construction activity including: (i) name of the contractor, subcontractor, sub-subcontractor, materialmen or supplier, as applicable, (ii) the contract price, (iii) date of the contract, (iv) scope of work, and (v) date of completion (or date of termination, if such work was properly terminated prior to completion). As of the Operational Date, other than the Pending Construction Projects, maintenance, and repair work in the ordinary course and which does not constitute a capital improvement or repair, there will be no incomplete or pending construction projects affecting the Real Property and all completed construction projects will be fully paid for, and Palomar has obtained all applicable lien releases.

(j) To the Knowledge of Palomar, neither the location, construction, occupancy, operation, nor use of the Real Property (including the improvements which are a part of the Real Property) violates any applicable Law or determination of any Governmental Authority or any board of fire underwriters (or other body exercising similar functions), judicial precedent or any restrictive covenant or deed restriction (recorded or otherwise) affecting the Real Property or the location, construction, occupancy, operation or use thereof, including all applicable Law. To the Knowledge of Palomar all improvements located on the Real Property are located within boundary lines of the described parcels of land, and each parcel of Real Property has access to a public street adjoining the Real Property, and such access is not dependent on any land or other real property interest which is not included in the Real Property.

(k) To the Knowledge of Palomar, there are no structural or latent defects in any of the buildings or other improvements that are a part of the Real Property. To the Knowledge of Palomar, except for the Pending Construction Projects, such buildings and improvements which are a part of the Real Property, and all parts thereof and appurtenances thereto, including the heating, ventilation, air conditioning, electrical, mechanical and plumbing systems, and the drainage at or servicing the Real Property, the Facilities and any equipment relating thereto, are in good condition and working order and adequate in quantity and quality for the normal operation of the Real Property.

(l) There are no restrictive covenants, access agreements, reciprocal parking agreements or other encumbrances affecting the Real Property and which are not reflected on the applicable title report.

(m) To the Knowledge of Palomar, Palomar has provided true, complete, and accurate copies of all Contracts that constitute a warranty or guaranty for any structural components of the Real Property (including the roof and elevators) or any equipment or furniture in the Real Property.

(n) Except as set forth on Schedule 4.18(n), no portion of the Real Property has any deferred maintenance or requires any capital repairs in excess of \$500,000.

(o) Palomar provided all construction plans in its possession, custody, and control for all buildings on the Real Property, including all architectural, mechanical, electrical, plumbing, civil plans, and as-built drawings (the "Construction Drawings") on or before the Operational Date. To the Knowledge of Palomar, all of the Construction Drawings are true, complete, and accurate in all material respects, and to the Knowledge of Palomar, there are no material inaccuracies or omissions in the Construction Drawings. The Construction Drawings are described on Schedule 4.18(o).

(p) There are no open permits with HCAI for any active or planned construction activities on the Real Property, and there is no planned construction activity for any projects under consideration for a permit with HCAI. All active or pending construction at the Real Property subject to HCAI approval is described on Schedule 4.18(p), including status or phase of project, primary contact at HCAI for the same, and material terms regarding the project. Palomar has provided the Authority with copies of all material documents in a Palomar Entity's possession, custody, or control relating to all

construction projects identified, including all construction contracts, change orders, bidding documents, specifications, permits, material correspondence with HCAI, daily reports, certificates of insurance, waivers and lien releases, and project schedule.

(q) All representations and statements made to HCAI or any other governmental agency relating to seismic compliance, including the building condition, engineering reports, and ratings assigned to same are true and correct in all material respects and Palomar is not aware of any omissions or misstatements regarding the NPC/SPC ratings for all of the Facilities as reflected on the HCAI website.

(r) Palomar has delivered all material documents relating to the Real Property and will continue to provide documents relating to the Real Property until the Operational Date, including all of the following: (i) surveys; (ii) environmental assessments; (iii) geotechnical reports; (iv) roof, structural and building reports; (v) notices of violations of any zoning ordinance or other Law or regulation; (vi) architectural and engineering plans and specifications relating to the Improvements; (vii) all property tax statements for the past three (3) years; (viii) all service contracts, property management agreements, and other agreements currently in effect and to which Palomar is a party; (ix) all Lease Agreements; (x) all current insurance policies and certificates; (xi) a schedule of all capital improvements for the past three (3) years that were undertaken by Palomar; (xii) warranties and/or guaranties relating to the improvements at the Real Property that are currently in effect; (xiii) copies of all construction documents for the Pending Construction Projects; (xiv) copies of all construction documents for any projects identified; (xv) a list and copy of any non-recorded Encumbrances; (xvi) a list of any material Tenant complaints, if any, over the last three (3) years; (xvii) a list or invoice of each material repair to the Real Property performed by Palomar, if any, over the last three (3) years; (xviii) copies of all correspondence with HCAI for the last three (3) years; and (xix) copies of all plans, drawings, submittals, and reports relating to HCAI seismic compliance that are in progress or that have been submitted to HCAI in the last three (3) years.

4.19 Insurance.

(a) Schedule 4.19 sets forth an accurate and complete list of all insurance policies or self-insurance funds maintained by a Palomar Entity or otherwise on behalf of the Business or the Facilities (collectively, the “**Insurance Policies**”), indicating with respect to each such policy or fund, the type of insurance, policy number, identity of the insurer, coverage limits, and whether such policies are on an occurrence or claims made basis. Palomar has delivered accurate and complete copies of all such Insurance Policies. All of the Insurance Policies are now and will be until the Operational Date in full force and effect with no premium arrearages. All premiums due on the Insurance Policies have either been paid in accordance with the payment terms of each Insurance Policy. All Insurance Policies (i) are valid and binding in accordance with their terms; (ii) are provided by carriers who are financially solvent; and (iii) have not been subject to any lapse in coverage; and (iv) No Palomar Entity is in default under, or has not otherwise materially complied with, any provision contained in any Insurance Policy.

(b) The applicable Palomar Entities have one or more “business interruption” Insurance Policies in customary form and amount covering the Business, the Facilities and the assets owned by such entity, and the proceeds of such Insurance Policies will, as of the Operational Date, be assignable to the Authority as to the period following the Effective Time.

(c) The Insurance Policies are of the type and in the amounts customarily carried by Persons conducting a business similar to the Business and are sufficient for compliance with all applicable Law and Contracts to which a Palomar Entity is a party or by which a Palomar Entity, the Facilities or the Business are bound. The Palomar Entities have timely provided all notices required to be given under the Insurance Policies to the respective insurer with respect to all claims and actions covered by insurance, and

no insurer has denied coverage of any such claims or actions or reserved its rights in respect of or rejected any such claims.

(d) No Palomar Entity has received any written notice from any insurer canceling or materially amending any of the Insurance Policies, and to the Knowledge of Palomar, no such cancellation or amendment is threatened, nor to the Knowledge of Palomar has a Palomar Entity failed to present any claim which is still outstanding under any of the Insurance Policies.

4.20 Employee Benefit Plans.

(a) Schedule 4.20(a) contains a true and complete list of all of the following agreements, plans or other Contracts covering any Palomar Employee, any current or former employee or director of Palomar or any current or former consultant or contractor of Palomar or a Palomar Entity: (i) employee benefit plans within the meaning of Section 3(3) of the ERISA; and (ii) any employment, severance, termination or similar Contract and any other employee benefit plan, program, policy, or arrangement providing for compensation, bonuses, commission, profit-sharing, stock option or other stock- or equity-linked benefits or rights, incentive, deferred compensation, vacation or paid-time-off benefits, insurance (including any self-insured arrangements), death, life, dental, vision, health or medical benefits, employee assistance, disability or sick leave benefits, workers' compensation, supplemental unemployment benefits, retention, transaction, change of control payments, savings, pension, retirement, post-employment or retirement benefits or other employee compensation plan, program, policy, agreement, program, arrangement or commitment, which Palomar or any Person that is required to be aggregated with a Palomar under Section 414 of the Code currently sponsors, maintains, or contributes to, or to which Palomar has any outstanding present or future obligations to contribute or other Liability, whether voluntary, contingent or otherwise (collectively, the "**Plans**").

(b) Palomar has provided an accurate and complete copy of the following documents: (i) each Plan (including all plan documents and amendments thereto and summary of the material terms of any Plan that is not in writing); (ii) the most recent Form 5500 annual report with accompanying schedules and attachments filed with the IRS; (iii) the three (3) most recent Forms 1094 and Forms 1095 filed with the IRS; (iv) the most recent summary plan description for each Plan (as well as any summary of material modifications thereto), (v) the current employee handbook or similar document of the Facilities; and (vi) the most recent determination or opinion letter issued by the IRS with respect to any Plan that is intended to qualify under Section 401(a) of the Code.

(c) All contributions (including all employer contributions and Palomar Employee salary reduction contributions), premiums and expenses to or in respect of the Plans have been timely paid in full or, to the extent not yet due, have been adequately accrued for in accordance with GASB.

(d) With respect to Palomar and any Person that is required to be aggregated with a Palomar under Section 414 of the Code (such aggregated Persons referred to as the "**ERISA Controlled Group**"): (i) there is no "multiemployer plan" (as defined in Sections 4001(a)(3) or 3(37)(A) of ERISA) under which Palomar or an ERISA Controlled Group have any present or future obligations, whether contingent or otherwise, or under which a Palomar Employee has any present or future right to receive benefits; (ii) none of the Plans and no plan that is or has been maintained or contributed to by a member of the ERISA Controlled Group is a pension plan subject to Title IV of ERISA, Section 302 of ERISA or Section 412 of the Code; and (iii) none of the Plans is a "multiple employer plan" (as defined in Section 413(c) of the Code) or a multiple employer welfare plan (as defined in Section 3(40) of ERISA). No Plan provides for post-employment health benefits to any Palomar Employee or former employee of Palomar or any Palomar Affiliate, except for group health plan continuation coverage as required by COBRA.

(e) There are no Proceedings pending or, to the Knowledge of Palomar, threatened, against Palomar with respect to any Plans, other than routine claims for benefits in the ordinary course of business.

(f) Each Plan has been operated and administered in material compliance with its terms and all applicable Law, including ERISA and the Code. Palomar and each ERISA Controlled Group has complied with all of the continuation coverage requirements of COBRA and the requirements of Section 5000 of the Code. Each Plan that is intended to be Tax-qualified under Section 401(a) of the Code ("**Retirement Plans**") has received a favorable determination letter or is entitled to rely on a favorable opinion letter from the IRS concerning the Tax-qualification of such Plan and no event or circumstance exists that would be reasonably expected to adversely affect such qualification.

(g) Neither the execution and delivery of this Agreement, nor the consummation of the Contemplated Transactions, either alone or in combination with another event (whether contingent or otherwise) will (i) entitle any Palomar Employee, any current or former employee or director of Palomar or PHMG, or any current or former consultant or contractor of Palomar or another Palomar Entity to any payment or benefit; (ii) increase the amount or value of any payment, compensation or benefits due to any Palomar Employee, any current or former employee or director of Palomar or any Palomar Entity, or any current or former consultant or contractor of Palomar or another Palomar Entity; or (iii) accelerate the vesting, funding or time of payment or delivery of any compensation, equity award or other payment or benefit; (iv) result in any Liability or commitment by the Authority or any of its respective Affiliates under, or with respect to, any Plan to any Palomar Employee, any current or former employee or director of Palomar or PHMG or, or any current or former consultant or contractor of Palomar or another Palomar Entity; or (v) result in any "parachute payment" within the meaning of Section 2800 of the Code or any similar foreign, state or local Laws.

(h) No event has occurred, and no condition or circumstance exists, that would reasonably be expected to subject Palomar or another Palomar Entity to penalties or excise Taxes under Sections 4980D, 4980H, or 4980I of the Code, Sections 6721 or 6722 of the Code (relating to returns required under Section 6055 and/or 6056 of the Code) or any provision of the Patient Protection and Affordable Care Act, Pub. L. No. 111-148 (the "**Healthcare Reform Laws**"). Not limiting the foregoing, Palomar has offered group health plan coverage to each full-time employee (as defined under the Healthcare Reform Laws), such that neither Palomar nor the Contributed Assets would reasonably be expected to have any Liability under the Healthcare Reform Laws.

4.21 Employee Matters.

(a) Schedule 4.21(a) sets forth an accurate and complete list of all Palomar Employees as of [REDACTED], their current salary or wage rates, bonus and other compensation, accrued and unused Paid Time Off, recognized date of hire, department, job title, status as part-time, full time, PRN or temporary, name of employer and work location. During the past three (3) years, Palomar and the other Palomar Entities and each Plan has properly classified individuals providing services to Palomar or other Palomar Entity(ies), the Business or the Facilities as independent contractors or employees and as exempt or non-exempt from the application of state and federal wage-and-hour Laws for all purposes, as the case may be, and have properly reported all compensation paid to such service providers for all purposes, and no Proceeding has been initiated, and to the Knowledge of Palomar, no Proceeding has been threatened against Palomar or another Palomar Entity with respect to any of the foregoing. All of the Palomar Employees listed on Schedule 4.21(a) are employees "at-will." Palomar and the other Palomar Entities are not a party to any oral or written (i) employment agreement (including severance or change of control agreements), (ii) consulting agreement, or (iii) independent contractor agreement with any Person. No

Palomar Employee has informed Palomar or another Palomar Entity, as applicable, in writing of any plan to terminate employment with or services for Palomar or such Palomar Entity, as applicable.

(b) Palomar and any other applicable Palomar Entity are not delinquent in payments to any of the Palomar Employees for any wages, salaries, commissions, bonuses or other direct compensation for any services performed for any of them or any other amounts required to be reimbursed to such Palomar Employees (including Paid Time Off and other benefits) or in the payment to the appropriate Governmental Authority of all required employment-related Taxes, insurance, Social Security and withholding thereon and have made all payments and accruals in compliance with applicable Law.

(c) (i) There is no pending, or, to the Knowledge of Palomar, threatened, employee strike, work stoppage or labor dispute at any of the Facilities; (ii) to the Knowledge of Palomar, except set forth on Schedule 4.21(b)(ii), no union representation question exists respecting the Palomar Employees, and no demand has been made or threatened for recognition by a labor organization by or with respect to the Palomar Employees, no union organizing activities by or with respect to the Palomar Employee are taking place, and none of the Palomar Employees is represented by any labor union or organization; (iii) except set forth on Schedule 4.21(b)(iii), no collective bargaining agreement exists, or is currently being negotiated by Palomar or PHMG; (iv) except set forth on Schedule 4.21(b)(iv), there is no unfair labor practice claim against Palomar or any other Palomar Entity before the National Labor Relations Board pending, or, to the Knowledge of Palomar, threatened, against or involving the Business or the Facilities; (v) Palomar and each applicable Palomar Entity are each in compliance in all material respects with all Laws and Contracts to which Palomar or such Palomar Entity is a party respecting employment and employment practices, including as to labor relations, terms and conditions of employment, and wages and hours, with respect to the Palomar Employees; (vi) Neither Palomar nor any other Palomar Entity are not engaged in any unfair labor practices with respect to the Palomar Employees; and (vii) except set forth on Schedule 4.22(a), there are no pending, or, to the Knowledge of Palomar, threatened, complaints or charges related to any of the Facilities before any Governmental Authority regarding employment or employment practices, including as to discrimination, harassment, or retaliation, safety or other employment-related charges or complaints, wage and hour claims, unemployment compensation claims, or workers' compensation claims.

(d) Palomar and each applicable Palomar Entity comply with the terms and provisions of the Immigration Act. For the Palomar Employees for whom compliance with the Immigration Act is required, Palomar and the other Palomar Entities have obtained and retained a complete and accurate copy of each Palomar Employee's Form I-9 (Employment Eligibility Verification Form) and all other records or documents required to be prepared, procured, or retained pursuant to the Immigration Act. Since January 1, 2023, Palomar and Palomar Entities have not been cited, fined, or served with a Notice of Intent to Fine or with a Cease and Desist Order (as such terms are defined in the Immigration Act) at any of the Facilities, nor has any Proceeding been initiated or, to the Knowledge of Palomar threatened against Palomar or Palomar Entity in connection with the Business or the Facilities, by reason of any actual or alleged failure to comply with the Immigration Act.

(e) Except as contemplated by this Agreement, since January 1, 2023, Neither Palomar nor Palomar Entity have effectuated (i) a "plant closing" (as defined in the WARN Act or any similar state, local or foreign Law) affecting any site of employment or one or more Facilities or operating units within any site of employment or facility of Palomar, or (ii) a "mass layoff" (as defined in the WARN Act, or any similar state, local or foreign Law) affecting any site of employment or facility of Palomar or Palomar Entity.

(f) Palomar: (i) has disclosed, on Schedule 4.21(f), all Allegations occurring during the ten (10) years before the Effective Date of this Agreement relating to Sexual Misconduct involving or

relating to Covered Persons; and (ii) has complied with all Authorities involving or relating to Sexual Misconduct involving or relating to Covered Persons; and (iii) properly and promptly fields, classifies, records, investigates, takes remedial measures, and resolves all Allegations involving or relating to Sexual Misconduct involving or relating to Covered Persons in accordance with Authorities.

(g) Except as disclosed on Schedule 4.21(g), (i) there have been no Allegations, lawsuits, or legal, administrative or arbitration proceedings pending, or to the Knowledge of Palomar, threatened, by or against or affecting a Palomar Entity with respect to, involving or relating to Sexual Misconduct involving or relating to Covered Persons, during the past ten (10) years; and (ii) to the Knowledge of Palomar, no event has occurred or circumstance exists that may give rise to or serve as a basis for the commencement of any such Allegation or proceeding.

(h) All personal and other records maintained by Palomar and any of Palomar's Entity for its employees are true and complete in all material respects.

(i) Except as list on Schedule 4.21(i) no executive or senior management level employee of Palomar has an employment or consulting arrangements with any other Palomar Entity or Palomar Affiliate or serves as an officer or director of such entity; (ii) no executive or senior management level employee of PHMG has an employment or consulting arrangements with any other Palomar Entity or Palomar Affiliate or serves as an officer or director of such entity; and (iii) no executive or senior management level employee of Palomar has an employment or consulting arrangements with any other Palomar Entity or Palomar Affiliate or serves as an officer or director of such entity.

(j) SDEMA does not currently employ any individuals, nor has SDEMA ever employed any individuals.

4.22 Litigation.

(a) Schedule 4.22(a) sets forth an accurate and complete list and summary description of all Proceedings with respect to Palomar, any Palomar Entity, the Business, Facilities, and the Contributed Assets, as well as all Orders, settlements, and conciliation Contracts under which Palomar or PHMG has current or future obligations with respect to the Business, Facilities, or the Contributed Assets. Except set forth on Schedule 4.22(a), there are no Proceedings, Orders, compliance reports or information requests, subpoenas or production requests pending, or, to the Knowledge of Palomar, threatened, against or affecting Palomar or a Palomar Entity with respect to the Business, the Facilities, the Contributed Assets or employees of Palomar or PHMG before or by any Governmental Authority. Neither Palomar, PHMG nor any of the Facilities has been subject to any formal (for which a Palomar, Palomar Entity, or Facility has received notice) Proceeding of the OIG, CMS, the Justice Department, the United States General Accounting Office, the California Department of Public Health, the Government Programs, or any other Governmental Authority. There are no Proceedings pending or, to the Knowledge of Palomar, threatened by Palomar or any Palomar Entity against any Person.

(b) Neither Palomar nor any Palomar Entity, nor any Contributed Asset is subject to any Order or unsatisfied judgment, penalty, award, settlement Contract, or conciliation Contract.

(c) There is no Proceeding or Order pending or, to the Knowledge of Palomar, threatened, against or affecting Palomar or any Palomar Entity before any court or Governmental Authority that has or would reasonably be expected to have an adverse effect on Palomar's or a Palomar Entity's ability to perform under this Agreement or any other Transaction Agreement with respect to any aspect of the Contemplated Transactions.

4.23 Tax Matters.

(a) The Palomar Entities have timely filed all income and other material Tax Returns required to be filed by, or with respect to, it in accordance with applicable Law relating to the Contributed Assets, the Assumed Liabilities, and the Business (all of which are true, complete, and correct in all material respects). All income and other material Taxes due and owing by Palomar and Palomar Entity (whether or not shown or required to be shown on any Tax Return) with respect to the Contributed Assets, the Assumed Liabilities, and the Business have been timely paid in full. Palomar has not waived any statute of limitations in respect of Taxes or agreed to or requested any extension of time with respect to a Tax assessment or deficiency with respect to the Contributed Assets, the Assumed Liabilities, or the Business.

(b) Palomar and the other Palomar Entities have properly withheld, deducted, or collected and timely paid in full to the proper Governmental Authority all Taxes required to have been withheld, deducted or collected and paid with respect to the Contributed Assets, the Assumed Liabilities or the Business, and has complied in all material respects with all information reporting (including IRS Forms W-2 and 1099) and backup withholding requirements.

(c) Palomar and Palomar Entities have not taken any action in respect of any Taxes (including any withholdings required to be made in respect of Palomar Employees) that may have an adverse impact upon the Contributed Assets, the Assumed Liabilities, or the Business as of or subsequent to the Effective Time.

(d) Other than Encumbrances for Taxes which are Permitted Encumbrances, there are no Encumbrances for Taxes on any of the Contributed Assets, and no basis exists for the imposition of any such Encumbrances. There are no matters under discussion by any Palomar Entity with any Governmental Authority with respect to Taxes that may result in an additional amount of Taxes for which any Palomar Entity may have any Liability or which may attach to the Contributed Assets.

(e) No deficiencies or assessments for Taxes with respect to the Contributed Assets, the Assumed Liabilities, or the Business have been claimed, proposed, or assessed by any Governmental Authority that may attach to the Contributed Assets. There are no pending or to the Knowledge of Palomar threatened Proceedings for or relating to any Liability in respect of Taxes which may attach to the Contributed Assets.

(f) The Palomar Entities is not a party to or bound by any Tax allocation, sharing indemnity or similar agreement, any closing agreement or offer in compromise with any Governmental Authority, and has no Liability with respect to any such agreements, in each case, with respect to the Contributed Assets, the Assumed Liabilities or the Business.

(g) None of the Contributed Assets is an interest in a Person classified as an association taxable as a corporation for Tax purposes.

(h) None of the Contributed Assets is an interest in a joint venture, partnership, or other arrangement that is or should be treated as a partnership for Tax purposes, and a Palomar Entity is not a party to any such arrangement.

(i) Palomar Entity has, with respect to the Contributed Assets, the Assumed Liabilities, and the Business, (i) timely paid all sales and use Taxes required to be paid under applicable Law, and (ii) properly collected and remitted to the proper Governmental Authority all sales Taxes required under applicable Law.

(j) A Palomar Entity has not entered into or been a party to any “listed transaction” as defined in Treasury Regulation Section 1.6011-4(b).

(k) No claim in writing has been made by a Governmental Authority in a jurisdiction where Palomar does not file Tax Returns with respect to the Contributed Assets, the Assumed Liabilities, or the Business that Palomar has or may have an obligation to file a Tax Return with, or is or may be subject to taxation by that jurisdiction.

(l) A Palomar Entity is not subject to Tax in any jurisdiction other than the United States and political subdivisions thereof and has no permanent establishment, place of business, or taxable presence outside the United States.

(m) There are no Tax rulings, requests for rulings, or other similar agreements or requests in effect, requested, or filed with any Governmental Authority by Palomar Entities that could affect a Person’s Liability for Taxes arising after the Closing.

(n) Neither the Authority nor any of its Affiliates will be required to include an item of income in, or exclude an item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Operational Date as a result of any prepaid amount received or deferred revenue accrued before the Effective Time in connection with the Business or the Contributed Assets.

(o) No Palomar Entity uses the accrual basis method of accounting for income Tax purposes. Palomar has not used the cash basis method of accounting for income Tax purposes since its inception.

(p) None of the Contributed Assets constitutes a “United States real property interest” within the meaning of Section 897(c)(1) of the Code (or similar Tax Law).

(q) A Palomar Entity has not adopted as a method of accounting, or otherwise accounted for any advance payment or prepaid amount under, (i) the “deferral method” of accounting described in Rev. Proc. 2004-34, 2004-22 IRB 991 (or any similar method under state, local or non-U.S. Law) or (ii) the method described in Treasury Regulation Section 1.451-5(b)(1)(ii) (or any similar method under other Law).

(r) None of the Contributed Assets is subject to the limitations on “amortizable section 197 intangibles” described in Section 197(f)(9) of the Code, or is subject to any similar or comparable limitations under state, local, or foreign Law.

4.24 Environmental Matters.

(a) The applicable Palomar Entities have at all times complied, and are in compliance in all material respects with, and the Real Property, the operation of the Business, and all improvements on the Real Property are in compliance with, all Environmental Laws.

(b) Palomar and the other applicable Palomar Entities do not have any Liability under any Environmental Law with respect to the Real Property or the operation of the Business, and Palomar and PHMG are not responsible for any Liability of any other Person under any Environmental Law with respect to any of the Contributed Assets or the Real Property. There are no pending or, to the Knowledge of Palomar, threatened, Proceedings or Orders based on, and neither Palomar nor a Palomar Entity has received any written notice of any complaint, Order, directive, citation, notice of responsibility, notice of potential responsibility, or information request from any Governmental Authority or any other Person

arising out of or attributable to, any Environmental Condition or alleged noncompliance with any Environmental Law (collectively, “**Palomar Environmental Obligations**”), nor to the Knowledge of Palomar does any fact exist that would reasonably be expected to form the basis for any such Palomar Environmental Obligations.

(c) There are no Environmental Conditions existing at, underneath, or migrating to or from the Real Property, nor are there any Environmental Conditions resulting from, or which would reasonably be expected to result from, the operation of the Business or the Real Property.

(d) Palomar and the applicable Palomar Entities have been duly issued, and currently have and will maintain through the Effective Time, all Approvals and Permits required under any Environmental Law with respect to any of the Facilities and the Business. A true and complete list of such Approvals and Permits, all of which are valid and in full force and effect, is set forth on Schedule 4.24(d), and any Approvals and Permits presently undergoing modification or renewal are described as such on Schedule 4.24(d). There are no Proceedings pending or, to the Knowledge of Palomar, threatened, that seek the revocation, cancellation, suspension, or adverse modification of any such Approval or Permit. All required applications for renewal thereof have been timely filed. Palomar is, and at all times have been, in compliance with such Approvals and Permits. Except in accordance with such Approvals and Permits, there has been no Release of any Hazardous Material regulated by such Approvals and Permits, or under any Environmental Law, at, on, under, or from the Real Property.

(e) The Real Property contains no underground improvements, including treatment or storage tanks, or underground piping associated with such tanks, used currently or in the past for the management of Hazardous Materials, and no Person has used any material portion of the Real Property as a dump or landfill.

(f) No PCBs, lead-based paint, or friable asbestos-containing materials (each as defined in Environmental Laws) are present on or in the Real Property or the improvements thereto.

(g) Palomar has provided all environmental audits, reports, and assessments, including all Phase I and Phase II site assessments, concerning the Facilities, the Real Property or the Business that are in the possession, custody or control of Palomar or any Palomar Affiliate.

(h) No Encumbrance in favor of any Person relating to or in connection with an Environmental Condition or any claim under any Environmental Law has been filed or has attached to the Real Property.

4.25 Absence of Changes. Since the Balance Sheet Date, Palomar, PHMG and the other applicable Palomar Entities have conducted the Business in the ordinary course of business, and there has not occurred any change in the operation of the Business or any event or development that, individually or in the aggregate, has had or would reasonably be expected to have a Material Adverse Effect.

4.26 Brokers and Finders. Except set forth on Schedule 4.26, there are no claims for brokerage commissions, finders’ fees, financial advisors’ fees, or similar compensation in connection with the Contemplated Transactions based on any Contract to which Palomar or any Palomar Entity is a party or that is otherwise binding upon Palomar or another Palomar Entity, and no Person is entitled to any fee or commission or like payment in respect thereof.

4.27 Books and Records. The Records are accurate, and the transactions entered therein represent bona fide transactions. The Records are in good order, complete, and have been maintained in accordance with applicable Law.

4.28 Due Diligence. Palomar has provided or caused to be provided before the Effective Date, all material information and documents regarding the Facilities, the Business, the Contributed Assets, the Assumed Liabilities, and the solvency of each Palomar Entity.

4.29 Statements True and Correct. The representations and warranties of the Palomar Entities in this Agreement and all other Transaction Agreements do not contain any untrue statement of a material fact, or omit to state any material fact necessary to make the statements or facts contained therein with respect to Palomar.

4.30 Bank Accounts and Charitable Funds.

(a) Schedule 4.30(a) lists all bank accounts, safety deposit boxes, and lock boxes (designating each authorized signatory with respect thereto) for the Business or Facilities.

(b) Schedule 4.30(b) provides a description and also the amount of funds or other charitable support received by a Palomar Entity from the Foundation in the last two (2) years.

4.31 GO CapEx Funds. Palomar represents and warrants that, as of the Effective Date, it has approximately Forty Million (\$40,000,000) in GO Bond revenue funds (the “GO CapEx Funds”), which must be used to fund the acquisition or improvement of real property and other capital expenditures in compliance with any restrictions on use of such GO Bond revenues.

5. REPRESENTATIONS AND WARRANTIES OF THE AUTHORITY

Subject to the limitations and exceptions disclosed in the correspondingly numbered Disclosure Schedules to the Agreement, which Disclosure Schedules are attached as of the Effective Date of this Agreement, the Authority hereby represents and warrants to Palomar that the statements contained in this **Section 5** are true and correct as of the Effective Date of this Agreement and will be true and correct as of the Operational Date (except in the case of representations and warranties that are made as of a specified date, in which case such representations and warranties will be true and correct as of such specified date).

5.1 Organization; Capacity. the Authority is a constitutional corporation, validly existing and in good standing under the Laws of the State of California. the Authority has the requisite power and authority to enter into this Agreement and the other Transaction Agreements to which the Authority will become a party hereunder.

5.2 Authority; Non-contravention; Binding Agreement.

(a) The execution, delivery and performance by the Authority of this Agreement and the other Transaction Agreements to which it is a party or will become a party, and the consummation by the Authority of the Contemplated Transactions and its obligations under the Transaction Agreements (i) have been duly and validly authorized and approved by all necessary corporate approvals on the part of the Authority, none of which actions have been modified or rescinded and all of which actions remain in full force and effect, and are not, and will not be, in contravention or violation of the terms of the Authority’s organizational or governing documents, (ii) except set forth on Schedule 5.2(a), do not require any Approval of, filing or registration with, the issuance of any Permit by, or any other action to be taken by, any Governmental Authority to be made or sought by the Authority; and (iii) assuming the Approvals and Permits set forth on Schedule 5.2(a) are obtained, do not and will not require any Approval or other action under, conflict with, or result in any violation of or default under (with or without notice or lapse of time or both) any Order or Law to which the Authority may be subject related to consummation of the Contemplated Transactions.

(b) This Agreement and the other Transaction Agreements to which a the Authority is or will become a party are and will constitute the valid and legally binding obligations of the Authority and are and will be enforceable against the Authority in accordance with the respective terms hereof and thereof, except as enforceability may be restricted, limited or delayed by applicable bankruptcy or other Laws affecting creditors' rights generally and except as enforceability may be subject to general principles of equity.

5.3 Litigation. No Proceeding or Order is pending or, to the knowledge of the Authority, threatened against or affecting or relating to the Authority or any of its properties or rights at Law or in equity, or before or by any Governmental Authority, that challenges or may otherwise have the effect of preventing, rendering illegal or otherwise delaying the Contemplated Transactions.

5.4 Brokers and Finders. There are no claims for brokerage commissions, finders' fees, financial advisors' fees, or similar compensation in connection with the Contemplated Transactions based on any Contract to which the Authority is a party or that is otherwise binding upon the Authority, and no Person is entitled to any fee or commission or like payment in respect thereof.

5.5 Statements True and Correct. The representations and warranties of the Authority in this Agreement and all other Transaction Agreements do not contain any untrue statement of a material fact, or omit to state any material fact necessary to make the statements or facts contained therein with respect to the Authority not misleading.

6. PRE-CLOSING COVENANTS OF PALOMAR AND THE AUTHORITY

6.1 Access. From and after the Effective Date of this Agreement, the Authority and its Affiliates, agents, contractors and other Representatives shall have the right (a) to enter upon the Real Property and access the Facilities upon at least twenty-four (24) hours prior written (which may be by email) notice at mutually agreeable times, for the purpose of making such tests, inspections and document review of the Acquired Assets, and conducting such facility management and administrative interviews, as the Authority deems necessary in connection with this Option Agreement and its acquisition of the Contributed Assets (collectively, the "**Facility Inspections**"); (b) to inspect and copy all such contracts, books and records, and other existing documents and data of Palomar as the Authority may reasonably request; (c) to receive copies of all relevant due diligence requested by the Authority, including without limitation such additional financial, operating, and other data and information in Palomar's possession or control as the Authority may reasonably request, and Palomar shall use commercially reasonable efforts to make available to the Authority any such information not in its possession or control. Palomar shall use commercially reasonable efforts to assist the Authority and its Representatives in arranging such Facility Inspections. Palomar shall be entitled to have a representative present during scheduled visits to the Facilities by the Authority or its Representatives. The Facility Inspection rights granted to the Authority in this **Section 6.1** shall be accomplished in a manner that does not unreasonably interfere with or disrupt the operations of Palomar, the Business, and the activities of its personnel. Any invasive testing, including, without limitation, any Phase II environmental assessment, soil boring, soil sampling, or groundwater testing, shall require the prior written consent of Palomar, not to be unreasonably withheld, conditioned, or delayed by Palomar. Before conducting any Facility Inspections, the Authority shall provide Palomar with copies of certificates of insurance evidencing commercial general liability insurance policies (naming Palomar as an additional insured) that shall be maintained by the Authority and by any consultants or other third parties engaged by the Authority in connection with the Authority's and such consultants' and third parties' investigations of the Facilities or other aspects of the Real Property.

6.2 Provision of Due Diligence Materials. From and after the Effective Date Palomar must cooperate with the Authority and provide the Authority and its Representatives with copies of all documents

and information reasonably requested by the Authority or otherwise material with respect to the Facilities, the Business and the Contributed Assets (collectively, the “**Diligence Information**”) to facilitate the Authority’s due diligence activities, including in connection with any appraisal, environmental, structural and mechanical reviews of the Real Property, analysis of compliance by the Contributed Assets, Facilities and Business with all applicable Laws and any Facility Inspections, valuations of any of the Contributed Assets or other reviews.

6.3 Completion of Schedules. Before the Effective Date, Palomar completed all Disclosure Schedules to this Agreement. The Parties acknowledge and agree that the delivery of the Diligence Information and the completion of the Disclosure Schedules are necessary not only to provide Palomar with adequate diligence in connection with its rights under this Agreement, but also in furtherance of the Parties’ joint efforts towards formation, capitalization, and operation of the Authority.

6.4 Operation of the Businesses of Palomar. Between the Effective Date of this Agreement and the Operational Date, each Palomar Entity must:

(a) conduct its business in all respects only in the ordinary course of business (including the purchase of inventory, provision of services, payment of payables, incurrence and payment or financing of capital expenditures, and payment of care providers and other vendors);

(b) carry on the Business and use commercially reasonable efforts to maintain personnel, operations, real or personal property, finance, or accounting policies in all material respects;

(c) use commercially reasonable efforts to maintain the Business and the Contributed Assets, in operating condition in a manner consistent with past practices, ordinary wear and tear excepted;

(d) perform Palomar’s obligations under all Material Contracts and Permits with respect to the Contributed Assets;

(e) operate the Facilities and Business in compliance with all applicable Laws;

(f) preserve the goodwill and present business relationships (contractual or otherwise) with all customers, suppliers, the Palomar Employees, licensors and others having material business relationships with it, in each case with respect to the Business or the Facilities, subject to ordinary course terminations;

(g) maintain usual insurance coverage on the Facilities and the Contributed Assets;
and

(h) subject to applicable Law, otherwise report periodically to the Authority at the Authority’s request concerning the status of the operations and finance of the Business as may be requested by the Authority.

6.5 Negative Covenants. From the Effective Date until the Operational Date, except in the ordinary course of business or as (i) otherwise contemplated in this Agreement, (ii) approved in advance in writing by the Authority, or (iii) may be required by applicable Law, a Palomar Entity shall not:

(a) amend, renew, or terminate any Assumed Contract, Material Contract, or Assumed Leases;

(b) create, assume, or permit to exist any new Encumbrance (other than Permitted Encumbrances) that cannot be removed or eliminated before the Closing Date;

(c) sell, assign, transfer, distribute, or otherwise dispose of any asset (or assets of a similar type, in the aggregate) with a book value greater than \$25,000, other than the sale or disposition of supplies in the ordinary course of business;

(d) transfer, assign, or encumber any equity or equity-like interests in Palomar, or any public or private affiliation or joint venture involving assets or operations of Palomar or its Affiliates;

(e) solicit, initiate, or encourage the submission of any proposal for a transaction;

(f) transfer, assign, or encumber any equity or equity-like interests in Palomar or another Palomar Entity or any public or private affiliation or joint venture involving assets or operations of Palomar and Palomar Entities, or their Affiliates;

(g) incur any new debt or seek a loan or access to additional financing or capital from any party (except in the event of a documented critical cash flow need which the Authority has indicated it is unwilling or unable to fund; then in such instance, Palomar may seek a loan or access to capital from Assured Guaranty, a commercial lender or such other Person approved by the Authority in writing and provided that such additional funding is not exchanged for rights or a security interest that minimizes any of the Authority's security under any of its existing arrangements with Palomar or inhibits the ability of the Parties to complete the Contemplated Transactions);

(h) except with respect to previously budgeted expenditures shown on the cash flow statements set forth on **Schedule 6.5(h)**, purchase capital assets or incur material costs in respect of construction in progress;

(i) enter into a new Material Contract;

(j) enter into a new Lease Agreement;

(k) enter into a new line of business or make any material change in the Business, the operation of the Facilities, or with respect to the Contributed Assets;

(l) permit the employment of any of Palomar's or a Palomar Entity's executive staff by any entity or person that is not the Authority;

(m) (i) make any increase in the rate of compensation payable to any Palomar Employee, other than increases that are required under applicable Law or under the applicable CBAs; (ii) make any bonus payments, including discretionary bonus payments to or otherwise enter into one or more bonus agreements with any Palomar Employee; (iii) increase severance or termination obligations to any Palomar Employee; (iv) amend, terminate or otherwise change any employment agreement with a Palomar Employee; (v) amend any severance, bonus or other compensation policy; and (vi) take any action that violates or otherwise could result in an allegation of a violation of California Government Code §1090;

(n) take or omit to take any action the result of which would cause, or would likely cause, any of the changes or events set forth in **Section 6.5** to occur;

(o) take any action that would constitute a "plant closing" or "mass layoff" within the meaning of the WARN Act; or

(p) (A) make, change or revoke any Tax election, (B) change any annual Tax accounting period, (C) change any Tax accounting principles, methods, practices, or policies, (D) file any amended Tax Return, (E) enter into any Tax allocation agreement, Tax sharing agreement, Tax indemnity agreement, or similar agreement, (F) surrender any right to claim a refund of Taxes, (G) enter into any “closing agreement” with a Governmental Authority, (H) consent to or request any waiver or extension of time to assess or collect any Taxes, (I) settle or compromise any Proceeding or assessment relating to Taxes, or (J) fail to pay any Taxes due and payable.

For purposes of this Agreement, an action of Palomar shall be deemed to be in the “ordinary course of business” if it: (i) is consistent in nature, scope, and magnitude with the past practices of Palomar and is performed or taken in the ordinary course of the normal day-to-day operations of Palomar; or (ii) is consistent with the capital or operating budget of Palomar, existing as of the date this Agreement has been entered into. Notwithstanding any provision to the contrary in this Agreement, neither **Section 6.4** nor this **Section 6.5** shall be construed to prohibit Palomar from engaging in any act that counsel to Palomar has advised is necessary to comply with applicable Law, including federal or state antitrust Laws. Palomar shall give the Authority prompt written notice prior to taking any act described in the immediately preceding sentence.

For purposes of **Section 6.4** and **Section 6.5**, Palomar shall be deemed to have obtained the Authority’s prior written consent to undertake the actions otherwise prohibited by these Sections if Palomar gives the Authority written notice of a proposed action and Palomar does not receive from the Authority written notice of objection to such action within seven (7) Business Days after the Authority receives Palomar’s written notice.

6.6 **Notification.** From the Effective Date until the Operational Date, Palomar shall give prompt written notice to the Authority of (a) the occurrence, or failure to occur, of any event, circumstance or fact that is reasonably likely to cause any representation or warranty of a Palomar Entity contained in this Agreement to be untrue in any material respect; (b) any failure of a Palomar Entity to comply with or satisfy, in any material respect, any covenant, condition or agreement to be complied with or satisfied by it under this Agreement; and (c) any other material development affecting the Contributed Assets or the Assumed Liabilities. Such notice must provide a reasonably detailed description of the relevant circumstances. The content of any notice or update delivered by Palomar to the Authority before the Closing pursuant to this **Section 6.6** shall not be deemed to amend or supplement the Schedules or to modify the applicable representations, warranties, and covenants contained in this Agreement or the Transaction Agreements, for purposes of determining or calculating Palomar’s indemnification obligations outlined in this Agreement, the Closing Agreement or other applicable Transaction Agreement.

6.7 **OCHA Notices.** As of the Effective Date, each Party will prepare and submit its respective Notices of a Material Change Transaction (the “**OHCA Notices**”) to OHCA. The Parties will use commercially reasonable efforts to assist and respond to each other, as needed, both in preparation for filing the OHCA Notices and for any additional responses requested from OHCA. Prior to either Party submitting their OHCA Notice or any additional responses, the other Party shall be provided with a reasonable period to review and shall consider in good faith and incorporate any such reasonable comments from the other Party. Each Party must promptly notify the other Party of any substantive communications from or with OHCA related to the OHCA Notices or any cost and market impact review that OHCA determines is required under Cal. Code Regs. tit. 22, § 97441 (the “**CMIR**”) and must promptly provide the other Party with copies of any such communications. Each Party must timely respond to all requests from OHCA for additional information and/or documentation related to the OHCA Notices, the Transaction, or the CMIR. Each Party shall bear their respective costs and expenses of preparing and submitting the OHCA Notices and any additional responses requested from OHCA. No Party will participate (or agree to participate) in any substantive meeting or discussion with OHCA regarding the OHCA Notice, the Contemplated

Transaction, or the CMIR unless it consults the other Parties in advance, and, to the extent permitted by OHCA, gives the other Parties the reasonable opportunity to attend and participate in such meeting or discussion to the extent permitted by Law.

6.8 Real Estate Matters.

(a) Title Report. Within ten (10) days following the Effective Date of this Agreement, Palomar shall deliver to the Authority: (i) a preliminary Title Report and legible copies of the underlying documents pertaining to the Real Property issued by Title Company; and (ii) an existing survey of the Real Property, and the Authority shall have the right to obtain an update to such existing survey or a new survey at its sole cost and expense (the “**Survey**”).

(b) The Authority’s Title Review. Within forty-five (45) days after the Authority’s receipt of the Title Report and Survey for all Real Property from Palomar (the “**Title Approval Date**”), the Authority shall provide written notice to Palomar of whether Buyer disapproves of any defects, conditions, exceptions, liens, encroachments, or encumbrances shown in the Title Report (a “**Title Objection Notice**”). If the Authority does not timely provide a Title Objection Notice prior to the Title Approval Date, all matters shown in the Title Report shall be deemed disapproved by the Authority.

(c) Title Objections. In the event the Authority delivers a Title Objection Notice to Palomar in accordance with **Section 6.8(b)**, Palomar shall have fifteen (15) Business Days after its receipt of the Title Objection Notice to give the Authority written notice (an “**Objection Response Notice**”) stating with reasonable specificity whether or not Palomar intends to cure the Authority objections. If Palomar gives the Authority an Objection Response Notice specifying that the Authority is unwilling to cause one or more matters set forth in an Objection Notice to be removed, or if Palomar fails to provide an Objection Response Notice within such fifteen (15) Business Day period, the Authority shall have ten (10) Business Days (the “**Title Response Period**”) following the receipt of Palomar’s Objection Response Notice (or, in the event Palomar fails to provide an Objection Response Notice, ten (10) Business Days following the date such Objection Response Notice should have been provided to the Authority), to propose an offer of compromise with respect to such matter, which the Parties shall attempt to negotiate in good faith within ten (10) Business Days. If no compromise is offered or if offered, not reached, the Authority may elect to proceed with the and take the Real Property subject to the matters Palomar is unwilling to remove or cure, provided that, the refusal of Palomar to remove an encumbrance, defect or other exception to title to the Authority’s reasonable satisfaction shall give the Authority the unilateral right to elect the remedies provided in this Agreement.

(d) Supplemental Exceptions. If any new title or survey matters (i.e., matters not shown on the initial Title Report or the Survey, including any new matter disclosed by an updated survey) are disclosed by Title Company or surveyor after the delivery of the initial Title Report and Survey to the Authority, and such new title or survey matter is not acceptable to the Authority, the Authority shall so notify Palomar in writing within fifteen (15) Business Days after receiving notice of such new matter, in which event such new matter will be deemed to be a “**Disapproved Title Matter**.” If the Authority notifies Palomar that such new matter is a Disapproved Title Matter, Palomar shall notify the Authority in writing, within five (5) Business Days after receiving the Authority’s notice, whether Palomar will remove such Disapproved Matter at or prior to Closing. Palomar’s failure to deliver such notice to the Authority within such five (5) Business Day period will be deemed an election by Palomar to not remove such Disapproved Title Matter. If Palomar elects (or is deemed to elect) not to remove such Disapproved Title Matter, the Authority may then propose an offer of compromise with respect to such matter, which the Parties shall attempt to negotiate in good faith within five (5) Business Days and if no compromise is offered or if offered, no compromise is reached, the Authority may elect to proceed to take the Real Property subject to the matters Palomar is unwilling to remove or cure. Notwithstanding the foregoing, the refusal of Palomar

to remove a Disapproved Title Matter shall give the Authority the unilateral right to elect the remedies provided in this Agreement. Notwithstanding anything to the contrary, nothing shall permit the creation of any new Encumbrance other than Permitted Encumbrances.

(e) Casualty. If any part of the Contributed Assets (including any Facility) is damaged, lost or destroyed (whether by fire, theft, vandalism or other cause or casualty), in whole or in part, prior to the Operational Date under this Agreement (such damaged, lost or destroyed assets, the “**Damaged Assets**”), the Authority may, at its option: (a) require Palomar to transfer the proceeds (or the right to the proceeds) of the applicable Insurance Policies covering the Damaged Assets (including the business interruption Insurance Policies covering Palomar or the Business, as applicable) to the Authority at the Closing plus an amount equal to any deductibles paid or incurred by Palomar; or (b) if the replacement cost of the Damaged Assets is greater than \$5,000,000 or if a Facility has suffered material damage, the Authority may terminate this Agreement. Until the Effective Time, Palomar will bear all risk of loss with respect to the Damaged Assets.

(f) Eminent Domain. If, before the Operational Date, proceedings are commenced for the taking by exercise of the power of eminent domain of all or a material part of the Real Property which, as reasonably determined by the Authority, would render the Real Property unacceptable to the Authority or unsuitable for the Authority’s intended use, the Authority shall have the right, by giving written notice to Palomar within sixty (60) days after Palomar gives notice of the commencement of such proceedings to the Authority, to terminate this Agreement, in which event this Agreement shall automatically terminate, the Deposit shall be returned to the Authority without any further action required from either Party, and the Authority and Palomar shall each be liable for one-half of any escrow fees or charges and neither Party shall have any continuing obligations hereunder. If, before the Closing Date, proceedings are commenced for the taking by exercise of the power of eminent domain of less than a material part of the Property, or if the Authority has the right to terminate this Agreement pursuant to the preceding sentence but the Authority does not exercise such right, then this Agreement shall remain in full force and effect and, on the Closing Date, the condemnation award (or, if not theretofore received, the right to receive such portion of the award) payable on account of the taking shall be assigned, or paid to, the Authority. Palomar shall give written notice to the Authority within three (3) Business Days after Palomar or any Palomar Affiliate receives notice of the commencement of any proceedings for the taking by exercise of the power of eminent domain of all or any part of the Property. The foregoing notwithstanding, in the event the taking results in the cancellation of, or rent abatement under, any Lease, the Authority shall have the option to terminate this Agreement. The provisions of this **Section 6.8** shall survive the Closing.

6.9 Closing Conditions. Upon the terms and subject to the conditions set forth in this Agreement, each of the Parties hereto agrees to use its reasonable best efforts (and to cause its Affiliates to use their reasonable best efforts) to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other Parties in doing, all things necessary, proper or advisable to consummate and make effective, in a reasonably expeditious manner, the Contemplated Transactions and to obtain satisfaction or waiver of the conditions precedent to the consummation of the Contemplated Transactions, in each case to the extent such conduct is within the internal control of such party and its Affiliates, including (a) obtaining all of the necessary Consents from Governmental Authorities and other third parties and the making of all filings and the taking of all steps as may be necessary to obtain Consent from, or to avoid an Action by, any Governmental Authority, (b) the defending of any Actions, whether judicial or administrative, challenging this Agreement or the consummation of the Contemplated Transactions, including seeking to have any stay or temporary restraining order entered by any court or other Governmental Authority vacated or reversed and (c) the execution and delivery of any additional instruments and agreements, necessary to consummate the Contemplated Transactions, and to fully carry out the purposes of, this Agreement.

6.10 Medical Staff and Allied Medical Staff Communication Plan. Palomar will work collaboratively with the Authority to jointly develop and agree upon a communication plan and course of action to announce the transactions contemplated by this Agreement and the impact of such transactions on the medical staff and allied medical staff of the Facilities. Such communications to medical staff and allied medical staff will commence within five (5) Business Days of written request of the Authority, Palomar will provide the Authority written notice at least five (5) Business Days before any meeting with the medical staff and allied medical staff of the Facilities regarding the Contemplated Transactions and the impact of the Contemplated Transactions on the medical staff and allied medical staff of the Facilities. Palomar must also allow the Authority Representatives to be present and participate in such meetings. The Parties will enter into a credentialing agreement to facilitate the coordination of medical staff matters.

6.11 Employment Transition Communication Plan. The Parties will develop an employment transition communication plan (the "**Transition Plan**") for the employees of Palomar who provide services to the Facilities. The Transition Plan will include a proposed schedule of employee town hall meetings. Such communications to Palomar's employees under the Transition Plan will commence within ten (10) Business Days of the Authority's written request to Palomar. Palomar must provide the Authority with written notice at least five (5) Business Days before any employee town hall meeting. Palomar must also allow the Authority Representatives to be present and participate in such employee town hall meetings.

6.12 Cooperation Regarding Obtaining Governmental Consents.

(a) Each Party hereto must use reasonable best efforts to obtain, or cause to be obtained, as promptly as possible all consents, authorizations, orders and approvals from all Governmental Authorities or other Persons that may be or become necessary for its execution and delivery of this Option Agreement and the performance of its obligations pursuant to this Agreement (including in the case of Palomar and each Palomar Entity, all notices and consents all Material Consents). Without limitation to the preceding sentence, as promptly as possible upon execution and delivery of this Agreement, but in no event later than ten (10) Business Days thereafter or on such other date as is mutually agreed by the Parties.

(b) To the extent permitted by Law, each Party will fully cooperate and coordinate its efforts with one another in seeking all approvals, orders, permits or other consents of any applicable Governmental Authorities necessary for the consummation of the Contemplated Transactions, including by: (i) timely furnishing to each other all information that counsel to the Authority or counsel to Palomar reasonably determine is required to be included in such documents; (ii) disclose to the other Party in advance of any filings, submission or attendance all analyses, appearances, meetings, discussions, presentations, memoranda, briefs, filings, arguments, and proposals made by or on behalf of the Authority or Palomar before any Governmental Authority or the staff or regulators of any Governmental Authority, in connection with the Contemplated Transactions (but, for the avoidance of doubt, not including any interactions between either Party and any Governmental Authorities in the Ordinary Course of Business, any disclosure which is not permitted by Law or any disclosure containing Confidential Information), it being the intent that the Parties will use commercially reasonable efforts to consult and cooperate with one another, and consider in good faith the other Party's reasonable comments, in connection with any such analyses, appearances, meetings, discussions, presentations, memoranda, briefs, filings, arguments, and proposals; (iii) promptly exchanging with the other Party's counsel copies of all written communications to or from any Governmental Authority relating to any competition filings submitted in connection with the transactions; and (iv) keeping each other informed of any communication received or given in connection with any proceeding or action or any interaction with a Governmental Authority by the Authority or Palomar, in each case, regarding the transactions. Each Party will furnish to the other Parties and, upon request, to any Governmental Authorities such information and assistance as may be reasonably requested in connection with the foregoing, including by responding promptly to any request for additional information or documents under applicable competition Laws. Each of Palomar and the Authority will

jointly control and determine strategy with respect to obtaining any Governmental Consents, *provided, however*, that, subject to this Section, in the event of any conflict or disagreement between Palomar and the Authority with respect to such strategy, the Authority will have the right to direct the matter that is the cause of any such conflict or disagreement, acting reasonably and taking into consideration in good faith the views of Palomar.

(c) The Parties hereto may, as each deems advisable and necessary, reasonably designate any competitively sensitive material provided to the other under this **Section 6.12** as “outside counsel only.” Such materials and the information contained therein will be given only to the outside legal counsel of the recipient and will not be disclosed by such outside counsel to employees, officers, or directors of the recipient, unless express written permission is obtained in advance from the source of the materials of Optionor and Optionee.

(d) For the avoidance of doubt, in connection with the Authority performing its obligations under this **Section 6.12**, the Authority is not required to (i) sell or otherwise dispose of, hold separate or agree to sell or dispose of, any Acquired Assets or any assets, categories of assets or businesses of the Authority; (ii) terminate existing relationships, contractual rights or obligations; (iii) take or commit to take any action that limits their freedom of action with respect to, or ability to retain, the Contributed Assets or other assets of the Authority or take any action that would have an adverse effect on the business, assets, Liabilities, results of operations or condition (financial or otherwise) of the Authority; (iv) litigate, pursue or defend any action or proceeding by a Governmental Authority or by any Person challenging the Contemplated Transactions as violative of any applicable Laws; or (v) pay or commit to pay any amount (or incur any obligation in favor of) any Person from whom any consent, order, authorization or approval may be required.

6.13 Cooperation Regarding Lease Assignments. From and after the Effective Date of this Agreement until the Closing, Palomar shall (a) obtain estoppel certificates, subordination, non-disturbance, and attornment agreements or similar documents as requested by the Authority from counterparties to each Lease Agreement; (b) an assignment of each Lease Agreement in a form reasonably acceptable to the Authority; and (c) termination of any Lease Agreement identified by the Authority.

6.14 Cooperation Regarding Non-Governmental Third-Party Consents. From the Effective Date of this Agreement until the Closing, Palomar shall use commercially reasonable efforts to obtain the necessary consents from all counterparties to any Assumed Contract or Material Contract to consummate the Contemplated Transactions.

6.15 Interim Operating Reporting. From the Effective Date until the Closing, Palomar shall cause its officers and cause each Palomar Entity to cause its officers to confer on a regular and frequent basis with one or more Representatives of the Authority to report material operational matters in respect of the Facilities and to report the general status of ongoing operations.

6.16 Credentialing and Medical Staff Transition Activities. Prior to the Closing, to the extent required by the Health Care Quality Improvement Act, 42 U.S.C. §11101, *et. seq*, Palomar shall report to the applicable licensing board any final, non-appealable “professional review action” (as defined in the Healthcare Quality Improvement Act) that occurs prior to the Closing. Prior to the Closing, Palomar shall use commercially reasonable efforts to cooperate with the Authority in appropriately transitioning any pending professional review proceeding. Prior to the Closing, to the extent permitted under applicable Laws, and without any requirement that Palomar act in a manner that voids or violates any peer review or similar privilege or applicable Facility medical staff by-laws, policies and procedures, Palomar shall also use commercially reasonable efforts to cooperate with the Authority and with any member of the medical staff of any Facility regarding any reasonably needed access or transfer of information or copies of

documents comprising Credentialing and Medical Staff Records as may be reasonably requested in connection with new or adopted credentialing transition activities.

6.17 Waiver by Employees of a Palomar Entity and Amendment to Employment Agreement.

(a) For the individuals set forth on Schedule 6.17 attached hereto, Palomar will obtain a waiver from such individual that provides that such employee acknowledges and agrees that the Contemplated Transactions, including any changes in reporting structure or duties do not constitute Good Reason or otherwise afford such employee the ability to terminate such agreement or otherwise waives his or her right to exercise his or her right to terminate his or her employment for Good Reason (the “**Employee Waiver**”).

(b) For the individual(s) set forth on Schedule 6.17 attached hereto, Palomar and such individual(s) will execute an amendment to such individual(s) employment agreement to reflect the duties that such individual(s) will provide to the Authority; for the avoidance of doubt, such individual will remain an employee of Palomar and provide such services to the Authority as a leased employee pursuant to the terms of the Employee Leasing Agreement (“**Amendment to Employment Agreement**”).

6.18 Medical Staff. Unless mutually agreed by the Parties prior to the Closing, the Contemplated Transactions, in and of themselves, shall not affect or change the medical staff privileges held by members of the medical staff of the Facilities who are in good standing as of the Closing Date. Notwithstanding the foregoing, nothing in this **Section 6.18** will limit the ability of the applicable board of trustees or medical executive committee of the Facilities or the Authority to grant, withhold, or suspend medical staff appointments or clinical privileges in accordance with the terms and provisions of the applicable governing documents of the Facilities. Notwithstanding, following the Closing, the governing documents of the medical staff may be conformed to standards adopted by the Authority, to bring them into conformity with quality improvement initiatives, requirements of The Joint Commission, CMS, other accreditation, licensing or regulatory bodies, and best practices.

7. CONDITIONS PRECEDENT TO OBLIGATIONS OF BUYER

The obligations of the Authority under this Agreement are subject to the satisfaction on or prior to the Operational Date of the following conditions, unless waived in writing by the Authority:

7.1 Palomar’s Performance.

(a) Each of the covenants and obligations that Palomar Entities is required to perform or to comply with pursuant to this Agreement at or before the Closing must have been duly performed and complied with in all material respects.

(b) Each document required to be delivered pursuant to **Section 3.2** must have been delivered.

(c) Palomar has provided all diligence requested by the Authority for purposes of the Authority conducting due diligence activities, including in connection with any appraisal, environmental, structural, and mechanical reviews of the real properties, analysis of compliance by the Contributed Assets, Facilities, and Business.

7.2 The Authority Required Consents. Each approval, consent, waiver, or authorization identified in **Schedule 7.2** must have been obtained and must be in full force and effect (“**Material**”).

Consents)², including, as applicable, from OHCA, and all applicable waiting periods have expired and such consents must be obtained before May 31, 2026, unless otherwise mutually agreed to by the Parties.

7.3 **Tail Policies.** Palomar and the applicable Palomar Entities have obtained supplemental insurance policies (the “**Tail Policies**”) providing for extended reporting periods for claims made on or after the Operational Date in respect of events occurring before the Effective Time, in form and substance reasonably acceptable to the Authority, for any claims-made Insurance Policies held for the benefit of the Business, the Facilities or the Practitioners, including professional liability coverage, relating to all periods prior to the Effective Time, and to have the effect of converting such claims-made Insurance Policies into “occurrence based” coverage. Such Tail Policies will extend for the greater available option of an indefinite period of time or the maximum time period permissible by each respective Insurance Policy and will provide minimum coverages in an amount no less than the coverage currently maintained under the applicable Insurance Policy. The cost of the Tail Policies will be borne by the Authority.

7.4 **Title to Real Property.** The Authority has received a proforma title commitment from the Title Company for the Title Policy for the Palomar Real Property in form and with coverages reasonably acceptable to the Authority, and the Title Company has irrevocably committed to issue such Title Policy to the Authority at Closing.

7.5 **CBA Notice Collective Bargaining Agreement.** Palomar will have provided the notices required under the California Nurses Association Collective Bargaining Agreement and the Caregivers Healthcare Employees Collective Bargaining Agreement (collectively, the “**CBA Notice**”). Such notice will provide that the Authority will not have any successor liability or other obligations under the CBAs. The CBA Notice will be provided to the Authority for its review and comment no fewer than five (5) Business Days before submission, and Palomar will, in good faith, take into consideration the Authority’s comments to the CBA Notice.

7.6 **Physical Inventory and Personal Property.** Within the five (5)-day period preceding the Operational Date, the Authority or its Representatives has performed a physical inventory to verify the levels and amounts of the Inventory at the Poway Facilities to ensure such inventory meets a level mutually agreed upon by the Parties and to verify that all Personal Property remains at the Poway Facilities. Representatives of Palomar will be permitted to observe such inspection.

8. CONDITIONS PRECEDENT TO OBLIGATIONS OF SELLER

The obligations of Palomar under this Agreement are subject to the satisfaction on or prior to the Operational Date of the following conditions, unless waived in writing by Palomar:

8.1 The Authority Performance.

(a) Each of the covenants and obligations that the Authority is required to perform or to comply with pursuant to this Agreement at or prior to the Closing must have been duly performed and complied with in all material respects.

(b) Each document required to be delivered pursuant to **Section 3.3** must have been delivered.

² **Note to Palomar:** Material Consents will include the consents from the Joint Ventures required to assign the membership interests to the Authority.

- (c) UCSD Health shall have made all of the Pre-Authority Advances to Palomar.
- (d) UCSD Health shall have made the Credit Line available to Palomar.

9. ADDITIONAL COVENANTS

9.1 Maintenance of and Access to Records.

(a) Following the Closing, the Authority will assume all legal responsibility for, and will preserve, the Records delivered to the Authority as part of the Contributed Assets for the period of time required by applicable Law. During normal business hours and upon reasonable notice, the Authority will grant Palomar reasonable access to such Records, with an opportunity to make copies for appropriate legal and business purposes, including in connection with any audit or investigation by any Governmental Authority.

(b) Following the Closing, Palomar will retain all legal responsibility for, and will preserve, the Records that pertain to the Excluded Liabilities or the Excluded Assets or which were not otherwise transferred to the Authority. During normal business hours and upon reasonable notice, Palomar will grant the Authority reasonable access to such business records of Palomar, with an opportunity to make copies for appropriate legal and business purposes, including in connection with any audit or investigation by any Governmental Authority, preparing Tax Returns or conducting Tax audits, preparing Cost Reports or conducting audits related thereto, or any matter relating to insurance coverage or the defense or prosecution of third-party claims.

(c) The provision of such information and access will be subject to applicable Law and will be provided at the sole cost and expense of the Party requesting such records or information.

9.2 Collection of Accounts Receivable.

(a) In connection with the Authority's assumption of operational and financial responsibility for the Facilities and its right to use and enjoy the benefit of the Facilities as provided hereunder, as of the Operational Date, Palomar and, as applicable, will require the applicable Palomar Entities to, immediately provide to and allow the Authority to use such entity's billing identification information to the extent permitted by applicable Law (which information includes without limitation Palomar's name, Medicare and related Medicaid, TRICARE and other Governmental Program provider numbers, identification numbers, National Provider Identifiers, federal employer identification numbers and any other numbers, codes or passwords or other information necessary to allow the Authority to submit claims and bill for services rendered at the Facilities (collectively, the "**Provider Numbers**") after the Effective Time. The use of such Provider Numbers hereunder is effective (i) for purposes of Medicare, until CMS and the applicable Medicare Administrative Contractor approve the Authority's Medicare change of ownership application and issue a tie-in notice and approval letter acknowledging that the Authority may be reimbursed for claims submitted using the Authority's billing identification information; and (ii) for purposes of Medicaid and any other Government Program, until the applicable Medicaid program(s) or program agent(s) approves the Authority's provider enrollment application and/or approves assignment of the applicable provider contract and issues the appropriate notice acknowledging that the Authority may be reimbursed by the applicable Medicaid or other Government Program for claims submitted using the Authority's identification information. Palomar must not, and will cause its Affiliates, to refrain from taking any actions to: (i) terminate any of the Provider Numbers except as required by Law; (ii) close any accounts used by Palomar or an applicable Palomar Affiliate, for purposes of receiving reimbursement; or (iii) cancel any electronic funds transfer agreements with respect to Medicare, Medicaid, Medi-Cal, TRICARE, or any other Government Program. All Accounts Receivable and monies, whether in the name of the Authority,

Palomar, another Palomar Entity, or the Facilities, belong to the Authority. Palomar and the applicable Palomar Entities must afford the Authority and its representatives with access to all deposit accounts into which any Medicare, Medicaid, or TRICARE payments or reimbursements are deposited. The Authority's use of the Provider Numbers hereunder does not conflict with or in any way minimize Palomar's and, as applicable, the applicable Palomar Entity obligation to transfer the Provider Numbers.

(b) The Authority has the right, on behalf of Palomar and the other Palomar Entities and the Facilities, to the maximum extent permissible under applicable Law, to bill patients and payors and collect all cash revenue resulting from operation of the Facilities. Palomar and the other Palomar Entities agree to fully cooperate with the Authority to make available such billing and accounting information and to provide such financial records for review as may be necessary to accomplish the billing and collection of patient charges for services provided for and to cooperate with the Authority in the completion of reports and claim forms as necessary to procure payments and reimbursement from Governmental Agencies, insurance carriers or other third party payors. Palomar and Palomar Entities hereby authorize the Authority to do the following:

(i) To bill patients in Palomar's and any applicable Palomar Entity's name, on Palomar's or other Palomar Entity's behalf; and under the Provider Numbers;

(ii) To take possession of and endorse in the name of Palomar or any other applicable Palomar Entity any notices, checks, money orders, insurance payments, and other instruments received in payment of the Accounts Receivable that do not constitute receivables from a Government Program and deposit them directly in the Authority's bank accounts;

(iii) To collect Accounts Receivables in Palomar's or other applicable Palomar Entity's name and on Palomar's or applicable Palomar Entity's behalf, provided that any accounts receivable resulting from services to Government Program patients will continue to be paid into the applicable Palomar Entity's bank accounts, to the extent required by applicable Law and subject to Palomar's and other applicable Palomar Entity's obligations under **Section 9.2(c)** below; and

(iv) To initiate legal proceedings to collect any accounts or monies owed to the Facilities or the applicable Palomar Entities related to the Facilities or the Business.

(c) As of the Effective Date, or as soon thereafter as reasonably practicable, Palomar and each applicable Palomar Entity must deliver to the Authority, executed copies of such documentation as may be required by the depository banks at which its depository accounts for the Facilities, including the deposit account where Palomar or the applicable Palomar Entity's receives payments from Medicare or Medi-Cal (together, the "**Healthcare Receivables Account**") is maintained to add the Authority or its designees as authorized signers on the Healthcare Receivables Account, each authorized individually to write checks, or to withdraw funds or, transfer funds electronically by wire, ACH, any applicable online banking system or otherwise, *provided, however*, that in compliance with the Medicare anti-assignment statutes and regulations, the Healthcare Receivables Account must remain in Palomar's and applicable Palomar's Entity name only and only Palomar or the Palomar Entity may issue any instructions to the depository banks at which the Healthcare Receivables Account is maintained. Palomar and each Palomar Entity will remit to the Authority such payments and revenues received in the Healthcare Receivables Account in accordance with the terms hereof. As of the Operational Date, Palomar and the other Palomar Entities covenant and agree that such entity will not withdraw or transfer funds from any of its bank accounts or issue checks on the Healthcare Receivables Account.

(d) All cash revenue received related to operating revenues for services rendered at the Facilities is under the control of the Authority, rather than a Palomar Entity.

9.3 Termination Prior to Closing. Notwithstanding anything to the contrary in this Agreement, this Agreement may be terminated as follows:

- (a) Upon the mutual written consent of the Parties;
- (b) As otherwise set forth in this Agreement; or

(c) If the Closing has not then occurred, this Agreement will terminate at 11:59 p.m., California time, on May 31, 2026, unless otherwise mutually agreed to by the Parties. Each Party's right of termination under **Section 9.3** is in addition to any other rights it may have under this Agreement or otherwise, and the exercise of a right of termination will not be an election of remedies. If this Agreement is terminated pursuant to **Section 9.3**, all further obligations of the Parties under this Agreement will terminate, except that the provisions that are expressly intended to survive termination of this Agreement will survive such termination.

9.4 Use of GO CapEx Funds. Palomar covenants and agrees to use all or substantially all of the GO CapEx Funds to fund capital improvements to the Facilities as provided for in the Strategic Plan and Approved Budget adopted by the Authority Board.

10. **SURVIVAL, INDEMNIFICATION AND LIQUIDATED DAMAGES**

10.1 Survival of Representations and Warranties. Except as expressly set forth in this Agreement to the contrary, including those pertaining to Palomar Fundamental Representations and the Authority Fundamental Representations, all representations and warranties of the Authority and Palomar, respectively, contained in **Sections 4** and **5** or in any certificate delivered pursuant hereto shall continue to be fully effective and enforceable following the Operational Date for thirty-six (36) months (the "**Survival Period**") and shall thereafter be of no further force and effect, except that the Palomar Fundamental Representations and the Authority Fundamental Representations shall continue to be fully effective and enforceable following the Operational Date for the greater of six (6) years or the applicable statute of limitations (as extended) plus sixty (60) days; *provided, however*, that if there is an outstanding notice of a claim at the end of the Survival Period, the Survival Period shall not end in respect of such claim until such claim is finally determined or otherwise resolved by the Parties under the terms of the Closing Agreement.

(b) For the avoidance of doubt, (i) each other covenant, agreement and obligation set forth in this Agreement or in any other Transaction Agreement, including those covenants, agreements and obligations pertaining the Excluded Liabilities and the Assumed Liabilities, shall survive the Closing for an indefinite time period unless a different time period is explicitly specified therein and such obligation has been fully performed or observed in accordance with its terms; and (ii) this **Section 10.1** shall not affect any rights to bring claims after the Survival Period based on any covenant or agreement of the Parties which contemplates performance after the Operational Date or the obligations of Palomar or the Authority.

10.2 Liquidated Damages. IN THE EVENT THAT PALOMAR OR ANY OTHER PALOMAR ENTITY COMMITS ANY EVENT OF DEFAULT UNDER THIS AGREEMENT AND FAILS TO CURE SUCH EVENT OF DEFAULT WITHIN THE APPLICABLE CURE PERIOD, IF ANY, WHICH DEFAULT RESULTS IN THE FAILURE OF PALOMAR TO CONTRIBUTE THE CONTRIBUTED ASSETS, THE PARTIES AGREE THAT, AS ITS SOLE MONETARY REMEDY IN SUCH EVENT, THE AUTHORITY SHALL BE ENTITLED TO LIQUIDATED DAMAGES IN THE SUM OF SEVEN HUNDRED MILLION DOLLARS \$700,000,000 ("**LIQUIDATED DAMAGES AMOUNT**") AS LIQUIDATED DAMAGES AND NOT AS A PENALTY, IN FULL SATISFACTION OF CLAIMS AGAINST PALOMAR HEREUNDER. THE LIQUIDATED DAMAGES AMOUNT SHALL BE SATISFIED SOLELY AS (A) A CONTRIBUTION CREDIT AGAINST THE PURCHASE PRICE FOR

THE CONTRIBUTED ASSETS PURSUANT TO THE APPLICABLE PURCHASE AGREEMENT, AND/OR (B) AS AN OFFSET OR CREDIT BID IN CONNECTION WITH ANY FORECLOSURE OR OTHER EXERCISE OF REMEDIES UNDER ANY DEED OF TRUST OR OTHER SECURITY INSTRUMENT SECURING THE OBLIGATIONS UNDER THIS AGREEMENT. IN NO EVENT SHALL THE LIQUIDATED DAMAGES AMOUNT BE UTILIZED, DIRECTLY OR INDIRECTLY, AS THE BASIS FOR OR TO OBTAIN A DEFICIENCY JUDGMENT AGAINST PALOMAR (OR ANY OTHER PLEDGOR OR OBLIGOR) IN ANY JUDICIAL FORECLOSURE OR SIMILAR PROCEEDING. PALOMAR AND THE AUTHORITY AGREE THAT THE AUTHORITY'S DAMAGES RESULTING FROM PALOMAR'S DEFAULT ARE DIFFICULT, IF NOT IMPOSSIBLE, TO DETERMINE AND THE LIQUIDATED DAMAGES AMOUNT IS A FAIR ESTIMATE OF THOSE DAMAGES WHICH HAS BEEN AGREED TO IN AN EFFORT TO CAUSE THE AMOUNT OF SUCH DAMAGES TO BE CERTAIN. AN AWARD OF THE LIQUIDATED DAMAGES AMOUNT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO THE AUTHORITY PURSUANT TO SECTIONS 1671, 1676 AND 1677 OF THE CALIFORNIA CIVIL CODE, AND SHALL NOT BE DEEMED TO CONSTITUTE A FORFEITURE OR PENALTY WITHIN THE MEANING OF SECTION 3275 OR SECTION 3369 OF THE CALIFORNIA CIVIL CODE OR ANY SIMILAR PROVISION. IN NO EVENT SHALL PALOMAR BE LIABLE TO THE AUTHORITY FOR SPECIAL, INCIDENTAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES.

Authority's Initials: _____ Palomar's Initials: _____

10.3 Indemnification. In the event that the Authority is granted the Liquidated Damages Amount pursuant to Section 10.2 above, then in such event, the provision of Section 10.2 above shall control over those contained in Section 6(e) of the Closing Agreement. The indemnification obligations of Palomar and the Authority under this Agreement are subject to and must be made in accordance with the indemnification procedures, rights, and limitations set forth in Section 6 of the Closing Agreement, which provisions are hereby incorporated into and made a part of this Agreement by this reference.

11. GENERAL PROVISIONS

11.1 Notice. Any notice, demand, letter or other communication required, permitted, or desired to be given hereunder will be deemed effectively given when either personally delivered, or when received by electronic means (including email) or overnight courier, or five (5) calendar days after being deposited in the United States mail, with postage prepaid thereon, certified or registered mail, return receipt requested, addressed as follows:

If to Palomar: Palomar Health
Attention: President & CEO
2125 Citracado Parkway, Suite 300
Escondido, CA 92029
Email: Diane.Hansen@palomarhealth.org

With a copy to: Palomar Health
Attention: Legal Department
120 Craven Road, Suite 106
San Marcos, CA 92078

and to (which shall not constitute notice):

Holland & Knight, LLP
Attention: John Kern

560 Mission Street Suite 1900
San Francisco, CA 94105
Email: john.kern@hklaw.com

If to the Authority: UC San Diego Health
6363 Greenwich Drive, 0891 Suite 100
San Diego, California 92122
Attention: Patricia S. Maysent, Chief Executive Officer
E-Mail: pmaysent@ucsd.edu

With a copy to: UC Legal-UC San Diego Office of Campus counsel
Office of Legal Affairs
9500 Gilman Drive, MC 0933
San Diego, California 920923
Attention: Veronica Marsich, Chief Health Counsel
Email: vmarsich@ucsd.edu

and to (which shall not constitute notice):

Best Best & Krieger LLP
1333 N. California Blvd., Suite 220
Walnut Creek, CA 94596
Attn: Noël Caughman, Esq.

If to UCSD Health: UC San Diego Health
6363 Greenwich Drive, 0891 Suite 100
San Diego, California 92122
Attention: Patricia S. Maysent, Chief Executive Officer
E-Mail: pmaysent@ucsd.edu

and to (which will not constitute notice):

Sheppard Mullin Richter & Hampton LLP
Four Embarcadero Center, 17th Floor
San Francisco, CA 94111
Attn: Eric Newsom
Email: enewsom@sheppardmullin.com

or at such other address as an entity may designate by notice hereunder to the other entities.

11.2 Legal Fees and Costs of Disputes. In the event a Party incurs reasonable legal expenses to enforce or interpret any provision of this Agreement by mediation, arbitration, or judicial means, the prevailing Party will be entitled to recover such reasonable legal expenses, including Reasonable Attorneys' Fees, costs, and necessary disbursements, in addition to any other relief to which such Party will be entitled. As used herein, the term "**Reasonable Attorneys' Fees**" means reasonable attorneys' fees actually incurred at standard hourly rates

11.3 Choice of Law. The Parties agree that all disagreements, disputes or claims arising out of or relating to this Agreement or the Contemplated Transaction will be governed by and construed in accordance with the applicable Law of the State of California without giving effect to any choice or conflicts of Law provision or rule thereof that would result in the application of the applicable Law of any other jurisdiction other than the applicable Law of the United States of America, where applicable.

11.4 Benefit; Assignment; Delegation. Subject to provisions herein to the contrary, this Agreement will inure to the benefit of and be binding upon the Parties and their respective legal representatives, successors, and permitted assigns and delegates. No Party may assign any of its rights hereunder or delegate any of its duties hereunder without the prior written consent of the other Parties.

11.5 Legal Advice and Reliance. Except as expressly provided in any Transaction Agreement, none of the Parties (nor any of the Parties' respective Representatives) has made or is making any representations to any other Party (or to any other Party's Representatives) concerning the consequences of the Contemplated Transactions under applicable Law, including Tax-related Laws or under the Laws governing the Government Programs. Except for the representations and warranties made in any Transaction Agreement, each Party has relied solely upon the Tax, Government Program, and other advice of its own Representatives engaged by such Party and not on any such advice provided by any other Party.

11.6 Cost of Transaction. Except as otherwise provided in this Agreement, each Party will bear and pay its own costs and expenses relating to the preparation of the Transaction Agreements and to the transactions contemplated by, or the performance of or compliance with any condition or covenant set forth in, the Transaction Agreement, including the disbursements and fees of their respective attorneys, accountants, advisors, agents and other Representatives, incidental to the preparation and carrying out of the Transaction Agreement, whether or not the Contemplated Transactions are consummated, and any one-time costs associated with the Transaction or subsequent transition not otherwise included in the accounts payable to be assumed by the Authority ("Transactional Expenses").

11.7 Waiver of Breach. The waiver by any Party of a breach or violation of any provision of this Agreement will not operate as, or be construed to constitute, a waiver of any subsequent breach of the same or other provision hereof.

11.8 Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future Law, and if the rights or obligations of the Authority or Palomar under this Agreement will not be materially and adversely affected thereby, (a) such provision will be fully severable, (b) this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, (c) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement and (d) in lieu of such illegal, invalid or unenforceable provision, there will be added automatically as a part of this Agreement a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible.

11.9 No Inferences; Sophisticated Parties. Each Party acknowledges and agrees to the following: (a) all of the Parties are sophisticated and represented by experienced healthcare and transactional counsel in the negotiation and preparation of this Agreement; (b) this Agreement is the result of lengthy and extensive negotiations between the Parties and an equal amount of drafting by all Parties; (c) this Agreement embodies the justifiable expectations of sophisticated parties derived from arm's-length negotiations; and (d) no inference in favor of, or against, any Party will be drawn from the fact that any portion of this Agreement has been drafted by or on behalf of such Party.

11.10 Divisions and Headings of this Agreement. The divisions of this Agreement into sections and subsections and the use of captions and headings in connection therewith are solely for convenience and have no legal effect in construing the provisions of this Agreement.

11.11 Third-Party Beneficiaries.

(a) Notwithstanding any other provision of this Agreement, UCSD Health, and its respective successors and permitted assigns, are expressly intended as third party beneficiaries of this Agreement and will be entitled to enforce all rights, benefits, covenants, obligations, warranties, representations, undertakings, indemnifications, and remedies contained herein to the full extent as if it were a party they were parties hereto. Without limitation, such enforcement rights will include, the right to: (i) demand performance of any obligation set forth in this Agreement; (ii) receive the benefits of any representations, warranties, indemnities, and covenants in this Agreement; (iii) initiate legal proceedings to enforce any provisions of this Agreement; (iv) seek equitable and injunctive relief to prevent or remedy any breach of this Agreement; and (v) recover damages or other available remedies arising from any breach of this Agreement.

(b) No amendment, modification, waiver, or termination of this Agreement that affects the rights of UCSD Health or its respective successors and permitted assigns will be effective unless such UCSD Health or its respective successors and permitted assigns has provided its prior written consent to such amendment.

(c) The Parties hereto acknowledge and agree that UCSD Health and, as applicable, its respective successors and permitted assigns, have been granted direct and enforceable rights under this Agreement, and such rights will survive the Closing and continue in full force and effect according to the terms of this Agreement.

(d) The terms and provisions of this Agreement are intended solely for the benefit of the Authority, Palomar, and UCSD Health or such entity's respective successors and permitted assigns, and it is not the intention of the Parties to confer, and this Agreement will not confer, third-party beneficiary rights upon any other Person.

11.12 Entire Agreement; Amendment. This Agreement, together with the other Transaction Agreements, represents the entire agreement between the Parties with respect to the subject matter of this Agreement and supersede all prior or contemporaneous oral or written understandings, negotiations, letters of intent, or agreements between the Parties. No modifications of, amendments to, or waivers of any rights or duties under this Agreement will be valid or enforceable unless and until made in writing and signed by all Parties.

11.13 Multiple Counterparts. This Agreement may be executed in any number of counterparts, each and all of which will be deemed an original and all of which together will constitute but the same instrument. The facsimile signature of any Party or other Person to this Agreement or any other Transaction Agreement or a PDF copy of the signature of any Party or other Person to this Agreement or any other Transaction Agreement delivered by electronic mail for purposes of execution or otherwise, is to be considered to have the same binding effect as the delivery of an original signature on an original contract.

11.14 Archive Copy of VDR. Palomar will, within twenty (20) Business Days of the Operational Date, deliver to the Authority a complete archive copy of the VDR hosted by the applicable vendor as of the Operational Date from the view of an end user that was provided the most complete access to the VDR.

[Remainder of this page intentionally blank.]

Signatures follow on next page.]

IN WITNESS WHEREOF, the Parties have caused this Contribution Agreement to be executed by their duly authorized officers as of the Effective Date first set forth above.

PALOMAR:

PALOMAR HEALTH

By: _____

Name: _____

Title: _____

THE AUTHORITY:

PALOMAR UCSD HEALTH AUTHORITY

By: _____

Name: _____

Title: _____

EXHIBIT A

“**Accounts Receivable**” means all accounts, notes, interest and other receivables of Palomar and the other Palomar Entities from the rendering of services to inpatients and outpatients at the Facilities or the Business, billed and unbilled, recorded and unrecorded (including any accounts previously written off or charged off as bad debts), for services provided by the Facilities whether payable by Government Programs or Private Programs, or by any other source, including the right to receive an amount equal to the value of all accounts receivable arising from the rendering of services and provision of medicine, drugs, and supplies to patients at the Facilities relating to Medicare, Medicaid, TRICARE, and other third-party patient claims of the Facilities or the Business.

“**Affiliate**” means, with respect to any Person, any other Person that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. For this purpose, “control” will include the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of memberships, securities, election, or appointment of directors, by contract or otherwise.

“**After-Contributed Assets**” has the meaning set forth in **Section 2.9**.

“**Agreement**” means this Contribution Agreement together with all Exhibits and Schedules hereto, as amended, consolidated, supplemented, or replaced by the Parties from time to time in accordance with this Agreement and has the meaning set forth in the preamble to this Agreement.

“**AI Inputs**” means all data, content, or materials of any nature (including text, numbers, images, photos, graphics, video, audio, or computer code) used to develop, train, refine, validate, test, improve, or deploy any AI Technology.

“**AI Technologies**” means all deep learning, machine learning or other artificial intelligence technologies that use software algorithms, neural networks, or models to analyze input data, learn from that data, and then automatically (i) make decisions or predictions based on that learning and/or (ii) generate content or output (including data, text, pictures/images, art, sounds, videos, software/code, designs, specifications, and other content).

“**Allegations**” means any and all allegations, reports, disclosures, complaints, accusations, charges, claims, demands, written declarations, grievances, and/or investigations, whether formal or informal, external or internal, regardless of a determination that such allegations, reports, disclosures, complaints, accusations, charges, claims, demands, written declarations, grievance, and/or investigations are or were without merit, insufficient, nonactionable, or unsubstantiated.

“**Amended PHD Articles**” has the meaning set forth in **Section 2.6**.

“**Amended PHMG Articles**” has the meaning set forth in **Section 2.5**.

“**Amended SDEMA Articles**” means the amendments to the SDEMA articles of incorporation.

“**Amended Foundation Articles**” has the meaning set forth in **Section 2.7**.

“**Amended and Restated Foundation Bylaws**” has the meaning set forth in **Section 2.7**.

“**Amended and Restated PHD Bylaws**” has the meaning set forth in **Section 2.6**.

“**Amended and Restated PHMG Bylaws**” has the meaning set forth in **Section 2.5**.

“**Amended and Restated SDEMA Bylaws**” means the amendments to the SDEMA bylaws, as may be amended.

“**Amendment to Employment Agreement**” has the meaning set forth in **Section 6.17(b)**.

“**Appurtenances**” has the meaning set forth in **Section 2.1(a)**.

“**Approval**” means any approval, authorization, consent, notice, qualification or registration, or any extension, modification, amendment, or waiver of any of the foregoing, of or from, or any notice, statement, filing or other communication to be filed with or delivered to, any Governmental Authority or any other Person.

“**Assignment and Assumption Agreement**” has the meaning set forth in **Section 3.2(c)**.

“**Assumed Contracts**” has the meaning set forth in **Section 2.1(e)**.

“**Assumed Liabilities**” has the meaning set forth in **Section 2.3**.

“**Assured**” means Assured Guaranty Inc., a Maryland Insurance company.

“**Assured Forbearance Agreement**” means Forbearance Agreement dated January 16, 2025, by and among Palomar, Master Trustee, and Assured, as the same as amended by the First Amendment to Forbearance Agreement dated May 15, 2025.

“**Authorities**” means federal and state Laws, regulations, ordinances, and guidance, as well as all medical and ethical cannons, regulations, and standards of patient care.

“**Authority**” has the meaning set forth in the preamble to this Agreement.

“**Authority Fundamental Representations**” means, collectively, the representations and warranties contained in **Section 5.1** (Organization, Capacity), **Section 5.2** (Authority; Non-contravention; Binding Agreement), and **Section 5.4** (Brokers and Finders).

“**Balance Sheet Date**” means [REDACTED].

“**BAA**” has the meaning set forth in **Section 4.10(d)**.

“**Bill of Sale**” has the meaning set forth in **Section 3.2(b)**.

“**Breach**” has the meaning set forth in **Section 4.10(d)**.

“**Business**” means the business of delivering healthcare services to the public through the ownership, leasing, and operation of the Facilities, the ownership of certain interests in related entities offering healthcare services, including through the Joint Ventures, and the provision of outpatient and other healthcare businesses through the Palomar Entities, as well as any and all other businesses owned, managed, acquired, developed, operated or conducted by Palomar, PHMG, PHD and SDEMA.

“**Business Day**” means any day of the year on which national banking institutions in California are open to the public for conducting business and are not required or authorized to close.

“Cardholder Data” has the meaning set forth in **Section 4.15(i)**.

“CARES Act” means the Coronavirus Aid, Relief, and Economic Security Act, P.L. 116-136, as may be amended, and the rules and regulations promulgated thereunder (including “Division N--Additional Coronavirus Response and Relief” of the “Consolidated Appropriations Act, 2021” (H.R. 133), IRS Notice 2020-65 and the Memorandum on Deferring Payroll Tax Obligations in Light of the Ongoing COVID-19 Disaster issued on August 8, 2020) published with respect thereto by any Governmental Authority.

“CBA Notice” has the meaning set forth in **Section 7.5**.

“CBA” or **“CBAs”** the collective bargaining agreements between Palomar and each of California Nurses Association or the Caregivers & Healthcare Employees Union.

“CIA” has the meaning set forth in **Section 4.12**.

“Closing” has the meaning set forth in **Section 3.1**.

“Closing Agreement” means a mutually agreeable, duly executed amended and restated closing agreement, by and among UCSD Health, Palomar and the Authority.

“CMIR” has the meaning set forth in **Section 6.7**.

“CMS” means the Centers for Medicare & Medicaid Services.

“CMS Reporting” means any cost, quality, performance, use of certified electronic health record technology and electronic reporting requirements implemented by CMS pursuant, including the Social Security Act, the Patient Protection and Affordable Care Act of 2010 (or any replacement or successor Law), the Health Care and Education Reconciliation Act of 2010, the Pathway for Sustainable Growth Reform (SGR) Act of 2013, the Protecting Access to Medicare Act of 2014, the Improving Medicare Post-Acute Care Transformation Act of 2014 (IMPACT), American Taxpayer Relief Act of 2012 (ATRA), Balanced Budget Act of 1997 (BBA), the Medicare, Medicaid and SCHIP (State Children’s Health Insurance Program) Balanced Budget Refinement Act of 1999 (BBRA), the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000 (BIPA), the 21st Century Cures Act, the HITECH Act, the Medicare Access & CHIP Reauthorization Act of 2015 (MACRA) (Pub L. 114-10, enacted April 16, 2015), amending Title XVIII of the Social Security Act and/or the Bipartisan Balanced Budget Act of 2018, each of which may be amended from time to time by a Balanced Budget Act of the United States Congress, each applicable at such time as healthcare services are rendered.

“Co-Borrower Assignment and Assumption Agreement” has the meaning set forth in **Section 3.2(d)**.

“COBRA” means the Consolidated Omnibus Budget Reconciliation Act of 1985, the Public Health Service Act, codified as 42 USC §§ 300bb-1 through 300bb-8, and any similar state or federal continuation of coverage Laws.

“Code” means the Internal Revenue Code of 1986, as amended.

“Company Datasets” has the meaning set forth in **Section 4.11(a)**.

“Constituent Documents” means, for any corporation, partnership, limited partnership, limited liability company, or other organization, its charter, articles of incorporation, certificate of incorporation,

bylaws, partnership agreement, operating agreement, certificate of limited partnership, certificate of formation, or other similar formation and governance documents, each as amended to the relevant date.

“**Contributed Assets**” has the meaning set forth in **Section 2.1**.

“**Construction Drawings**” has the meaning set forth in **Section 4.18(o)**.

“**Contemplated Transactions**” means, collectively, the transactions contemplated by, or related to, this Agreement and the other Transaction Agreements, including (a) the contribution of the Initial Assets and (b) the execution, delivery, and performance of this Agreement and the other Transaction Agreements.

“**Contract**” means any legally binding oral or written commitment, promise, contract, lease, sublease, license, sublicense, guaranty, contractor or equipment warranty, prepaid services agreement, indenture, occupancy or other agreement or arrangement of any kind and all amendments, side letters, modifications and supplements thereto.

“**Copyrights**” means all copyrights, whether in published or unpublished works, which include literary works, and any other original works of authorship fixed in any tangible medium of expression (including nutritional and weight loss manuals and written programs); web site and online application content; rights to compilations, collective works and derivative works of any of the foregoing; and registrations and applications for registration for any of the foregoing and any renewals or extensions thereof.

“**Cost Reports**” means all cost and other reports related to the Facilities filed pursuant to the requirements of the Government Programs and other third-party payor programs for cost-based payments or reimbursement due to or claimed by Palomar from the Government Programs and other Third-Party Payor programs or their fiscal intermediaries or payor agents, including all cost report receivables or payables and all related appeals and appeal rights.

“**COVID-19**” means the novel coronavirus disease, COVID-19 virus (SARS-COV-2 and all related strains and sequences) or mutations (or antigenic shifts or drifts) thereof or a disease or public health emergency resulting therefrom.

“**Credentialing and Medical Staff Records**” means all credentialing records with respect to any Physician or other provider who provides services to the Business, all minutes of the meetings of the medical staffs of each Facility and any committees thereof, and all other records related to the administrative operations of each Facility’s medical staff for the period prior to the Effective Time.

“**Credit Agreement**” has the meaning set forth in the Recitals.

“**Credit Line**” has the meaning set forth in the Recitals.

“**Credit Line Documents**” has the meaning set forth in the Recitals.

“**Damaged Assets**” has the meaning set forth in **Section 6.8(e)**.

“**DEA**” has the meaning set forth in **Section 3.2(e)**.

“**Diligence Information**” has the meaning set forth in **Section 6.2**.

“**Disapproved Title Matter**” has the meaning set forth in **Section 6.8(d)**.

“**Disclosure Schedule**” or “**Schedule**” means the disclosure schedules and any other schedule to this Agreement.

“**District Operations Allowance**” has the meaning set forth in **Section 2.12(b)**.

“**Domain Names**” means Internet electronic addresses, uniform resource locators and alphanumeric designations associated therewith registered with or assigned by any domain name registrar, domain name registry or other domain name registration authority as part of an electronic address on the Internet, rights in social media accounts and social media pages, and all applications for any of the foregoing.

“**Effective Time**” has the meaning set forth in **Section 3.1**.

“**Employee Leasing Agreement**” means an employee leasing agreement that provides for the lease of certain employees of Palomar on and after the Operational Date.

“**Employee Waiver**” has the meaning set forth in **Section 6.18(a)**.

“**Encumbrances**” means Liabilities, levies, claims, charges, assessments, mortgages, security interests, liens, pledges, exceptions, conditional sales agreements, title retention contracts, rights of first refusal, options to purchase, restrictions, and other encumbrances, agreements or commitments to create or suffer any of the foregoing.

“**Environmental Condition**” means any event, circumstance or conditions related in any manner whatsoever to: (a) the current or past presence or spill, emission, discharge, disposal, Release or threatened Release of any hazardous, infectious or toxic substance or waste (each term as defined by any applicable Environmental Laws), or any chemicals, pollutants, petroleum, petroleum products or oil, infectious waste material, radioactive material, medical waste, human tissue, syringes, needles, any material contaminated with bodily fluids of any type, character or nature, friable asbestos, per and polyflouroalkyl substances, mold and poly-chlorinated biphenyls (“**PCBs**”) (collectively, “**Hazardous Materials**”), into the environment; (b) the on-site or off-site treatment, storage, disposal or other handling of any Hazardous Material originating on or from the Business or any portion of the Real Property; (c) the placement of structures or materials into waters of the United States; (d) the presence of any Hazardous Materials in any building, structure or workplace or on any portion of the Real Property; or (e) any violation of Environmental Laws at or on any portion of the Real Property or arising from the activities of Palomar, any Palomar Affiliate, or any other Person at the Facilities involving Hazardous Materials.

“**Environmental Laws**” means all Laws relating to pollution, the environment or human health and safety (including worker health and safety), including the Comprehensive Environmental Recovery, Compensation, and Liability Act, as amended, 42 U.S.C. § 6901, *et seq.*, the Clean Air Act, 42 U.S.C. § 7401; OSHA; and all other Laws relating to emissions, discharges, Releases, or threatened Releases of pollutants, contaminants, chemicals, pesticides, or industrial, infectious, toxic or hazardous substances or wastes into the environment (including ambient air, surface water, groundwater, land surface or subsurface strata) or otherwise relating to the processing, generation, distribution, use, treatment, storage, disposal, transport, or handling of pollutants, contaminants, chemicals, or industrial, infectious, toxic, or hazardous substances or wastes, including Hazardous Material.

“**ERISA**” means the Employee Retirement Income Security Act of 1974, as amended.

“**ERISA Controlled Group**” has the meaning set forth in **Section 4.20(f)**.

“**Escondido Appurtenances**” has the meaning set forth in **Section 2.1(a)**.

“**Escondido Business**” has the meaning set forth in the Recitals.

“**Escondido Hospital**” means the Palomar Medical Center Escondido, a 288-bed acute care hospital located at 2185 Citracado Parkway, Escondido, California 92029. “**Escondido Facilities**” has the meaning set forth in the Recitals.

“**Escondido Land**” has the meaning set forth in the Recitals.

“**Excluded Assets**” has the meaning set forth in **Section 2.2**.

“**Excluded Contracts**” has the meaning set forth in **Section 2.2(b)**.

“**Excluded Liabilities**” has the meaning set forth in **Section 2.4**.

“**Exhibits**” means the exhibits to this Agreement.

“**Existing Advances**” has the meaning set forth in the Recitals.

“**Existing Loan Documents**” has the meaning set forth in the Recitals.

“**Facility**” or “**Facilities**” means the Poway Facilities and the Retained Facilities.

“**Facility Inspections**” has the meaning set forth in **Section 6.1**.

“**False Claims Act**” has the meaning set forth in **Section 4.12**.

“**Foundation**” means PHF.

“**FPPC**” means the California Fair Political Practices Commission.

“**GASB**” has the meaning set forth in **Section 1.2(a)**.

“**General Obligation Bonds**” means, collectively, the Palomar Pomerado Health General Obligation Bonds, Election of 2004, Series 2007A, the Palomar Pomerado Health General Obligation Bonds, Election of 2004, Series 2009A, the Palomar Pomerado Health General Obligation Bonds, SMRH:4904-2002-2630.18 -66- Election of 2004, Series 2010A, the Palomar Health General Obligation Refunding Bonds, Series 2016A, and the Palomar Health General Obligation Refunding Bonds, Series 2016B.

“**Grant Deed**” has the meaning set forth in **Section 3.2(a)**.

“**GO CapEx Funds**” has the meaning set forth in **Section 4.31**.

“**Government Programs**” means the Medicare (including Medicare Part D and Medicare Advantage), Medicaid, Medicaid-waiver and CHAMPUS/TRICARE programs, any other similar or successor federal health care program (as defined in 42 U.S.C. §1320a-7b(f)) and any similar state or local programs.

“**Governmental Authority**” means all agencies, authorities, bodies, boards, commissions, courts, instrumentalities, legislatures, and offices of any nature whatsoever of any federal, state, county, district,

municipal, city, or other government or quasi-government unit or political subdivision; for the avoidance of doubt, Governmental Authority will include the FPPC.

“**Hazardous Materials**” has the meaning set forth in the definition of Environmental Condition.

“**HCAI**” means the California Department of Health Care Access and Information, formerly Office of Statewide Health Planning and Development.

“**Healthcare Reform Laws**” has the meaning set forth in **Section 4.20(h)**.

“**Healthcare Laws**” has the meaning set forth in **Section 4.9(c)**.

“**HIPAA**” means the Health Insurance Portability and Accountability Act of 1996 (42 U.S.C. § 1320d-1 *et seq.*), as amended by Subtitle D of the HITECH Act, and all amendments and regulations promulgated thereunder.

“**Historical Financial Information**” has the meaning set forth in **Section 4.5(a)**.

“**HITECH Act**” means the Health Information Technology for Economic and Clinical Health Act and all amendments and regulations promulgated thereunder.

“**Immediate Family Member**” means spouse; birth or adoptive parent, child, or sibling; stepparent, stepchild, stepbrother, or stepsister; father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law; grandparent or grandchild; and spouse of a grandparent or grandchild.

“**Immigration Act**” means the Immigration Reform and Control Act of 1986.

“**Improvements**” has the meaning set forth in **Section 2.1(a)**.

“**Indebtedness**” means, at any specified time (without duplication), any of the following Liabilities of any Person (whether or not contingent and including any and all principal, accrued and unpaid interest, prepayment premiums or penalties, related expenses, commitment and other fees, sale or liquidity participation amounts, reimbursements, indemnities and other amounts which would be payable in connection therewith): (a) any Liabilities of such Person for borrowed money or in respect of loans or advances; (b) any Liabilities of such Person evidenced by bonds, debentures, notes, or other similar instruments or debt securities; (c) any Liabilities of such Person as lessee under any lease or similar arrangement required to be recorded as a capital lease in accordance with GASB; (d) all Liabilities of such Person under or in connection with letters of credit or bankers’ acceptances, performance bonds, sureties or similar obligations; (e) any Liabilities of such Person to pay the deferred purchase price of property, goods or services other than those trade payables incurred in the ordinary course of business which are not more than ninety (90) days past due (including the employer portion of payroll, employment, or similar Taxes incurred in connection with any of the foregoing); (f) all Liabilities of such Person arising from cash/book overdrafts; (g) all Liabilities of such Person under conditional sale or other title retention agreements; (h) all Liabilities of such Person with respect to vendor advances or any other advances made to such Person; (i) all Liabilities of such Person arising out of interest rate and currency swap arrangements and any other arrangements designed to provide protection against fluctuations in interest or currency rates; (j) all Liabilities to purchase, redeem, retire, defeasance or otherwise make any payment in respect of any equity interests or any warrant, right or option to acquire such equity interest, valued, in the case of a redeemable preferred interest, at the greater of its voluntary or involuntary liquidation preference plus accrued and unpaid dividends; (k) any Liabilities of such Person related to unfunded 401(k) plans, pension plans, profits sharing plans or similar retirement plan or obligations (including the employer portion of

payroll, employment, or similar Taxes incurred in connection with any of the foregoing); (l) any Liabilities of others guaranteed by, or secured by any Encumbrance on the assets of, such Person, whether or not such indebtedness, Liabilities or obligations has been assumed by such Person or is limited in recourse; and (m) to the extent not reflected in (a) through (l) any Liabilities for other accounts payable, accrued expenses, medical claims payable, insurance claims and reserves, lines of credit, revolving credit facilities, settlements with payors, Medicare advances, provider fee payables, deferred Governmental Authority stimulus funds, long-term debt, lease financing obligations and finance leases, in each case arising on or prior to the Effective Time.

“Information Privacy or Security Laws” means any and all applicable Laws, legal requirements and self-regulatory guidelines relating to the processing of any Personal Information, including all privacy and security breach disclosure Laws and implementing Laws, in each case, of any Governmental Authority, including, as applicable, HIPAA, the Federal Wiretap Act, the Electronic Communications Privacy Act of 1986, and the Children’s Online Privacy Protection Act (COPPA) of 1998, as amended, the Telephone Consumer Protection Act of 1991, as amended, the Do-Not-Call Implementation Act of 2003, as amended, the Fair Credit Reporting Act, the Fair and Accurate Credit Transaction Act, the Gramm-Leach-Bliley Act, the Telemarketing and Consumer Fraud and Abuse Prevention Act, the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003, Section 5 of the Federal Trade Commission Act of 1914, as amended, (as the same has been interpreted to apply to privacy, data protection, breach disclosure or data transfer issues), the CAN-SPAM Act, the California Consumer Privacy Act, as amended by the California Privacy Rights Act, the Confidentiality of Medical Information Act, the California Online Privacy Protection Act, any Laws pertaining to privacy or data security, and any Laws concerning requirements for website and mobile application privacy policies and practices, or any outbound communications (including e-mail marketing, telemarketing and text messaging), tracking and marketing, and all guidance and implementing regulations issued by any Governmental Authority thereunder.

“Information Technology Systems” means all information technology systems, Software, computers, hardware, servers, workstations, databases, routers, hubs, switches, communication facilities and data communications lines, firmware, middleware, platforms, interfaces, systems, networks, programs, databases, operating systems, data processing systems, websites, website content, links and other information technology equipment used primarily in connection with the Business or used to process, store, maintain and operate data, information and functions owned or used by Business.

“Information Technology System Contracts” means all Contracts that relate to the Information Technology Systems, including (a) any Contracts regarding the acquisition, use, license, transfer, development, installation, maintenance, hosting, distribution or sharing of any Information Technology Systems (excluding licenses for off-the-shelf Software with license or subscription fees of less than \$50,000 per year).

“Initial Operational Holdback” has the meaning set forth in **Section 2.12(a)**.

“Initial UCSD Loan Agreement” has the meaning set forth in the Recitals.

“Initial UCSD Loan Documents” has the meaning set forth in the Recitals.

“Insurance Policies” has the meaning set forth in **Section 4.19**.

“Intellectual Property” means any and all of the following, and rights in, arising out of, or associated therewith, throughout the world: Copyrights, Domain Names, Social Media Accounts, Patents, Trademarks and Trade Secrets, the right to use the names and likenesses of natural persons and publicity and privacy rights generally, any other proprietary rights now known or hereafter recognized in any

jurisdiction worldwide, copies and tangible embodiments thereof (in whatever form or medium), and the right to sue and recover damages or other remedies for past, present and future infringement, misappropriation, dilution, or other violation thereof.

“Intellectual Property Assignment Agreement” has the meaning set forth in **Section 3.2(f)**.

“Intellectual Property Contracts” means all Contracts (including licenses, indemnification agreements, co-existence agreements, and covenants not to sue) that relate to the Transferred Intellectual Property, including any Contracts: (a) under which Palomar or any Palomar Affiliate has granted or agreed to grant to any other Person any license, covenant, release, immunity or other right that applies to any Owned Intellectual Property (including any source code escrow agreements); or (b) under which any other Person has granted or agreed to grant to Palomar any license, covenant, release, immunity or other right with respect to Intellectual Property rights or technology.

“Inventory” means all usable inventory, drugs, pharmaceuticals, injectables, food, supplies, including janitorial and office supplies, and other disposables and consumables primarily used or primarily held for use in, or otherwise primarily relating to, the Business, including any rights to rebates, refunds, or discounts due with respect to such inventory and supplies.

“IRS” means the Internal Revenue Service.

“Joint Powers Act” means the Joint Exercise of Powers Act, Cal. Gov. Code § 6500, *et seq.*, as amended.

“Joint Powers Agreement” has the meaning set forth in the Recitals to this Agreement.

“Joint Ventures” means North County Radiology Escondido, LLC (f/k/a San Diego Imaging), PDP Ramona LLC, Palomar Health Rehabilitation Institute, LLC, Palomar Behavioral Health Institute, LLC, Palomar-AmSurg Poway Ventures, LLC, The Escondido CA Endoscopy ASC, L.P., and PHKH LLC, SCA-Palomar Holdings, LLC.

“Knowledge of Palomar” means the actual knowledge after due and reasonable inquiry of Diane Hansen, Omar Khawaja, MD, Mel Russell, RN, Andrew Tokar, Melissa Wallace, Russ Riehl, Phil Yphantides, MD, Heather Punak and Mark Goldworthy, MD. For purposes of this definition, “due and reasonable inquiry” includes inquiry of direct reports as to the completeness and accuracy of the matter or such individual has been provided notice of that fact or matter.

“Law” means, with respect to any Person, all statutes, ordinances, codes, rules or regulations of any Governmental Authority, common law, and any restrictions, judgments, orders, writs, injunctions, decrees, determinations, or awards of any Governmental Authority having jurisdiction over such Person or any of such Person’s assets or businesses, and includes Healthcare Laws.

“Lease Agreement” means any lease (including any ground lease, master lease or prime lease), sublease, license, timeshare arrangement or any other occupancy agreement affecting all or some portion of the Real Property or to which Palomar or any other Palomar Entity is a party (whether as lessee/lessor or sublessee/sublessor), together with any amendments, supplements, exhibits, addenda, and modifications thereto.

“Liability” means any liability, Indebtedness, obligation, recoupment, interest, Tax, penalty, fine, claim, demand, judgment, or other Losses (including loss of benefit or relief), cost or expense of any kind or nature whatsoever, whether known or unknown, asserted or unasserted, absolute, fixed or contingent,

accrued or unaccrued, liquidated or unliquidated, recorded or unrecorded, due or to become due or otherwise, and regardless of when asserted.

“**Licensed AI Tools**” has the meaning set forth in **Section 4.11(a)**.

“**Liquidated Damages Amount**” has the meaning set forth in **Section 10.2**.

“**Loss**” or “**Losses**” means any and all losses, Liabilities, causes of action, costs, damages or expenses, whether or not arising from or in connection with any Third Party Claims (including interest, penalties, reasonable attorneys’, consultants’ and experts’ fees and expenses and all amounts paid in investigation, defense or settlement of any of the foregoing); *provided, however*, that Losses will not include punitive or exemplary damages, incidental damages, consequential damages, special damages, indirect damages, or other unforeseen damages, including diminution of value, loss of business reputation, goodwill or opportunity or any losses based on any type of multiple or lost profits, except to the extent awarded in connection with a Third Party Claim.

“**Malicious Code**” means any virus, trojan horse, worm, ransom ware, back door, time bomb, drop dead device or other software routines or hardware components designed to permit unauthorized access, to disable, erase or otherwise harm Software, hardware or data, or to disable a computer program automatically with the passage of time or under the positive control of a Person other than the user of the program.

“**Master Indenture**” means that certain Master Trust Indenture, dated as of December 1, 2006, as supplemented and amended, among Palomar Health, PHMG and Master Trustee (together with all supplements, amendments, modifications, extensions, renewals and replacements thereto).

“**Master Trustee**” means U.S. Bank Trust Company, National Association, a national banking association, as successor to U.S. Bank National Association, in its capacity as Master Trustee under the Master Indenture.

“**Material Adverse Effect**” means any result, occurrence, fact, change, event, or effect that results in, or would reasonably be expected to have, or would reasonably be expected to have, a material adverse effect on the Contributed Assets or the Business, financial condition, or results of operations of the Facilities, taken individually or as a whole; *provided, however*, that “Material Adverse Effect” will not include any event, occurrence, fact, condition or change, directly or indirectly, arising out of or attributable to: (i) conditions generally affecting the industries in which Palomar operates; (ii) any change or proposed change in the requirements, reimbursement rates, policies or procedures of third-party payors or accreditation organizations that are generally applicable to hospitals or health care facilities in the State of California; (iii) any changes in financial, banking or securities markets in general, including any disruption thereof and any decline in the price of any security or any market index or any change in prevailing interest rates; (iv) acts of war (whether or not declared), armed hostilities or terrorism, or the escalation or worsening thereof; (v) any action required or permitted by this Agreement or any action taken (or omitted to be taken) with the written consent of or at the written request of the Authority; (vi) the negotiation, execution or performance of this Agreement or the announcement, pendency or completion of the Contemplated Transactions; (vii) any natural or man-made disaster or acts of God or other force majeure events; (viii) any pandemic, epidemic, public health emergency or similar infectious disease emergency; *provided, however*, that any result, occurrence, fact, change, event, or effect referred to clause (i), through (viii) will be taken into account in determining whether a Material Adverse Effect has occurred or could reasonably be expected to occur to the extent that such event, occurrence, fact, condition, or change has a disproportionate effect on Palomar compared to other participants in the healthcare industry.

“**Material Consents**” has the meaning set forth in **Section 7.2**.

“**Material Contracts**” has the meaning set forth in **Section 4.16(a)**.

“**Medicaid**” means any state program for medical assistance administered under Title XIX of the Social Security Act.

“**Medical Records**” means originals, or where not available, copies (including in electronic format), of all medical records, patient files, and other written accounts of the medical history of the Business’ patients maintained in connection with the Business.

“**Medicare**” means the health insurance program administered under Title XVIII of the Social Security Act.

“**Medicare Accelerated and Advance Payments**” means the accelerated and advance payments received by any Palomar prior to the Effective Time pursuant to the Accelerated Payment Program or the Advance Payment Program implemented by CMS to increase cash flow to healthcare providers as a result of COVID-19.

“**Mesa Rock MSA**” has the meaning set forth in **Section 2.4**.

“**New Advance**” has the meaning set forth in the Recitals.

“**Objection Response Notice**” has the meaning set forth in **Section 6.8(c)**.

“**Obligation No. 15**” means Master Indenture Obligation No. 15.

“**Operational Date**” has the meaning set forth in **Section 3.1**.

“**OHCA**” means the Office of Health Care Affordability under the California Department of Health Care Access and Information.

“**OHCA Notices**” has the meaning set forth in **Section 6.7**.

“**OFAC**” means the Office of Foreign Asset Contract of the Department of Treasury.

“**OIG**” means the Office of the Inspector General of the U.S. Department of Health and Human Services.

“**Order**” means any judgment, order, writ, injunction, decree, determination, or award including an arbitration award of any Governmental Authority or arbitrator.

“**OSHA**” means the Occupational Safety and Health Act, 29 U.S.C. § 600, *et seq.*

“**Owned Intellectual Property**” means any and all Intellectual Property, to the extent used or held for use in, or otherwise relating to, the Business or the Facilities, that is owned or purported to be owned by Palomar or any Palomar Affiliate.

“**PAC**” means Pacific Accountable Care, LLC, a California limited liability company in which PHMG is the sole member.

“Paid Time Off” means the Palomar Employees’ accrued vacation or other paid time off, if treated similarly for accrual and payout upon termination purposes, and related Taxes and other payroll obligations.

“Palomar” has the meaning set forth in the preamble to this Agreement.

“Palomar Affiliate” means any Affiliate of Palomar.

“Palomar Business” has the meaning set forth in the Recitals.

“Palomar Employees” means all individuals, as of any date specified herein, who are employed by Palomar, PHMG, SDEMA, and PHD in the conduct of the Business.

“Palomar Entity” or **“Palomar Entities”** means Palomar, PHMG, PHD, and SDEMA.

“Palomar Environmental Obligations” has the meaning set forth in **Section 4.24(b)**.

“Palomar Fundamental Representations” means, collectively, the representations and warranties contained in **Section 4.1** (Organization, Capacity, Subsidiaries and Joint Ventures), **Section 4.2** (Authority, Non-Contravention, Binding Agreement), **Section 4.3** (Bring-Down), **Section 4.6** (Permits), **Section 4.8** (Government Payor Programs, Private Programs, Reimbursement), **Section 4.9** (Compliance with Laws), **Section 4.10** (Information Privacy and Security Compliance), **Section 4.18** (Real Property), **Section 4.21** (Employee Matters), **Section 4.24** (Environmental Matters), **Section 4.26** (Brokers and Finders) and **Section 4.29** (Statements True and Correct).

“Palomar’s Post-Authority Operations” has the meaning set forth in **Section 2.12(a)**.

“Party” or **“Parties”** has the meaning set forth in the preamble to this Agreement.

“Patents” means all inventions (whether or not patentable and whether or not reduced to practice), patents, industrial and utility models, industrial designs, certificates of invention, and any other indicia of invention ownership issued or granted by any Governmental Authority, including all provisional applications, priority and other applications, divisionals, continuations (in whole or in part), extensions, reissues, reexaminations or equivalents or counterparts of any of the foregoing.

“Paycheck Protection Program Act” means the Paycheck Protection Program and Health Care Enhancement Act, P.L. 116-139, and the rules and regulations promulgated thereunder.

“Payor Agreement” means any Contract between Palomar and a Government Program or a Private Program under which the Business or Palomar or PHMG directly or indirectly receives payments for medical services provided to such program’s beneficiaries at the Facilities or for the Business.

“PCBs” has the meaning set forth in the definition of Environmental Condition.

“Pending Construction Projects” has the meaning set forth in **Section 4.18(h)**.

“Permits” means authorizations, licenses, permits, Provider Numbers, certificates of need, certificates of exemption, franchises, accreditations, registrations, approvals or certificates (including pending approvals) of Governmental Authorities relating to the ownership, development, and operations of the Business.

“Permitted Encumbrances” means (a) any liens for Taxes not yet due and payable; (b) zoning regulations and other Laws, rules, regulations, codes, orders and directives affecting the Real Property; (c)

statutory liens in favor of carriers, warehousemen, mechanics and materialmen, to secure claims for labor, materials or supplies or any carriers', warehousemen's, mechanics', landlords', materialmen's, repairmen's or similar Encumbrances arising out of work performed, services provided or materials delivered that (i) have not been filed of record, or (ii) have been paid off in full or bonded off in accordance with applicable Law and removed from title to the Real Property; (d) liens arising out of any act of the Authority or its Representatives; and (e) any matters shown by the Title Report (or any update thereto) to which the Authority does not object or which are waived (or deemed waived) by the Authority under this Agreement.

"Person" means any individual, limited liability company, corporation, association, partnership, firm, joint venture, trust, trustee, Governmental Authority, or other form of business organization recognized under applicable Law.

"Personal Information" means information from or about an individual person the use, aggregation, holding or management of which is restricted under any applicable Law, including, but not limited to, an individual person's: (a) personally identifiable information (e.g., name, address, telephone number, email address, Social Security Number, financial account number, driver's license number government-issued identifier, log-in information, and any other data used or intended to be used to identify, contact or precisely locate a person); (b) other data that can be used or which allows one to identify, contact, or precisely locate an individual, including internet protocol address or other persistent identifier; and (c) any other similar information or data, each to the extent defined as "personal data," "personal information," "personally identifiable information," "Protected Health Information" or "PHI" or similar terms by applicable Privacy and Security Laws.

"Personal Property" has the meaning set forth in **Section 2.1(c)**.

"PHD" means Palomar Health Development, Inc., a California nonprofit public benefit corporation, whose sole corporate member is Palomar.

"PHD Membership Interest" has the meaning set forth in **Section 2.6**.

"PHF" means Palomar Health Foundation, Inc., a California nonprofit public benefit corporation with no members.

"PHMG" means Arch Health Partners, Inc., a California nonprofit public benefit corporation, d/b/a Palomar Health Medical Group, whose sole corporate member is Palomar.

"PHMG Membership Interest" has the meaning set forth in **Section 2.5**.

"Physician" means a doctor of medicine or osteopathy, a doctor of dental surgery or dental medicine, a doctor of podiatric medicine, a doctor of optometry, or a chiropractor, as defined in Section 1861(r) of the Social Security Act.

"Plans" has the meaning set forth in **Section 4.22(a)**.

"Poway Appurtenances" has the meaning set forth in **Section 2.1(a)**.

"Poway Business" has the meaning set forth in the Recitals.

"Poway Facility" or **"Poway Facilities"** has the meaning set forth in the Recitals.

“**Poway Hospital**” means the Palomar Medical Center Poway, a 107-bed acute care hospital located at 15615 Pomerado Road, Poway, California.

“**Poway Improvements**” has the meaning set forth in **Section 2.1(a)**.

“**Poway Land**” has the meaning set forth in the Recitals.

“**Poway Real Property**” has the meaning set forth in **Section 2.1(a)**.

“**Power of Attorney**” has the meaning set forth in **Section 3.2(e)**.

“**Practitioner**” or “**Practitioners**” means the Physicians and any other licensed professional (including advanced practice providers) who provide clinical services to the Business.

“**Pre-Authority Advances**” has the meaning set forth in the Recitals.

“**Pre-Authority Loan Documents**” has the meaning set forth in the Recitals.

“**Pre-Operational Option Agreement**” has the meaning set forth in the Recitals.

“**Prepaid Assets**” means all advance payments, prepayments, prepaid expenses, and deposits which were made with respect to the operation of the Facilities or the Contributed Assets, including deposits for leases and utilities, but excluding any deposits or other prepayments for leases that are Excluded Contracts.

“**Private Program**” has the meaning set forth in **Section 4.8(a)**.

“**Proceeding**” means any action, arbitration, audit, hearing, investigation or suit (whether civil, criminal, administrative, judicial, or investigative) commenced, brought, conducted, or heard by or before, or otherwise involving, any (a) Governmental Authority, (b) Medicare fiscal intermediary or administrative contractor, recovery audit contractor, zone program integrity contractor, unified program integrity contractor or similar government program contractor or (c) arbitrator, whether at Law or in equity.

“**Process**” or “**Processing**” means, with respect to Personal Information, access to, use, collection, processing, protection of, monitoring, maintenance, creation, handling, storage, recording, organization, adaption, alteration, transfer, transmission, receipt, retrieval, consultation, disclosure, dissemination, disposal, security, or combination of such Personal Information, and including processing as defined in applicable Information Privacy or Security Laws.

“**Property Taxes**” means all ad valorem, real property, and personal property Taxes, all general and special private and public assessments relating to real property, and all similar obligations and Taxes.

“**Provider Numbers**” has the meaning set forth in **Section 9.2(a)**.

“**Provider Relief Fund**” means the Public Health and Social Services Emergency Fund for provider relief under the CARES Act and the Paycheck Protection Program Act.

“**Real Property**” means the Poway Real Property, the TIC Property Interest, and Retained Real Property.

“**Reasonable Attorneys’ Fees**” has the meaning set forth in **Section 11.2**.

“**Records**” means originals, or where not available, copies (including in electronic format), of books and records maintained in connection with the Business or the Contributed Assets or operation of PHMG, including Medical Records and books and records relating to books of account, ledgers and general financial accounting records, personnel records, machinery and equipment maintenance files, patient and customer lists, price lists, distribution lists, supplier lists, quality control records and procedures, customer and patient complaints and inquiry files, research and development files, records and data (including all correspondence with any Governmental Authority), sales material and records, strategic plans, marketing plans, internal financial statements and marketing and promotional surveys, pricing and cost information, material and research that relate to the Business.

“**Reference Balance Sheet**” has the meaning set forth in **Section 4.5(a)(ii)**.

“**Referral Source**” means any of the following: (a) a Physician, an Immediate Family Member of a Physician, or a Person owned in whole or in part by a Physician or by an Immediate Family Member of a Physician; (b) any other Person who (i) makes, who is in a position to make, or supply, or who could influence the making of referrals of patients to any health care facility; or (ii) provides services to patients who have conditions that might need to be referred for clinical or medical care, and participates in any way in directing, recommending, arranging for or steering patients to any health care provider or facility; or (c) any Person or entity that is an Affiliate of any Person or other entity described in clause (a) or (b) above.

“**Release**” means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing of any pollutants, contaminants, chemicals, or industrial, infectious, toxic, or hazardous substances or wastes, including Hazardous Material, into the environment (including ambient air, surface water, groundwater, land surface or subsurface strata).

“**Relief Fund Payment Terms and Conditions**” means the terms and conditions established by the Department of Health and Human Services or the applicable Governmental Authority for the receipt of funds from the Provider Relief Fund or any CARES Act, Paycheck Protection Act or other COVID-19 grant, payment, distribution, or other relief program and all related guidance promulgated thereunder.

“**Representatives**” means with respect to any Person, any of its Affiliates, directors, trustees, officers, members, employees, consultants, agents, attorneys, advisors, and other representatives.

“**Retained Facilities**” means the Escondido Hospital and all other buildings, structures, improvements, fixtures, and other facilities on the Retained Land or in which Palomar otherwise holds an ownership, leasehold, easement estate, or other interest that do not constitute Poway Land or Escondido Contributed Land.

“**Retained Land**” means Palomar’s fee simple interest in and to certain real property located in and around Escondido, California, as more specifically described on **Schedule A**, together with all buildings, structures, improvements, and fixtures situated thereon.

“**Retained Real Property**” means all land in which Palomar, PHMG or PHD holds an ownership, leasehold, easement estate or other real property interest, including without limitation that certain real property located in Escondido, California on which the Escondido Hospital is situated and which do not constitute Poway Real Property or TIC Property Interest, together with all buildings, structures, improvements, fixtures situated thereon and all rights, privileges, easements, and appurtenances related thereto.

“**Retirement Plans**” has the meaning set forth in **Section 4.20(f)**.

“**SDEMA**” means San Diego Emergency Medical Associates, Inc., a California nonprofit mutual benefit corporation, whose sole corporate member is PHMG.

“**Schedule**” or “**Disclosure Schedule**” means the disclosure schedules and any other schedule to this Agreement.

“**Second UCSD Loan Agreement**” has the meaning set forth in the Recitals.

“**Second UCSD Loan Documents**” has the meaning set forth in the Recitals.

“**Sexual Misconduct**” means the commission of any act of sexual abuse, misconduct, or relations with a patient, client, or customer; or any other unprofessional contact or communication of a sexual nature.

“**Sharp**” means Sharp Healthcare, a California nonprofit public benefit corporation.

“**Sharp Forbearance Agreement**” means the Forbearance Agreement dated January 14, 2025, by and between Sharp and Palomar.

“**Sharp Loan Documents**” means the Loan Agreement, dated as of March 29, 2024, by and between Sharp and Palomar and the other Loan Documents (as such term is defined in the Sharp Loan Agreement solely for the purpose of this definition).

“**Social Media Accounts**” means any and all accounts, profiles, pages, feeds, registrations and other presences on or in connection with any (a) social media or social networking website or online service, (b) blog or microblog, (c) mobile application, (d) photo, video or other content-sharing website, (e) virtual game world or virtual social world, (f) rating and review website, (g) wiki or similar collaborative content website or (h) message board, bulletin board, or similar forum.

“**Social Security Act**” means the Social Security Act of 1935 and all regulations promulgated thereunder.

“**Software**” means any and all of the following, to the extent that they are primarily used in connection with the Business: (a) computer programs and other software, including software implementations of algorithms, models, and methodologies, whether in source code, object code or other form, including libraries, subroutines and other components thereof; (b) computerized databases and other computerized compilations and collections of data or information, including all data and information included in such databases, compilations or collections (whether machine readable or otherwise) and rights therein; (c) screens, user interfaces, command structures, report formats, templates, menus, buttons and icons; (d) descriptions, flow charts, architectures, development tools, and other materials used to design, plan, organize and develop any of the foregoing; and (e) documentation, including development, diagnostic, support, user and training documentation related to any of the foregoing.

“**Subsidiaries**” means, with respect to any Person, any other Person in which the first Person, directly or indirectly (e.g., through one or more Subsidiaries), owns or otherwise controls or has the right to own or otherwise control, in each case, whether by way of Contract or otherwise, either (i) more than fifty percent (50%) of the total voting or other controlling power, whether by way of Contract or otherwise, and whether through ownership of, or rights to, shares of capital stock or other equity or membership interests of any kind (including limited liability company or partnership interests or membership) entitled (without regard to the occurrence of any contingency) to vote in the election of, or otherwise control the appointment or service of, directors, managers or trustees, or Persons performing similar functions, of such

second Person, or (ii) if there are no voting interests, more than fifty percent (50%) of the equity or membership or other ownership interests of the second Person.

“**Supplement No. 15**” means Master Indenture Supplement No. 15.

“**Survey**” has the meaning set forth in **Section 6.8(a)**.

“**Survival Period**” has the meaning set forth in **Section 10.1**.

“**Tail Policies**” has the meaning set forth in **Section 7.3**.

“**Tax**” or “**Taxes**” means (a) all federal, state, local, foreign or other Taxes, including any income, gross receipts, license, payroll, employment (including employee withholding or employer payroll Tax, FICA or FUTA), excise, severance, stamp, occupation, premium, windfall profits, environmental, customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, stamp, capital, gains, sales, use, transfer, registration, Liability or obligation under escheat or abandoned or unclaimed property Laws, value added, alternative or add-on minimum, estimated, or other Tax, assessment, charge, levy or fee of any kind whatsoever (however denominated), including interest or penalties thereon, additions to Tax and additional amounts with respect thereto that are due or alleged to be due to any Governmental Authority, whether disputed or not and (b) and any Liability with respect to the foregoing as a result of being or formerly having been a member of any affiliated, consolidated, unitary or similar group or as a result of any transferee or successor liability in respect of the foregoing, or any obligation to indemnify or pay any of the foregoing to or on behalf of another Person, whether arising as a result of any Contract, by operation of Law, or otherwise.

“**Tax Revenue Contribution Agreement**” means that certain Tax Revenue Contribution Agreement by and between Palomar and the Authority entered into concurrently herewith.

“**Tax Return**” means any return, declaration, report, form, claim for refund, information return or statement or other document (including any Tax Return for estimated Taxes), including schedules, attachments, and amendments, relating to Taxes filed or required to be filed with any Governmental Authority.

“**Tenant**” has the meaning set forth in **Section 2.1(b)**.

“**Third-Party Payor**” means any Person (including the Government Programs, any entity authorized to provide health insurance (or property, casualty, or life insurance covering health benefits) in the State of Iowa, any health maintenance organization, or any employer authorized in accordance with applicable Law to self-insure its workers’ compensation risk) that pays for or reimburses at least a portion of the healthcare expenses of its beneficiaries.

“**Third UCSD Loan Agreement**” has the meaning set forth in the Recitals.

“**Third UCSD Loan Documents**” has the meaning set forth in the Recitals.

“**TIC Agreement**” has the meaning set forth in **Section 3.2(jj)**.

“**TIC Property Interest**” has the meaning set forth in **Section 2.1(a)(ii)**.

“**Title Approval Date**” has the meaning set forth in **Section 6.8(b)**.

“**Title Company**” means Fidelity National Title, 4370 La Jolla Drive, Suite 240, San Diego, CA 92122, Attn: Jeff Razi, Esq.

“**Title Objection Notice**” has the meaning set forth in **Section 6.8(b)**.

“**Title Policy**” means an ALTA extended coverage owner’s policy in an amount equal to the portion of the Valuation Amount allocated to the Palomar Real Property.

“**Title Report**” means one or more current preliminary title commitments for the Palomar Real Property, as such commitment(s) may be updated from time to time.

“**Title Response Period**” has the meaning set forth in **Section 6.8(c)**.

“**Trade Secrets**” means anything that would constitute a “trade secret” under applicable Law, and, whether or not confidential, all business information (including ideas, research and development information, know-how, formulas, compositions, technical data, designs, drawings, specifications, research records, records of inventions, test information, financial, marketing and business data, customer and supplier lists and information, pricing and cost information, business and marketing plans and proposals).

“**Trademarks**” means trademarks, service marks, trade names (including fictitious, assumed and d/b/a names), certification marks, collective marks, and other proprietary rights to any words, names, slogans, symbols, logos or combinations thereof used to identify, distinguish and indicate the source or origin of goods or services; registrations, renewals, applications for registration, equivalents and counterparts of the foregoing; and the goodwill of the business associated with each of the foregoing.

“**Transaction Agreement**” or “**Transaction Agreements**” means this Agreement, the Joint Powers Agreement, the Employee Lease Agreement, the Use Agreement, Pre-Operational Option Agreement, the Tax Revenue Contribution Agreement, the Closing Agreement, the Advance Agreements, the UCSD Health Contribution Agreement, the TIC Agreement, and the other certificates, instruments, and documents prepared, executed, and delivered pursuant to this Agreement or in connection with this Agreement.

“**Transactional Expenses**” has the meaning set forth in **Section 11.6**.

“**Transactional Expenses Holdback**” has the meaning set forth in **Section 2.12(a)**.

“**Transfer Taxes**” means any real or personal property transfer, sales, use, excise, documentary, transfer, value added, stock transfer, stamp or similar Taxes, and any transfer, recording, registration, and any other similar fees, levies, Taxes or amounts (including any penalties, fines and interest), together with any conveyance fees, recording charges and other similar fees and charges, in each case, imposed or payable in connection with this Agreement and the Contemplated Transactions.

“**Transferred Information Technology Systems**” means any and all Information Technology Systems, to the extent used primarily in connection with the Business, that are owned or purported to be owned or licensed, or purported to be licensed, in whole or in part, by or to Palomar or any Palomar Affiliate.

“**Transferred Intellectual Property**” means any and all Intellectual Property, to the extent used primarily in connection with the Business or the Contributed Assets that is owned or purported to be owned, licensed, or purported to be licensed, in whole or in part, by or to Palomar or any Palomar Affiliate, other than any Intellectual Property included in the definition of Excluded Assets.

“**Transition Plan**” has the meaning set forth in **Section 6.11**.

“**Treasury Regulations**” means the final, proposed, or temporary regulations of the U.S. Department of Treasury, promulgated under the Code.

“**Trust Indenture Documents**” means those supplements, documents, instruments, certificates and opinions delivered by the Credit Group Representative to the Master Trustee (as each is defined in the Master Indenture) in connection with the issuance of the Obligation No. 15 and any new Obligations including as the same may be issued in connection with any Initial Advance Documents or any New Advance Documents, and the satisfaction of any conditions specified in the Master Indenture in connection therewith (together with all supplements, amendments, modifications, extensions, renewals and replacements thereto).

“**UCSD Health**” has the meaning set forth in the preamble to this Agreement.

“**UCSD Health Contribution Agreement**” has the meaning set forth in the Recitals.

“**Unsecured PHI**” has the meaning set forth in **Section 4.10(d)**.

“**Valuation Amount**” means the value assigned to the Contributed Assets as set forth in that certain draft report dated November 5, 2025, prepared by Deloitte Transactions and Business Analytics LLP.

“**VDR**” has the meaning set forth in **Section 1.2(g)**.

USE AGREEMENT

THIS USE AGREEMENT (this “Use Agreement”) is made and entered into effective as of May 31, 2026, (the “Effective Date”) by and between PALOMAR HEALTH, a California Health Care District organized pursuant to Division 23 of the California Health and Safety Code (“Palomar”) and PALOMAR UCSD HEALTH AUTHORITY, a joint powers authority (the “Authority”) formed by Palomar and The Regents of the University of California, a California constitutional corporation organized and existing under Article IX, Section 9 of the Constitution of the State of California, on behalf of the University of California, San Diego Health (“UCSD Health”) in accordance with the Joint Exercise of Powers Act, Cal. Gov. Code § 6500, *et seq.* Palomar and the Authority are each referred to herein as a “Party” and collectively as the “Parties”.

RECITALS

WHEREAS, as of the Effective Date, Palomar is engaged in the business of delivering healthcare services to the public through the ownership, leasing, and operation of healthcare facilities, including two acute care hospitals known as Palomar Medical Center Escondido (the “Escondido Hospital”) and Palomar Medical Center Poway (the “Poway Hospital”) and together with the Escondido Hospital, the “Hospitals”);

WHEREAS, UCSD Health and Palomar have each determined that it is in such entity’s best interest and the best interest of the communities served by UCSD Health and Palomar and the Hospitals, to enter into the Joint Exercise of Powers Agreement dated October 31, 2025, as amended on April 10, 2026 and April 30, 2026 (collectively, the “Joint Powers Agreement”), in order to, among other things, stabilize and strengthen the availability of community hospital services to all residents of San Diego County, California and surrounding areas regardless of payor or funding source and improve access to healthcare for the vulnerable populations served by Palomar and the Authority through the expansion of clinical infrastructure and strengthening of certain healthcare service lines for the benefit of the residents of San Diego County, California through an integrated health system;

WHEREAS, concurrently with the execution and delivery of the Joint Powers Agreement, Palomar and UCSD Health entered into that certain Closing Agreement dated as of October 31, 2025 (the “Closing Agreement”) and upon the Authority Approval Date (as defined therein), the Authority joined in as a party to the Closing Agreement, which provides for the agreed upon closing procedures, conditions precedent, and certain representations, warranties, and indemnities of the Parties;

WHEREAS, concurrently with the execution and delivery of this Use Agreement, (a) Palomar and the Authority are entering into: (i) that certain Initial Contribution Agreement to be dated as of the Effective Date hereof (the “Initial Contribution Agreement”) pursuant to which, among other things, Palomar must transfer the Contributed Assets (defined below) to the Authority as of the Operational Date (as such term is defined in the Joint Powers Agreement, the “Operational Date”), and Palomar and PHMG must assign their rights and obligations in and to the UCSD Advances under and pursuant to the respective UCSD Loan Documents, together with all interest and fees accrued thereon, to the Authority, as co-obligor for all borrower obligations thereunder,

and the Authority, as co-obligor, must assume the joint and several responsibility for all borrower obligations under and pursuant to the UCSD Loan Documents; (ii) that certain Tax Revenue Contribution Agreement by and between Palomar and the Authority to be dated as of the Effective Date hereof (the “Tax Revenue Contribution Agreement”) pursuant to which, among other things, Palomar must transfer its rights in the Unrestricted Property Tax Revenues to the Authority; (iii) that certain Employee Leasing Agreement by and between Palomar and the Authority to be dated as of the Effective Date hereof (the “Employee Lease Agreement”); and (b) UCSD Health and the Authority are entering into that certain Contribution Agreement to be dated as of the Effective Date hereof (the “UCSD Health Contribution Agreement”);

WHEREAS, on the Operational Date, Palomar will transfer an undivided nineteen and one-half percent (19.5%) tenant-in-common interest (the “TIC Property Interest”) in and to those certain parcels of real property, as more particularly described on Exhibit A (the “Escondido Land”), together with all buildings, structures, improvements, and fixtures situated thereon, including the Escondido Hospital, the PHOC MOBs (defined below), the plant, and the parking garage, and all apparatus, equipment, and appliances used in connection with the operation or occupancy of the Escondido Hospital or other operations of Palomar on the Escondido Land, which are collectively referred to herein as the “Escondido Facilities”, and immediately after such transfer, Palomar will own and hold title to an undivided eighty and one-half percent (80.5%) tenant-in-common interest in and to the Escondido Land and the Escondido Facilities;

WHEREAS, in furtherance of the purpose and goals of the Authority, and pursuant to the terms of the Joint Powers Agreement, the Authority has agreed as of the Operational Date, to become co-obligated, with Palomar, to pay and discharge the debt and obligations of Palomar that existed prior to the Operational Date, including but not limited to debts and obligations directly associated with the Escondido Facilities and the Contributed Assets (as defined in the Initial Contribution Agreement, the “Contributed Assets”), and to enable the Authority to meet such obligations, as co-obligor, among other obligations under the Joint Powers Agreement, Palomar seeks to grant to the Authority the right and license to use, operate, manage, administer, collect all revenues and profits from, and derive other economic benefits from the Escondido Facilities and certain of Palomar’s other remaining assets, as further described herein, in accordance with the terms of this Use Agreement and during the Term of this Use Agreement;

WHEREAS, the grant of the rights under this Use Agreement to the Authority furthers the public interest purposes of both Palomar and the Authority by stabilizing the availability of community hospital services and providing a vehicle for investment and growth of clinical infrastructure and services to serve the health care needs of residents of the North County area and beyond; and

WHEREAS, this Use Agreement and the transactions contemplated hereby are intended to be a license to use the Licensed Items (as defined in Section 1.1 below) to the Authority in exchange for, among other things, the Authority’s assumption, as co-obligor, of Palomar’s debts and other obligations existing as of the Operational Date and is provided solely under the terms and conditions set forth herein and do not constitute a lease of the Licensed Items, and further do not constitute any sale, assignment, or transfer of ownership of or title to the Licensed Items, and

Palomar maintains full ownership of the Licensed Items during Term of this Use Agreement, subject to the rights conveyed to the Authority herein.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth in this Use Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

ARTICLE I LICENSED ITEMS

Section 1.1 Purpose and Grant of License. The purpose of this Use Agreement is to provide the Authority with access to assets of Palomar that are essential to the ability of the Authority to meet its obligations and commitments as stated in the Joint Powers Agreement, including both the obligation to facilitate the continued availability of quality health care for the residents of the Palomar Health District and, critically, to allow the Authority access to the use of assets which are essential to its ability to meet the significant obligations undertaken by the Authority in the Joint Powers Agreement to generate sufficient revenues from operation to pay and discharge the debt obligations existing for Palomar as of the Operational Date, including obligations that are directly associated with the Escondido Facilities. Therefore, upon the terms and conditions hereinafter set forth, and except for the Excluded Items (defined below), Palomar hereby grants to the Authority, and the Authority hereby accepts from Palomar, to the fullest extent permissible under Section 32121(p) of the California Health & Safety Code, all rights of Palomar to use, occupy, manage and otherwise enjoy the benefit of, and exploit all right, title and interest in and to all of the following (collectively, the “Licensed Items”):

(a) the Escondido Hospital operations, including, but not limited to, (i) the Escondido Hospital, (ii) the three medical office buildings situated on a portion of the Escondido Land commonly referred to as Palomar Health Outpatient Center 1 (“PHOC1”), Palomar Health Outpatient Center 2 (“PHOC2”), and Palomar Health Outpatient Center 3 (“PHOC3” and together with PHOC1 and PHOC2, the “PHOC MOBS”); (iii) the parking structures and plant operations facilities; (iv) any other Escondido Facilities, and (v) all structures, buildings, improvements, and other fixtures located on the Escondido Land, and all apparatus, equipment, and appliances used in connection with the operation or occupancy of the Escondido Facilities;

(b) to the extent legally sublicensable and not otherwise transferred to the Authority pursuant to the Initial Contribution Agreement, all licenses, permits, accreditations, authorizations or other approvals of any kind, regarding, related to, held by or used in the operation of the Escondido Facilities or such other facilities comprising any part of the Contributed Assets;

(c) the Escondido Land and all other real property owned, operated or occupied by Palomar, together with all structures, buildings, improvements, and other fixtures owned, leased or licensed by Palomar and located on such real property (the “Escondido Improvements”), and all rights, privileges, easements, and appurtenances to the Escondido Land and the Escondido Improvements including all of Palomar’s right, title and interest in and to all minerals, oil, gas, other hydrocarbon substances and water rights owned by Palomar relating to the Escondido Land and other owned real property, and all easements, rights-of-way, and other appurtenances used or

connected with the beneficial use or enjoyment of the Escondido Land and other owned real property (collectively, the “Escondido Appurtenances,” and together with the Escondido Land, the Escondido Improvements and any other owned real property the “Escondido Real Property”);

(d) all furniture, fixtures and equipment, including medical equipment (the “Equipment”) utilized in the operation of the Escondido Facilities or otherwise owned by Palomar;

(e) all goods and other personal property used in the operation of the Escondido Facilities or otherwise owned by Palomar that have not been transferred to the Authority as part of the Contributed Assets pursuant to the Initial Contribution Agreement;

(f) except as set forth on Schedule 1.4(e), all contracts for goods or services related to the operation of the Escondido Facilities;

(g) except for the intellectual property rights as set forth on Schedule 1.4(j), intellectual property rights, including the right to use certain software, logos, trademarks, and tradenames;

(h) except as set forth on Schedule 1.4(g), the right to collect Palomar’s accounts receivable from any non-governmental payor;

(i) except as set forth on Schedule 1.4(g), the right to observe, utilize, transfer, expend, possess, or otherwise dispose of cash held in Palomar’s various bank accounts;

(j) those assets, rights, title, or interest identified on Schedule 1.1, if any; and

(k) any other assets, rights, title or interests owned or held by Palomar and not identified as an Excluded Item on Schedule 1.4.

Section 1.2 Permitted Use; Payment of Liabilities. The Authority is permitted to use the Licensed Items for any lawful purpose in connection with the operation of the Escondido Hospital by the Authority and in furtherance of the purposes for which the Authority has been formed. The Authority must ensure that the Licensed Items are used only as permitted by applicable law and regulation. During the Term of this Use Agreement, the Authority must pay all outstanding liabilities and contractual obligations with respect to the Licensed Items, whether such liabilities or obligations relate to the period prior to or during the Term of this Use Agreement.

Section 1.3 No Transfer of Ownership; Access by Palomar. This Use Agreement is a license agreement only to use the Licensed Items as contemplated hereby or as necessary and appropriate to perform the obligations under the Joint Powers Agreement. Palomar will have the right, upon reasonable prior notice to the Authority to access and inspect the physical assets comprising the Licensed Items, subject to the terms of this Use Agreement. The Authority must reasonably cooperate with Palomar in granting such access, provided that Palomar’s access must not interfere with the Authority’s business operations and Palomar must conduct its activities under this Section 1.3 in such a manner as to minimize any inconvenience to the Authority. Notwithstanding anything to the contrary, no entry or inspection of the Licensed Items may be

undertaken unless an authorized representative of the Authority is present to ensure that no violation of patients' medical confidentiality rights or care occurs. Nothing contained herein may be construed as transferring ownership of any Licensed Items to the Authority to the extent such transfer of ownership is contemplated pursuant to Cal. Health & Safety Code § 32121(p).

Section 1.4 Excluded Items. Notwithstanding Section 1.1, for the avoidance of doubt, the license granted to the Authority pursuant to this Use Agreement expressly excludes the following "Excluded Items":

(a) those assets transferred or assigned directly to the Authority, upon perfection of such transfer, pursuant to the terms of the Initial Contribution Agreement;

(b) all contracts, agreements, amendments, assets, revenues and liabilities of, regarding or related to Palomar's (i) General Obligation Refunding Bonds, Series 2016A, (ii) General Obligation Refunding Bonds, Series 2016B, (iii) General Obligation Bonds, Election of 2004, Series 2010A, (iv) General Obligation Bonds, Election of 2004, Series 2009A, and (v) General Obligation Bonds, Election of 2004, Series 2007A (collectively, the "GO Bonds"), and the ad valorem property tax revenues collected by Palomar solely for payment of liabilities related to the GO Bonds;

(c) those books and records of account related to Palomar's business operations, to the extent required by applicable law (provided the Authority has access to the information therein as needed to operate the Escondido Facilities);

(d) insurance policies held solely for the benefit of Palomar and identified on Schedule 1.4(d);

(e) the contracts identified on Schedule 1.4(e);

(f) any items which Palomar may not license or sublicense to the Authority by applicable law, including without limitation the Non-Sublicensable Items set forth on Schedule 1.4(f) (which is subject to the provisions of Section 1.5 below);

(g) those certain bank accounts/cash/revenues, as set forth on Schedule 1.4(g);

(h) employee benefit plans;

(i) any records or materials that Palomar is required by law to maintain in its control and possession as identified on Schedule 1.4(i); and

(j) any other any item listed on Schedule 1.4(j).

Section 1.5 Condition of Licensed Items. The Licensed Items are being made available to the Authority pursuant to this Use Agreement in their as-is, where-is condition and Palomar has no obligation to perform any alterations, repairs, modifications or improvements to any of the Licensed Items, unless otherwise expressly provided by the terms of this Use Agreement.

Section 1.6 Non-Sublicensable Items. Notwithstanding anything to the contrary in this Use Agreement, if the use by the Authority of any asset, contract (including any Lease Agreement or Assigned Contract as each is defined below), permit, license or other right included in the Licensed Items (each, a “Non-Sublicensable Item”) requires the consent of any third party prior to the granting of the rights to the Authority hereunder, such consent has not been obtained prior to the Effective Date of this Use Agreement, then Palomar must thereafter diligently use commercially reasonable good faith efforts to obtain such consent, and until such consent is obtained, this Use Agreement will not be deemed to constitute a license or assignment of such item if such consent is not given or if such failure would constitute a breach of, violation of or would materially and adversely affect the rights of Palomar thereunder. If any such consent is not obtained or if such license or assignment is not permitted irrespective of such consent, the Parties will cooperate in good faith to obtain any such required consent or to otherwise reach an arrangement designed to provide the Authority with all of the rights and benefits under such item, including enforcement, for the benefit of the Authority, under such contract, permit or license. Until such consent is obtained, Palomar must provide the Authority with the benefits of the Non-Sublicensable Item, including acting as the Authority’s agent, to the extent permitted by applicable law and the terms associated with the Non-Sublicensable Item.

Section 1.7 Lease Assignments. On the Operational Date, Palomar will conditionally assign all lease agreements, including any ground lease, sublease, sub-sublease, license, sub-license, time-share arrangement, or other occupancy agreement to which Palomar is a party, whether as a landlord, tenant, sublandlord, subtenant, licensor, licensee, or otherwise (each such agreement a “Lease Agreement”), to the Authority effective as of the Operational Date, provided that for any such assignment that cannot be accomplished by such date and for which the Authority elects to proceed with the closing of Phase I (as such term is defined in the Closing Agreement), such assignment must be accomplished as soon thereafter as possible, subject only to any third party consents and a reversionary interest to Palomar, in substantially the form attached hereto as Exhibit B (the “Lease Assignment”). Set forth on Schedule 1.7 is a schedule and copy of all Lease Agreements relating to the Escondido Facilities. Palomar must diligently pursue all such third-party consents in accordance with Section 1.6 above. In no event will Palomar be permitted to retain any rents or other proceeds derived under any Lease Agreement and until a conditional Lease Assignment is perfected as to any Lease Agreement, Palomar agrees to abide by and perform as directed by the Authority, in its sole but reasonable discretion. For the avoidance of doubt, the Authority has the right to amend, modify, terminate, or renew any Lease Agreement or enter into any new leases, subleases or similar agreements in connection with the Licensed Items, and to otherwise use and dispose of the Escondido Land and other Escondido Real Property as it sees fit, and Palomar must comply with the Authority’s direction and take all action necessary to carry out such direction. For any Lease Agreement that is a ground lease, Palomar will perform such acts as necessary to cause notice of the assignment of same to be recorded in the Official Records of San Diego County.

Section 1.8 Operating Contracts. At the Authority’s request, Palomar must conditionally assign such other contracts, agreement, insurance policy, capitalized lease, license, sublicense, lease, sublease (including any Lease Agreement), sales order, purchase order, instrument, or other binding commitment, whether written or oral (each a “Contract”), affecting

the Escondido Facilities as the Authority indicates it desires to assume and which may be assigned by Palomar (the “Assigned Contracts”). Set forth on Schedule 1.8 is a schedule and copy of all Contracts in effect and entered into by Palomar in connection with its operation of the Escondido Facilities. Upon the Authority’s request, the Parties must promptly execute and deliver to each other duly executed counterpart copies of the Assignment and Assumption of Contracts, Intangible Property and Permits in the form of Exhibit C (the “Assignment and Assumption of Contracts, Intangible Property and Permits”) thereby assigning to the Authority the Assigned Contracts. For the avoidance of doubt, the Authority has the right to amend, modify, terminate, or renew any Assigned Contracts or enter into any new contracts in connection with the Licensed Items, and Palomar must comply with the Authority’s direction and take all action necessary to carry out such direction.

ARTICLE II TERM AND TERMINATION

Section 2.1 Term. The “Term” will commence on the Operational Date and, unless sooner terminated in accordance with the terms of this Use Agreement, expire on the last day of the one-hundred twentieth (120th) full calendar month following the Effective Date. The Term will automatically renew for four (4) consecutive five (5) year extension terms (each a “Renewal Term”) unless the Authority, upon authorization of its board of directors, provides Palomar with written notice of non-renewal at least one hundred twenty (120) days prior to the expiration of the initial Term, or the current Renewal Term, as applicable. Notwithstanding the foregoing, the Authority may terminate this Use Agreement for any reason, or no reason at all, upon not less than one hundred twenty (120) days prior written notice. Notwithstanding the foregoing, this Use Agreement is effective as of the Effective Date and will terminate immediately upon: (i) the transfer of all right, title, interest and other vested ownership in and to all of the Licensed Items to the Authority (which for the avoidance of doubt would result in the Authority owning all assets owned by Palomar other than the Excluded Items) pursuant to a separate contribution agreement; or (ii) the termination of the Authority pursuant to the terms of the Joint Powers Agreement. All references to “Term” in this Use Agreement, mean and refer to the initial Term and any Renewal Terms.

Section 2.2 Default by the Authority. Notwithstanding anything herein to the contrary, the Authority will be in default under this Use Agreement if any one (1) or more of the following events occur:

(a) The Authority fails to keep, perform or observe a material covenant, agreement, term, provision, warranty, or representation under this Use Agreement which failure causes a material disruption to the continued operation of the Escondido Hospital and the Authority fails to cure such default within sixty (60) days after receiving written notice from Palomar thereof, provided that if the time to cure cannot reasonably be completed within such sixty (60) day period, the Authority will not be in default so long as it has commenced to cure such failure in good faith as soon as possible within such sixty (60) day period and thereafter diligently pursued completion of same;

(b) The Authority is terminated; or

(c) A petition for bankruptcy is filed by or against the Authority, a receiver is appointed on account of the Authority's insolvency, or any assignment is made of the Authority's business for the benefit of its creditors.

Upon the occurrence and continuation of an event of default by the Authority (including expiration of all notice and cure periods provided herein or otherwise available at law), Palomar may, without waiving any other rights hereunder or available to Palomar at law or in equity (Palomar's rights being cumulative), do any one or more of the following: (i) by not less than three (3) months written notice to the Authority terminate this Use Agreement (during which time any rights to cure will be deemed extended), and (ii) pursue any other remedy available to it by law.

Nothing in this Section 2.2 will permit Palomar to exercise any remedies arising from a default of the Authority, if such default is in any manner directly caused or contributed to by the acts, omissions or negligence of Palomar whether in connection with its role as a member agency of the Authority or otherwise.

Section 2.3 Default by Palomar. The occurrence of any one or more of the following events will constitute an event of default by Palomar of this Use Agreement:

(a) Palomar fails to keep, perform, or observe any of the covenants, agreements, terms, provisions, warranties, or representations contained in this Use Agreement, the Employee Lease Agreement, the Tax Revenue Contribution Agreement, the Closing Agreement, or the Joint Powers Agreement, that are to be kept or performed by Palomar and Palomar fails to cure such default within sixty (60) days after receiving written notice from the Authority thereof, provided that if the time to cure cannot reasonably be completed within such sixty (60) day period, Palomar will not be in default so long as it has commenced to cure such failure in good faith as soon as possible within such sixty (60) day period and thereafter diligently pursued completion of same;

(b) a breach of Section 4.5(b); or

(c) A petition for bankruptcy is filed by or against Palomar, a receiver is appointed on account of Palomar's insolvency, or any assignment is made of Palomar's business for the benefit of its creditors.

Upon the occurrence and continuation of an event of default by Palomar, (including expiration of all notice and cure periods provided herein), the Authority may, without waiving any other rights hereunder or available to the Authority at law or in equity (the Authority's rights being cumulative), do any one or more of the following: (a) terminate this Use Agreement; (b) remedy such default on Palomar's behalf, and seek reimbursement from Palomar directly, or (c) pursue any other remedy available to it by law.

Nothing in this Section 2.3 will permit the Authority to exercise any remedies arising from a default of Palomar, if such default is caused directly and solely by the acts, omissions or negligence of the Authority.

Section 2.4 Damage by Fire or Other Casualty. If, during the Term of this Use Agreement, more than thirty percent (30%) of the Escondido Facilities are so damaged by water, fire or other casualty as to render such portion of the Escondido Facilities unusable, the Authority will have the option, in its sole discretion, to elect to repair such Licensed Items or terminate this Use Agreement. In the event the Authority elects not to repair under this Section 2.4, upon the termination of this Use Agreement, the Authority will transfer to Palomar any insurance claims or proceeds, or rights therein, applicable to the damage or casualty.

Section 2.5 Return of Licensed Items. Upon the expiration or earlier termination of this Use Agreement, unless otherwise transferred to the Authority or UCSD Health pursuant to the terms of a separate agreement, the Authority will promptly return, or facilitate the return of, all licenses, approvals, permits, certifications, registration or other authorizations, if any, to Palomar for or regarding the Licensed Items and surrender and vacate the Escondido Facilities and return possession of the other Licensed Items to Palomar in at least as good condition as received, reasonable wear and tear excepted.

ARTICLE III LICENSE FEE, TAXES AND INSURANCE

Section 3.1 Consideration. The licenses and rights granted to the Authority pursuant to this Use Agreement constitute, in part, Palomar's contribution to the Authority, and are consideration for those terms identified in the Joint Powers Agreement. Each of the Parties further acknowledges that the transaction contemplated by the Joint Powers Agreement complies with applicable law, including without limitation Cal. Health & Safety Code § 32121(p), and constitutes fair market value for the license provided herein.

Section 3.2 Taxes. The Authority is responsible for the payment of all taxes which may be assessed against Palomar or the Authority related to the Escondido Facilities and the Licensed Items. The Authority will pay before delinquent all taxes, assessments, license fees, excises, dues, and other charges or liabilities, however described, which are imposed, levied, assessed, charged by or otherwise due to any governmental or quasi-governmental authority related to the Escondido Facilities and the Licensed Items and which are payable upon or on account of (i) the Authority's operations at, occupancy of, or conduct of business in, on or at the Escondido Facilities; and (ii) the Escondido Facilities, the Licensed Items or any other fixtures, real property or personal property in, on or at the Escondido Facilities which belongs to Palomar or the Authority.

Section 3.3 Insurance.

(a) As of the Effective Date, Palomar has in place: (i) commercial property insurance including special causes of loss coverage on the Escondido Facilities, and the Licensed Items (including without limitation the Equipment) and all other personal property located in, on or about the Escondido Land, for the full replacement value; (ii) commercial general liability and professional liability insurance insuring against all claims for bodily injury, property damage, and personal and advertising injury regarding, relating to, or connected with the condition or status of the Escondido Facilities and the Licensed Items or the conduct and operations of the Escondido Hospital in, on or about, the Escondido Land with such limits not less than Three Million Dollars

(\$3,000,000.00) per occurrence and Five Million Dollars (\$5,000,000.00) in the aggregate; (iii) cyber technology and miscellaneous professional liability (“MPL”) insurance coverage of up to Five Million Dollars (\$5,000,000.00) in the aggregate (“AXIS Cybersecurity Policy”) and excess cyber coverage providing excess liability insurance coverage of up to Five Million Dollars (\$5,000,000.00) in the aggregate in connection with the AXIS Cybersecurity Policy; and (iv) such other general and customary policies of insurance, including excess liability and umbrella coverage insuring the Licensed Items and the operation of the Escondido Hospital (collectively, the “Existing Insurance Policies”).

(b) From and after the Effective Date, Palomar must keep such Existing Insurance Policies in place, and on or prior to the Operational Date, Palomar must take all steps necessary to cause the Authority to be named as a co-insured on all of the Existing Insurance Policies. If requested by the Authority, Palomar must continue to maintain such Existing Insurance Policies or cause the same to be assigned or transferred to the Authority at any time during the Term. At all times during the Term, the insurance policies covering the Escondido Facilities or the other Licensed Items must name both the Authority and Palomar as insureds and for the avoidance of doubt, should Palomar maintain insurance for the Escondido Facilities or any other Licensed Items pursuant to this Use Agreement or as otherwise required by applicable law, the expenses associated with maintaining such insurance during the Term will be at the Authority’s expense.

(c) At any time and from time to time, the Authority may, in its discretion, maintain insurance on the Escondido Facilities or the other Licensed Items directly, provided that Palomar must continue to be named as an additional insured. The Authority may also elect to increase the amount or scope of coverage or obtain different or replacement coverage and policies at any time, in its sole discretion.

(d) If any of the Existing Insurance Policies are written on a “claims made” form, the insurance policies will remain in full force and effect, or if canceled or non-renewed before the expiration of three (3) years after termination of this Use Agreement, then an extended reporting period “tail coverage” must be purchased for a period of no less than three (3) years after termination of this Use Agreement.

ARTICLE IV REPRESENTATIONS, WARRANTIES AND COVENANTS OF PALOMAR

Section 4.1 Organization; Authority. Palomar represents and warrants that (a) it is duly organized, validly existing and in good standing under the laws of the State of California, (b) it has the full right, power, and authority to enter into and perform its obligations and grant the rights, licenses, and authorizations it grants and is required to grant under this Use Agreement, (c) the execution of this Use Agreement by its representative whose signature is set forth at the end of this Use Agreement has been duly authorized by all necessary corporate or organizational action; and (d) assuming the due execution and delivery of this Use Agreement by the Authority, when executed and delivered by Palomar, this Use Agreement will constitute a legal, valid, and binding obligation of Palomar, enforceable against Palomar in accordance with its terms.

Section 4.2 Title; Maintenance of Ownership. Palomar represents and warrants that it has good and valid title to, or a valid license to use, all of the Licensed Items licensed to the Authority hereunder. Palomar covenants and agrees that from and after the Effective Date it will remain the sole and exclusive owner or valid licensee (as applicable) of all of the Licensed Items, and must not sell, assign, transfer, pledge, encumber or otherwise dispose of any interest in the Licensed Items that would interfere with or diminish the rights granted to the Authority under this Use Agreement.

Section 4.3 Transfer of Utilities and Other Services. Palomar, at the Authority's sole expense and with the Authority's assistance, will take all steps necessary to transfer responsibility for all utilities and other services to the Escondido Facilities, including without limitation those utilities and other services listed below, to the Authority as of the Operational Date or as soon thereafter as reasonably practicable:

- (a) Non-infectious and infectious waste disposal;
- (b) Telecommunication services (basic telephone services, and internet access);
- (c) Water for drinking, cleaning, and lavatory purposes, and must pay all water, sewerage, and drainage bills and assessments;
- (d) Heat, air conditioning, and electricity to the Escondido Facilities and to any Equipment;
- (e) Janitorial services to the Escondido Facilities;
- (f) Pest control services to the Escondido Facilities;
- (g) Lighting of the Escondido Facilities;
- (h) Maintenance and landscaping of the Escondido Facilities and grounds;
- (i) Fire protection for the Escondido Facilities and the Equipment;
- (j) Other utilities and services currently provided by Palomar regarding or related to the use or operations of the Escondido Facilities and the Licensed Items.

For any utilities or other services not transferred to the Authority as of the Operational Date, Palomar will keep such utilities or services in good condition and standing, at the Authority's sole cost and expense, and will not take any actions or omit to take any actions which could disrupt the provision of such utilities or services to the Escondido Facilities or the other Licensed Items. Nothing in this Use Agreement may be construed to limit the Authority's discretion to retain a separate service provider or to provide any of these services directly or in any other manner which the Authority deems appropriate, so long as such method complies with applicable law.

Section 4.4 Representations and Warranties as to Escondido Facilities. Palomar hereby represents and warrants to the Authority, the following:

(a) the Escondido Hospital qualifies as duly licensed 316-bed acute care hospital under the applicable laws of the State of California and there are no proceedings or actions pending or, to the best of Palomar's knowledge, contemplated to reduce the number of licensed or certified beds of the Escondido Hospital;

(b) except as set forth on Schedule 4.4(b), Palomar has not had any deficiencies on its most recent survey (standard or complaint) that would result in a denial of payment for new admissions with no opportunity to correct prior to termination, and the Escondido Facility has not been designated as a "Special Focus Facility" (as such term is defined by the Centers for Medicare and Medicaid Services Special Focus Facility Program);

(c) except as set forth on Schedule 4.4(c), there are no pending actions, complaints, condemnation, administrative or judicial proceedings pending against any of the Escondido Facilities or Palomar relating to any of the Escondido Facilities;

(d) as of the Effective Date, Palomar has the insurance in place as described in Section 3.3 of this Use Agreement;

(e) other than the Contributed Assets, the Licensed Items, and the Excluded Items, Palomar does not own, control, lease, use, license, occupy, or otherwise have rights, whether by contract, law or otherwise, whether contingent or non-contingent, in and to any other real property or personal property assets and the Contributed Assets, the Licensed Items and the Excluded Items comprise all of the assets of Palomar as of the Effective Date; and

(f) except as set forth on Schedule 4.4(f), the execution and delivery of this Use Agreement by Palomar does not violate any material provision of any agreement or judicial order to which Palomar is a party or to which Palomar is subject.

Section 4.5 Negative Covenants. From and after the Effective Date and continuing until the Operational Date (or until expiration of this Use Agreement as to any Non-Sublicensable Items), except as required by applicable law, Palomar must not and must cause its affiliates to refrain from taking any actions, without the prior written consent of the Authority, to:

(a) amend, terminate, or enter into any Contract except with respect to any such Contract that is amended, terminated, or entered into for the purpose of administering the GO Bonds or fulfilling Palomar's obligations under any of the Authority Documents (as defined in the Joint Powers Agreement) to which it is a party (such purposes, the "Palomar Post-Authority Operations") and that, the term of such Contract involves less than \$50,000; or

(b) sell, assign, lease or otherwise transfer or dispose of any Licensed Items, any ownership interests or equity of Palomar in any joint ventures, or any property, plant, or equipment used in connection with the operation of the Escondido Facilities.

Notwithstanding anything to the contrary herein, at all times during the Term, Palomar must not and will cause its affiliates to refrain from taking any actions, without the prior written

consent of the Authority, that would materially interfere with the Authority's ability to enjoy the material benefits of this Use Agreement.

Section 4.6 Access to Records. On the Effective Date, Palomar must deliver to the Authority, to the extent in Palomar's possession or under Palomar's control, all records reasonably necessary to the efficient, continued operation of the Escondido Facilities and the use of all Licensed Items.

ARTICLE V REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE AUTHORITY

Section 5.1 Organization; Authority. The Authority represents and warrants that (a) it is duly organized, validly existing and in good standing under the laws of the State of California, (b) it has the full right, power, and authority to enter into and perform its obligations under this Use Agreement, (c) the execution of this Use Agreement by its representative whose signature is set forth at the end of this Use Agreement has been duly authorized by all necessary corporate or organizational action; and (d) assuming the due execution and delivery of this Use Agreement by Palomar, when executed and delivered by the Authority, this Use Agreement will constitute a legal, valid, and binding obligation of the Authority, enforceable against the Authority in accordance with its terms.

Section 5.2 Enjoyment of Licensed Items. The Authority must not, and must not authorize its agents, employees, or contractors to, do anything in or around the Escondido Facilities that would directly result in the Escondido Facilities being unable to obtain and maintain the types and amounts of property insurance customarily maintained for hospitals of similar size and function, without the prior written consent of Palomar.

Section 5.3 Utilities and Other Services. The Authority agrees to assume responsibility for the utilities and other services necessary for the operation of the Escondido Facilities as further described in Section 4.3 above.

Section 5.4 Continued Operation of the Facilities; Maintenance. For the first ten (10) years following the Effective Date, the Authority must continuously operate the Escondido Facilities as an acute care hospital, and, subject to the Authority's Board's good faith determination of what is in the best interest of the Authority, in accordance with the Joint Powers Agreement and the Bylaws, maintain those healthcare services provided at the Escondido Hospital immediately prior to the Operational Date. Subject to use by other occupants pursuant to the terms of their existing leases, the Authority will operate and at all times maintain the Escondido Facilities in a neat, clean and safe condition and otherwise in good order, condition, and repair, at the Authority's sole expense. The Authority will at all times during the Term, at its sole cost and expense, maintain the other Licensed Items in a neat, clean and safe condition, in good working order, condition, and repair, and in compliance with all applicable laws, making any necessary repairs or replacements thereto. The Authority will not do or suffer anything to be done whereby the Escondido Facilities or the Licensed Items may be encumbered by any mechanic's, materialmen's, or other lien, and whenever and as often as any mechanic's, materialmen's or other lien is filed against the Escondido Facilities or the Licensed Items for labor performed or material furnished to the Authority,

discharge the same of record within thirty (30) days after the date of filing. Except for any necessary demolition in connection with works of improvement, the Authority may not demolish or destroy any of the physical assets comprising the Escondido Facilities in a manner which would reasonably be expected to: (i) cause a material diminution in value of the physical assets comprising the Escondido Facilities or (ii) materially impair the ability to operate the Escondido Hospital as an acute care hospital, without the prior written consent of Palomar, not to be unreasonably withheld, conditioned or delayed. The Authority will further, at its expense, keep, maintain, and repair the Escondido Facilities' plumbing, HVAC, lighting, electrical, mechanical systems, equipment and grounds in at least the same condition as delivered on the Operational Date, subject to the Authority's other rights herein.

Section 5.5 Medical Records. Each Party must comply in all respects with the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and the Health Information Technology for Economic and Clinical Health Act ("HITECH") and the implementing regulations (the "Privacy Standards") as they exist from time to time with respect to its patients. Further, each Party will (i) instruct its employees, agents, and contractors regarding the confidentiality, privacy, and security of the Protected Health Information ("PHI") (as defined in the Privacy Standards) of the patients of the other party, to the extent such patients exist, and (ii) ensure that its employees, agents, and contractors do not access the other party's electronic medical records system or access, view, obtain, copy, review, use, or disclose PHI of the other Party's patients without prior written authorization. In the event that the PHI of one Party's patients is disclosed to the other Party, or that Party's contractors, subcontractors or agents, regardless as to whether the disclosure is inadvertent or otherwise, each party agrees to, and to require its contractors, subcontractors and agents to, maintain, the privacy and confidentiality of such PHI.

Section 5.6 Access to Licensed Items. The Authority must not do or cause anything to be done to obstruct access to the Escondido Facilities by Palomar or its affiliates, as well as any third party tenant pursuant to the terms of such tenant's Lease Agreement.

Section 5.7 Laws and Ordinance. The Authority must at all times be in substantial compliance with all material laws, statutes, ordinances, and regulations relative to its use of the Escondido Facilities and the other Licensed Items and the operation of the Escondido Hospital. The Authority must provide Palomar with copies of any material written notices the Authority receives from any governmental agencies relating to licenses, accreditations or otherwise material to the ability to operate the Escondido Hospital as an acute care hospital.

ARTICLE VI LIMITATION OF LIABILITY

Section 6.1 Limitation of Liability. NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, NO PARTY, NOR ANY OF THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, CONTRACTORS OR AFFILIATES, WILL BE LIABLE UNDER OR IN CONNECTION WITH THIS USE AGREEMENT FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, LIQUIDATED, SPECIAL, OR EXEMPLARY DAMAGES OR PENALTIES, INCLUDING WITHOUT LIMITATION LOSSES OF BUSINESS, REVENUE, OR ANTICIPATED PROFITS, REGARDLESS OF

WHETHER SUCH DAMAGE WAS FORESEEABLE AND WHETHER THE AUTHORITY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. PALOMAR'S, AND EACH OF ITS OFFICER'S, DIRECTOR'S, EMPLOYEE'S, AGENT'S, CONTRACTOR'S AND AFFILIATE'S, LIABILITY ARISING OUT OF OR RELATED TO THIS USE AGREEMENT WILL NOT EXCEED THE AMOUNT OF ANY APPLICABLE INSURANCE COVERAGE HELD BY SUCH PARTY. NOTWITHSTANDING THE FOREGOING, ANY SUCH LIMITATION OF LIABILITY WILL NOT APPLY TO DAMAGES RELATED TO A MATERIAL BREACH OF SUCH PARTY'S OBLIGATIONS UNDER THIS USE AGREEMENT, ANY OTHER AUTHORITY DOCUMENT (AS SUCH TERM IS DEFINED IN THE JOINT POWERS AGREEMENT) OR ANY OTHER AGREEMENT NOW OR HEREAFTER ENTERED INTO BY AND BETWEEN PALOMAR AND THE AUTHORITY.

ARTICLE VII MISCELLANEOUS

Section 7.1 Excluded Provider Warranty. Each Party hereby represents and warrants that it is not now and at no time has been excluded from participation in any federally funded health care program, including Medicare or Medicaid. Each Party hereby agrees to immediately notify the other of any threatened, proposed, or actual exclusion from any federally funded health care program, including Medicare or Medicaid. Each Party further represents and warrants that none of its employees are now and at no time have been excluded from participation in any federally funded health care program, including Medicare or Medicaid. In the event that either Party is excluded from participation in any federally funded health care program at any time from and after the Effective Date of this Use Agreement, this Use Agreement must, as of the effective date of such exclusion or failure to notify the other Party of such exclusion, automatically terminate.

Section 7.2 Access to Books and Records. To the extent applicable, until the expiration of four (4) years after the furnishing of the services provided under this Use Agreement, each Party must make available to the Secretary, United States Department of Health and Human Services, and the United States Comptroller General, and their representatives, and such other government officials as may be required by law, a copy of this Use Agreement and such books, documents, and records of that Party that are necessary to certify the nature and extent of any costs incurred by either Party. If a Party carries out the duties of the Use Agreement through a subcontract worth Ten Thousand Dollars (\$10,000.00) or more over a twelve (12) month period with a related organization, the subcontract must contain a clause placing the same obligations on such subcontractors as this clause places on that Party. Each Party must immediately notify the other Party of its receipt of any such request for this Use Agreement and any other books, documents, and records and must provide such other Party with copies of all such materials.

Section 7.3 Compliance. The Parties intend to operate in full compliance with all applicable laws and regulations, including without limitation 42 U.S.C. § 1395nn and the regulations promulgated thereunder (the "Stark Law"), 42 U.S.C. § 1320a-7b(b) and the regulations promulgated thereunder (the "Anti-Kickback Statute"), and any state equivalents, and nothing in this Use Agreement may be construed to conflict with such laws. Each Party hereby

represents and confirms that it is not entering into this Use Agreement for the purpose of (a) soliciting or receiving any remuneration, directly or indirectly, in return for referring an individual to a person for the furnishing or arranging for the furnishing of any item or service, or in return for purchasing, leasing, ordering or arranging for or recommending purchasing, leasing, or ordering any good, facility, service, or item, or (b) offering or paying any remuneration to induce the referral of any patient for the furnishing of any item or service or any purchase or order any good or service. The Parties acknowledge that the remuneration described herein and otherwise in the various transaction documents related to the Authority was established after arms-length, good faith negotiation between the Parties, represents fair market value for the license and rights described hereunder, and is not determined in a manner that improperly takes into account the volume or value of referrals or other business generated between the Parties. The services covered by this Use Agreement do not exceed those that are reasonable and necessary for the legitimate business purposes of the arrangement. Each Party agrees to comply with all other applicable federal, state and local laws, rules, and regulations, including without limitation all laws applicable to the Medicare and Medicaid programs. If any provision of this Use Agreement is believed by either Party in good faith to be in violation of any applicable law, the Parties must attempt in good faith to amend this Use Agreement to conform to such laws. If the Parties are unable to agree on any such amendment, or if it is not possible to amend the Use Agreement to comply with such laws, then either Party may seek to terminate this Use Agreement upon thirty (30) days prior written notice; provided, however, that to the extent Palomar seeks to terminate this Use Agreement and the Authority rejects such termination in good faith, then the Authority may require that such disagreement be referred to an independent arbiter of fact under and pursuant to the dispute resolution terms outlined in the Closing Agreement to determine whether and to what extent any provision of this Use Agreement requires termination to avoid a non-compliance risk under the Stark Law or Anti-Kickback Statute.

Section 7.4 Severability. The Parties believe that each of the provisions in the Use Agreement is valid and enforceable under California law. However, if any provision (or portion thereof) of this Use Agreement is declared by an arbitrator or court of competent jurisdiction to be invalid or unenforceable, the remaining provisions (including other portions of a provision having an invalid portion) will remain in full force and effect and, to the extent possible, the disputed provision will be construed so that it may be valid and enforceable.

Section 7.5 No Requirement to Refer. Nothing in this Use Agreement, whether written or oral, nor any consideration in connection herewith contemplates or requires the referral of any patient. This Use Agreement is not intended to influence the judgment of the Authority or Palomar in choosing the medical facility or medical practice appropriate for the proper treatment and care of patients. Palomar and the Authority acknowledge and agree that they will not receive any compensation or remuneration for referrals, if any, from the other.

Section 7.6 Public Records Act. Palomar and the Authority acknowledge that this Use Agreement may be subject to certain public disclosure and retention requirements pursuant to the California Public Records Act, Gov. Code § 7920, *et seq.*, the Ralph M. Brown Act, Cal. Gov. Code § 54950, *et seq.*, and other retention or disclosure requirements as stated in applicable federal, state, and local law. The Parties understand, acknowledge, and agree that, notwithstanding any

other provision in this Use Agreement, disclosure by a Party of this Use Agreement, following its execution, does not violate the terms of this Use Agreement. Pending its execution, the Parties agree this Use Agreement is subject to the Trade Secret protections codified at Cal. Civ. Code § 3426, Cal. Health & Safety Code § 32106, and Cal. Evid. Code § 1060. Notwithstanding the foregoing, any Party may disclose this Use Agreement prior to its execution if: (i) the disclosure has been approved, in advance, by the other Party in the form of a written document, (ii) the disclosure is required by any law, rule, or regulation or by any court order or to any governmental agency as part of a filing by such Party, (iii) the disclosure is to an affiliate of a Party to this Use Agreement, or (iv) the disclosure is made to a Party's attorneys, accountants, financial advisors, or lenders, provided that any of the foregoing parties agree to be bound by the same requirement of confidentiality that applies hereunder.

Section 7.7 Independent Contractor. Except as expressly provided by the Joint Powers Agreement, none of the provisions of this Use Agreement are intended to create any relationship between the Parties other than that of independent entities contracting with each other solely for the purpose of effecting the provisions of this Use Agreement. Neither of the Parties, nor any of their respective officers, directors, employees, or agents, has the authority to bind the other or may be deemed or construed to be the agent, employee, or representative of the other except as may be specifically provided herein.

Section 7.8 Governing Law; Attorneys' Fees. This Use Agreement will be construed under and governed by the laws of California, without effect to any conflicts of law principles thereof. In the event of any dispute between the Parties with respect to the interpretation or enforcement of the terms hereof, the prevailing Party is entitled to collect from the other its reasonable costs and attorneys' fees.

Section 7.9 Assignment. Neither this Use Agreement nor any interest of the Authority or Palomar herein may be assigned, mortgaged, pledged, encumbered, or in any manner transferred by the Authority or Palomar, as applicable, without receipt of the other Party's prior written consent, which may be withheld in its sole discretion. Notwithstanding the foregoing, the Authority will have the right to assign its rights under this Use Agreement to UCSD Health in connection with the exercise by UCSD Health of the Post-Operational Option Agreement, without any notice to or consent of Palomar.

Section 7.10 Amendment. This Use Agreement may not be amended except upon written agreement signed by both Parties.

Section 7.11 Notices. All notices and other communications required or permitted to be given hereunder must be in writing and will be considered given and received when (a) personally delivered to the Party, (b) delivered by courier, or (c) deposited in the United States mail, postage prepaid, certified mail, return receipt requested, properly addressed to a Party at the address set forth below, or at such other address as such Party has specified by notice given in accordance with the provisions of this Section:

If to Palomar:

Palomar Health
Attention: President & CEO
2125 Citracado Parkway, Suite 300
Escondido, CA 92029

With a copy (which does not constitute notice):

Palomar Health
Attention: Legal Department
120 Craven Road, Suite 106
San Marcos, CA 92078

And a copy (which does not constitute notice):

Holland & Knight
560 Mission Street, Suite 1900
San Francisco, California 94105
Attn: John Kern
Email: john.kern@hklaw.com

If to The Authority:

Palomar UCSD Health Authority
Attention: Chief Executive Officer
2125 Citracado Parkway, Suite 300
Escondido, CA 92029

With copy (which does not constitute notice):

Palomar UCSD Health Authority
Attention: Chief Legal Officer
2125 Citracado Parkway, Suite 300
Escondido, CA 92029

And copy (which does not constitute notice):

Best Best & Krieger LLP
1333 N. California Blvd., Suite 220
Walnut Creek, CA 94596
Attention: Noël Caughman
Email: noel.caughman@bbklaw.com

If to UCSD Health:

UC San Diego Health
9500 Gilman Drive, MC 0933
San Diego, CA 92093
Attn: Chief Health Counsel
Email: vmarsich@ucsd.edu

With a copy to (which does not constitute notice):

Sheppard Mullin Richter & Hampton LLP
Four Embarcadero Center, 17th Floor
San Francisco, CA 94111
Attn: Eric Newsom & Timothy Reimers
Email: enewsom@sheppardmullin.com
treimers@sheppardmullin.com

Section 7.12 Headings. The paragraph headings contained in this Use Agreement are for reference only and should not affect in any way the meaning or interpretation of this Use Agreement.

Section 7.13 Waiver. Waiver of a breach of or default under any term or provision of this Use Agreement by either Party, by course of dealing or otherwise, will not be deemed a waiver of any other breach of or default under the same or a different provision of this Use Agreement.

Section 7.14 Force Majeure.

(a) To the extent either Party is prevented by Force Majeure from performing its obligations, in whole or in part, under this Use Agreement, and if such Party (the “Affected Party”) gives timely notice and details of the Force Majeure to the other Party as soon as reasonably practicable, then the Affected Party is excused from the performance with respect to any such obligations (other than any obligation to make any payment to the other) during the pendency of the Force Majeure event. As used herein, “Force Majeure” means any act of God, fire, flood, storm, explosion, terrorist act or any similar event or circumstance that prevents a Party from performing its obligations under this Use Agreement, but only if the event or circumstance: (a) is not within the reasonable control of the Affected Party; (b) is not the result of the fault or negligence of the Affected Party; and (c) could not, by the exercise of due diligence, have been overcome or avoided.

(b) Each notice of Force Majeure sent by an Affected Party to the other Party must specify the event or circumstance of Force Majeure, the extent to which the Affected Party is unable to perform its obligations under this Use Agreement, and the steps being taken by the Affected Party to mitigate and to overcome the effects of such event or circumstances.

(c) The non-Affected Parties are not required to perform their obligations to the Affected Party corresponding to the obligations of the Affected Party excused by Force Majeure.

(d) A Party prevented from performing its obligations due to Force Majeure must use its best efforts to mitigate to the greatest extent possible and to overcome the effects of such event or circumstances and must resume performance of its obligations as soon as possible and immediately upon the expiration or cessation of the Force Majeure event.

Section 7.15 Further Assurances. Each of the Parties hereto agrees to execute and deliver any and all further agreements, documents or instruments reasonably necessary to effectuate this Use Agreement and the transactions referred to herein or contemplated hereby or reasonably requested by the other Party to perfect or evidence their rights hereunder.

Section 7.16 Third Party Beneficiary. The Parties acknowledge and agree that UCSD Health is an intended third party beneficiary of this Use Agreement and that UCSD Health has the right, but not the obligation, to enforce this Use Agreement and to exercise any remedies available to it under the Closing Agreement, the Pre-Operational Option Agreement (as defined in the Joint Powers Agreement) and the Post-Operational Option Agreement (as defined in the Joint Powers Agreement) in the event of any failure by Palomar to comply with its obligations hereunder.

Section 7.17 Survival. Upon termination of this Use Agreement, all rights and obligations of the Parties under this Use Agreement will terminate; provided, however, that termination will not affect or excuse the performance of either Party under any provision of this Use Agreement that by its terms survives termination (including obligations to make any payment

hereunder, to indemnify, to maintain appropriate insurance coverage, and to repair or replace the Escondido Facilities and the Licensed Items as necessary). Notwithstanding anything to the contrary herein, the provisions of this Use Agreement that are intended to survive the termination of this Use Agreement will survive indefinitely.

Section 7.18 Entire Agreement. This Use Agreement constitutes the entire written agreement of the Parties with respect to the subject matter of this Use Agreement and supersedes any prior written agreements of the Parties regarding the subject matter of this Use Agreement. Without limiting the foregoing, each of the Parties acknowledges and agrees that (i) this Use Agreement is being executed and delivered in connection with the performance of the Authority; (ii) the performance of this Use Agreement and expected benefits therefrom are a material inducement to the willingness of the Parties to enter into and perform under this Use Agreement and the Joint Powers Agreement; (iii) the execution and delivery of this Use Agreement and the rights and obligations of the Parties hereunder are interrelated and part of an integrated transaction effected pursuant to the Joint Powers Agreement; (iv) the transactions contemplated by this Use Agreement are economically interdependent; and (v) each Party will cause any of its successors or permitted assigns to expressly acknowledge and agree to this Section 7.18 prior to any assignment or transfer, by operation of law or otherwise.

IN WITNESS WHEREOF, the Parties have caused this Use Agreement to be executed by their duly authorized representatives to be effective as of the Effective Date first set forth above.

PALOMAR HEALTH

**PALOMAR UCSD HEALTH
AUTHORITY**

Sign: _____
Diane Hansen, CEO

Sign: _____

Name: _____

Title: _____

SCHEDULE 1.1

Licensed Items

[To be added]

SCHEDULE 1.4
Non-Licensed Items

[To be added]

SCHEDULE 1.7
Lease Agreements

[To be added]

SCHEDULE 1.8
Assigned Contracts

[To be added]

SCHEDULE 4.4
Representations and Warranties

[To be added]

EXHIBIT A
Escondido Land

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF ESCONDIDO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

PARCEL A:

PARCELS 1 THROUGH 10 INCLUSIVE OF PARCEL MAP NO. 21624 IN THE CITY OF ESCONDIDO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY OCTOBER 17, 2018 AS FILE NO. 2018-7000411, OFFICIAL RECORDS.

APN: 232-590-15-00, 232-590-16-00, 232-590-17-00, 232-590-18-00, 232-590-19-00, 232-590-20-00, 232-590-21-00, 232-590-28-00, 232-591-29-00, AND 232-591-30-00

PARCEL B:

LOTS 25 AND 26 OF ESCONDIDO TRACT NO. 834, IN THE CITY OF ESCONDIDO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 14983, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, MARCH 17, 2005.

APN: 232-591-10-00 AND APN: 232-591-11-00

EXHIBIT B

Form of Lease Assignment

[To be attached.]

EXHIBIT C

Form of Assignment and Assumption of
Contracts, Intangible Property and Permits

[To be attached.]

TAX REVENUE CONTRIBUTION AGREEMENT

BY AND BETWEEN

Palomar Health

and

Palomar UCSD Health Authority

Dated as of May 31, 2026

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TAX REVENUE CONTRIBUTION AGREEMENT

THIS TAX REVENUE CONTRIBUTION AGREEMENT (this “Tax Revenue Contribution Agreement”) is made and entered into effective as of May 31, 2026 (the “Effective Date”), by and between Palomar Health, a California local healthcare district and political subdivision of the State of California organized pursuant to Division 23 of the California Health and Safety Code (“Palomar”) and Palomar UCSD Health Authority, a joint powers authority formed by Palomar and The Regents of the University of California, a California constitutional corporation organized and existing under Article IX, Section 9 of the Constitution of the State of California, on behalf of the University of California, San Diego Health (“UCSD Health”) in accordance with the Joint Exercise of Powers Act, Cal. Gov. Code § 6500, *et seq.* (the “Authority”). Palomar and the Authority may also be referred to herein individually as a “Party” and collectively as the “Parties.”

RECITALS

WHEREAS, the Authority was formed pursuant to a Joint Exercise of Powers Agreement between UCSD Health and Palomar dated October 31, 2025, as amended on April 10, 2026 and April 30, 2026 (collectively, the “Joint Powers Agreement”), to, among other things, stabilize and strengthen the availability of community hospital services to all residents of San Diego County, California and surrounding areas regardless of payor or funding source and improve access to healthcare for the vulnerable populations served by Palomar and the Authority through the expansion of clinical infrastructure and strengthening of certain healthcare service lines for the benefit of the residents of San Diego County, California through an integrated health system;

WHEREAS, in furtherance of the purpose and goals of the Authority, and pursuant to the terms of the Joint Powers Agreement and the other Authority Documents (as defined in the Joint Powers Agreement) which provide for, among other things: (i) Palomar’s transfer and contribution to the Authority of the Palomar Medical Center Poway (the “Poway Hospital”) and those other assets (collectively, the “Contributed Assets”) as described in that certain Contribution Agreement by and between Palomar and the Authority (the “Initial Contribution Agreement”); (ii) Palomar’s transfer and contribution to the Authority of the tax revenues in accordance with this Tax Revenue Contribution Agreement, (iii) Palomar’s provision to the Authority of the rights to use and operate the Palomar Medical Center Escondido (the “Escondido Hospital”) and those other assets (the “Licensed Items”) as described in that certain Use Agreement by and between Palomar and the Authority (the “Use Agreement”), (iv) Palomar’s lease to the Authority of employees of Palomar pursuant to that certain Employee Leasing Agreement by and between Palomar and the Authority (the “Employee Lease Agreement”), (v) UCSD Health’s making of certain contributions, including providing physicians and other identified healthcare providers and services to the Hospitals in accordance with that certain Contribution Agreement by and between UCSD Health and the Authority (the “UCSD Health Contribution Agreement”), (vi) Palomar’s, UCSD Health’s and the Authority’s entry into that certain Amended & Restated Closing Agreement (the “Closing Agreement”) providing for the conditions precedent to the foregoing transfers and contributions and the indemnity obligations of the parties, and (vii) UCSD Health’s receipt of an option to purchase all or a portion of the Initial Assets and to acquire the rights under the Use Agreement from the Authority pursuant to that certain Option Agreement by and between UCSD Health and the Authority (the “Post-Operational Option Agreement”);

WHEREAS, Palomar derives revenues from ad valorem taxes levied by the County of San Diego (the “County”) and authorized under applicable Law to be used for a variety of district purposes (the “Unrestricted Property Tax Revenues”);

WHEREAS, the Unrestricted Property Tax Revenues are in addition to, and separate from, the ad valorem tax revenues resulting from the separate tax levy that are pledged solely to the payment of principal and interest on the Palomar Pomerado Health General Obligation Bonds, Election of 2004, Series 2007A (the “Series 2007A G.O. Bonds”), the Palomar Pomerado Health General Obligation Bonds, Election of 2004, Series 2009A (the “Series 2009A G.O. Bonds”), the Palomar Pomerado Health General Obligation Bonds, Election of 2004, Series 2010A (the “Series 2010A G.O. Bonds”), the Palomar Health General Obligation Refunding Bonds, Series 2016A (the “Series 2016A G.O. Bonds”), and the Palomar Health General Obligation Refunding Bonds, Series 2016B (the “Series 2016B G.O. Bonds”, and together with the Series 2007A G.O. Bonds, the Series 2009A G.O. Bonds, the Series 2010A G.O. Bonds, and the Series 2016A G.O. Bonds, the “General Obligation Bonds”);

WHEREAS, the County assesses and collects Palomar’s share of property taxes on its behalf and distributes the Unrestricted Property Tax Revenues to Palomar by check periodically following its collection of installment payments, which are due on November 1st and February 1st of each year;

WHEREAS, in the fiscal years ended June 30, 2024 and June 30, 2025, Palomar received approximately \$23,366,000 and approximately \$24,372,000 in Unrestricted Property Tax Revenues in each respective fiscal year;

WHEREAS, Palomar desires to contribute and transfer the Unrestricted Property Tax Revenue to the Authority, less an amount necessary for Palomar to continue to administer its remaining assets and operations (such amount, the “District Operations Allowance”) to be determined annually in accordance with the terms set forth in Section 2.2 below, and the Authority desires to receive the Unrestricted Property Tax Revenues, subject to the terms and conditions and for the consideration outlined in this Tax Revenue Contribution Agreement.

NOW, THEREFORE, for and in consideration of the premises, the agreements, covenants, representations, and warranties set forth in this Tax Revenue Contribution Agreement, and other good and valuable consideration, the receipt and adequacy of which are acknowledged and agreed, the Parties agree as follows:

AGREEMENT

1. DEFINITIONS AND REFERENCES

1.1 Definitions. Unless otherwise specifically defined herein, the capitalized terms used in this Tax Revenue Contribution Agreement have the meaning ascribed to such term in the Joint Powers Agreement.

1.2 Other Definitional Provisions. As used in this Tax Revenue Contribution Agreement, and unless the context requires otherwise:

(a) Accounting terms not defined in this Tax Revenue Contribution Agreement, and accounting terms partly defined to the extent not defined, will have the respective meanings given to them under the U.S. Governmental Accounting Standards Board, as consistently applied (“GASB”).

(b) The word “herein” and words of similar import when used in this Tax Revenue Contribution Agreement refer to this Tax Revenue Contribution Agreement as a whole and not to any particular provision of this Tax Revenue Contribution Agreement, and section, subsection, schedule, and exhibit references are to this Tax Revenue Contribution Agreement unless otherwise specified.

(c) The word “including” and words of similar import when used in this Tax Revenue Contribution Agreement, means including without limitation, unless otherwise specified in this Tax Revenue Contribution Agreement.

(d) Words of the masculine gender include the feminine or neuter genders, and vice versa, where applicable. Words of the singular number include the plural number, and vice versa, where applicable.

(e) A reference to any “Law” means and refers to all statutes, ordinances, codes, rules or regulations of any federal, state, county, district, municipal, city, or other government or quasi-government unit or political subdivision, as may be amended consolidated, supplemented, or replaced from time to time and all rules and regulations promulgated thereunder.

(f) Unless otherwise indicated, references to time are references to Pacific Time.

(g) Capitalized terms used, but not defined in this Tax Revenue Contribution Agreement have the meaning ascribed to such term in the Joint Powers Agreement.

2. CONTRIBUTION OF CONTRIBUTED ASSETS, ASSUMPTION OF LIABILITIES, AMENDMENT OF CONSTITUENT DOCUMENTS, CLOSING AND OTHER RELATED MATTERS

2.1 Contribution of Unrestricted Property Tax Revenues. Subject to the terms and conditions of this Tax Revenue Contribution Agreement, including the obligation to remit the District Operations Allowance to Palomar as provided in Section 2.2, and effective as of the Effective Date, Palomar hereby assigns, conveys, transfers, and delivers or will cause to be delivered to the Authority and the Authority hereby accepts all of the Unrestricted Property Tax Revenues, including, all rights to use such revenues, and receive copies of any statements or accounting related to same, and any communications to or from the County or any other Governmental Authority relating to such Unrestricted Property Tax Revenues. Palomar further hereby grants and conveys to the Authority all powers and authority that Palomar now has with respect to the approval of the levy amount and the use of the Unrestricted Property Tax Revenues and any other rights related to the Unrestricted Property Tax Revenues. Palomar further covenants and agrees to take all actions necessary to deliver the Unrestricted Property Tax Revenues to the Authority, including without limitation, establishing the Sweep Account (defined below) or any other accounts as the Authority may request from time to time, and to otherwise allow the Authority to exercise the rights conveyed herein. On or prior to the Operational Date (as such term is defined in the Joint Powers Agreement, the “Operational Date”), to the maximum extent permitted by applicable law and regulation, Palomar must establish and maintain a dedicated, segregated account for the receipt of the Unrestricted Property Tax Revenues (the “Sweep Account”) and shall grant the Authority the unconditional right, at its sole discretion and without advance notice to Palomar, to direct the financial institution holding the Sweep Account to transfer (or “sweep”) any or all funds from such account to an account designated by the Authority. In furtherance of the foregoing, Palomar must provide the Authority with real-time online viewing access to the Sweep Account, furnish prompt written notice to the Authority of any deposit into the Sweep Account in excess of \$100,000, and must not redirect any funds from or withdraw, transfer, or otherwise disburse any funds from, the Sweep Account without the prior written consent of the Authority, except for transfers initiated by the Authority pursuant to its sweep rights herein or as permitted herein. Palomar must promptly execute all documents, instructions, and authorizations reasonably required by the Authority or the relevant financial institution to effectuate the Authority’s rights with respect to the Sweep Account, and must not change, close, or otherwise modify the Sweep Account without the Authority’s prior written consent. The Sweep Account must not be commingled with any other funds. Palomar must not grant any security interest in and to the Sweep Account (including any replacement sweep account as may be established pursuant to

this Tax Revenue Contribution Agreement) without the prior written consent of the Authority. Notwithstanding the foregoing, if at any time the Parties determine it would not jeopardize the collection and receipt of such funds, Palomar must, upon written request of the Authority, take all steps reasonably required to cause the County to distribute the Unrestricted Property Tax Revenues directly to the Authority in an account or at an address as determined by the Authority. If at any time during the Term of this Tax Revenue Contribution Agreement, the Parties determine the transfer of the Unrestricted Property Tax Revenues into the Sweep Account is prohibited by any applicable law or regulation, Palomar must direct the County to deposit the funds into a separate deposit account that complies with all applicable laws and regulations, and must: (i) immediately notify the Authority in writing of all deposits received; and (ii) cause all funds deposited into such account to be immediately transferred to the Authority (unless otherwise directed by the Authority in writing). Notwithstanding anything to the contrary, Palomar must cause the Unrestricted Property Tax Revenues to be delivered to the Authority commencing on the Operational Date.

2.2 District Operations Allowance.

(a) Allowance Remittance. Palomar has conveyed to the Authority, through the Initial Contribution Agreement and the Use Agreement, the right to operate substantially all of its business and related assets and Palomar's ongoing operations are primarily for the purpose of administering the General Obligation Bonds and fulfilling its obligations under the Authority Documents ("Palomar's Post-Authority Operations") which are in support of Palomar's ongoing missions and efforts made by and through the Authority. The Parties further acknowledge that upon receipt of all Retained Asset Contribution Approvals (as such term is defined in the Joint Powers Agreement), Palomar will have contributed and fully transferred substantially all of its assets to the Authority and will continue to advance its public health priorities by and through its role as a member agency of the Authority. As support for Palomar's Post-Authority Operations, including Palomar's management of its remaining assets prior to and following the contribution of substantially all of its assets and to otherwise cover the costs of its remaining operations (the "Allowance Purpose") the Authority will deliver to Palomar, on or before July 1st of each year, beginning on July 1, 2026 and continuing each July 1st thereafter (each such date the "Remittance Deadline"), the agreed upon District Operations Allowance from the Unrestricted Property Tax Revenues collected in the fiscal year ending on the June 30th immediately preceding such Remittance Deadline pursuant to the terms of Section 2.2(c) below. Nothing in this Tax Revenue Contribution Agreement will minimize or restrict the right of Palomar to receive the Initial Operational Holdback and the Transactional Expense Holdback as provided under and defined in the Initial Contribution Agreement.

(b) Allowance Limitations. The Parties agree that it would be detrimental to the Authority for Palomar to engage in any substantial independent business that would create new liabilities or compete with the Authority and therefore, Palomar agrees that no portion of the District Operations Allowance will be used for any of the following (collectively "Excluded Allowance Items"), in each instance without the prior written consent of the Authority:

- (1) Executive team bonuses or special bonuses or payouts;
- (2) Benefits for employees (except as otherwise provided under the terms of the Employee Lease Agreement);
- (3) New construction or capital improvement projects on any assets retained by Palomar;
- (4) Acquisition of any new assets (real, personal, tangible or intangible) with a value in excess of \$100,000;
- (5) New leases or other contracts having an annual expense in excess of \$100,000;
- (6) Payment of any debts or liabilities (other than any shortfall with respect to

the debt service owed on outstanding General Obligation Bonds and ordinary course operational costs, such as payroll and utilities) in excess of \$100,000; and

(7) Investments of any kind (including any new ventures) in excess of \$100,000.

(c) Allowance Determination Process. Not later than February 1st of each year, beginning on February 1, 2026, and continuing on each February 1st thereafter, Palomar must deliver to the Authority a copy of its annual budget (the “District Budget”) for the upcoming fiscal year commencing that July 1st and such other information or details as reasonably requested by the Authority to confirm the amounts Palomar expects to need for the Allowance Purpose. Provided that the projected costs and expenses in the District Budget: (i) do not include an Excluded Allowance Items, (ii) do not exceed One Million Dollars (\$1,000,000.00) in each of the first (1st) three (3) full fiscal years ending June 30, 2027, June 30, 2028 and June 30, 2029 (unless a greater sum is authorized in writing by the Authority), and (iii) further provided that for any given fiscal year, the District Budget is not more than 105% of the greatest District Budget in any of the immediately preceding three fiscal years, then the Authority will remit, on or before the Remittance Deadline, the amount set forth in the District Budget (unless a greater sum is authorized in writing by the Authority). In the event the District Budget does not meet the foregoing requirements, then the Authority will remit an amount equal to the amounts set forth in the District Budget that comply with the foregoing or as otherwise agreed to by the Parties. For the avoidance of doubt, Palomar is not entitled to any District Operations Allowance prior to the first disbursement on July 1, 2026. If Palomar fails to timely provide the District Budget in any year, the Authority may estimate the District Operations Allowance based upon the amount of the District Operations Allowances previously remitted, any prior District Budgets received and any publicly available information regarding Palomar’s finances, in its discretion. Notwithstanding anything to the contrary, in no event will the District Operations Allowance exceed the Unrestricted Property Tax Revenues actually received by the Authority in the prior fiscal year.

3. TERM

3.1 Term. This Tax Revenue Contribution Agreement is effective as of the Effective Date and will continue in full force and effect until the earlier of (such period, the “Term”): (i) the thirty-fifth (35th) anniversary of the Effective Date unless the Parties mutually agree to extend the term of this Tax Revenue Contribution Agreement; (ii) the date this Tax Revenue Contribution Agreement is terminated by mutual agreement of the Parties; (iii) upon the occurrence of an uncured Event of Default unless the non-defaulting Party agrees to waive such Event of Default; (iv) the expiration or earlier termination of the Joint Powers Agreement or the dissolution of the Authority; or (v) the date upon which the Authority (or any successor to this Tax Revenue Contribution Agreement) no longer operates at least one of the Poway Hospital or the Escondido Hospital as an acute care hospital.

3.2 Default of Palomar. The occurrence of any one or more of the following events will constitute an event of default by Palomar under this Tax Revenue Contribution Agreement (each an “Event of Default”):

(a) Palomar fails to keep, perform, or observe any of the covenants, agreements, terms, provisions, warranties, or representations contained in this Tax Revenue Contribution Agreement, the Use Agreement, the Initial Contribution Agreement, the Employee Lease Agreement, the Closing Agreement, or any other agreement entered into by and between Palomar and the Authority, or the Joint Powers Agreement, that are to be kept or performed by Palomar and Palomar fails to cure such default within thirty (30) days after receiving written notice from the Authority thereof, provided that if the time to cure cannot reasonably be completed within such thirty (30) day period, Palomar will not be in default so long as it has commenced to cure such failure in good faith as soon as possible within such thirty (30) day period and

thereafter diligently pursued completion of same provided that in such instance, the failure must have been fully cured within six (6) months after first receiving written notice from the Authority thereof; or

(b) A petition for bankruptcy is filed by or against Palomar; an answer consenting to, admitting the material allegations of, or otherwise failing to contest a petition filed against Palomar under the U.S. Bankruptcy Code is filed; a petition or answer seeking relief under any other federal or state law now or hereafter in effect relating to bankruptcy, insolvency, reorganization, winding up, or liquidation of business organizations, or for an arrangement, composition, extension, or adjustment with creditors is filed; a receiver is appointed on account of Palomar's insolvency; any assignment is made of Palomar's business for the benefit of its creditors; or any action is taken in furtherance of any of the foregoing, including without limitation holding a public meeting in furtherance of satisfying the requirements of California Assembly Bill 506, authorizing or approving the commencement of such proceedings, calling or setting a meeting of a governing body to consider such actions, engaging legal or financial advisors in connection with such proceedings, or otherwise initiating steps to avail Palomar of any such protections.

Upon the occurrence and continuation of an Event of Default by Palomar, (including expiration of all notice and cure periods provided herein), the Authority may, without waiving any other rights hereunder or available to the Authority at law or in equity (the Authority's rights being cumulative), do any one or more of the following: (a) terminate this Tax Revenue Contribution Agreement; (b) remedy such default on Palomar's behalf, and seek reimbursement from Palomar directly; or (c) pursue any other remedy available to it by Law or in equity.

3.3 Additional Acts. From time to time after the Effective Date, each of Palomar and the Authority must execute, acknowledge, and deliver all such further conveyances, notices, assumptions, releases, and acquittances and such other instruments, and must take such further actions, as may be reasonably necessary or appropriate to assure fully to the Authority and its successors or assigns, all of the tax revenues, rights, interests, remedies, powers, and privileges relating to the Unrestricted Property Tax Revenues conveyed to the Authority under this Tax Revenue Contribution Agreement. Palomar must furnish the Authority with such reasonably requested information and documents in Palomar's possession or under Palomar's control, or which Palomar can reasonably execute or cause to be executed, as will enable the Authority to prosecute any and all petitions, applications, claims, and demands relating to or constituting the Unrestricted Property Tax Revenues. The terms of this Section 3.3 will survive indefinitely and are not subject to any other time limitations contained in this Tax Revenue Contribution Agreement.

3.4 Separate Escondido Operations. If at any time after the Operational Date, the operation of Escondido Hospital is transferred back to Palomar as a result of the termination of the Use Agreement by either (i) the Authority, or (ii) UCSD Health, then solely in such instance the Parties agree to equitably allocate the distribution of the Unrestricted Property Tax Revenues as between the Authority and Palomar, taking into consideration the revenue and expenses of each Hospital, the value of the capital and in-kind contributions made by UCSD Health towards the operation of the Hospitals and any District Operations Allowances (unless the District Operations Allowance are terminated as part of such equitable allocation). The Parties must agree upon such equitable allocation no later than ninety (90) days following the commencement of Palomar's operation of Escondido Hospital and if an agreement on the allocation cannot be reached within such ninety (90) day period, then the Parties must engage Deloitte or another third party independent valuation consultant reasonably acceptable to the Authority to determine the equitable allocation of the Unrestricted Property Tax Revenues as between Palomar and the Authority. The costs of such valuation consultant are to be shared equally by the Parties. In the event of an equitable allocation of the Unrestricted Property Tax Revenues as provided in this Section 3.4, the collection of the Unrestricted Property Tax Revenues will continue in the same manner as provided in this Tax Revenue Contribution Agreement, subject only to the withholding or additional disbursement of the portion of the Unrestricted Property Tax Revenues allocated to Palomar for the operation of the Escondido Hospital. For the avoidance

of doubt, so long as the Use Agreement is in effect, the operator of the Escondido Hospital will be the Authority or its successor in interest thereunder.

4. REPRESENTATIONS AND WARRANTIES OF PALOMAR

Palomar hereby represents, warrants, and covenants to the Authority that the statements contained in this Section 4 are true and correct as of the Effective Date (except in the case of representations and warranties that are made as of a specified date, in which case such representations and warranties will be true and correct as of such specified date).

4.1 Organization.

(a) Palomar is in good standing under the Laws of the State of California. Palomar is duly authorized, qualified to do business, and in good standing under all applicable Laws of any jurisdictions (domestic and foreign) in which the character or the location of the assets owned or leased by it or the nature of the business conducted by it requires such authorization or qualification. Palomar has the requisite power and authority to enter into this Tax Revenue Contribution Agreement and the other Authority Documents to which Palomar will become a party hereunder.

4.2 Authority; Non-contravention; Binding Agreement.

(a) The execution, delivery and performance by Palomar of this Tax Revenue Contribution Agreement, and the delivery or direction for delivery of the Unrestricted Property Tax Revenues by Palomar to the Authority: (i) have been duly and validly authorized and approved by all necessary actions, as applicable, on the part of Palomar, none of which actions have been modified or rescinded and all of which actions remain in full force and effect; (ii) are within Palomar's powers and are not and will not be in contravention or violation of the terms of the organizational or governing documents of Palomar; (iii) do not and will not require any Approval of, or any other action to be taken by, any Governmental Authority; and (iv) do not and will not require any approval, consent or other action by any third-party, except for those consents specified on Schedule 4.2(a) attached hereto. This Tax Revenue Contribution Agreement is and will constitute the valid and legally binding obligation of Palomar and is and will be enforceable against Palomar in accordance with the respective terms hereof, except as enforceability may be restricted, limited or delayed by applicable bankruptcy or other Laws affecting creditors' rights generally and except as enforceability may be subject to general principles of equity.

4.3 Sweep Account. Palomar is not aware of any laws or regulations which prohibit the establishment of the Sweep Account by Palomar or the granting of the rights to the Authority to direct the sweep of the funds contained therein, on the terms contemplated by this Tax Revenue Contribution Agreement.

4.4 Right to Unrestricted Property Tax Revenues. As of the Effective Date and throughout the Term: no Person other than Palomar has the right to receive or direct the receipt of the Unrestricted Property Tax Revenues; no other Palomar Affiliate collects or has the right to collect any ad valorem property tax revenues; other than fluctuations in property ownership and home values, Palomar does not know of and has no reason to expect that there will be any decrease in the annual amount of the Unrestricted Property Tax Revenues during the Term, as the same may be extended; and Palomar has provided the Authority with copies of all material information and documents in its possession, custody or control relating to the Unrestricted Property Tax Revenues. As used herein, "Affiliate" means any Person, any other Person that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. For this purpose, "control" will include the power to direct or cause the direction

of the management and policies of a Person, whether through the ownership of memberships, securities, election, or appointment of directors, by contract or otherwise.

4.5 Reserved.

4.6 County Authorization and Communications. At no time in the last twenty-four (24) months has the County sent Palomar any notice that the Unrestricted Property Tax Revenues were deferred, delayed, or that the same would not be collected or timely distributed.

4.7 Free of Encumbrances. As of the Effective Date and throughout the Term, other than the revenue pledge under the Master Indenture (as defined in the Joint Powers Agreement) there are no liens, encumbrances, pledges or other interests of any other Person in or to all or any portion of the Unrestricted Property Tax Revenues. To Palomar's Knowledge, there are no outstanding obligations with the County or the State of California, nor will there be at any time during the Term, that could result in any lien on or application of any portion of the Unrestricted Property Tax Revenues to such outstanding obligations. Palomar covenants and agrees to keep all payments with the County and the State of California current throughout the Term and to promptly notify the Authority in writing of any claim by the County or State of California.

4.8 Compliance with Laws. As of the Effective Date and throughout the Term, Palomar has and will continue to receive and use the Unrestricted Property Tax Revenues in material compliance with all Laws. As of the Effective Date and throughout the Term, Palomar has not received written notice of any violation of, alleged violation or potential violation of, or material liability under, any such Laws. As of the Effective Date and throughout the Term, to Palomar's knowledge, no event has occurred, and no condition exists, that would reasonably be expected to (with or without notice or lapse of time) constitute or result directly or indirectly in a violation by Palomar or a failure on the part of Palomar to comply with, any Law relating to the levy, collection, receipt and use of the Unrestricted Property Tax Revenues.

4.9 Statements True and Correct. The representations and warranties of Palomar in this Tax Revenue Contribution Agreement and all other Authority Documents do not contain any untrue statement of a material fact, or omit to state any material fact necessary to make the statements or facts contained therein with respect to Palomar.

5. REPRESENTATIONS AND WARRANTIES OF THE AUTHORITY

The Authority hereby represents and warrants to Palomar that the statements contained in this Section 5 are true and correct as of the Effective Date of this Tax Revenue Contribution Agreement (except in the case of representations and warranties that are made as of a specified date, in which case such representations and warranties will be true and correct as of such specified date).

5.1 Organization; Capacity. The Authority is a joint powers authority, validly existing and in good standing under the Laws of the State of California. The Authority has the requisite power and authority to enter into this Tax Revenue Contribution Agreement and the other Authority Documents to which the Authority is or will become a party hereunder.

5.2 Authority; Non-contravention; Binding Agreement.

(a) The execution, delivery and performance by the Authority of this Tax Revenue Contribution Agreement and the other Authority Documents to which it is a party or will become a party, and the receipt by the Authority of the Unrestricted Property Tax Revenues have been duly and validly authorized and approved by all necessary approvals on the part of the Authority, none of which actions

have been modified or rescinded and all of which actions remain in full force and effect, and are not, and will not be, in contravention or violation of the terms of the Authority's organizational or governing documents.

(b) This Tax Revenue Contribution Agreement is and will constitute the valid and legally binding obligations of the Authority and are and will be enforceable against the Authority in accordance with the respective terms hereof and thereof, except as enforceability may be restricted, limited or delayed by applicable bankruptcy or other Laws affecting creditors' rights generally and except as enforceability may be subject to general principles of equity.

5.3 Statements True and Correct. The representations and warranties of the Authority in this Tax Revenue Contribution Agreement and all other Authority Documents do not contain any untrue statement of a material fact, or omit to state any material fact necessary to make the statements or facts contained therein with respect to the Authority not misleading.

6. COVENANTS OF PALOMAR AND THE AUTHORITY

6.1 County Authorization. From and after the Effective Date of this Tax Revenue Contribution Agreement, Palomar must deliver all Unrestricted Property Tax Revenues to the Authority. From and after the Effective Date of this Tax Revenue Contribution Agreement, Palomar must take any and all actions reasonably necessary to establish the Sweep Account and to cause and continue to cause the County to deliver the Unrestricted Property Tax Revenues to the Sweep Account, or such other account as requested by the Authority from time to time, provided that any such account must comply with all applicable Laws relating to the collection and use of the Unrestricted Property Tax Revenues. At any time and from time to time, the Authority may request that Palomar send such notices or other communications or make such demands or take such other action, as may be reasonably necessary or desired by the Authority, to receive and utilize the Unrestricted Property Tax Revenues in the Authority's discretion, to the extent permitted by Law.

6.2 Provision of Annual Budget. From and after the Effective Date, Palomar will provide the Authority and its Representatives with copies of its District Budget (including as contemplated by Section 2.2) and those other documents and information reasonably requested by the Authority or otherwise material with respect to the Allowance Purpose and the Unrestricted Property Tax Revenues to facilitate the Authority's receipt of the Unrestricted Property Tax Revenues and the remittance of the District Operations Allowance to Palomar.

6.3 Audited Financial Statements. Throughout the Term, not later than December 1st of each year Palomar must deliver a copy of its audited financial statements for the prior fiscal year to the Authority.

6.4 Operation of the Businesses of Palomar. Throughout the Term of this Tax Revenue Contribution Agreement, Palomar must operate its assets and operations in such a manner so as to fulfill its purpose and to permit and ensure the continued collection of the Unrestricted Property Tax Revenues and the delivery of same to the Authority.

6.5 Negative Covenants. Throughout the Term of this Tax Revenue Contribution Agreement, as (i) otherwise contemplated in this Tax Revenue Contribution Agreement, (ii) approved in advance in writing by the Authority, or (iii) may be required by applicable Law, Palomar must not:

(a) Use any portion of the District Operations Allowance for any Excluded Allowance Items or for any purpose other than in accordance with the Allowance Purpose;

(b) incur any new debt or seek a loan or access to additional financing or capital from any party (except in the event of a documented critical cash flow need which the Authority has indicated it is unwilling or unable to fund; then in such instance, Palomar may seek a loan or access to capital from Assured Guaranty, a commercial lender or such other Person approved by the Authority in writing and provided that such additional funding is not exchanged for rights or a security interest that minimizes any of the Authority's security under any of its existing arrangements with Palomar or inhibits the ability of the Parties to consummate the transactions contemplated by the Authority Documents); or

(c) issue any new general obligation bonds or refinance any existing general obligation bonds.

6.6 **Notification.** At all times during the Term, Palomar must give prompt written notice to the Authority of (a) any notices from the County or the State of California relating to the Unrestricted Property Tax Revenues; (b) the occurrence, or failure to occur, of any event, circumstance or fact that causes or is reasonably likely to cause any representation or warranty of Palomar contained in this Tax Revenue Contribution Agreement to be untrue in any material respect; (c) any failure of Palomar to comply with or satisfy, in any material respect, any covenant, condition or agreement to be complied with or satisfied by it under this Tax Revenue Contribution Agreement; and (d) any other material development affecting the Unrestricted Property Tax Revenues.

7. **INDEMNIFICATION**

7.1 **Indemnification by Palomar.** Palomar covenants and agrees to indemnify the Authority as set forth in Section 6 of the Closing Agreement, which provisions are hereby incorporated into and made a part of this Tax Revenue Contribution Agreement by this reference.

8. **GENERAL PROVISIONS**

8.1 **Notice.** Any notice, demand, letter or other communication required, permitted, or desired to be given hereunder will be deemed effectively given when either personally delivered, or when received by electronic means (including email) or overnight courier, or five (5) calendar days after being deposited in the United States mail, with postage prepaid thereon, certified or registered mail, return receipt requested, addressed as follows:

If to Palomar: Palomar Health
Attention: President & CEO
2125 Citracado Parkway, Suite 300
Escondido, CA 92029
Email: Diane.Hansen@palomarhealth.org

With a copy to: Palomar Health
Attention: Legal Department
120 Craven Road, Suite 106
San Marcos, CA 92078
Email: Kevin.DeBruin@palomarhealth.org

And a copy to: Holland & Knight LLP
560 Mission Street, Suite 1900
San Francisco, CA 94105
Attn: John Kern
Email: john.kern@hklaw.com

If to the Authority: Palomar UCSD Health Authority
2125 Citracado Parkway, Suite 300
Escondido, CA 92029
Attention: Chief Executive Officer

With a copy to: Palomar UCSD Health Authority
2125 Citracado Parkway, Suite 300
Escondido, CA 92029
Attention: Chief Legal Officer

And a copy to: Best Best & Krieger LLP
1333 N. California Blvd., Suite 220
Walnut Creek, CA 94596
Attention: Noël Caughman
Email: noel.caughman@bbklaw.com

If to UCSD Health: UC San Diego Health
9500 Gilman Drive, MC 0933
San Diego, CA 92093
Attn: Chief Health Counsel
Email: vmarsich@ucsd.edu

With a copy to: Sheppard Mullin Richter & Hampton LLP
Four Embarcadero Center, 17th Floor
San Francisco, CA 94111
Attn: Eric Newsom & Timothy Reimers
Email: enewsom@sheppardmullin.com
treimers@sheppardmullin.com

or at such other address as one Party may designate by notice hereunder to the other Parties.

8.2 Legal Fees and Costs of Disputes. In the event a Party incurs reasonable legal expenses to enforce or interpret any provision of this Tax Revenue Contribution Agreement by mediation, arbitration or judicial means, the prevailing Party will be entitled to recover such reasonable legal expenses, including attorney's fees, costs and necessary disbursements, in addition to any other relief to which such Party shall be entitled.

8.3 Choice of Law. The Parties agree that all disagreements, disputes or claims arising out of or relating to this Tax Revenue Contribution Agreement are governed by and must be construed in accordance with the applicable Law of the State of California without giving effect to any choice or conflicts of Law provision or rule thereof that would result in the application of the applicable Law of any other jurisdiction other than the applicable Law of the United States of America, where applicable.

8.4 Benefit; Assignment; Delegation. Subject to provisions herein to the contrary, this Tax Revenue Contribution Agreement will inure to the benefit of and be binding upon the Parties and their respective legal representatives, successors and permitted assigns and delegates. No Party may assign any of its rights hereunder or delegate any of its duties hereunder without the prior written consent of the other Parties.

8.5 Third Party Beneficiaries.

(a) Notwithstanding any other provision of this Tax Revenue Contribution Agreement, UCSD Health, and its successors and permitted assigns, are expressly intended as third party beneficiaries of this Tax Revenue Contribution Agreement and will be entitled to enforce all rights, benefits, covenants, obligations, warranties, representations, undertakings, indemnifications, and remedies contained herein to the full extent as if it were a party hereto. Without limitation, such enforcement rights will include, the right to: (i) demand performance of any obligation set forth in this Tax Revenue Contribution Agreement; (ii) receive the benefits of any representations, warranties, indemnities, and covenants in this Tax Revenue Contribution Agreement; (iii) initiate legal proceedings to enforce any provisions of this Tax Revenue Contribution Agreement; (iv) seek equitable and injunctive relief to prevent or remedy any breach of this Tax Revenue Contribution Agreement; and (v) recover damages or other available remedies arising from any breach of this Tax Revenue Contribution Agreement.

(b) No amendment, modification, waiver, or termination of this Tax Revenue Contribution Agreement that affects the rights of UCSD Health or its successors and permitted assigns will be effective unless UCSD Health or its successors and permitted assigns has provided its prior written consent to such amendment.

(c) The Parties hereto acknowledge and agree that UCSD Health and, as applicable, its successors and permitted assigns, have been granted direct and enforceable rights under this Tax Revenue Contribution Agreement, and such rights will continue in full force and effect according to the terms of this Tax Revenue Contribution Agreement.

(d) The terms and provisions of this Tax Revenue Contribution Agreement are intended solely for the benefit of the Authority, Palomar and UCSD Health and their respective permitted successors and assigns, and it is not the intention of the Parties to confer, and, this Tax Revenue Contribution Agreement will not confer, third-party beneficiary rights upon any Person (as defined in the Joint Powers Agreement).

8.6 Legal Advice and Reliance. Except as expressly provided in any Authority Document, none of the Parties (nor any of the Parties' respective Representatives) has made or is making any representations to any other Party (or to any other Party's Representatives) concerning the consequences of the transactions contemplated by the Authority Documents under applicable Law, including Tax-related Laws or under the Laws governing the Government Programs (as each such term is defined in the Joint Powers Agreement). Except for the representations and warranties made in any Authority Document, each Party has relied solely upon the Tax, Government Program and other advice of its own Representatives engaged by such Party and not on any such advice provided by any other Party.

8.7 Cost of Transaction. Except as otherwise provided in this Tax Revenue Contribution Agreement and the Initial Contribution Agreement, each Party shall bear and pay its own costs and expenses relating to the preparation of the Authority Documents and to the transactions contemplated by, or the performance of or compliance with any condition or covenant set forth in, the Authority Documents, including the disbursements and fees of their respective attorneys, accountants, advisors, agents and other Representatives, incidental to the preparation and carrying out of the Authority Documents, whether or not the transactions contemplated by the Authority Documents are consummated. If any action is brought by any Party to enforce any provision of this Tax Revenue Contribution Agreement, the prevailing Party shall be entitled to recover its court costs and reasonable attorneys' fees.

8.8 Waiver of Breach. The waiver by any Party of a breach or violation of any provision of this Tax Revenue Contribution Agreement shall not operate as, or be construed to constitute, a waiver of any subsequent breach of the same or other provision hereof.

8.9 Severability. If any provision of this Tax Revenue Contribution Agreement is held to be illegal, invalid or unenforceable under any present or future Law, and if the rights or obligations of the Authority or Palomar under this Tax Revenue Contribution Agreement will not be materially and adversely affected thereby, (a) such provision will be fully severable, (b) this Tax Revenue Contribution Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, (c) the remaining provisions of this Tax Revenue Contribution Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance from this Tax Revenue Contribution Agreement and (d) in lieu of such illegal, invalid or unenforceable provision, there will be added automatically as a part of this Tax Revenue Contribution Agreement a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible.

8.10 No Inferences; Sophisticated Parties. Each Party acknowledges and agrees to the following: (a) all of the Parties are sophisticated and represented by experienced healthcare and transactional counsel in the negotiation and preparation of this Tax Revenue Contribution Agreement; (b) this Tax Revenue Contribution Agreement is the result of lengthy and extensive negotiations between the Parties and an equal amount of drafting by all Parties; (c) this Tax Revenue Contribution Agreement embodies the justifiable expectations of sophisticated parties derived from arm's-length negotiations; and (d) no inference in favor of, or against, any Party shall be drawn from the fact that any portion of this Tax Revenue Contribution Agreement has been drafted by or on behalf of such Party.

8.11 Divisions and Headings of this Agreement. The divisions of this Tax Revenue Contribution Agreement into sections and subsections and the use of captions and headings in connection therewith are solely for convenience and shall have no legal effect in construing the provisions of this Tax Revenue Contribution Agreement.

8.12 Entire Agreement; Amendment. This Tax Revenue Contribution Agreement, together with the other Authority Documents represents the entire agreement between the Parties with respect to the subject matter of this Tax Revenue Contribution Agreement and supersede all prior or contemporaneous oral or written understandings, negotiations, letters of intent, or agreements between the Parties. No modifications of, amendments to, or waivers of any rights or duties under this Tax Revenue Contribution Agreement shall be valid or enforceable unless and until made in writing and signed by all Parties.

8.13 Multiple Counterparts. This Tax Revenue Contribution Agreement may be executed in any number of counterparts, each and all of which shall be deemed an original and all of which together shall constitute but the same instrument. The facsimile signature of any Party or other Person to this Tax Revenue Contribution Agreement or any other Authority Document or a PDF copy of the signature of any Party or other Person to this Tax Revenue Contribution Agreement or any other Authority Document delivered by electronic mail for purposes of execution or otherwise, is to be considered to have the same binding effect as the delivery of an original signature on an original contract.

[Remainder of this page intentionally blank.
Signatures follow on next page.]

IN WITNESS WHEREOF, the Parties have caused this Tax Revenue Contribution Agreement to be executed by their duly authorized officers as of the Effective Date first set forth above.

PALOMAR:

PALOMAR HEALTH

By: _____

Name: _____

Title: _____

THE AUTHORITY:

PALOMAR UCSD HEALTH AUTHORITY

By: _____
Name: _____
Title: _____

Schedule 4.2(a)

- Assured Guaranty Inc.
- U.S. Bank National Association (in its capacity as Master Trustee and Bond Trustee under the Related Bond Indentures)
- Guidehouse

CONTRIBUTION AGREEMENT

THIS CONTRIBUTION AGREEMENT (this “Agreement”) is made and entered into effective as of May 31, 2026, (the “Effective Date”) by and between THE REGENTS OF THE UNIVERSITY OF CALIFORNIA, a California constitutional corporation organized and existing under Article IX, Section 9 of the Constitution of the State of California, on behalf of the University of California, San Diego Health (“UCSD Health”) and THE PALOMAR UCSD HEALTH AUTHORITY, a joint powers authority formed by UCSD Health and PALOMAR HEALTH, a California Health Care District organized pursuant to Division 23 of the California Health and Safety Code (“Palomar”) in accordance with the Joint Exercise of Powers Act, Cal. Gov. Code § 6500, *et seq.* (the “Authority”). UCSD Health and the Authority are each referred to herein as a “Party” and collectively as the “Parties.”

RECITALS

WHEREAS, UCSD Health and Palomar have each determined that it is in such entity’s best interest and the best interest of the communities served by UCSD Health and Palomar and the two acute care hospitals known as Palomar Medical Center Escondido (the “Escondido Hospital”) and Palomar Medical Center Poway (the “Poway Hospital” and together with the Escondido Hospital, the “Hospitals”), to enter into the Joint Exercise of Powers Agreement dated October 31, 2025 (the “Joint Powers Agreement”), in order to, among other things, stabilize and strengthen the availability of community hospital services to all residents of San Diego County, California and surrounding areas regardless of payor or funding source, improve access to healthcare for the vulnerable populations served by Palomar and the Authority through the expansion of clinical infrastructure, and strengthening of certain healthcare service lines for the benefit of the residents of San Diego County, California through an integrated health system;

WHEREAS, prior to the formation of the Authority, but in furtherance of the formation of and fulfillment of the Authority’s purpose, UCSD Health advanced a total of Thirty Million Dollars (\$30,000,000.00) (the “Existing Advances”) to Palomar and Arch Health Partners, Inc., a California nonprofit public benefit corporation, d/b/a Palomar Health Medical Group (“PHMG” and together with Palomar, the “Borrower”) in two separate tranches: (i) an initial advance of Twenty Million Dollars (\$20,000,000.00) pursuant to that certain Loan Agreement dated April 4, 2025 by and between UCSD Health and Borrower (the “Initial UCSD Loan Agreement” and together with the other Loan Documents (as such term is defined in the Initial UCSD Loan Agreement), collectively, the “Initial UCSD Loan Documents”); and (ii) a second advance of Ten Million Dollars (\$10,000,000.00) pursuant to that certain Loan Agreement dated July 24, 2025 by and between UCSD Health and Borrower (the “Second UCSD Loan Agreement” and together with the other Loan Documents (as such term is defined in the Second UCSD Loan Agreement), collectively, the “Second UCSD Loan Documents” and, together with the Initial UCSD Loan Documents, the “Existing Loan Documents”);

WHEREAS, concurrently with the execution and delivery of the Joint Powers Agreement, UCSD Health advanced a total of Ten Million Dollars (\$10,000,000.00) (the “October Advance” and, together with the Existing Advances, the “Pre-Authority Advances”) to Borrower pursuant to that certain Loan Agreement dated October 31, 2025 by and between UCSD Health and Borrower (the “Third UCSD Loan Agreement” and together with the other Loan Documents (as such term

is defined in the Third UCSD Loan Agreement, collectively, the “Third UCSD Loan Documents” and, together with the Existing Loan Documents, the “Pre-Authority Loan Documents”);

WHEREAS, concurrently with the execution and delivery of the Joint Powers Agreement, UCSD Health has made available to Palomar a Fifty Million Dollar (\$50,000,000) revolving credit line (the “Credit Line” and, together with the Pre-Authority Advances, the “Advances”) pursuant to that certain Line of Credit Agreement dated October 31, 2025 by and between UCSD Health and Borrower (the “Credit Agreement” and together with the other Credit Line Documents (as such term is defined in the Credit Agreement), collectively, the “Credit Line Documents” and, together with the Pre-Authority Loan Documents, the “UCSD Loan Documents”);

WHEREAS, concurrently with the execution and delivery of this Agreement, Palomar and the Authority are entering into that certain Initial Contribution Agreement dated as of the Effective Date hereof (the “Initial Contribution Agreement”) pursuant to which, among other things, as of the Operational Date: (i) Palomar must transfer the Contributed Assets (as defined in the Initial Contribution Agreement, the “Contributed Assets”) to the Authority; (ii) Palomar and PHMG must assign their rights and obligations in and to the Advances under and pursuant to the respective UCSD Loan Documents, together with all interest and fees accrued thereon, to the Authority, as co-obligor for all borrower obligations thereunder; and (iii) the Authority, as co-obligor, must assume the joint and several responsibility for all borrower obligations under and pursuant to the UCSD Loan Documents;

WHEREAS, effective as of the Operational Date, the Authority will become an Obligated Group Member, along with Palomar and PHMG under the terms of that certain Master Trust Indenture, dated as of December 1, 2006, as supplemented and amended, among Palomar, PHMG, the Authority and U.S. Bank Trust Company, National Association, a national banking association, as successor to U.S. Bank national Association, in its capacity as Master Trustee (“Master Trustee”) (together with all supplements, amendments, modifications, extensions, renewals and replacements thereto, the “Master Indenture”);

WHEREAS, in furtherance of the goals of the Authority and subject to the terms and conditions and for the consideration set forth in this Agreement, UCSD Health will agree to forbear on any monetary obligations, including interest, that come due or that are outstanding under any of the UCSD Loan Documents;

WHEREAS, in furtherance of the goals of the Authority, and subject to the terms and conditions and for the consideration set forth in this Agreement, UCSD Health desires to contribute to the Authority and the Authority desires to accept from UCSD Health a pledge of not less than One Hundred Sixty Million Dollars (\$160,000,000) to facilitate improvements to the Facilities, including without limitation, the build-out of the two currently shelled floors at Escondido Hospital, the implementation of the Epic electronic health records system (“EPIC”), as well as certain other capital improvements pursuant to the strategic initiatives set forth on **Exhibit B** to this Agreement (the “Strategic Initiatives”);

NOW, THEREFORE, for and in consideration of the premises, the agreements, covenants, representations, and warranties set forth in this Agreement, and other good and valuable

consideration, the receipt and adequacy of which are acknowledged and agreed, the Parties agree as follows:

AGREEMENT

1. **INCORPORATION OF RECITALS; DEFINITIONS.** The recitals set forth above are hereby incorporated into and made an integral part of this Agreement as if fully set forth herein. Unless otherwise specifically defined herein, the capitalized terms used in this Agreement will be defined in the manner set forth on **Exhibit A** to this Agreement. Capitalized Terms used in this Agreement that are not otherwise defined have the meaning ascribed to such term in the Joint Powers Agreement.

2. **TERMS OF CONTRIBUTION.**

2.1 **UCSD Contributed Assets.** Subject to the terms and conditions of this Agreement, UCSD Health will contribute, assign, transfer, convey and deliver to the Authority, as applicable, all of the following (collectively, the "**UCSD Contributed Assets**"):

(a) **Conditional Forgiveness of Pre-Authority Advances.** Pursuant to the terms of the Initial Contribution Agreement, the Authority has assumed, as co-obligor with Borrower: (x) all liabilities and obligations of Borrower under and pursuant to the Pre-Authority Loan Documents; and (y) all of the rights, benefits, liabilities and obligations of Borrower in and to the Credit Line under and pursuant to the Credit Line Documents.

(i) **Conditional Forgiveness.** UCSD Health agrees that: (A) six months following either: (1) the occurrence of both: (x) the full contribution of all Retained Assets to the Authority following receipt of all Retained Asset Contribution Approvals pursuant to a Retained Asset Contribution Agreement; and (y) the due execution and delivery of an option agreement from the Authority granting UCSD Health the option to purchase all Authority Assets (the "**JPA Option**"); or (2) the exercise of the Pre-Operational Option, the Post-Operational Option or the JPA Option (collectively, the "**Options**"); or (B) the closing of UCSD Health's acquisition of the assets of Palomar and/or the Authority pursuant to any of its Options, whichever is earlier, then in such event UCSD Health will conditionally forgive all outstanding monetary obligations, including any and all interest, fees or other costs accrued thereon, under the Pre-Authority Loan Documents and neither the Authority nor Palomar nor PHMG will have any further liability or obligations under the Pre-Authority Loan Documents from and after the date of such forgiveness. Promptly following the expiration of the six (6) month period following contribution of all Retained Assets to the Authority and the delivery of the JPA Option to UCSD Health or the exercise of an Option, or the closing on UCSD Health's acquisition pursuant to an Option, whichever occurs first, UCSD Health will deliver to the Authority a written confirmation of the total amount forgiven (the "**Pre-Authority Advance Contribution Amount**"). All Pre-Authority Advance Contribution Amounts so forgiven, and not applied to purchase price will remain a Contribution Credit pursuant to the terms of the Joint Powers Agreement. The forgiveness of all or any portion of any of the Pre-Authority Advances is expressly conditioned upon all Pre-Authority Advance Contribution Amounts being treated as a Contribution Credit under the terms of the Joint Powers Agreement. For the avoidance of

doubt, in no event is the Credit Line to be forgiven (except as provided in Section 2.1(a)(ii) below), unless otherwise agreed to in writing by all parties thereto.

(ii) Interim Forbearance. Until Pre-Authority Advances are forgiven as provided in Section 2.1(a)(i) above, and at all times subject to Section 2.1(a)(i) above, UCSD Health hereby agrees that it will not enforce any payment obligations under any of the Pre-Authority Loan Documents, regardless of whether the principal maturity date occurs or any other monetary payment becomes due under the terms of such Pre-Authority Loan Documents. Upon the mutual execution and delivery of this Agreement, the Authority will not have any obligation, contingent or otherwise, to repay all or any portion of the Pre-Authority Advances. Upon the consummation of the contribution of the Retained Assets and the delivery of the JPA Option to UCSD Health, the Parties must enter into an agreement documenting the forgiveness of the debts under the Pre-Authority Loan Documents and within one hundred eighty (180) days thereafter, Palomar and PHMG will be released as obligors on the Line of Credit. Nothing provided for in this Agreement is intended to create any forbearance or forgiveness, conditional or otherwise, in and to the repayment obligations under the Credit Line, as the same are and will be assumed by the Authority as co-obligor. For the avoidance of doubt, in no event are any obligations under the Credit Line Documents subject to the forbearance provisions of this Section 2.1(a)(ii).

(b) Pledge for Strategic Capital Investment. Commencing on the Operational Date, UCSD Health hereby pledges to deliver cash advances to the Authority (the "Capital Advances") in an aggregate amount of One Hundred Sixty Million Dollars (\$160,000,000.00) (the "Maximum Capital Amount"), for the purpose of implementing the Strategic Initiatives set forth on Exhibit B (all such initiatives and capital projects, the "Approved Capital Projects"), as the Strategic Initiatives may be amended from time to time upon the written approval of the Authority Board and UCSD Health. Notwithstanding anything to the contrary, if at any time during the first (1st) eighteen (18) months following the Operational Date, the Authority's days cash on hand is less than five (5) days cash on hand (the "Minimum Working Capital Threshold"), the Authority may request a portion of the Maximum Capital Amount be provided to the Authority for the payment of working capital and debt service (the "Working Capital Portion") in a total amount not to exceed five (5) days cash on hand (the "Maximum Working Capital Amount"). If any Working Capital Portion is distributed to the Authority, then the Authority must, as soon as reasonably practicable, allocate funds of the Authority in the amount of such Working Capital Portion to payment of Approved Capital Projects and provide UCSD Health with proof of such allocation or disbursement of the Authority's funds directly to the Approved Capital Projects in the amount of the Working Capital Portion that had been provided by UCSD Health. Provided the Authority has delivered satisfactory evidence to UCSD Health of such allocation or disbursement of its own funds to the Approved Capital Projects in the amount of such Working Capital Portion, the Authority may request additional Capital Advances not to exceed the Maximum Working Capital Amount during the initial (1st) eighteen (18) month period following the Operational Date if the Authority's days cash on hand fall below the Minimum Working Capital Threshold. Except for any Working Capital Portion provided to the Authority in accordance with the terms of this Section 2.1(b), the Authority may not use any of the Capital Advances for any purpose other than the Approved Capital Projects. In addition to the Capital Advances, and to support successful implementation of the Strategic Initiatives, UCSD Health may also contribute: (i) staffing (clinical, technical, or administrative); (ii) procurement of software or hardware; (iii) third-party vendor

management related expertise and/or (iv) such other in-kind support as jointly determined by UCSD Health and the CEO of the Authority in their reasonable discretion (collectively, the “In-Kind Contributions”). The Authority will promptly acknowledge in writing each discrete delivery of Capital Advances and, if and when requested by UCSD Health, each In-Kind Contribution. For the avoidance of doubt, the In-Kind Contributions will not be a credit against the Maximum Capital Amount.

(c) Access to Maximum Capital Amount. With the exception of the first Working Capital Portion, the Authority must submit written draw requests to UCSD Health not more frequently than once per calendar month to draw any amounts on any Capital Advances. Each draw request is subject to UCSD Health’s review and approval, including a description of the specific use to which the funds will be applied and evidence of payment on any prior work funded with Capital Advances (e.g., invoices and lien waivers). Notwithstanding anything to the contrary, in the event the Authority Board determines that a portion of the Capital Advances are necessary for working capital or other non-Approved Capital Project expenses, the Authority must submit a written draw request detailing same, in accordance with the provisions of this Section 2.1(c), and UCSD Health will review and consider such request. UCSD Health must ensure disbursement of Capital Advances in satisfaction of the draw request within thirty (30) days following approval. At all times, UCSD Health has the right, upon reasonable notice, to monitor the progress of the Approved Capital Projects, and to participate in meetings and inspections relating to the Approved Capital Projects, at its cost and expense. Change orders or amendments to any Approved Capital Project plans, or expenditures exceeding the approved budget require UCSD Health’s prior written consent. In the event the Authority accesses the Maximum Capital Amount of the Capital Advances without completion of the Strategic Initiatives, the Authority will bear sole responsibility for all additional costs associated with completing the Strategic Initiatives, unless UCSD Health agrees in writing to provide additional funding. The Authority will use its own funds, subject to the terms of the Master Indenture, for the payment of the Approved Capital Projects regardless of whether the Authority has accessed the Maximum Capital Amount of the Capital Advances. The Authority will provide UCSD Health with quarterly reports detailing the status of construction, expenditures of funds, and utilization of in-kind contributions, as applicable. UCSD Health and its representatives will have the right, upon reasonable prior notice, to inspect Approved Capital Projects site(s), review relevant financial records, and audit expenditures of each Approved Capital Project funded in whole or in part with the Capital Advances. Upon completion of all Approved Capital Projects or full expenditure of the Maximum Capital Amount, whichever occurs first, UCSD Health will deliver to the Authority a written confirmation of the total amount contributed to the Strategic Initiatives, including as In-Kind Contribution (the “Strategic Initiative Contribution Amount”).

2.2 Contribution. In the event the value of the total amount of the UCSD Contributed Assets must be determined before the final amount of any of the Pre-Authority Advance Contribution Amount or the Strategic Initiative Contribution Amount has been determined in accordance with the provisions of Section 2.1, UCSD Health may determine the value of the UCSD Contributed Assets as of such date based on contributions made, whether by cash, loan, advance, forgiveness of same, or In-Kind Contributions. UCSD Health may, but is not required to, engage a third party consultant to value any In-Kind Contributions; provided, however, that no In-Kind Contribution will be treated as a Contribution Credit unless or until the value of such In-Kind Contribution has been determined by an independent third party valuation consultant.

2.3 Contribution Credit. The Parties expressly acknowledge, covenant and agree that the full value of the UCSD Contributed Assets (including for avoidance of doubt all Pre-Authority Advances and the Credit Line, unless or until any repayment of same is made) must be treated as a dollar-for-dollar Contribution Credit under the terms of the Joint Powers Agreement for purposes of measuring the net value of the contributions made by each of Palomar and UCSD Health to the Authority, including for purposes of evaluating the aggregate offset to be applied against any purchase price to be paid pursuant to the exercise of any applicable Option by UCSD Health, the amount of any operating or liquidating distribution to be made to UCSD Health pursuant to the Joint Powers Agreement, or otherwise. Notwithstanding anything to the contrary herein, no distribution shall be double counted for purposes of determining the amount of the Contribution Credit.

3. REPRESENTATIONS AND WARRANTIES OF THE PARTIES.

3.1 UCSD Health; Organization; Authority. UCSD Health represents and warrants that (a) it is duly organized, validly existing, and in good standing under the laws of the State of California; (b) it has the full right, power, and authority to enter into and perform its obligations under this Agreement; (c) the execution of this Agreement by its representative whose signature is set forth at the end of this Agreement has been duly authorized by all necessary corporate or organizational action; and (d) assuming the due execution and delivery of this Agreement by the Authority, when executed and delivered by UCSD Health, this Agreement will constitute a legal, valid, and binding obligation of UCSD Health, enforceable against UCSD Health in accordance with its terms.

3.2 The Authority; Organization; Authority. The Authority represents and warrants that (a) it is duly organized, validly existing and in good standing under the laws of the State of California; (b) it has the full right, power, and authority to enter into and perform its obligations under this Agreement; (c) the execution of this Agreement by its representative whose signature is set forth at the end of this Agreement has been duly authorized by all necessary corporate or organizational action; and (d) assuming the due execution and delivery of this Agreement by UCSD Health, when executed and delivered by the Authority, this Agreement will constitute a legal, valid, and binding obligation of the Authority, enforceable against the Authority in accordance with its terms. Obligated Group Member. The Authority represents and warrants that it is, or as of the Operational Date will be, an Obligated Group Member (as defined in the Master Indenture), along with Palomar and PHMG under the terms of the Master Indenture. COVENANTS.

4.1 Parties' Consents and Approvals. The Parties will cooperate in good faith to obtain all government and regulatory approvals, and all third party consents, approvals and actions, necessary for UCSD Health to convey the UCSD Contributed Assets to the Authority and for the Authority to accept the UCSD Contributed Assets (collectively, the "Approvals"). The Parties will use good faith efforts to obtain all Approvals prior to the Operational Date, and for any Approval not timely obtained, the Parties will continue to seek such Approval thereafter and may, to the extent possible, seek such alternate methods of providing the Authority the benefit of all UCSD Contributed Assets.

4.2 Further Assurances. Subject to Section 4.1, the Parties agree that from time to time on or after the Operational Date, they will, at the Authority's reasonable cost and expense, promptly execute, acknowledge, and deliver, and will cause to be executed, acknowledged, and delivered, all such further acts, certificates, assignments, transfers, conveyances, powers of attorney, assurances, and other documents as may be reasonably requested by the other Party hereto to perfect the contribution of the UCSD Contributed Assets and to carry out the terms of this Agreement, provided that the same are consistent with this Agreement.

4.3 Advance Documents. The Authority covenants and agrees that it will enter into any agreements, assignments or other documents as necessary to become co-obligated with Palomar under the terms the Pre-Authority Loan Documents, the Credit Line Documents, any new loan, advance or other documents necessary to provide for the other UCSD Contributed Assets herein, as applicable, and any and all security agreements, mortgages, or deeds of trust necessary to continue to provide UCSD Health with the security interests in and to the Contributed Assets in connection with any funds advanced to Palomar or the Authority, whether directly or by assignment, from UCSD Health.

5. TERM AND TERMINATION.

5.1 Term. This Agreement will commence on the Operational Date and will remain in effect until the earliest to occur of: (i) the full disbursement of all UCSD Contributed Assets to the Authority and the application of a Contribution Credit for all such UCSD Contributed Assets to the purchase of any Authority Asset(s) by UCSD Health whether pursuant to one of its Options or otherwise; or (ii) the termination of the Joint Powers Agreement and the dissolution of the Authority, at which time UCSD Health will receive a Contribution Credit for all UCSD Contributed Assets in accordance with the terms of the Joint Powers Agreement.

5.2 Default by the Authority. Notwithstanding anything herein to the contrary, the Authority will be in default under this Agreement if any one (1) or more of the following events occur:

(a) The Authority fails to keep, perform or observe a material covenant, agreement, term, provision, warranty, or representation under this Agreement and such failure causes a material disruption to the continued operation of the Hospitals and the Authority fails to cure such default within sixty (60) days after receiving written notice from UCSD Health thereof; provided that if the time to cure cannot reasonably be completed within such sixty (60) day period, the Authority will not be in default so long as it has commenced to cure such failure in good faith as soon as possible within such sixty (60) day period and thereafter diligently pursued completion of same;

(b) The Authority is terminated; or

(c) A petition for bankruptcy is filed by or against the Authority, a receiver is appointed on account of the Authority's insolvency, or any assignment is made of the Authority's business for the benefit of its creditors.

5.3 Default by UCSD Health. Notwithstanding anything herein to the contrary, UCSD Health will be in default under this Agreement if UCSD Health fails to keep, perform observe a

material covenant, agreement, term, provision, warranty, or representation under this Agreement and such failure causes a material disruption to the continued operation of the Hospitals and UCSD Health fails to cure such default within sixty (60) days after receiving written notice from the Authority thereof; provided that if the time to cure cannot reasonably be completed within such sixty (60) day period, UCSD Health will not be in default so long as it has commenced to cure such failure in good faith as soon as possible within such sixty (60) day period and thereafter diligently pursued completion of same.

6. **POST-CLOSING MATTERS.**

6.1 **Further Assurances.** Each Party will at any time and from time to time from and after the Operational Date, upon request of the Authority: (i) enter into any agreement contemplated hereby or by the other documents and agreements delivered in connection herewith; and (ii) execute, acknowledge and deliver or cause to be done, executed and delivered all such further acts, deeds, assignments, transfers, conveyances and assurances as may be reasonably required to effect the contribution or the other transactions contemplated by this Agreement and the other documents and agreements contemplated hereby or delivered in connection herewith.

6.2 **Information.** In addition, each Party will cooperate with the other after the Operational Date by providing without additional consideration (except as set forth below) and promptly upon request, copies of such records and other information regarding the UCSD Contributed Assets as may be reasonably requested from time to time by the Authority, and in particular as necessary for the preparation or audit of federal, state and local income and other tax returns, third party reimbursement filings, audits (including those by third party payors), third party disputes, refund claims and other valid business purposes. The Authority will pay the reasonable out-of-pocket expenses of the Party providing such information.

7. **MISCELLANEOUS.**

7.1 **Notices.** Any notice, demand, letter or other communication required, permitted, or desired to be given hereunder will be deemed effectively given when either personally delivered, or when received by electronic means (including email) or overnight courier, or five (5) calendar days after being deposited in the United States mail, with postage prepaid thereon, certified or registered mail, return receipt requested, addressed as follows:

If to UCSD Health:

UC San Diego Health
9500 Gilman Drive, MC 0933
San Diego, CA 92093
Attn: Chief Health Counsel
Email: vmarsich@ucsd.edu

With a copy to (which will not constitute notice):

Sheppard Mullin Richter & Hampton LLP
Four Embarcadero Center, 17th Floor
San Francisco CA 94111

Attn: Eric Newsom, Esq. & Timothy Reimers, Esq.
Email: enewsom@sheppardmullin.com
treimers@sheppardmullin.com

If to the Authority:

Palomar UCSD Health Authority
2125 Citracado Parkway, Suite 300
Escondido, CA 92029
Attention: Chief Executive Officer
E-Mail: _____¹

With a copy to:

Palomar UC San Diego Health Authority
2125 Citracado Parkway, Suite 300
Escondido, CA 92029
Attention: Chief Legal Officer
Email: _____

With a copy to (which will not constitute notice):

Best Best & Krieger LLP
1333 N. California Blvd., Suite 220
Walnut Creek, CA 94596
Attention: Noël Caughman
Email: noel.caughman@bbklaw.com

or at such other address as one Party may designate by notice hereunder to the other Parties.

7.2 Legal Fees and Costs of Disputes. In the event a Party incurs reasonable legal expenses to enforce or interpret any provision of this Agreement by mediation, arbitration or judicial means, the prevailing Party will be entitled to recover such reasonable legal expenses, including attorney's fees, costs and necessary disbursements, in addition to any other relief to which such Party will be entitled.

7.3 Choice of Law. The Parties agree that all disagreements, disputes or claims arising out of or relating to this Agreement or the Contemplated Transaction will be governed by and construed in accordance with the applicable Law of the State of California without giving effect to any choice or conflicts of Law provision or rule thereof that would result in the application of the applicable Law of any other jurisdiction other than the applicable Law of the United States of America, where applicable.

7.4 Benefit; Assignment; Delegation. Subject to provisions herein to the contrary, this Agreement will inure to the benefit of and be binding upon the Parties and their respective legal

¹ **Note to Draft:** Please provide email addresses for CEO and CLO of Authority.

representatives, successors and permitted assigns and delegates. No Party may assign any of its rights hereunder or delegate any of its duties hereunder without the prior written consent of the other Parties.

7.5 Legal Advice and Reliance. Except as expressly provided in any Transaction Agreement, none of the Parties (nor any of the Parties' respective Representatives) has made or is making any representations to any other Party (or to any other Party's Representatives) concerning the consequences of the Contemplated Transactions under applicable Law, including Tax-related Laws or under the Laws governing the Government Programs. Except for the representations and warranties made in any Transaction Agreement, each Party has relied solely upon the Tax, Government Program and other advice of its own Representatives engaged by such Party and not on any such advice provided by any other Party.

7.6 Cost of Transaction. Except as otherwise provided in this Agreement, each Party will bear and pay its own costs and expenses relating to the preparation of the Transaction Agreements and to the transactions contemplated by, or the performance of or compliance with any condition or covenant set forth in, the Transaction Agreement, including the disbursements and fees of their respective attorneys, accountants, advisors, agents and other Representatives, incidental to the preparation and carrying out of the Transaction Agreement, whether or not the Contemplated Transactions are consummated. If any action is brought by any Party to enforce any provision of this Agreement, the prevailing Party will be entitled to recover its court costs and reasonable attorneys' fees. As used herein, the term "Reasonable Attorneys' Fees" means reasonable attorneys' fees actually incurred at standard hourly rates.

7.7 Waiver of Breach. The waiver by any Party of a breach or violation of any provision of this Agreement will not operate as, or be construed to constitute, a waiver of any subsequent breach of the same or other provision hereof.

7.8 Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future Law, and if the rights or obligations of the Authority or UCSD Health under this Agreement will not be materially and adversely affected thereby, (a) such provision will be fully severable, (b) this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, (c) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement and (d) in lieu of such illegal, invalid or unenforceable provision, there will be added automatically as a part of this Agreement a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible.

7.9 No Inferences; Sophisticated Parties. Each Party acknowledges and agrees to the following: (a) all of the Parties are sophisticated and represented by experienced healthcare and transactional counsel in the negotiation and preparation of this Agreement; (b) this Agreement is the result of lengthy and extensive negotiations between the Parties and an equal amount of drafting by all Parties; (c) this Agreement embodies the justifiable expectations of sophisticated parties derived from arm's-length negotiations; and (d) no inference in favor of, or against, any Party will be drawn from the fact that any portion of this Agreement has been drafted by or on behalf of such Party.

7.10 Divisions and Headings of this Agreement. The divisions of this Agreement into sections and subsections and the use of captions and headings in connection therewith are solely for convenience and has no legal effect in construing the provisions of this Agreement.

7.11 Entire Agreement; Amendment. This Agreement, together with the other Transaction Agreements represents the entire agreement between the Parties with respect to the subject matter of this Agreement and supersede all prior or contemporaneous oral or written understandings, negotiations, letters of intent, or agreements between the Parties. No modifications of, amendments to, or waivers of any rights or duties under this Agreement will be valid or enforceable unless and until made in writing and signed by all Parties.

7.12 Multiple Counterparts. This Agreement may be executed in any number of counterparts, each and all of which will be deemed an original and all of which together will constitute but the same instrument. The facsimile signature of any Party or other Person to this Agreement or any other Transaction Agreement or a PDF copy of the signature of any Party or other Person to this Agreement or any other Transaction Agreement delivered by electronic mail for purposes of execution or otherwise, is to be considered to have the same binding effect as the delivery of an original signature on an original contract.

7.13 Exhibits. All of the Exhibits to this Agreement are incorporated into this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned have set their hands and seals as of the date first set forth above.

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA, on behalf of UC San Diego Health, a California constitutional corporation organized and existing pursuant to Article IX, Section 9 of the Constitution of the State of California

Name:

Title:

Date:

[Signature Page to UCSD Contribution Agreement]

**PALOMAR UCSD HEALTH AUTHORITY, a
joint exercise of powers authority created under the
laws of the State of California**

Name:
Title:
Date:

[Signature Page to UCSD Contribution Agreement]

EXHIBIT A

Definitions and References

“**Advances**” has the meaning set forth in the recitals to this Agreement.

“**Affiliate**” means, with respect to any Person, any other Person that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. For this purpose, “control” will include the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of memberships, securities, election, or appointment of directors, by contract or otherwise.

“**Agreement**” has the meaning set forth in the preamble to this Agreement.

“**Approved Capital Projects**” has the meaning set forth in **Section 2.1(b)** of this Agreement.

“**Authority**” has the meaning set forth in the preamble to this Agreement.

“**Authority Assets**” means the assets of the Authority, including for the avoidance of doubt, the Contributed Assets and the Retained Assets, after such assets are contributed to the Authority.

“**Authority Board**” means the Authority governing board of as specified in the Joint Powers Agreement.

“**Borrower**” has the meaning set forth in the recitals to this Agreement.

“**Business**” means the business of delivering healthcare services to the public through the ownership, leasing, and operation of the Facilities, including the operation of the Hospitals, the operation of a skilled nursing facility, the ownership of certain interests in related entities offering healthcare services (including ambulatory surgery centers), and the provision of outpatient and other healthcare businesses incidental to the operation of the Facilities, including the Hospitals as well as any and all other businesses owned, managed, acquired, developed, operated or conducted by Palomar, whether directly or indirectly.

“**Capital Advances**” has the meaning set forth in **Section 2.1(b)** of this Agreement.

“**Closing Agreement**” means the Amended and Restated Closing Agreement dated as of May 31, 2026 by and among Palomar, UCSD Health and the Authority.

“**Contemplated Transactions**” means, collectively, the transactions contemplated by, or related to, this Agreement and the other Transaction Agreements, including (a) the contribution of the Contributed Assets and (b) the execution, delivery, and performance of this Agreement and the other Transaction Agreements.

“**Contract**” means any legally binding oral or written commitment, contract, lease, sublease, license, sublicense, guaranty, contractor or equipment warranty, services agreement,

indenture, or other agreement or arrangement of any kind and all amendments, side letters, modifications and supplements thereto.

“Contribution Credits” means: (i) an amount equal to the aggregate outstanding principal and interest of the Advances as of the date of application, but only to the extent that such Advances have been converted forgiven and/or applied as a credit against a purchase price, not as a remedy for unpaid debt, plus (ii) any other money advanced, loaned, or otherwise made available and other capital, service line, or other contributions made by UCSD Health to or on behalf of the Authority, Palomar or any of their respective Affiliates at any time; and (iii) as applicable, an amount equal to the value (as determined by an independent fair market value analysis) of any other contributions made by UCSD Health, including any In-Kind Contributions, that have increased the value of the Authority, the Authority Assets or the Business and for which UCSD Health did not otherwise receive full compensation; or such other credits as may be described in the Joint Powers Agreement, as amended. For the avoidance of doubt, Contribution Credits will not be deemed to represent any unpaid loan principal or any unpaid debt, but rather constitute a bona fide contribution or purchase price offset, and exercise of any Option and application of any Contribution Credit operates as a conversion and satisfaction of the relevant Advances, not a cumulative recovery.

“Credit Agreement” has the meaning set forth in the recitals to this Agreement.

“Credit Line” has the meaning set forth in the recitals to this Agreement.

“Credit Line Documents” has the meaning set forth in the recitals to this Agreement.

“Effective Date” has the meaning set forth in the preamble to this Agreement.

“EPIC” has the meaning set forth in the recitals to this Agreement.

“Escondido Hospital” has the meaning set forth in the recitals to this Agreement.

“Escondido Improvements” means all structures, buildings, improvements, and other fixtures located on the Escondido Land, including the Escondido Hospital, the parking garage at Escondido Hospital, the power plant at Escondido Hospital, the Kindred Rehab Clinic, and the PHOC MOBs, and all apparatus, equipment, and appliances used in connection with the operation or occupancy thereof.

“Escondido Land” means that real property located in and around Escondido, California, as more specifically described on **Schedule 2.1(a)(ii)** of the Initial Contribution Agreement.

“Existing Advances” has the meaning set forth in the recitals to this Agreement.

“Existing Loan Documents” has the meaning set forth in the recitals to this Agreement.

“Facilities” means the Poway Facilities and the Retained Facilities.

“General Obligation Bonds” means (a) all contracts, agreements, amendments, assets, revenues and liabilities of, regarding or related to Palomar’s (i) General Obligation Refunding

Bonds, Series 2016A, (ii) General Obligation Refunding Bonds, Series 2016B, (iii) General Obligation Bonds, Election of 2004, Series 2010A, (iv) General Obligation Bonds, Election of 2004, Series 2009A, and (iv) General Obligation Bonds, Election of 2004, Series 2007A, and the assets and revenues set aside for the payments of any liabilities related thereto.

“Government Programs” means the Medicare (including Medicare Part D and Medicare Advantage), Medicaid, Medicaid-waiver and CHAMPUS/TRICARE programs, any other similar or successor federal health care program (as defined in 42 U.S.C. §1320a-7b(f)) and any similar state or local programs.

“Governmental Authority” or **“Governmental Authorities”** means all agencies, authorities, bodies, boards, commissions, courts, instrumentalities, legislatures, and offices of any nature whatsoever of any federal, state, county, district, municipal, city, or other government or quasi-government unit or political subdivision.

“Hospitals” has the meaning set forth in the recitals to this Agreement.

“Improvements” means the Escondido Improvements and the Poway Improvements.

“In-Kind Contribution” has the meaning set forth in **Section 2.1(b)** of this Agreement.

“Initial Palomar Contributed Assets” the meaning set forth in the recitals to this Agreement.

“Initial Contribution Agreement” has the meaning set forth in the recitals to this Agreement.

“Initial UCSD Loan Agreement” has the meaning set forth in the recitals to this Agreement.

“Initial UCSD Loan Documents” means documents related to the Initial UCSD Loan Agreement.

“Joint Powers Agreement” has the meaning set forth in the recitals to this Agreement.

“JPA Option” has the meaning set forth in **Section 2.1(a)(i)** to this Agreement.

“Law” will mean, with respect to any Person, all statutes, ordinances, codes, rules or regulations of any Governmental Authority as may be amended from time to time, including for the avoidance of doubt the JPA Act and the Marks-Roos Local Bond Pooling Act of 1985, and any restrictions, judgments, Orders, writs, injunctions, decrees, determinations or awards of any Governmental Authority having jurisdiction over such Person or any of such Person’s assets or businesses.

“Master Indenture” has the meaning set forth in the recitals to this Agreement.

“Master Trustee” has the meaning set forth in the recitals to this Agreement.

“**Material Governmental Consents**” will mean each Approval, consent, or authorization identified on Schedule 1 of the Joint Powers Agreement which must have been obtained and must be in full force and effect.

“**Material Non-Governmental Consents**” will mean each Approval, consent, or authorization identified on Schedule 2 of the Joint Powers Agreement which must have been obtained and must be in full force and effect.

“**Maximum Capital Amount**” has the meaning set forth in **Section 2.1(b)** of this Agreement.

“**Maximum Working Capital Amount**” has the meaning set forth in **Section 2.1(b)** of this Agreement.

“**Minimum Working Capital Threshold**” has the meaning set forth in **Section 2.1(b)** of this Agreement.

“**Obligated Group**” means all Obligated Group Members.

“**Obligated Group Member**” means each Person which is obligated under the Master Indenture to the extent and in accordance with the provisions of Sections 3.07 and 3.08 thereof, from and after the date upon which such Person joins the Obligated Group, but excluding any Person which withdraws from the Obligated Group to the extent and in accordance with the provisions of Section 3.09 thereof, from and after the date of such withdrawal.

“**October Advance**” has the meaning set forth in the recitals to this Agreement.

“**Operational Date**” the first date on which any portion of the Business is owned, used, or operated by the Authority, whether under the Initial Contribution Agreement or otherwise, and which date is also conditioned on receipt of the final Material Governmental Consents and Material Non-Governmental Consents, as further defined and described in the Joint Powers Agreement.

“**Options**” has the meaning set forth in **Section 2.1(a)(i)** to this Agreement

“**Palomar**” has the meaning set forth in the preamble to this Agreement.

“**Party**” or “**Parties**” has the meaning set forth in the preamble to this Agreement.

“**Person**” means an individual, corporation, limited liability company, firm, association, partnership, trust or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

“**PHMG**” has the meaning set forth in the recitals to this Agreement.

“**PHOC MOBs**” means the three medical office buildings situated on a portion of the Escondido Land commonly referred to as Palomar Health Outpatient Center 1 , Palomar Health Outpatient Center 2, and Palomar Health Outpatient Center 3.

“Poway Appurtenances” means all rights, privileges, easements, and appurtenances to the Poway Facilities or the Poway Land and the Improvements, including all of Palomar’s or PHMG’s right, title and interest in and to all minerals, oil, gas, other hydrocarbon substances and water rights owned by Palomar relating to the Poway Facilities or the Poway Land, and all easements, rights-of-way, and other appurtenances used or connected with the beneficial use or enjoyment of the Poway Land.

“Poway Facilities” will mean (i) the Poway Hospital, (ii) a skilled nursing facility situated on a portion of the Poway Land commonly referred to as The Villas at Poway, (iii) a medical office building situated on a portion of the Poway Land commonly referred to as Pomerado Outpatient Pavilion, (iv) a parking structure situated on a portion of the Poway Land, (v) the other facilities identified on Schedule 1 of the Initial Contribution Agreement, and (vi) certain other improvements and structures on the Poway Land.

“Poway Hospital” has the meaning set forth in the recitals to this Agreement.

“Poway Improvements” means all structures, buildings, improvements, and other fixtures located on the Poway Land, and all apparatus, equipment, and appliances used in connection with the operation or occupancy of the Poway Facilities or the Poway Land

“Poway Land” means certain real property located in and around Poway, California, as more specifically described on **Schedule 2.1(a)(i)** of the Initial Contribution Agreement.

“Poway Real Property” means the Poway Appurtenances, Poway Land and the Poway Improvements.

“Pre-Authority Advance Contribution Amount” has the meaning set forth in **Section 2.1(a)(i)** to this Agreement.

“Pre-Authority Advances” has the meaning set forth in the recitals to this Agreement.

“Pre-Authority Loan Documents” has the meaning set forth in the recitals to this Agreement.

“Qualified Provider” means any financial institution or insurance company which is a party to a Financial Product Agreement if (i) the unsecured long-term debt obligations of such financial institution or insurance company (or of the parent or a subsidiary of such financial institution or insurance company if such parent or subsidiary guarantees or otherwise assures the performance of such financial institution or insurance company under such Financial Product Agreement), or (ii) obligations secured or supported by a letter of credit, contract, guarantee, agreement, insurance policy or surety bond issued by such financial institution or insurance company (or such guarantor or assuring parent or subsidiary), are rated in one of the three highest rating categories of a national rating agency (without regard to any gradation or such rating category) at the time of the execution and delivery of the Financial Product Agreement.

“Reasonable Attorneys’ Fees” has the meaning set forth in **Section 7.6** of this Agreement.

“**Real Property**” means the Poway Real Property and the Escondido Real Property (including the TIC Property Interest therein and the Retained Real Property).

“**Related Supplement**” means an indenture supplemental to, and authorized and executed pursuant to the terms of, the Master Indenture.

“**Retained Asset Contribution Agreement**” means that certain Contribution Agreement to be entered into by and between Palomar and the Authority providing for the contribution of all Retained Assets upon receipt of all Retained Asset Contribution Approvals.

“**Retained Asset Contribution Approvals**” means all consents and approvals necessary to contribute and fully transfer all but not less than all of the Retained Assets to the Authority.

“**Retained Assets**” means the Retained Facilities, the Retained Land, and all other assets owned by Palomar which were not previously contributed to the Authority pursuant to the Initial Contribution Agreement, other than any rights in and to the General Obligation Bonds.

“**Retained Facilities**” means the Escondido Hospital and all other buildings, structures, improvements, fixtures, and other facilities on the Retained Land or in which Palomar otherwise holds an ownership, leasehold, easement estate, or other interest which do not constitute Poway Land or TIC Property Interest (or otherwise part of the Contributed Assets).

“**Retained Land**” means all land in which Palomar holds an ownership, leasehold, easement estate or other real property interest, including without limitation that certain real property located in Escondido, California on which the Escondido Hospital is situated and which Palomar did not previously transfer all of its ownership, leasehold, easement or other interest in and to such real property to the Authority pursuant to the terms the Initial Contribution Agreement, together with all buildings, structures, improvements, fixtures situated thereon and all rights, privileges, easements, and appurtenances related thereto.

“**Retained Real Property**” means all land in which Palomar, PHMG or PHD holds an ownership, leasehold, easement estate or other real property interest, including without limitation that certain real property located in Escondido, California on which the Escondido Hospital is situated and which do not constitute Poway Real Property or TIC Property Interest, together with all buildings, structures, improvements, fixtures situated thereon and all rights, privileges, easements, and appurtenances related thereto.

“**Second UCSD Loan Agreement**” has the meaning set forth in the recitals to this Agreement.

“**Second UCSD Loan Documents**” has the meaning set forth in the recitals to this Agreement.

“**Strategic Initiative Contribution Amount**” has the meaning set forth in **Section 2.1(c)** of this Agreement.

“**Strategic Initiatives**” has the meaning set forth in the recitals to this Agreement.

“**Third UCSD Loan Agreement**” has the meaning set forth in the recitals to this Agreement.

“**Third UCSD Loan Documents**” has the meaning set forth in the recitals to this Agreement.

“**TIC Property Interests**” means an undivided [nineteen and a half percent (19.5%)]² tenant-in-common interest in, to, and under the Escondido Land and all structures, buildings and improvements thereon and all furniture, fixtures and equipment therein pursuant to the terms of the Initial Contribution Agreement.

“**Tax**” means (a) all federal, state, local, foreign or other Taxes, including any income, gross receipts, license, payroll, employment (including employee withholding or employer payroll Tax, FICA or FUTA), excise, severance, stamp, occupation, premium, windfall profits, environmental, customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, stamp, capital, gains, sales, use, transfer, registration, liability or obligation under escheat or abandoned or unclaimed property Laws, value added, alternative or add-on minimum, estimated, or other Tax, assessment, charge, levy or fee of any kind whatsoever (however denominated), including interest or penalties thereon, additions to Tax and additional amounts with respect thereto that are due or alleged to be due to any Governmental Authority, whether disputed or not and (b) and any liability with respect to the foregoing as a result of being or formerly having been a member of any affiliated, consolidated, unitary or similar group or as a result of any transferee or successor liability in respect of the foregoing, or any obligation to indemnify or pay any of the foregoing to or on behalf of another Person, whether arising as a result of any Contract, by operation of Law, or otherwise.

“**TIC Agreement**” means the Tenant in Common Agreement dated May 31, 2026 by and between Palomar and the Authority.

“**Transaction Agreement**” means this Agreement, the Joint Powers Agreement, the Employee Lease Agreement, the Use Agreement, the Pre-Operational Option Agreement, the Post-Operational Option Agreement, the Tax Revenue Contribution Agreement, the Closing Agreement, the Pre-Authority Loan Documents, the Initial Contribution Agreement, the TIC Agreement, and the other certificates, instruments, and documents prepared, executed, and delivered pursuant to this Agreement or in connection with this Agreement.

“**UCSD Contributed Assets**” has the meaning set forth in **Section 2.1** of this Agreement

“**UCSD Health**” has the meaning set forth in the preamble to this Agreement.

“**Use Agreement**” means the Use Agreement dated May 31, 2026 by and between Palomar and the Authority.

“**Working Capital Portion**” has the meaning set forth in **Section 2.1(b)** of this Agreement.

² **Note to Draft:** Subject to update.

EXHIBIT B

Strategic Initiative

Note: The Approved Capital Projects listed below are general descriptions of the capital improvement projects to the Facilities. The reference to “IS Investment (inclusive of EMR)” in the list of capital projects below includes the EPIC implementation work described in the last recital of this Agreement. The specific project funding amounts and dates set forth below are estimates based on future projections. The actual timing, scope, and amount of capital investment into each of these capital improvement projects may vary based on operational needs, priorities, and other considerations as agreed to by the parties, provided that Capital Advances by UCSD Health will in any event be in the aggregate amount of One Hundred Sixty Million Dollars (\$160,000,000.00) in accordance with the terms set forth in this Agreement. No party makes any guarantee, commitment, or representation that the projects will be completed or funded according to the schedule provided below.

Capital Infusion Schedule

Latest available estimates around capital project timing at Palomar

(\$000s)										
Project	TI Cost	FFE Cost	Other	Total Cost		FY26	FY27	FY28	FY29	FY30
Build out two 1/2 floors Esc. Tower (+ elevators)	\$ 34,125	\$ 875	\$ -	\$ 35,000	\$	1,750	\$ 14,000	\$ 17,500	\$ 1,750	\$ -
Escondido Hospital Upgrades	9,000	1,000	-	10,000		500	8,000	1,500	-	-
Escondido Cancer Center (2125) build-out only	9,800	2,620	-	12,420		621	9,936	1,863	-	-
Escondido 2127 Build-Out	17,800	11,520	-	29,320		1,466	5,864	21,990	-	-
Poway Advanced Imaging Buildout	6,400	7,200	-	13,600		680	10,880	2,040	-	-
Poway Inpatient Conversion	13,000	800	-	13,800		-	675	5,700	6,750	675
IS Investment (inclusive of EMR)	-	-	35,000	35,000		8,750	26,250	-	-	-
Contingency	-	-	15,000	15,000		-	15,000	-	-	-
Working Capital Advance	-	-	10,000	10,000		10,000	-	-	-	-
Working Capital LOC	-	-	50,000	50,000		50,000	-	-	-	-
Total	\$ 90,125	\$ 24,015	\$ 110,000	\$ 224,140	\$	73,767	\$ 90,605	\$ 50,593	\$ 8,500	\$ 675

- Timing of Capital Investments provided by UCSD Strategy Team
- Total Cost of the Escondido Tower buildout is forecasted at \$80M with the remaining \$45M to be provided by Palomar Health via restricted bond funds
- This model excludes UCSD Cost of Capital

TENANCY-IN-COMMON AGREEMENT
(Palomar Medical Center Escondido)

THIS TENANCY-IN-COMMON AGREEMENT (“Agreement”) is entered into effective as of May 31, 2026 by and between Palomar Health, a California local healthcare district and political subdivision of the State of California organized pursuant to Division 23 of the California Health and Safety Code (“**Palomar**”), and Palomar UCSD Health Authority, a joint powers authority (the “**Authority**”) formed by Palomar and the Regents of the University of California, a California constitutional corporation organized and existing under Article IX, Section 9 of the Constitution of the State of California, on behalf of the University of California, San Diego Health. The Authority and Palomar may be referred to herein individually as a “**Co-Owner**” and collectively, as the “**Co-Owners**”. The capitalized terms used herein shall have the respective meanings assigned to such terms in Section 9.11 of this Agreement.

RECITALS :

A. Each Co-Owner owns an undivided interest (individually, an “**Undivided Interest**” and collectively, the “**Undivided Interests**”) in and to that certain real property described on **Exhibit “A”** attached hereto (the “**Land**”) and the improvements, buildings, structures and other fixtures located thereon and/or appurtenant thereto (collectively, the “**Improvements**”). The Land and the Improvements are collectively referred to herein as the “**Property**”. The respective percentage Undivided Interest (the “**Percentage Interests**”) of each Co-Owner in and to the Property is more particularly set forth on **Exhibit “B”** attached hereto.

B. The Co-Owners, as tenants-in-common, now desire to enter into this Agreement in order to provide for the ownership, maintenance, repair, leasing, operation and management of the Property, and to set forth such other covenants, terms and conditions regarding their tenancy-in-common with respect to the Property, as the Co-Owners deem appropriate.

NOW, THEREFORE, in consideration of the mutual covenants and obligations herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Co-Owners hereby agree as follows:

ARTICLE I
NATURE AND TERM OF THIS AGREEMENT

1.01 **Relationship of Co-Owners.** The Co-Owners intend and hereby declare that their relationship is that of fee owners of the Property as tenants-in-common, each as to an Undivided Interest therein equal to their respective Percentage Interests as more particularly set forth on **Exhibit “B”** attached hereto. The Co-Owners shall have all of the rights and privileges of that relationship which are provided under the laws of the State of California, except as such rights and privileges are modified by the terms of this Agreement. As soon as reasonably practicable following the execution of this Agreement, the Co-Owners shall execute, cause to be notarized and cause to be recorded in the Official Records of the San Diego County Recorder’s Office a

Memorandum of Tenancy-In-Common Agreement in the form attached hereto as **Exhibit “C”** for the purpose of providing notice of this Agreement.

1.02 Structure of the Agreement.

(a) No Partnership or Joint Venture. Neither the ownership of the Property by the Co-Owners, nor any of the provisions of this Agreement, nor any acts of the Co-Owners, nor any other circumstances, shall be deemed to create a partnership or joint venture with respect to the Property between the Co-Owners for any purpose whatsoever; provided, however, that nothing in this Section 1.02(a) shall be construed to negate, limit or otherwise affect the separate relationship of the Co-Owners under the Joint Exercise of Powers Agreement dated October 31, 2025 (as amended from time to time, the “**JPA Agreement**”). Each Co-Owner shall, in connection with the ownership of such Co-Owner’s Undivided Interest in the Property, take reasonable steps in dealing with third parties to negate any inference that a partnership or joint venture exists with respect to the tenant in common ownership of the Property, and all acts of each Co-Owner shall be consistent with such Co-Owner being a tenant-in-common holding an undivided interest in the Property. The Co-Owners shall not conduct business under a common name, execute any agreements identifying any or all of the Co-Owners as partners, shareholders or members of a partnership, corporation, limited liability company or other business entity, or otherwise hold themselves out as a partnership, corporation, limited liability company or other business entity (nor may the Co-Owners hold themselves out as partners, shareholders or members of a partnership, corporation, limited liability company or other business entity). Each Co-Owner must also take all reasonable steps, including the placement of appropriate notices and disclosures in correspondence, agreements, and public documentation regarding the Property, as may be deemed reasonably necessary by the Co-Owners to ensure that third parties are informed that the relationship among the Co-Owners as to the ownership of the Property is solely one of tenants-in-common and does not in and of itself constitute a partnership or joint venture. All actions taken by the Co-Owners in respect of the Property must be consistent with such tenancy-in-common relationship.

(b) Competing Activities. This Agreement shall not in any manner (i) limit the Co-Owners in carrying out their respective separate businesses or activities, (ii) impose upon any Co-Owner any fiduciary duty by reason of such Co-Owner carrying on such separate businesses or activities, (iii) limit the ability of the Co-Owners to engage in activities that compete with the Property, (iv) create any agency relationship between the Co-Owners except as herein expressly provided, or (v) impose upon any Co-Owner any liability or obligation except as herein expressly provided.

(c) No Authority to Bind. Except as otherwise expressly provided in this Agreement, no Co-Owner shall have any authority to act for, or to assume any obligations or responsibility on behalf of, any other Co-Owner.

1.03 Term of this Agreement. This Agreement shall be in effect for a term commencing as of the date hereof and shall continue until the first to occur of: (a) the acquisition by the Authority of all interests in and to the Property; (b) the sale or other disposition of all of the

Property; (c) the date upon which any Co-Owner shall have closed and consummated the purchase of the entire Undivided Interests of the other Co-Owner; or (d) the affirmative written consent of all of the Co-Owners.

ARTICLE II

MANAGEMENT OF THE PROPERTY; TAX RETURNS AND BANK ACCOUNTS

2.01 Use Agreement. Concurrently with the execution of this Agreement, the Authority and Palomar entered into a Use Agreement dated of even date herewith (the “**Use Agreement**”), providing the Authority with the right to use and derive certain economic benefits from Palomar’s Percentage Interest in the Property. For so long as the Use Agreement remains in place, the rights and responsibilities for the maintenance, repair, management, leasing and operation of Palomar’s Percentage Interest in the Property, shall be subject to the terms and conditions set forth in the Use Agreement.

2.02 Management.

(a) Management of Percentage Interest. Except as otherwise provided in this Agreement (or as may be otherwise provided in the Use Agreement), each Co-Owner shall manage all facets of such Co-Owner’s Percentage Interest.

(b) Unanimous Decisions. Except as otherwise provided in this Agreement (or as may be otherwise provided in the Use Agreement), the unanimous written approval of all of the Co-Owners shall be required before: (i) any sale of the entire Property; (ii) any lease or re-lease of all or any significant portion of the Property; (iii) any termination of any lease that relates to all or any significant portion of the Property; (iv) any negotiation, re-negotiation and approval of any indebtedness secured by any mortgage or deed of trust recorded against all or substantially all of the Property; (v) the hiring of any manager for the Property and the negotiation, renegotiation, approval of any management contract or agreement with any such manager (and any extension or renewal of any such contract or agreement); (vi) the repair, restoration or improvement of the Property, other than day to day maintenance involving an expenditure of less than one hundred thousand dollars (\$100,000); (vii) entering into any agreement which would encumber the other Co-Owner’s Undivided Interest; or (viii) commencing, prosecuting, defending or settling any litigation, arbitration, mediation or other dispute resolution procedure regarding the Property.

(c) All Other Decisions. Except as otherwise provided in this Agreement (or as may be otherwise provided in the Use Agreement), all actions with respect to the Property that do not require the unanimous consent of all of the Co-Owners pursuant to Section 2.02(b) above or elsewhere in this Agreement shall only require the approval of a Majority in Interest of the Co-Owners.

2.03 Payment of Expenses. Except as may be otherwise provided in the Use Agreement, the Co-Owners hereby agree that any proceeds realized from the Property shall be applied first in payment of expenses arising from or associated with the ownership and operation of the Property,

unless such other costs, expenses and/or payments are unanimously approved by the Co-Owners in writing.

2.04 Tax Returns. Except as may be otherwise provided in the Use Agreement, each Co-Owner, at such Co-Owner's expense, shall be responsible for the preparation and filing of such Co-Owner's federal and state income tax returns relative to such Co-Owner's Percentage Interest in the Property, and shall be entitled to make any and all allowable elections with respect thereto independently of the other Co-Owners and the Co-Owners shall not file a partnership or corporate tax return, or any other similar return with respect to the Property.

ARTICLE III

DISTRIBUTION OF CASH FLOW; COORDINATION WITH THE USE AGREEMENT

3.01 Distribution of Cash Flow. Subject to the rights of the Authority under the Use Agreement (including without limitation the right to derive all economic benefit from the Property pursuant to Section 1.1 of the Use Agreement), Cash Flow from ownership of the real property comprising the Property shall be allocated among the Co-Owners in accordance with their respective Percentage Interests; provided, however, that nothing in this Section 3.01 shall limit, diminish or otherwise affect the Authority's rights and obligations under the Use Agreement, including the right to use, occupy or derive economic benefits from the Property. In the event of any conflict between the terms of this Agreement and the Use Agreement, the terms of the Use Agreement will control.

ARTICLE IV

SALE OR LEASE; COMPENSATION

4.01 Restrictions and Limitations on the Co-Owners. Except as otherwise provided in this Agreement (or as may be otherwise provided in the Use Agreement), no Co-Owner acting individually shall have any rights, duties or obligations with respect to the other Co-Owner's Undivided Interests and no Co-Owner shall have any authority (i) to act on or assume any liability or responsibility on behalf of any other Co-Owner in any business dealings involving such other Co-Owner's Undivided Interest with any third party including, without limitation, any tenants of such other Co-Owner's Undivided Interest and/or creditors of such other Co-Owner, or (ii) to purport or represent to any other person that such Co-Owner has any such authority.

4.02 Compensation for Services. Except as may be otherwise provided in the Use Agreement, no Co-Owner shall be entitled to receive under this Agreement any compensation or reimbursement from any source for any services rendered with respect to, or in connection with, the Property.

ARTICLE V

ACCOUNTING

5.01 Location and Availability of Records. All books and records of the Property shall be kept at a location as may be agreed upon by the Co-Owners, and shall, during regular business hours, be available for inspection and duplication by the Co-Owners and their designated

representatives including, without limitation, attorneys, auditors, and accountants, at the expense of the relevant Co-Owner.

5.02 Commingling of Funds. There shall be no commingling of the monies and funds of the Co-Owners with respect to the Property or any activity undertaken by any Co-Owner with respect to the Property.

ARTICLE VI **LIMITATION ON LIABILITY**

6.01 Limitation on Liability. The Co-Owners shall perform their obligations under this Agreement with ordinary prudence and in a manner characteristic of owners in similar circumstances. No individual Co-Owner shall have any liability whatsoever to the other Co-Owner for any loss caused by any act or by the failure to do any act if the loss suffered arises out of a mistake in judgment of such Co-Owner, or if such Co-Owner, in good faith, had determined that the action or lack of action giving rise to the loss was in the best interests of the Co-Owner or if the action or lack of action giving rise to the loss was based on the advice of counsel; provided, however, that such exculpation from liability shall not apply to any liability for loss caused by any act or by the failure to do any act which arises out of the fraud, gross negligence, or willful misconduct of any Co-Owner or the willful breach by a Co-Owner of this Agreement.

6.02 Insurance. Except as may be otherwise provided under the Use Agreement (including any provisions of the Use Agreement shifting responsibility for the cost of insurance for the Property to the Authority), during the term of this Agreement, Palomar shall procure and keep in full force and effect, for the benefit of all Co-Owners at least the same types, amounts and levels of insurance as are in place as of the effective date hereof. Such policies shall identify all Co-Owners and any mortgagees as additional insureds.

ARTICLE VII **LIMITATIONS ON TRANSFERS**

7.01 Restrictions on Transfers and Encumbrances. Neither Co-Owner may, directly or indirectly, sell, convey, exchange and/or transfer (collectively, “**Transfer**”) or encumber, hypothecate and/or mortgage all or any part of such Co-Owner’s Undivided Interest in the Property without the prior written consent of the other Co-Owner, which may be withheld in such Co-Owner’s sole discretion. Notwithstanding the foregoing, a Transfer of all or any portion of the Authority’s Undivided Interest to UCSD Health (defined below) pursuant to the exercise of any option or other right granted by the Authority to UCSD Health (a “**Permitted Transfer**”) shall not require the consent of Palomar and shall not be subject to the restrictions set forth in this Section 7.01 or the Right of First Refusal set forth in Section 7.02.

7.02 Right of First Refusal. In the event a Co-Owner receives a bona fide offer for the purchase of its Percentage Interest which it is willing to accept, such Co-Owner shall deliver a written notice to the other Co-Owner (the “**Purchasing Co-Owner**”) setting forth the name of the proposed buyer, the purchase price and all the terms of the sale (the “**Offer Notice**”). If the proposed buyer has offered to exchange other property for the selling Co-Owner’s Percentage Interest, the Purchasing Co-Owner shall have the right to pay an amount equal to the fair market

value of such other property, as determined by an independent and reputable third-party appraiser jointly selected by the Co-Owners. The Purchasing Co-Owner shall have 90 days following receipt of the selling Co-Owner's delivery of the Offer Notice to elect to acquire the Percentage Interest, directly or through an assignee, of the applicable party for the stated purchase price. If the Purchasing Co-Owner elects to acquire the interest, the closing will occur on a date specified by Purchasing Co-Owner (which shall not be later than 90 days from the date of such Co-Owner's election, unless additional time is required to obtain any necessary governmental approvals). Any closing will be subject to any documentation reasonably required by the applicable Co-Owner (including representations and warranties as to ownership and lack of liens other than liens consented to in writing by such Co-Owner). The selling Co-Owner shall not sell its Percentage Interest to any third-party on terms more favorable to the third-party than those offered to the Purchasing Co-Owner in the Offer Notice. If, at any time prior to closing with the third-party, the selling Co-Owner proposes to accept an offer from the third-party with terms that are more favorable to the third-party (including but not limited to a lower purchase price or more beneficial payment terms) than those set forth in the original Offer Notice, the selling Co-Owner shall promptly deliver an amended Offer Notice to the Purchasing Co-Owner setting forth such revised terms. The Purchasing Co-Owner shall then have an additional 90 days from receipt of the amended Offer Notice to elect to acquire the Percentage Interest on the revised terms. Notwithstanding the foregoing, the provisions of this Section 7.02 shall not apply to any Permitted Transfer (as defined in Section 7.01).

ARTICLE VIII
NO RIGHT TO PARTITION BY THE AUTHORITY; PALOMAR'S RIGHT TO
ACQUIRE; NO RIGHT BY THE AUTHORITY TO BLOCK PALOMAR'S
BANKRUPTCY FILING

8.01 Waiver. Each Co-Owner hereby irrevocably waives and relinquishes any and all right, power, or authority to seek or maintain a partition of the Property during the term of this Agreement. Neither Co-Owner will have the right, power, or authority to demand, initiate, or pursue any partition action or proceeding with respect to the Property at any time while this Agreement remains in effect.

8.02 Right to Acquire in Bankruptcy. Notwithstanding the foregoing, in the event that Palomar becomes a debtor in bankruptcy under the U.S. Bankruptcy Code, Palomar shall have the right to acquire the Authority's Undivided Interest for an amount equal to the fair market value of such Undivided Interest, as determined by an independent and reputable, third party qualified real estate appraiser jointly selected by the Co-Owners. For the avoidance of doubt, Palomar will only have the purchase rights provided in this Section 8.02 for so long as it is and remains a debtor in bankruptcy.

ARTICLE IX
MISCELLANEOUS

9.01 Notice. All notices or other communications required or permitted hereunder shall be in writing, and shall be delivered or sent, as the case may be, by any of the following methods: (i) personal delivery, (ii) overnight commercial carrier, or (iii) certified mail, return receipt requested. Any such notice or communication sent by overnight commercial carrier or certified

mail shall be addressed to each Co-Owner at the address set forth for such Co-Owner on Exhibit "B" attached hereto. Each Co-Owner may change such party's address for the delivery of notices or communications under this Agreement by giving written notice of such change to the other Co-Owner hereto in writing in the manner set forth in this Section 9.01. Any such notice or other communication shall be deemed received and effective upon the earlier of (i) if personally delivered, on the date of delivery to the address of the person to receive such notice; (ii) if delivered by overnight commercial carrier, one (1) day following the receipt of such communication by such carrier from the sender, as shown on the sender's delivery invoice from such carrier; or (iii) if sent by certified mail, return receipt requested, three (3) days following deposit in the United States mail, postage prepaid. Any reference herein to the date of receipt, delivery, or giving, or effective date, as the case may be, of any notice or communication shall refer to the date such communication becomes effective under the terms of this Section 9.01. Rejection or other refusal to accept or the inability to deliver because of changed address of which no notice was given shall be deemed to constitute receipt of the notice or other communication sent.

If to Palomar:

Palomar Health
Attention: President & CEO
2125 Citracado Parkway, Suite 300
Escondido, CA 92029

With a copy to (which does not constitute notice):

Palomar Health
Attention: Legal Department
120 Craven Road, Suite 106
San Marcos, CA 92078

And a copy to (which does not constitute notice):

Holland & Knight
560 Mission Street, Suite 1900
San Francisco, California 94105
Attn: John Kern
Email: john.kern@hkllaw.com

If to The Authority:

Palomar UCSD Health Authority
Attention: Chief Executive Officer
2125 Citracado Parkway, Suite 300
Escondido, CA 92029

With a copy to (which does not constitute notice):

Palomar UCSD Health Authority
Attention: Chief Legal Officer
2125 Citracado Parkway, Suite 300
Escondido, CA 92029

And a copy to (which does not constitute notice):

Best Best & Krieger LLP
1333 N. California Blvd., Suite 220
Walnut Creek, CA 94596
Attention: Noël Caughman
Email: noel.caughman@bbkllaw.com

If to UCSD Health:

UC San Diego Health
9500 Gilman Drive, MC 0933
San Diego, CA 92093
Attn: Chief Health Counsel
Email: vmarsich@ucsd.edu

With a copy to (which does not constitute notice):

Sheppard Mullin Richter & Hampton LLP
Attention: Legal Department
Four Embarcadero Center, 17th Floor
San Francisco, CA 94111
Attn: Eric Newsom & Timothy Reimers
Email: enewsom@sheppardmullin.com
treimers@sheppardmullin.com

9.02 Construction of Agreement. The Article and Section headings used in this Agreement are for reference purposes only and shall not be used in construing this Agreement. Each of the Exhibits attached hereto is incorporated herein by reference and expressly made a part of this Agreement for all purposes. References to any Exhibit in this Agreement shall be deemed to include this reference and incorporation. As used in this Agreement, the masculine gender shall include the feminine and neuter, and the singular number shall include the plural, and vice versa. Time is of the essence of this Agreement. The provisions of this Agreement shall be construed and enforced in accordance with the laws of the State of California. Each Co-Owner hereto acknowledges, represents, and warrants that (i) each Co-Owner hereto is of equal bargaining strength; (ii) each such Co-Owner has actively participated in the drafting, preparation, and negotiation of this Agreement; (iii) such Co-Owner and such Co-Owner's independent counsel have reviewed and/or had the opportunity to review this Agreement, and (iv) any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement, any portion hereof, any amendments hereto, or any Exhibits attached hereto.

9.03 Successors and Assigns. This Agreement shall inure to the benefit of and shall bind the parties hereto and their respective heirs, executors, administrators, personal representatives, legal representatives, successors-in-interest and assigns.

9.04 Modifications. No alteration, modification, or interpretation of this Agreement shall be binding unless in writing and signed by all of the Co-Owners.

9.05 Counterparts and Execution. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original Agreement, but all of which shall constitute one and the same Agreement, binding on the parties hereto. The signature of any party

hereto to any counterpart hereof shall be deemed a signature to, and may be appended to, any other counterpart.

9.06 Attorneys' Fees. If any proceeding is brought by any party hereto against any other party hereto that arises out of this Agreement, then the party prevailing in such proceeding shall be entitled to recover reasonable attorneys' fees and costs.

9.07 Third-Party Beneficiaries.

(a) Notwithstanding any other provision of this Agreement, the Regents of the University of California, a California constitutional corporation organized and existing under Article IX, Section 9 of the Constitution of the State of California, on behalf of the University of California, San Diego Health ("**UCSD Health**"), and its respective successors and permitted assigns, are expressly intended as third party beneficiaries of this Agreement and will be entitled to enforce all rights, benefits, covenants, obligations, warranties, representations, undertakings, indemnifications, and remedies contained herein to the full extent as if they were parties hereto. Without limitation, such enforcement rights will include, the right to: (i) demand performance of any obligation set forth in this Agreement; (ii) receive the benefits of any representations, warranties, indemnities, and covenants in this Agreement; (iii) initiate legal proceedings to enforce any provisions of this Agreement; (iv) seek equitable and injunctive relief to prevent or remedy any breach of this Agreement; and (v) recover damages or other available remedies arising from any breach of this Agreement.

(b) No amendment, modification, waiver, or termination of this Agreement that affects the rights of UCSD Health or its respective successors and permitted assigns will be effective unless UCSD Health or its respective successors and permitted assigns has provided its prior written consent to such amendment.

(c) Each Co-Owner acknowledges and agrees that UCSD Health and, as applicable, its respective successors and permitted assigns, have been granted direct and enforceable rights under this Agreement, and such rights will continue in full force and effect according to the terms of this Agreement.

(d) Upon the consummation of a Permitted Transfer to UCSD Health,, UCSD Health shall automatically be deemed a "Co-Owner" for all purposes under this Agreement and shall succeed to all of the rights, benefits, obligations, and liabilities of the Authority with respect to the Undivided Interest so transferred, including the corresponding Percentage Interest. As a condition to the effectiveness of any Permitted Transfer, UCSD Health (or its successor, as applicable) shall execute and deliver to Palomar a written instrument, in form and substance reasonably satisfactory to Palomar, pursuant to which UCSD Health assumes and agrees to be bound by all of the terms, covenants, and conditions of this Agreement applicable to a Co-Owner. Upon execution and delivery of such instrument, all references in this Agreement to the "Authority" shall be deemed to include UCSD Health (or its successor, as applicable) with respect to the Undivided Interest so acquired, and **Exhibit "B"** shall be deemed amended to reflect the updated Percentage Interests of the Co-Owners.

(e) The terms and provisions of this Agreement are intended solely for the benefit of the Authority, Palomar and UCSD Health and their permitted successors and assigns, and it is not the intention of the Co-Owners to confer, and, this Agreement will not confer, third-party beneficiary rights upon any other person or entity.

9.08 Waiver. No consent or waiver, express or implied, by a Co-Owner to or of any breach or default by any other Co-Owner in the performance by such Co-Owner of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by such Co-Owner hereunder. Failure on the part of a Co-Owner to complain of any act or failure to act of another Co-Owner or to declare any other Co-Owner in default, irrespective of how long such failure continues, shall not constitute a waiver by a Co-Owner of its rights hereunder.

9.09 Remedies. Each Co-Owner shall, in addition to all other rights provided herein or as may be provided by law, be entitled to the remedies of specific performance and injunction to enforce its rights hereunder. All rights and remedies under this Agreement are cumulative and no one of them shall be exclusive of any other, and each Co-Owner shall have the right to pursue any one or all of such rights and remedies or any other remedy which may be provided by law, whether or not stated in this Agreement, except to the extent otherwise expressly provided in this Agreement.

9.10 Cooperation. In the event that any claim, demand, or action is instituted against a Co-Owner arising out of or in any way connected to the Property, each Co-Owner agrees to fully cooperate with the other Co-Owner in responding to such claim, demand or action including, without limitation, appearances at depositions or in court.

9.11 Definitions.

(a) Agreement. The term “**Agreement**” is defined in the Preamble.

(b) Cash Flow. The term “**Cash Flow**” shall mean for any applicable period, the excess, if any, of all cash receipts realized from the Property as of any applicable determination date (including any funds released from the Operating Funds Reserve for distribution) in excess of the sum of (i) all cash disbursements made with respect to the Property (exclusive of any cash disbursements paid for with funds from the Operating Funds Reserve) during such period, plus (ii) any amounts added to the Operating Funds Reserve, (iii) less any applicable reserves (including but not limited to outstanding payables, debt service, etc.) as may be reasonably determined by the Co-Owners.

(c) Co-Owner(s). The terms “**Co-Owner**” and “**Co-Owners**” are defined in the Preamble.

(d) Land. The term “**Land**” is defined in Recital A.

(e) Majority in Interest. The term “**Majority in Interest**” means, with respect to any relevant group of Co-Owners, greater than fifty percent (50%) of such Co-Owners in terms of Percentage Interests.

- (f) Percentage Interests. The term “**Percentage Interests**” is defined in Recital A.
- (g) Property. The term “**Property**” is defined in Recital A.
- (h) Transfer. The term “**Transfer**” is defined in Section 7.01.
- (i) Undivided Interest(s). The terms “**Undivided Interest**” and “**Undivided Interests**” are defined in Recital A.
- (j) Use Agreement. The term “Use Agreement” is defined in Section 2.01.

[Remainder of page intentionally blank; Signatures on following page]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

PALOMAR HEALTH

By: _____

Name: Diane Hansen

Title: CEO

PALOMAR UCSD HEALTH AUTHORITY

By: _____

Name: _____

Title: _____

EXHIBIT "A"

LEGAL DESCRIPTION OF THE PROPERTY

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF ESCONDIDO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

PARCEL A:

PARCELS 1 THROUGH 10 INCLUSIVE OF PARCEL MAP NO. 21624 IN THE CITY OF ESCONDIDO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY OCTOBER 17, 2018 AS FILE NO. 2018-7000411, OFFICIAL RECORDS.

APN: 232-590-15-00, 232-590-16-00, 232-590-17-00, 232-590-18-00, 232-590-19-00, 232-590-20-00, 232-590-21-00, 232-590-28-00, 232-591-29-00, AND 232-591-30-00

PARCEL B:

LOTS 25 AND 26 OF ESCONDIDO TRACT NO. 834, IN THE CITY OF ESCONDIDO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 14983, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, MARCH 17, 2005.

APN: 232-591-10-00 AND APN: 232-591-11-00

EXHIBIT "B"

NAMES AND PERCENTAGE INTERESTS

	<u>Co-Owners' Names</u>	<u>Percentage Interest</u>
1.	Palomar Health	80.5%
2.	Palomar UCSD Health Authority	19.5%
		<hr/>
		100%

EXHIBIT “C”

MEMORANDUM OF TENANCY-IN-COMMON AGREEMENT

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Palomar UCSD Health Authority

(Above Space for Recorder's Use Only)

MEMORANDUM OF TENANCY-IN-COMMON AGREEMENT

THIS MEMORANDUM OF TENANCY-IN-COMMON AGREEMENT (“**Memorandum**”) is made and entered into effective as of [_____], 2026 by and among **PALOMAR HEALTH**, a California local healthcare district and political subdivision of the State of California organized pursuant to Division 23 of the California Health and Safety Code, as to an undivided [80.5%] tenant-in-common interest, and **PALOMAR UCSD HEALTH AUTHORITY**, a joint powers authority formed by Palomar Health and the Regents of the University of California, a California constitutional corporation organized and existing under Article IX, Section 9 of the Constitution of the State of California, on behalf of the University of California, San Diego Health, as to an undivided [19.5%] tenant-in-common interest (collectively referred to herein as the “**Co-Owners**” and sometimes individually referred to herein as a “**Co-Owner**”).

The Co-Owners have separately entered into a Use Agreement dated as of even date herewith (the “**Use Agreement**”), which provides for, among other things the right for the Palomar UCSD Health Authority to use and operate the assets located on the Property (defined below).

FOR VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, the Co-Owners hereby declare and agree as follows:

1. The Co-Owners have entered into that certain unrecorded Tenancy-In-Common Agreement of even date herewith (the “**TIC Agreement**”), for the purpose of providing for, among other things, the management and operation of certain real property located at 2185 Citracado Parkway, Escondido, California 92029 and more particularly described on Schedule “A” attached hereto (the “**Property**”).

2. The TIC Agreement, among other things, (i) restricts under certain circumstances the rights of the Co-Owners to finance, sell, transfer, assign, or encumber their respective undivided interests in the Property; (ii) restricts under certain circumstances the rights of each Co-

Owner to incur expenses or to enter into contracts or other agreements in connection therewith on behalf of the other Co-Owners; and (iii) provides that, except as otherwise provided in TIC Agreement, no single Co-Owner shall have any authority to act for, or assume obligations or responsibility on behalf of, the other Co-Owners.

3. The TIC Agreement provides, among other things, that so long as the Use Agreement remains in effect, certain of the obligations, responsibilities and rights of the Co-Owners as to the Property shall be dictated by the terms of the Use Agreement, as the same may be amended from time to time.

4. This Memorandum is being made and entered into for the purpose of providing notice of the TIC Agreement and the provisions thereof. The TIC Agreement is incorporated herein by this reference and hereby is made a part hereof as if set forth in full herein.

5. This Memorandum may be executed in multiple counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one (1) and the same document.

[Signatures on following page]

IN WITNESS WHEREOF, the undersigned have executed this Memorandum of Tenancy-In-Common Agreement as of the day and year first above written.

CO-OWNERS:

PALOMAR HEALTH

**PALOMAR UCSD HEALTH
AUTHORITY**

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

ACKNOWLEDGMENTS

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of San Diego)

On _____, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of _____)

On _____, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

Schedule "A"

LEGAL DESCRIPTION OF THE PROPERTY

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF ESCONDIDO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

PARCEL A:

PARCELS 1 THROUGH 10 INCLUSIVE OF PARCEL MAP NO. 21624 IN THE CITY OF ESCONDIDO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY OCTOBER 17, 2018 AS FILE NO. 2018-7000411, OFFICIAL RECORDS.

APN: 232-590-15-00, 232-590-16-00, 232-590-17-00, 232-590-18-00, 232-590-19-00, 232-590-20-00, 232-590-21-00, 232-590-28-00, 232-591-29-00, AND 232-591-30-00

PARCEL B:

LOTS 25 AND 26 OF ESCONDIDO TRACT NO. 834, IN THE CITY OF ESCONDIDO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 14983, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, MARCH 17, 2005.

APN: 232-591-10-00 AND APN: 232-591-11-00

**AMENDED AND RESTATED
CLOSING AGREEMENT**

THIS AMENDED AND RESTATED CLOSING AGREEMENT (this “**Closing Agreement**”) is made and entered into effective as of May 31, 2026 (the “**Effective Date**”), by and among Palomar Health, a California Health Care District organized pursuant to Division 23 of the California Health and Safety Code (“**Palomar**”), The Regents of the University of California, a California constitutional corporation organized and existing under Article IX, Section 9 of the Constitution of the State of California, on behalf of the University of California, San Diego Health (“**UCSD Health**”) and Palomar UCSD Health Authority, a joint exercise of powers authority formed by UCSD Health and Palomar pursuant to the Joint Exercise of Powers Act, Cal.Gov. Code § 6500, et seq. (the “**Authority**”). Palomar, UCSD Health, and the Authority are each sometimes referred to in this Closing Agreement as a “**Party**” and, collectively, as the “**Parties**.” Capitalized terms used but not otherwise defined herein shall have the meanings set forth in that certain Joint Exercise of Powers Agreement dated as of October 31, 2025, by and between UCSD Health and Palomar, as amended on April 10, 2026, and April 30, 2026 (collectively, the “**Joint Powers Agreement**”). **Section 7** of this Closing Agreement also contains certain defined terms used herein.

RECITALS

A. **WHEREAS**, the Parties were previously governed by a Closing Agreement (the “**Original Agreement**”) dated as of October 31, 2025¹ (“**Original Effective Date**”);

B. **WHEREAS**, as of the Effective Date, the Parties wish to amend and restate the Original Agreement in its entirety and thereby fully supersede the Original Agreement in accordance with the procedures set forth in Section 8(k) of the Original Agreement;

C. **WHEREAS**, UCSD Health and Palomar each determined that it was in such entity’s best interest and the best interest of the communities served by UCSD Health and Palomar and the two acute care hospitals known as Palomar Medical Center Escondido (the “**Escondido Hospital**”) and Palomar Medical Center Poway (the “**Poway Hospital**”) and together with the Escondido Hospital, the “**Hospitals**”), to enter into the Joint Powers Agreement, in order to, among other things, stabilize and strengthen the availability of community hospital services to all residents of San Diego County, California and surrounding areas regardless of payor or funding source, improve access to healthcare for the vulnerable populations served by Palomar and the Authority through the expansion of clinical infrastructure, and strengthening of certain healthcare service lines for the benefit of the residents of San Diego County, California through an integrated health system;

D. **WHEREAS**, prior to the formation of the Authority, but in furtherance of the formation of and fulfillment of the Authority’s purpose, UCSD Health advanced a total of Thirty Million Dollars (\$30,000,000.00) (the “**Existing Advances**”) to Palomar and PHMG (PHMG together with Palomar, the “**Borrower**”) in two separate tranches: (i) an initial advance of Twenty Million Dollars (\$20,000,000.00) pursuant to that certain Loan Agreement dated April 4, 2025, by

¹ **Note to HK/BBK**: The date that the Authority executed the Joinder to the Original Agreement is needed.

and between UCSD Health and Borrower (the “**Initial UCSD Loan Agreement**” and together with the other Loan Documents (as such term is defined in the Initial UCSD Loan Agreement), collectively, the “**Initial UCSD Loan Documents**”); and (ii) a second advance of Ten Million Dollars (\$10,000,000.00) pursuant to that certain Loan Agreement dated July 24, 2025, by and between UCSD Health and Borrower (the “**Second UCSD Loan Agreement**” and together with the other Loan Documents (as such term is defined in the Second UCSD Loan Agreement), collectively, the “**Second UCSD Loan Documents**” and, together with the Initial UCSD Loan Documents, the “**Existing Loan Documents**”);

E. **WHEREAS**, concurrently with the execution and delivery of the Original Agreement and on the Original Effective Date, UCSD Health advanced a total of Ten Million Dollars (\$10,000,000.00) (the “**New Advance**” and, together with the Existing Advances, the “**Pre-Authority Advances**”) to Borrower pursuant to that certain Loan Agreement dated as of the Original Effective Date hereof by and between UCSD Health and Borrower (the “**Third UCSD Loan Agreement**” and together with the other Loan Documents (as such term is defined in the Third UCSD Loan Agreement, collectively, the “**Third UCSD Loan Documents**” and, together with the Existing Loan Documents, the “**Pre-Authority Loan Documents**”);

F. **WHEREAS**, concurrently with the execution and delivery of the Original Agreement and on the Original Effective Date, UCSD Health made available to Palomar a Fifty Million Dollar (\$50,000,000) revolving credit line (the “**Credit Line**” and, together with the Pre-Authority Advances, the “**UCSD Loans**”) pursuant to that certain Line of Credit Agreement dated as of the Original Effective Date, by and between UCSD Health and Borrower (the “**Credit Agreement**” and together with the other Credit Line Documents (as such term is defined in the Credit Agreement), collectively, the “**Credit Line Documents**” and, together with the Pre-Authority Loan Documents, the “**UCSD Loan Documents**”);

G. **WHEREAS**, as of the Original Effective Date, Palomar granted UCSD Health a first priority Deed of Trust With Fixture Filing, Assignment of Leases and Rents, and Security Agreement securing the Pre-Operational Option (the “**Pre-Operational Advance Security Instrument**”) to secure the prompt payment by and performance of Palomar under the UCSD Loans;

H. **WHEREAS**, as of the Original Effective Date, Palomar granted UCSD Health a Deed of Trust With Fixture Filing, Assignment of Leases and Rents, and Security Agreement dated as of the Original Effective Date (the “**Pre-Operational Option Security Instrument**”) to secure the prompt payment and performance of Palomar under the Pre-Operational Option Agreement;

I. **WHEREAS**, effective as of the Operational Date, Palomar will grant the Authority a Deed of Trust With Fixture Filing, Assignment of Leases and Rents and Security Agreement dated as of the Operational Date (and such other documents necessary to create and perfect security interest and liens in and to the Retained Assets, the “**Post-Operational Option Security Instruments**”) to secure the prompt payment and performance of Palomar under the Initial Contribution Agreement;

J. **WHEREAS**, UCSD Health made certain Advances to Palomar on November 20, 2025 (“**November Advance Date**”), which Advances were contingent on the Parties' execution of this Closing Agreement within a reasonable time frame following the November Advance Date;

K. **WHEREAS**, by this Closing Agreement, the Parties desire to set forth their respective understanding and agreement regarding: (i) the agreements to be entered into to accomplish the transfer of the Initial Assets to the Authority (“**Phase I**”), (ii) the conditions precedent that must be satisfied by each of the Parties to consummate Phase I; (iii) the agreements to be entered into to accomplish the transfer of the Retained Assets to the Authority (“**Phase II**”); (iv) the conditions precedent that must be satisfied by each of the Parties to consummate Phase II; and (v) the indemnification and termination provisions applicable to each of the Authority Documents, as applicable;

L. **WHEREAS**, as of the Original Effective Date, the following documents and agreements were agreed to in the final forms attached to the Original Agreement (subject only to updates to the respective schedules thereto), as applicable. As of the Effective Date, each of the following documents and agreements in the final forms attached hereto, having been drafted and agreed to by the Parties for their respective execution on or prior to the Effective Date, is agreed upon by the Parties: (i) the Initial Contribution Agreement, in the final form attached hereto as **Exhibit A**; (ii) the Use Agreement attached hereto as **Exhibit B**; (iii) the Employee Leasing Agreement, in the final form attached hereto as **Exhibit C**; (iv) the Tax Revenue Contribution Agreement, in the final form attached hereto as **Exhibit D**; (v) the UCSD Health Contribution Agreement, in the final form attached hereto as **Exhibit E**; [(vi) the Bylaws for the Authority attached hereto as **Exhibit F**]²; and (vii) the Tenant in Common Agreement, in the final form attached hereto as **Exhibit G**;

M. **WHEREAS**, as of the Effective Date, the following document and agreement in the final form attached hereto, having been drafted and agreed to by the Parties for their respective execution on or prior to the Effective Date, is agreed upon by the Parties: (i) the Post-Operational Option Agreement, including the Post-Operational Asset Purchase Agreement, substantially in the form attached hereto as **Exhibit H**;

N. **WHEREAS**, the following documents and agreements in the final forms attached hereto (subject only to updates to the respective schedules thereto), as applicable, have been drafted and agreed by the Parties as of the Effective Date: (i) the Retained Asset Contribution Agreement, substantially in the form attached hereto as **Exhibit I**; and (ii) the JPA Option Agreement, including the JPA Option Asset Purchase Agreement, substantially in the form attached hereto as **Exhibit J**; and

O. **WHEREAS**, in furtherance of the Parties' goals and the transactions contemplated by the Joint Powers Agreement and to accomplish the transfer of the Contributed Assets to the Authority and the right of the Authority to use the Licensed Items on or before Phase I Closing Date, each Party agrees that by May 31, 2026, such Party will ratify, authorize, approve, and to the extent not previously executed, execute and deliver each of the Phase I Transaction Documents, to which it is a party (the “**Phase I Transaction Document Approval Date**”).

² **Note to HK/BBK**: The date that the Authority executed the Bylaws and copy of same is needed.

NOW, THEREFORE, in consideration of the mutual covenants, conditions, and agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **Conditions to Phase I Closing.**

a. Conditions to Obligations of UCSD Health, Palomar, and the Authority.

Notwithstanding anything to the contrary contained in any Authority Document, the obligations of UCSD Health, Palomar, and the Authority, respectively, to perform their respective obligations under the Authority Documents, including closing the transactions in accordance with the terms of the Phase I Transaction Documents, are expressly conditioned on the fulfillment of each of the conditions listed below:

i. The Authority and the Authority Board must have taken all actions necessary or appropriate to organize the Authority, including adopting the Bylaws, appointing the Authority officers and Executive Management Team, approving each of the Authority Documents to which the Authority is a party and authorizing the appropriate officers of the Authority to execute the same, and transacting such other business as may properly come before the Authority Board.

b. Conditions Precedent to Obligations of Palomar and the Authority. The obligations of Palomar and the Authority to consummate the Phase I transaction are subject to the satisfaction on or before the Phase I Closing Date of each of the following conditions:

i. Each of the Phase I Transaction Documents to which UCSD Health is a party must have been duly authorized, executed, and delivered by UCSD Health, including, for the avoidance of doubt, the Post-Operational Option Agreement.

ii. UCSD Health must have delivered all of the closing deliverables that it is required to deliver under the UCSD Health Contribution Agreement to close the transactions contemplated by the UCSD Health Contribution Agreement.

iii. Each of the covenants and obligations that UCSD Health is required to perform or to comply with pursuant to the UCSD Health Contribution Agreement at or before the Closing must have been duly performed and complied with in all material respects.

iv. UCSD Health, with Palomar, shall have taken such steps as necessary to cause the Authority to become an Obligated Group Member (as defined in the Master Indenture) under the Master Indenture.

v. There is no uncured and ongoing event of default by UCSD Health under any applicable Authority Document.

c. Conditions Precedent to the Obligations of Palomar and UCSD Health. The obligations of Palomar and UCSD Health to consummate the Phase I transaction are subject to satisfaction on or before the Phase I Closing Date of each of the following conditions:

i. Each of the Phase I Transaction Documents to which the Authority is a party must have been duly authorized, executed, and delivered by the Authority.

ii. The Phase II Transaction Documents to which the Authority is a party must have been duly authorized, executed, and delivered by the Authority, including, for the avoidance of doubt, the JPA Option and Retained Asset Contribution Agreement, and shall be in final form, subject only to updates to the respective schedules thereto, as applicable.

iii. The Authority must have delivered all of the closing deliverables that it is required to deliver under the Initial Contribution Agreement and the UCSD Health Contribution Agreement to close the transactions contemplated by the Initial Contribution Agreement and the UCSD Health Contribution Agreement.

iv. Each of the covenants and obligations that the Authority is required to perform or to comply with pursuant to the Initial Contribution Agreement and the UCSD Health Contribution Agreement at or prior to the Closing must have been duly performed and complied with in all material respects.

v. The Authority shall have delivered documentation, including any required consents, evidencing the Authority becoming co-obligated with Palomar on all outstanding liabilities of Palomar, other than those related to the General Obligation Bonds.

vi. The Authority must have authorized and expressly assumed the obligations of Palomar and PHMG as borrower under each of the Advance Documents and Credit Line Documents, with the Authority, Palomar, and PHMG as co-borrowers thereunder pursuant to a duly authorized, executed, and delivered Assignment and Assumption Agreement.

vii. The Authority must have taken such steps as necessary to become an Obligated Group Member under the Master Indenture and appointed Credit Group Representative.

viii. The Authority shall have executed and delivered the A&R Assured Forbearance Agreement to Palomar and UCSD Health.

ix. There is no uncured and ongoing event of default by the Authority under any applicable Authority Document.

d. Conditions Precedent to Obligations of the Authority and UCSD Health. The obligations of the Authority and UCSD Health to consummate the Phase I transaction are subject to satisfaction on or before the Phase I Closing Date of each of the following conditions:

i. Each of the Phase I Transaction Documents must have been duly authorized, executed, and delivered by the Palomar Entities, as applicable.

ii. The Phase II Transaction Documents to which Palomar is a party must have been duly authorized, executed, and delivered by the Authority, including, for the avoidance of doubt, the Retained Asset Contribution Agreement and the JPA Option, and shall be in final form, subject only to updates to the respective schedules thereto, as applicable.

iii. The Palomar Entities must have delivered all of the closing deliverables that are required to be delivered under the Initial Contribution Agreement to close the transactions contemplated by the Initial Contribution Agreement.

iv. Each of the covenants and obligations that the Palomar Entities are required to perform or to comply with pursuant to the Initial Contribution Agreement at or before the Closing must have been duly performed and complied with in all material respects, including obtaining all Material Consents, including, for the avoidance of doubt, those from debtholders and the Joint Ventures.

v. Palomar must have obtained duly executed consents from the applicable consenting party to all Material Consents for the transfer of the Initial Assets and the granting of the rights under the Use Agreement.

vi. In addition to those consents that must have been obtained by Palomar on or prior to the Effective Date hereof, Palomar must have obtained the Material Non-Governmental Consents and the Material Governmental Consents within the time frames set forth in the JPA Agreement.

vii. Palomar must have delivered duly acknowledged and notarized grant deeds for all real property constituting the Contributed Assets, and the same must have been delivered to Fidelity National Title Insurance Company for recording.

viii. Fidelity National Title Insurance Company must be irrevocably committed to delivering an ALTA Owner's Title Policy to the Authority with respect to all real property constituting the Contributed Assets in form reasonably satisfactory to the Authority.

ix. Palomar must have provided all diligence items requested by the Authority for purposes of the Authority conducting due diligence activities, including in connection with any appraisal, environmental, structural, and mechanical reviews of the real properties, analysis of compliance by the Contributed Assets, Retained Assets, Facilities, and Business, as such terms are defined in the Initial Contribution Agreement and Use Agreement.

x. Palomar and the applicable Palomar Entities must have obtained the Tail Policies described in the Initial Contribution Agreement.

xi. Palomar must have provided the CBA Notice.

xii. Palomar shall have taken such steps as necessary to cause the Authority to become an Obligated Group Member (as defined in the Master Indenture) under the Master Indenture.

xiii. There is no uncured and ongoing event of default by Palomar under any applicable Authority Document.

e. Waiver; Limitations. Notwithstanding anything else in this Closing Agreement or any other Authority Document, any Party may waive in writing any condition to its obligations under any Authority Document. A Party shall automatically be deemed to have waived

any applicable condition to such Party's obligations specified in this **Section 1** if such Party's actions or omissions were the cause of, or resulted in, the failure to satisfy any such condition to such Party's obligations.

2. **Phase I Closing Process.** Not later than five (5) days prior to the Operational Date, each Party will deliver to the other Party duly authorized and executed copies of each Phase I Transaction Document, which has not previously been delivered and executed, to which such Party is a signatory (and any documents necessary for recording shall have been delivered to Fidelity National Title Insurance Company not later than two (2) business days prior to the Operational Date), subject to the receipt of the Material Governmental Consents and Material Non-Governmental Consents. Notwithstanding the foregoing, the Joint Powers Agreement, the Pre-Operational Option Agreement, the Post-Operational Option Agreement, the Pre-Operational Security Instruments, the Credit Agreement, and the Third UCSD Loan Agreement remain binding and enforceable between the Parties as of the Original Effective Date.

3. **Conditions to Phase II Closing.** Notwithstanding anything to the contrary contained in any Phase II Transaction Document, the obligations of UCSD Health, Palomar and the Authority, respectively, to perform their respective Phase II obligations under the Phase II Transaction Documents, including closing the Phase II transactions in accordance with the terms of the Phase II Transaction Documents, are expressly conditioned on the fulfillment of each of the conditions listed below:

- a. The Retained Asset Contribution Approvals must have been obtained.
- b. The final schedules to the Retained Asset Contribution Agreement have been delivered and agreed to.
- c. The Phase II Transaction Documents, as applicable, not delivered at the Phase I Closing Date, shall have been delivered.

Notwithstanding anything else in this Closing Agreement or any other Authority Document, any Party may waive in writing any condition to its obligations under any Authority Document. A Party shall automatically be deemed to have waived any applicable condition to such Party's obligations specified in this **Section 3** if such Party's actions or omissions were the cause of, or resulted in, the failure to satisfy any such condition to such Party's obligations.

4. **Authority to Enter into this Closing Agreement and the Authority Documents.** The execution, delivery and performance by the Parties of this Closing Agreement and all Authority Documents: (i) have been duly and validly authorized and approved by all necessary corporate actions, none of which actions have been modified or rescinded and all of which actions remain in full force and effect; (ii) are within such Party's powers, and are not and will not be in contravention or violation of the terms of the organizational or governing documents of such Party; (iii) do not and will not require any approval of, filing or registration with, or any other action to be taken by, any Governmental Authority to be made or sought by such Party in reference to this Closing Agreement absent the Material Governmental Consents; and (iv) do not and will not require any approval or other action under, conflict with, or result in any violation of or default

under (with or without notice or lapse of time or both), or give rise to a right of termination, cancellation, acceleration, loss of material benefit under or result in the creation of any Encumbrance upon, the Contributed Assets or the Retained Assets.

5. Termination.

a. Termination Prior to Phase I Closing. Prior to the Phase I Closing Date, this Closing Agreement will, subject to **Section 5.c**, terminate upon:

i. The date this Closing Agreement or the Joint Powers Agreement is terminated by mutual agreement of the Parties.

ii. The occurrence of an uncured Event of Default unless the non-defaulting Party agrees to waive such Event of Default.

iii. The failure by Palomar to obtain the Material Non-Governmental Consents by the Effective Date, and Material Governmental Consents by the Effective Date, unless otherwise mutually agreed to by the Parties in writing.

iv. The exercise of an applicable UCSD Option by UCSD Health unless UCSD Health waives its right to require dissolution of the Authority.

b. Events of Default. Unless waived in writing by the Party that has not committed an Event of Default, the occurrence of any of the following will constitute an event of default ("**Event of Default**") under this Closing Agreement:

i. If an "Event of Default" (solely for purposes of this **Section 5.b.i**, as such term is defined in Section 4.13 of the Master Indenture) occurs under the provisions of the Master Indenture, which "Event of Default" is substantially caused by Palomar or PHMG.

ii. If a Party fails to perform or observe when and as required, or breaches or defaults under any covenant, condition, or agreement contained in this Closing Agreement or another Authority Document, subject to any applicable notice and cure periods expressly provided for in such agreements, documents, or instruments.

iii. If Palomar fails to perform or observe, when and as required, any covenant, condition or agreement contained in any other agreements, promissory notes, instruments, or documents between Palomar or its Affiliates and UCSD Health or any of UCSD Health's Affiliates, subject to any applicable cure periods expressly provided for in such agreements, promissory notes, instruments, or documents.

iv. If UCSD Health fails to perform or observe, when and as required, any covenant, condition, or agreement contained in any other agreements, instruments, or documents between UCSD Health and Palomar, subject to any applicable cure periods expressly provided for in such agreements, instruments, or documents.

v. If Palomar fails to fully perform or observe, when and as required, any covenant, condition, or agreement contained in any loan agreement, or similar agreement

between Palomar or any Affiliate of Palomar and Sharp Healthcare or any Affiliate of Sharp Healthcare, or in any agreements between Palomar or any Affiliate of Palomar, and Mesa Rock or IKS, or any Affiliate of Mesa Rock.

vi. If any warranty, representation, or other statement by or on behalf of a Party contained in this Closing Agreement or any other Authority Document or other certificate delivered by a Party is false or misleading in any material respect at any time or omits to state a material fact.

vii. If any financial statement or other certificate delivered by Palomar is false or misleading in any material respect at any time or omits to state a material fact.

viii. If Palomar: (i) files or threatens to file a petition seeking relief under the U.S. Bankruptcy Code; (ii) files an answer consenting to, admitting the material allegations of, or otherwise failing to contest a petition filed against Palomar under the U.S. Bankruptcy Code; (iii) files a petition or answer seeking relief under any other federal or state Law now or hereafter in effect relating to bankruptcy, insolvency, reorganization, winding up, or liquidation of business organizations, or for an arrangement, composition, extension, or adjustment with creditors; or (iv) takes any action in preparation or in furtherance of any of the foregoing, including dispatching notice in furtherance of satisfying the requirements of California Government Code section 53760.3, giving notice of a public hearing in furtherance of satisfying the requirements of California Government Code section 53760.5, authorizing or approving the commencement of such proceedings, calling or setting a meeting of a governing body to consider such actions, engaging legal or financial advisors in connection with such proceedings, or otherwise initiating steps to avail itself of any such protections.

ix. If: (i) an order for relief is entered or threatened to be entered against Palomar under the U.S. Bankruptcy Code, which order is not stayed; or (ii) an entered order, judgment or decree by operation of Law or by a court having jurisdiction in the premises which is not stayed adjudges Palomar a bankrupt or insolvent under, or ordering relief against Palomar under, or approves as properly filed, a petition seeking relief against Palomar under the provisions of any other now existing or future applicable bankruptcy, insolvency or other similar Law providing for the reorganization, winding up, or liquidation of business organizations or for any arrangement, composition, extension, or adjustment with creditors; (iii) a court or other tribunal of competent jurisdiction appoints a receiver, liquidator, assignee, trustee, or custodian for Palomar or with respect to any substantial part of its assets or properties; or (iv) a court or other tribunal of competent jurisdiction orders the reorganization, winding up or liquidation of Palomar's business and affairs, or (v) any involuntary petition is filed against Palomar seeking any relief available under the U.S. Bankruptcy Code or any other Law described in this **Section** without the petition being dismissed within sixty (60) days after filing.

x. If Palomar: (i) makes a general assignment for the benefit of its creditors; (ii) consents to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, or custodian of optionor or of all or substantially all of its assets or property; or (iii) admits its insolvency or inability to pay its debts generally as such debts become due.

xi. If Palomar conceals, removes, or permits to be concealed or removed any part of its properties and assets, with the intent to hinder, delay, or defraud its creditors, or makes or suffers any transfer of any of its properties or assets which may be fraudulent under any bankruptcy, fraudulent conveyance, or similar Law, or makes any transfer of its property to or for the benefit of creditors at a time when other creditors similarly situated have not been paid.

xii. If, for any reason, Palomar or any of its Affiliates is excluded or suspended from participation in any federal health care program (as defined in 42 U.S.C. Section 1320a-7(b)(f)), including the Medicare and Medi-Cal programs.

xiii. If any Event of Default occurs and the defaulting party fails to immediately give written notice to the other Party and the Authority describing in reasonable detail the occurrence of such Event of Default.

c. Cure Period and Remedies Upon the Occurrence of an Event of Default. The Party who has not committed an Event of Default may terminate this Closing Agreement or any other Authority Document if an Event of Default occurs and the Party that caused the Event of Default fails to cure such Event of Default within thirty (30) days after the date that the non-defaulting Party notifies the defaulting Party of such Event of Default in writing; provided, however, that, if such Event of Default is not reasonably capable of being cured within such thirty (30) day period due to the inherent nature of the Event of Default, and the Party that caused the Event of Default commences such cure within such period and acts diligently to cure such Event of Default, then the Party that caused the Event of Default will have such additional period of time as may be reasonably necessary to effect and complete such cure (provided that such additional period of time shall in no event exceed ninety (90) additional days), and the Party who has not caused the Event of Default may not terminate this Closing Agreement with respect to such Event of Default during such period or if such Event of Default is cured during such period. Notwithstanding anything in this **Section 5** to the contrary, the Parties will have all rights and remedies available under the Authority Documents and under applicable Law and in equity, including the remedy of specific performance, recovery of damages, and recovery of such Party's costs, expenses, and fees (including reasonable legal fees) incurred in connection with enforcing the terms of this Closing Agreement and the other Authority Documents.

d. Termination Prior to Phase II Closing. Following the closing of the Phase I transactions and prior to the closing of the Phase II transactions, UCSD Health shall have the right to terminate, upon delivery of written notice to the other Parties, this Closing Agreement and any other Authority Document:

i. After Palomar's failure to complete or cause the completion of the Retained Asset contributions by June 30, 2027, unless, despite Palomar's best diligent efforts, the only unfilled closing condition is a failure to obtain voter approval (or substantially equivalent legislative or judicial validation or approval) for completing such transfer, then after Palomar's failure to obtain such voter approval (or legislative or judicial approvals) by December 31, 2028.

ii. After any material breach by Palomar of a covenant or condition in the Post-Operational Option Agreement, or any other Authority Document that remains uncured

for a period of ten (10) days following written notice thereof from UCSD Health or that otherwise constitutes an Event of Default.

iii. If any representation or warranty made by Palomar under the Post-Operational Option Agreement or any other Authority Document is materially untrue or inaccurate.

e. Termination After Phase II Closing. Following the closing of the Phase II transactions, UCSD Health shall have the right to terminate, upon delivery of written notice to the other Parties, this Closing Agreement and any other Authority Document:

i. Any time after the seventh (7th) anniversary of the entry into the Joint Powers Agreement.

ii. After any material breach by Palomar of a covenant or condition in the JPA Option Agreement, any other Phase II Transaction Document, or any other Authority Document that remains uncured for a period of ten (10) days following written notice thereof from UCSD Health or that otherwise constitutes an Event of Default.

iii. If any representation or warranty made by Palomar under the JPA Option Agreement, any other Phase II Authority Document, or any other Authority Document is materially untrue or inaccurate.

6. **Indemnification.**

a. Indemnification by Palomar.

i. Subject to the limitations and process outlined herein, from and after the Effective Date, Palomar will defend, indemnify, protect, and hold harmless UCSD Health, the Authority, and its respective successors, permitted assigns, directors, managers, trustees, officers, employees, agents, contractors, and Representatives (each, a “**UCSD Health Indemnified Party**” and collectively the “**UCSD Health Indemnified Parties**”), from and against any Losses incurred or suffered by any UCSD Health Indemnified Party, directly or indirectly, including any Losses incurred or suffered by the Authority, as a result of, arising from, or related to:

A. any breach, inaccuracy, misrepresentation, or omission in any of the representations or warranties made by Palomar or a Palomar Entity in this Closing Agreement or any other Authority Document;

B. any breach of any covenant, agreement, or other obligation of Palomar or a Palomar Entity as set forth in this Closing Agreement or any other Authority Document;

C. the use and provision of the Retained Assets, except to the extent expressly assumed by the Authority through the Use Agreement; provided, however, that the action, omission, event, or other occurrence giving rise to such Loss(es) occurred before the contribution of the Retained Asset to the Authority;

D. the Excluded Liabilities;

E. any uncured Event of Default by Palomar (as such term is defined in the Joint Powers Agreement); and

F. any fraud, misrepresentation, or other willful or criminal misconduct of Palomar or a Palomar Entity.

ii. Sole Mechanism for Payment of an Indemnification Claim by Palomar. The sole monetary remedy for Palomar's indemnification obligations hereunder is to apply, upon UCSD Health's exercise of a UCSD Health Option, the amount of any Claim or related Loss (including the full amount of any undisputed Claim or Loss, as well as any disputed Claims that were resolved) as an offset against the purchase price payable pursuant to any UCSD Health Option (each an "**Offset Credit**" and collectively, the "**Offset Credits**") under the terms of, and subject to the limitations provided in, this **Section 6**. Notwithstanding the foregoing, Losses with respect to any disputed Claim will continuously accumulate until the underlying Claim is fully resolved. Nothing contained in the foregoing shall in any way limit Palomar's liability to UCSD Health under Section 13.3 of the Pre-Operational Option Agreement, to UCSD Health under Section 4.2(a) of the Joint Powers Agreement, to the Authority under Section 10.2 of the Initial Contribution Agreement in respect of liquidated damages payable in the event of a breach by Palomar as described in such agreements.

iii. Other Limitations on Indemnification by Palomar.

A. UCSD Health Claims Threshold; De Minimis Amount. No Claims for indemnification pursuant to **Section 6** will be made, and no offset pursuant to this **Section** will be available to a UCSD Health Indemnified Party, unless and until the aggregate amount of all Losses for all Claims exceeds Ten Million Dollars (\$10,000,000) (the "**UCSD Health Claims Threshold**"), in which case Palomar will indemnify, defend, and hold harmless the applicable UCSD Health Indemnified Party for the aggregate amount of all Losses incurred by a UCSD Health Indemnified Party. In addition, with respect to any Claim for which any UCSD Health Indemnified Party may be entitled to indemnification under this **Section 6**, Palomar will not be liable for any individual or series of related Losses which do not exceed Two Hundred Thousand Dollars (\$200,000) (the "**De Minimis Amount**"); provided, however, that each such Loss will be counted toward the UCSD Health Claims Threshold.

B. Indemnification Cap. The aggregate liability of Palomar in respect of Claims for indemnification made pursuant to **Section 6** will not exceed the full unreduced valuation established for the assets being acquired pursuant to the exercise of any UCSD Health Option by UCSD Health (the "**Asset Valuation**"); provided, however, that, if the Offset Credits are in the aggregate greater than the actual purchase price in respect of any UCSD Health Option at the time such option is exercised by UCSD Health (such excess amount, an "**Offset Excess**"), then the Offset Credits shall survive the exercise of such UCSD Health Option and the Offset Excess shall be available for further use by UCSD Health in connection with the exercise of a subsequent UCSD Health Option. For the avoidance of doubt, the Asset Valuation in respect of any UCSD Health Option will not take into account the Offset Credits.

iv. Deferred Claims Process.

A. No UCSD Health Indemnified Party will bring any legal action to recover monies on any indemnification Claim, whether by arbitration or litigation, against Palomar under this **Section 6** until the earlier of the dissolution of the Authority or the notice of exercise by UCSD Health of a UCSD Health Option; provided, however, a UCSD Health Indemnified Party may bring a Claim Notice (as defined herein) and the Parties may engage in the Claims resolution process set forth herein during such time period.

B. If a UCSD Health Indemnified Party wishes to assert any Claim or demand, including Claims or demands arising from the actions of a Palomar Entity, for which Palomar would be liable for Losses, which, for the avoidance of doubt includes: (i) Claims brought against the Authority; (ii) Third Party Claims; and (iii) all other Claims arising under this **Section 6** (each a “**Claim**” and collectively, “**Claims**”), such UCSD Health Indemnified Party will deliver a notice in writing to Palomar (a “**Claim Notice**”). The Claim Notice may be delivered to Palomar at any time during the Survival Period, together with a copy of all papers served, if any, and specifying the nature of and alleged basis for the Loss and, to the extent then feasible, the alleged amount or the estimated amount of the Losses.

C. Notwithstanding anything to the contrary contained in any Authority Document, with respect to any Claim brought by or against the Authority, the UCSD Health Representatives will control all decisions made on behalf of the Authority related to such Claims, including the settlement or resolution of the Claim. Each of the Authority and Palomar irrevocably constitutes and appoints UCSD Health, and any assignee of UCSD Health, as the true and lawful attorney-in-fact of each of the Authority and Palomar for the purpose of effectuating the control of all Claims brought against the Authority consistent with this **Section 6**, including the settlement or resolution of all such Claims. This power of attorney granted by each of the Authority and Palomar to the UCSD Health (i) is coupled with an interest; (ii) shall survive and not be affected by the subsequent dissolution, termination or bankruptcy, as applicable, of the Authority or Palomar; and (iii) shall be binding upon the successors, assigns, heirs, executors, administrators, legal representatives and beneficiaries, as applicable, of the Authority and Palomar.

D. For a Claim that does not involve a Third-Party Claim (the “**Non-Third Party Claim**”), Palomar will notify the UCSD Health Indemnified Party and the Authority in writing within forty-five (45) days of the date of the Claim Notice (the “**Non-Third Party Claim Notice Period**”) whether Palomar disputes the amount outlined in the Claim Notice (“**Palomar Dispute Notice**”).

E. If Palomar timely disputes such Liability with respect to the Non-Third Party Claim, Palomar and the UCSD Health Indemnified Party will proceed promptly and in good faith to negotiate a resolution of such dispute within thirty (30) days following receipt of the Palomar Dispute Notice and, if such dispute is not resolved through negotiations during such thirty (30) day period, it will be resolved through binding mediation conducted in San Diego County, California, and administered by the American Health Law Association. Each Party shall bear its own costs and expenses of the mediation and shall share the mediator’s fees and any mediation costs equally. If the dispute is not resolved through mediation within sixty (60) days after commencement, either Party may pursue any action or proceeding relating in any way to such Material Deadlock or the obligations hereunder in the competent courts of San Diego, California, or such other forum as the Parties may agree, and the Parties consent to the exclusive jurisdiction

of such courts in respect to such action or proceeding. If the Claim is determined to be valid in accordance with the procedures set forth in this **Section 6.a.iv.E**, then the UCSD Health Indemnified Party will be entitled to the Losses so determined and also be entitled to the equivalent Offset Credit.

F. If Palomar fails to respond to a Claim Notice for a Non-Third Party Claim within the Non-Third Party Claim Notice Period, Palomar will be deemed to have agreed to the Losses set forth in the Claim Notice, along with all other documented Losses associated with the Claim.

G. A UCSD Health Indemnified Party will have the right to defend, on behalf of itself and/or the Authority, all Claims that constitute Third Party Claims. Such rights include: (i) making all decisions involving the appropriate Proceedings; (ii) diligently prosecuting such Proceedings to a conclusion or settlement; and (iii) having full control of the defense of such Proceedings on behalf of the Authority and/or UCSD Health Indemnified Party.

H. Palomar may participate in, but not control, any defense or settlement of any Claim assumed by the UCSD Health Indemnified Party on behalf of itself or the Authority pursuant to this **Section 6.a.iv**, and Palomar will bear its own costs and expenses with respect to such participation. The UCSD Health Indemnified Party, on behalf of the Authority, will give reasonable prior notice to Palomar of the initiation of any discussions relating to the settlement of a Claim to allow Palomar to participate therein; provided, however, that the decision to settle such Claim on behalf of the Authority or UCSD Health Indemnified Party will be at the sole discretion of the UCSD Health Indemnified Party.

I. Any estimated amount of a Claim given in a Claim Notice will not be conclusive of the final amount of such Claim, and the giving of a Claim Notice when properly due will not impair a UCSD Health Indemnified Party's rights hereunder except to the extent that Palomar demonstrates that it has been irreparably prejudiced thereby.

J. Upon UCSD Health's consummation of the purchase of the assets pursuant to the terms of the exercise of a UCSD Health Option, UCSD Health will apply as an offset against the Asset Valuation, the Offset Credits or Excess Credits, as applicable. Notwithstanding the foregoing, the Losses with respect to any disputed Claim will continuously accumulate, as applicable, until resolved.

v. Remedies of UCSD Health Indemnified Parties for Indemnification Claims. Upon the occurrence of a High-Impact Claim, and notwithstanding anything to the contrary contained in any Authority Document or any agreement documenting a UCSD Health Option, the UCSD Health Indemnified Parties will have the right to immediately exercise any UCSD Health Option.

vi. UCSD Health Reliance Upon Palomar Commitments Including Representations and Warranties. Palomar acknowledges and agrees that, in making significant monetary and non-monetary contributions to the Authority, the Business and Facilities, UCSD Health is relying on the representations, warranties, covenants, and obligations made by the Palomar Entities in this Closing Agreement and the other Authority Documents, and that UCSD

Health will be damaged in the same manner and to the same extent, on a dollar-for-dollar basis, as the Authority, should Palomar or a Palomar Entity breach any such representations, warranties, covenants, or obligations.

b. Indemnification by the Authority of Palomar and UCSD Health.

i. Indemnification of Palomar. From and after the Operational Date, except as otherwise provided in this **Section 6**, the Authority will indemnify, defend, protect, and hold harmless Palomar and their successors, permitted assigns, shareholders, members, directors, managers, trustees, officers, employees, agents, contractors, and Representatives (each, a “**Palomar Indemnified Party**” and collectively the “**Palomar Indemnified Parties**”), from and against any Losses incurred or suffered by the Palomar Indemnified Parties, directly or indirectly, as a result of, arising from or related to:

A. any breach, inaccuracy, misrepresentation, or omission in any of the representations or warranties made by the Authority in this Closing Agreement or any other Authority Document;

B. any breach of any covenant, agreement, or other obligation of the Authority set forth in this Closing Agreement or any other Authority Document;

C. the Assumed Liabilities; and

D. any fraud, intentional misrepresentation, or willful or criminal misconduct of the Authority or any representatives of the Authority.

ii. Limitations on Indemnification by the Authority.

A. Palomar Claims Threshold; De Minimis Amount. No Claims for indemnification pursuant to **Section 6.b** will be made, and no payments pursuant to **Section 6.b.iii** will be available to Palomar, unless and until the aggregate amount of all such Losses exceeds Five Hundred Thousand Dollars (\$500,000) (the “**Palomar Claims Threshold**”), in which case the Authority will indemnify, defend, and hold harmless the applicable Palomar Indemnified Party for the aggregate amount of all Losses incurred by a Palomar Indemnified Party. With respect to any Claim for which a Palomar Indemnified Party may be entitled to indemnification under this **Section 6.b**, the Authority will also not be liable for any individual or series of related Losses which do not exceed the De Minimis Amount; provided, however, that each such Loss will be counted toward the Palomar Claims Threshold.

B. Cap. The aggregate liability of the Authority in respect to the indemnification of Palomar for Losses made pursuant to this **Section 6.b** will not exceed Twenty Million Dollars (\$20,000,000).

iii. Any undisputed indemnification payment required to be made pursuant to this **Section 6** by the Authority to any Palomar Indemnified Parties with regard to indemnification under **Section 6.b** will be effected by wire transfer of immediately available funds to an account designated by the applicable Palomar Indemnified Party within ten (10) business days after the

determination of the amount thereof, whether pursuant to a final judgment, settlement, or agreement among the Parties.

c. Mutual Limitations on Indemnification.

i. Insurance Recovery. The amount of any Losses subject to indemnification pursuant to this **Section 6** will be reduced or reimbursed, as the case may be, by any amount actually received by the UCSD Health Indemnified Party or Palomar Indemnified Party (each an “**Indemnified Party**”), with respect thereto under any insurance coverage provided by any third party that is not an Affiliate of such Indemnified Party, or from any other party alleged to be responsible therefor (net of any deductible or co-payment paid by such Indemnified Party and all out of pocket costs of such Indemnified Party related to such recovery), or other similar payment received by such Indemnified Party in respect of any such Claim. Each Indemnified Party will use good faith efforts to collect any amounts available under such insurance coverage or from such other party alleged to have responsibility therefor. If an Indemnified Party receives and is entitled to retain an amount under insurance coverage or from such other party with respect to Losses at any time subsequent to any indemnification provided by the applicable party providing indemnification (each an “**Indemnifying Party**”) pursuant to this **Section 6**, then such Indemnified Party will promptly reimburse such Indemnifying Party for any payment made by such Person in connection with providing such indemnification up to the amount received (net of any deductible or co-payment paid by such Indemnified Party and all out of pocket costs of such Indemnified Party related to such recovery) by the Indemnified Party; provided, however, that in no event will any Indemnified Party have any obligation hereunder to remit to any Indemnifying Party any portion of such insurance or other recoveries in excess of the indemnification payment or payments actually received from such Indemnifying Party with respect to such Losses.

ii. Survival.

A. Except as otherwise explicitly provided herein, the representations and warranties of the Parties contained in the Authority Documents will continue to be fully effective and enforceable following the Applicable Date for the greater of: (i) three (3) years; or (ii) such longer time period set forth in the applicable Authority Document (each a “**Survival Period**”); provided, however, that if there is an outstanding notice of a Claim at the end of the Survival Period, the Survival Period shall not end in respect of such Claim until such Claim is finally determined or otherwise resolved by the Parties under this Closing Agreement or by an arbitrator or a court of competent jurisdiction. Notwithstanding, solely for the representations and warranties found in the Post-Operational Option, the Survival Period shall be the lesser of three (3) years or nine (9) months after the Retained Assets are contributed to the Authority, unless a longer Survival Period is set forth in the Post-Operational Option Agreement.

B. For the avoidance of doubt: (i) each covenant, agreement, and obligation set forth in this Closing Agreement or in any other Authority Document, including those covenants, agreements, and obligations pertaining to the Excluded Liabilities and the Assumed Liabilities, will survive for an indefinite time period unless a different time period is explicitly specified therein and such obligation has been fully performed or observed in accordance with its terms; and (ii) this **Section 6.c.ii.B** will not affect any rights to bring Claims based on (x) any covenant or agreement of the Parties which contemplates performance after the Closing, (y) the

obligations of Palomar under **Sections 6.a.i.A-6.a.i.F**, or (z) the obligations of UCSD Health under **Sections 6.b.i.A-6.b.i.D**.

C. For the avoidance of doubt, each Offset Credit is not subject to expiration and survives until UCSD Health's consummation of the transactions contemplated by the Asset Purchase Agreement attached to the applicable UCSD Health Option.

iii. **Exclusive Remedy.** Except for equitable relief specifically outlined herein and recovery under any applicable insurance policies, a UCSD Health Indemnified Party and Palomar Indemnified Party may not pursue any other remedy other than the indemnification provided in **Section 6**.

d. **Limited Mutually Available Remedies.** Any Party may, at any time, without regard to any limitations under this **Section 6**, pursue: (i) recovery under any applicable insurance policies; and (ii) equitable relief (including specific performance, injunctive relief, and any other equitable relief available to such Party, in addition to any other remedy available to such Party under this Closing Agreement, any other Authority Document, or at Law). The amount of any recovery for a Claim under any insurance policy shall reduce the amount of any Claim.

e. **Liquidated Damages.** Notwithstanding the foregoing, nothing in this Agreement, including the provisions of this **Section 6**, shall conflict with UCSD Health's or the Authority's right to receive liquidated damages pursuant to the provisions of the applicable Authority Document, and in the event of a conflict, the liquidated damages provisions set forth in such Authority Document shall prevail.

f. **Equitable Relief.**

i. The Parties agree that irreparable damage would occur if any of the provisions of this Closing Agreement or any other Authority Document were not performed in accordance with their specific terms or were otherwise breached. Accordingly, each Party agrees that, in the event of any breach or threatened breach by Palomar or the Authority of any covenant or obligation contained in this Closing Agreement or any other Authority Document, the non-breaching Party will be entitled (in addition to any other equitable remedy that may be available to it and in addition to the right to seek indemnification pursuant to this **Section 6**) to seek and obtain, without proof of actual damages: (i) a decree or other Order of specific performance to enforce the observance and performance of such covenant or obligation; and (ii) an injunction restraining such breach or threatened breach.

ii. Each Party acknowledges and agrees that (i) it will not oppose any equitable relief or equitable remedy referred to in this **Section 6.f** on the grounds that any other remedy is available at Law or in equity, and (ii) no Party will be required to obtain, furnish, or post any bond or similar instrument in connection with, or as a condition to, obtaining any equitable relief or equitable remedy referred to in this **Section 6.f** (and it hereby irrevocably waives any right it may have to require the obtaining, furnishing or posting of any such bond or similar instrument). Notwithstanding the foregoing, Palomar shall not be required to consent to any equitable relief which requires Palomar to expend funds or which restricts the right to carry on its operations, except as may be modified by Palomar's non-compete obligations under an Authority Document.

g. Members, Representatives and Officers of the Authority; Indemnification. For the avoidance of doubt, in the event of a conflict between the provisions set forth in this Closing Agreement and the provisions set forth in Section 10 of the Joint Powers Agreement, the provisions set forth in Section 10 of the Joint Powers Agreement will prevail.

h. UCSD Health Due Diligence; Knowledge. The rights of any UCSD Health Indemnified Party to indemnification or any other remedy under this Closing Agreement will not be impacted or limited by any knowledge that any UCSD Health Indemnified Party may have acquired, or could have acquired, whether before or after the Operational Date, or by any investigation or diligence by any UCSD Health Indemnified Party. Palomar and the Authority hereby acknowledge that, regardless of any investigation made (or not made) by or on behalf of any UCSD Health Indemnified Party, and regardless of the results of any such investigation, UCSD Health has entered into the Contemplated Transactions in express reliance upon the representation and warranties of Palomar made in this Closing Agreement and in the other Authority Documents.

7. **Definitions.** As used in this Closing Agreement, unless the context otherwise requires, the following capitalized terms shall have the meaning assigned below. Certain terms may be defined elsewhere in this Closing Agreement but not identified here.

a. **“Applicable Date”** will mean the later of the Effective Date, the Operational Date, or the Closing Date, under the Authority Document, the breach of which gives rise to a Claim.

b. **“Assumed Liabilities”** will mean the Liabilities that are expressly assumed by the Authority under the applicable Authority Document.

c. **“Authority”** has the meaning set forth in the preamble to this Closing Agreement.

d. **“Authority Document”** or **“Authority Documents”** will mean this Closing Agreement, as amended, the Joint Power Agreement, the Pre-Operational Option Agreement and associated asset purchase agreement, JPA Option Agreement and associated asset purchase agreement, the Post-Operational Option Agreement and associated asset purchase agreement, the Use Agreement, the Employee Leasing Agreement, the Initial Contribution Agreement, the Retained Asset Contribution Agreement, the UCSD Health Contribution Agreement, the Advance Agreements, the A&R Assured Forbearance Agreement, the Tax Revenue Contribution Agreement, the Tenant in Common Agreement and the other certificates, instruments, and documents prepared, executed, and delivered pursuant to any Authority Document.

e. **“Borrower”** has the meaning set forth in the recitals to this Closing Agreement.

f. **“Business”** will mean the business of delivering healthcare services to the public through the ownership, leasing, and operation of the Facilities, the ownership of certain interests in related entities offering healthcare services (including the JV Entities), and the provision of outpatient and other healthcare businesses through the applicable Palomar Entities, as

well as any and all other businesses owned, managed, acquired, developed, operated or conducted by Palomar, PHMG, PHD, and SDEMA.

- g. “**Claim**” or “**Claims**” have the meaning set forth in **Section 6.a.iv.B.**
- h. “**Closing Agreement**” has the meaning set forth in the preamble to this Closing Agreement.
- i. “**Credit Agreement**” has the meaning set forth in the recitals to this Closing Agreement.
- j. “**Credit Line**” has the meaning set forth in the recitals to this Closing Agreement.
- k. “**Credit Line Documents**” has the meaning set forth in the recitals to this Closing Agreement.
- l. “**Effective Date**” has the meaning set forth in the preamble to this Closing Agreement.
- m. “**Escondido Hospital**” has the meaning set forth in the recitals to this Closing Agreement.
- n. “**Event of Default**” has the meaning set forth in **Section 5.b.**
- o. “**Excluded Liabilities**” will mean all Liabilities of Palomar or a Palomar Entity that do not constitute Assumed Liabilities.
- p. “**Excluded UCSD Health Affiliates**” has the meaning set forth in **Section 8.o.i.**
- q. “**Existing Advances**” has the meaning set forth in the recitals to this Closing Agreement.
- r. “**Existing Loan Documents**” has the meaning set forth in the recitals to this Closing Agreement.
- s. “**GASB**” has the meaning set forth in **Section 8.d.i.**
- t. “**Governmental Authority**” will mean all agencies, authorities, bodies, boards, commissions, courts, instrumentalities, legislatures, and offices of any nature whatsoever of any federal, state, county, district, municipal, city, or other government or quasi-government unit or political subdivision; for the avoidance of doubt, Governmental Authority will include the California Fair Political Practices Commission.
- u. “**High-Impact Claim**” will mean a Claim that so greatly impacts UCSD Health’s financial and other assumptions in entering into the Transaction Documents that it fundamentally alters the viability of the proposed transaction. High-Impact Claims would include

Claims resulting from breaches of the representations, warranties, or covenants in a Transaction Document that: (i) individually or combined with other Claims, exceeds Fifty Million Dollars (\$50,000,000) in the aggregate; (ii) materially and permanently impacts the Authority's or Palomar's ability to finance or operate the Facilities (including without limitation the loss of a Medicare provider number); or (iii) constitutes fraud, intentional misrepresentation, or willful or criminal misconduct that so greatly impacts UCSD Health's financial and other assumptions that it fundamentally alters the viability of the proposed transaction.

v. "**Hospitals**" has the meaning set forth in the recitals to this Closing Agreement.

w. "**Indemnified Party**" has the meaning set forth in **Section 6.c.i.**

x. "**Indemnifying Party**" has the meaning set forth in **Section 6.c.i.**

y. "**Initial UCSD Loan Agreement**" has the meaning set forth in the recitals to this Closing Agreement.

z. "**Initial UCSD Loan Documents**" has the meaning set forth in the recitals to this Closing Agreement.

aa. "**Joint Powers Agreement**" has the meaning set forth in the preamble to this Closing Agreement.

bb. "**JV Entities**" will mean North County Radiology Escondido, LLC (f/k/a San Diego Imaging), PDP Ramona LLC, Palomar Health Rehabilitation Institute, LLC, Palomar-AmSurg Poway Ventures, LLC, The Escondido CA Endoscopy ASC, L.P., and PHKH LLC, SCA-Palomar Holdings, LLC.

cc. "**Liability**" will mean any liability, indebtedness, obligation, recoupment, interest, tax, penalty, fine, claim, demand, judgment, or other Losses (including loss of benefit or relief), cost or expense of any kind or nature whatsoever, whether known or unknown, asserted or unasserted, absolute, fixed or contingent, accrued or unaccrued, liquidated or unliquidated, recorded or unrecorded, due or to become due or otherwise, and regardless of when asserted.

dd. "**Licensed Items**" has the meaning set forth in the Use Agreement.

ee. "**Loss**" or "**Losses**" will mean any losses, Liabilities, causes of action, costs, damages or expenses, whether or not arising from or in connection with any Third Party Claims, including interest, penalties, reasonable attorneys', consultants', mediators and experts' fees, disbursements and expenses and all amounts paid in investigation, defense or settlement of any of the foregoing; provided, however, solely for non-Third Party Claims, Losses shall not include punitive or exemplary damages, incidental damages, consequential damages, special damages, indirect damages, or other unforeseen damages, including diminution of value, loss of business reputation, goodwill or opportunity or any losses based on any type of multiple or lost profits.

ff. "**Master Indenture**" will mean the Master Trust Indenture, dated as of December 1, 2006 (as supplemented and amended from time to time pursuant to its terms) by and

between Palomar and U.S. Bank Trust Company, National Association, a national banking association, as Master Trustee (in such capacity, “**Master Trustee**”).

- gg. “**Material Consents**” has the meaning set forth in the Initial Contribution Agreement.
- hh. “**New Advance**” has the meaning set forth in the recitals to this Closing Agreement.
- ii. “**Non-Third Party Claim**” has the meaning set forth in **Section 6.a.iv.D.**
- jj. “**Non-Third Party Claim Notice Period**” has the meaning set forth in **Section 6.a.iv.D.**
- kk. “**November Advance Date**” has the meaning set forth in the recitals to this Closing Agreement.
- ll. “**Offset Credit**” or “**Offset Credits**” have the meaning set forth in **Section 6.a.iii.B.**
- mm. “**Offset Excess**” has the meaning set forth in **Section 6.a.iii.B.**
- nn. “**Option Valuation**” will mean the aggregate valuation made in connection with the purchase of assets to be acquired by UCSD Health pursuant to the terms of the applicable Option Agreement entered into between UCSD Health and Palomar.
- oo. “**Order**” will mean any judgment, order, writ, injunction, decree, determination, or award, including an arbitration award of any Governmental Authority or arbitrator.
- pp. “**Original Agreement**” has the meaning set forth in the Recitals to this Closing Agreement.
- qq. “**Original Effective Date**” has the meaning set forth in the Recitals to this Closing Agreement.
- rr. “**PAC**” means Pacific Accountable Care, LLC.
- ss. “**Palomar**” has the meaning set forth in the preamble to this Closing Agreement.
- tt. “**Palomar Claims Threshold**” has the meaning set forth in **Section 6.b.ii.A.**
- uu. “**Palomar Dispute Notice**” has the meaning set forth in **Section 6.a.iv.D.**
- vv. “**Palomar Entity**” will mean Palomar, PHMG, PHD, PAC, and SDEMA.
- ww. “**Palomar Indemnified Party**” or “**Palomar Indemnified Parties**” have the meaning set forth in **Section 6.b.i.**

xx. **“Party”** or **“Parties”** have the meaning set forth in the preamble to this Closing Agreement.

yy. **“Phase I”** has the meaning set forth in the recitals to this Closing Agreement.

zz. **“Phase I Closing Date”** means May 31, 2026.

aaa. **“Phase I Transaction Document”** or **“Phase I Transaction Documents”** will mean this Closing Agreement, the Joint Powers Agreement, the Pre-Operational Option Agreement and associated asset purchase agreement, the Post-Operational Option Agreement and associated asset purchase agreement, the Use Agreement, the Employee Leasing Agreement, the Initial Contribution Agreement, the UCSD Health Contribution Agreement, the Advance Agreements, the A&R Assured Forbearance Agreement, the Tax Revenue Contribution Agreement and the Tenant in Common Agreement and the other certificates, instruments, and documents prepared, executed, and delivered pursuant to any Phase I Transaction Document.

bbb. **“Phase I Transaction Document Approval Date”** has the meaning set forth in the recitals to this Closing Agreement.

ccc. **“Phase II”** has the meaning set forth in the recitals to this Closing Agreement.

ddd. **“Phase II Transaction Document”** or **“Phase II Transaction Documents”** will mean the Retained Asset Contribution Agreement, the JPA Option Agreement, and associated asset purchase agreement and the other certificates, instruments, and documents prepared, executed, and delivered pursuant to any Phase II Transaction Document.

eee. **“PHD”** means Palomar Health Development, Inc.

fff. **“PHMG”** means Arch Health Partners, Inc.

ggg. **“Post-Operational Option Agreement”** has the meaning set forth in the recitals to this Closing Agreement.

hhh. **“Poway Hospital”** has the meaning set forth in the recitals to this Closing Agreement.

iii. **“Pre-Authority Advances”** has the meaning set forth in the recitals to this Closing Agreement.

jjj. **“Pre-Authority Loan Documents”** has the meaning set forth in the recitals to this Closing Agreement.

kkk. **“Pre-Operational Advance Security Instrument”** has the meaning set forth in the recitals to this Closing Agreement.

lll. **“Pre-Operational Option”** has the meaning set forth in the recitals to this Closing Agreement.

mmm. “**Pre-Operational Option Agreement**” has the meaning set forth in the recitals to this Closing Agreement.

nnn. “**Pre-Operational Purchase Agreement**” has the meaning set forth in the recitals to this Closing Agreement.

ooo. “**Pre-Operational Option Security Instrument**” has the meaning set forth in the recitals to this Closing Agreement.

ppp. “**Proceeding**” will mean any action, arbitration, audit, hearing, investigation or suit (whether civil, criminal, administrative, judicial, or investigative) commenced, brought, conducted, or heard by or before, or otherwise involving, any (a) Governmental Authority; (b) Medicare fiscal intermediary or administrative contractor, recovery audit contractor, zone program integrity contractor, unified program integrity contractor or similar government program contractor; or (c) arbitrator, whether at Law or in equity.

qqq. “**Retained Assets**” will mean the Retained Facilities, the Retained Land, and all other assets owned by Palomar which were not contributed to the Authority under the terms of the Initial Contribution Agreement, other than the General Obligation Bonds.

rrr. “**SDEMA**” will mean San Diego Emergency Medical Associates, Inc.

sss. “**Second UCSD Loan Agreement**” has the meaning set forth in the recitals to this Closing Agreement.

ttt. “**Second UCSD Loan Documents**” has the meaning set forth in the recitals to this Closing Agreement.

uuu. “**Survival Period**” has the meaning set forth in **Section 6.c.ii.A.**

vvv. “**Tenant in Common Agreement**” will mean the agreement duly executed by Palomar to govern the undivided tenant in common interests of Palomar and the Authority in and to the Escondido Property (as such term is defined in the Initial Contribution Agreement).

www. “**Third Party Claim**” will mean a claim or demand that is alleged or asserted by a Person other than a UCSD Health Indemnified Party for which Palomar would be liable to payment of such Losses to the Authority or a UCSD Health Indemnified Party.

xxx. “**Third UCSD Loan Agreement**” has the meaning set forth in the recitals to this Closing Agreement.

yyy. “**Third UCSD Loan Documents**” has the meaning set forth in the recitals to this Closing Agreement.

zzz. “**UCSD Health**” has the meaning set forth in the Preamble.

aaaa. “**UCSD Health Claims Threshold**” has the meaning set forth in **Section 6.a.iii.A.**

bbbb. “**UCSD Health Indemnified Party**” or “**UCSD Health Indemnified Parties**” have the meaning set forth in **Section 6.a.i.**

cccc. “**UCSD Health Option**” will mean one, more, or all of the Post-Operational Option, or the JPA Option, as applicable.

dddd. “**UCSD Loan Documents**” has the meaning set forth in the recitals to this Closing Agreement.

eeee. “**UCSD Loans**” has the meaning set forth in the recitals to this Closing Agreement.

8. General Provisions.

a. **Notices.** Any notice, demand, letter or other communication required, permitted, or desired to be given hereunder will be deemed effectively given when either personally delivered, or when received by electronic means (including email) or overnight courier, or five (5) calendar days after being deposited in the United States mail, with postage prepaid thereon, certified or registered mail, return receipt requested, addressed as follows:

If to Palomar: Palomar Health
Attention: President & CEO
2125 Citracado Parkway, Suite 300
Escondido, CA 92029
Email: Diane.Hansen@palomarhealth.org

With a copy to: Palomar Health
Attention: Legal Department
120 Craven Road, Suite 106
San Marcos, CA 92078
Email: Kevin.DeBruin@palomarhealth.org

and to (which will not constitute notice):

Holland & Knight LLP
560 Mission Street, Suite 1900
San Francisco, California 94105
Attn: John Kern, Esq.
John.Kern@hkllaw.com

and to (which will not constitute notice):

Rosenberg and Pick, a Law Corporation
12100 Wilshire Blvd, Ste 1025
Los Angeles, CA 90025-7111
Attn: Lenard I. Pick, Esq.
Email: lpick@rosenbergandpick.com

If to UCSD
Health:

UC San Diego Health
6363 Greenwich Drive, 0891 Suite 100
San Diego, California 92122
Attention: Patricia S. Maysent,
Chief Executive Officer
E-Mail: pmaysent@ucsd.edu

With a copy
to:

UC Legal-UC San Diego Office of Campus
Counsel
Office of Legal Affairs
9500 Gilman Drive, MC 0933
San Diego, California 92093
Attention: Veronica Marsich, Chief Health
Counsel
Email: vmarsich@ucsd.edu

and to (which will not constitute notice):

Sheppard Mullin Richter & Hampton LLP
Four Embarcadero Center, 17th Floor
San Francisco, CA 94111
Attn: Eric Newsom, Esq.
Email: enewsom@sheppardmullin.com

If to the
Authority:

Palomar UCSD Health Authority
2125 Citracado Parkway, Suite 300
Escondido, CA 92029
Attn: Chief Legal Officer³

With a copy
to:

Best Best & Krieger LLP
1333 N. California Blvd., Suite 220
Walnut Creek, CA 94596
Attn: Noël Caughman, Esq.

Email: noel.caughman@bbklaw.com>

or at such other address as one Party may designate by notice hereunder to the other Parties.

b. Legal Advice and Reliance. Except as expressly provided in any Authority Document, none of the Parties (nor any of the Parties' respective representatives) has made or is making any representations to any other Party (or to any other Party's representatives) concerning the consequences of the transactions contemplated under applicable Law, including Tax-related Laws or under the Laws governing the Government Programs. Except for the representations and warranties made in any Authority Document, each Party has relied solely upon the Tax,

³ **Note to Draft:** Need email to be used for notice to the Authority.

Government Program, and other advice of its own Representatives engaged by such Party and not on any such advice provided by any other Party.

c. Further Assurances. Each Party agrees to do such things, perform such acts, and make, execute, acknowledge, and deliver such documents as may be reasonably necessary and customary to complete the transactions contemplated by this Closing Agreement.

d. Interpretation and Construction. As used in this Closing Agreement, and unless the context requires otherwise:

i. Accounting terms not defined in this Closing Agreement, and accounting terms partly defined to the extent not defined, will have the respective meanings given to them under U.S. generally accepted accounting principles, as established by the Governmental Accounting Standards Board, as consistently applied ("GASB").

ii. The word "herein" and words of similar import when used in this Closing Agreement refer to this Closing Agreement as a whole and not to any particular provision of this Closing Agreement, and section, subsection, schedule, and exhibit references are to this Closing Agreement unless otherwise specified.

iii. The word "including" and words of similar import when used in this Closing Agreement, means including without limitation, unless otherwise specified in this Closing Agreement.

iv. Words of the masculine gender include the feminine or neuter genders, and vice versa, where applicable. Words of the singular number include the plural number, and vice versa, where applicable.

v. A reference to any Law is a reference to that Law as amended, consolidated, supplemented, or replaced from time to time and all rules and regulations promulgated thereunder.

vi. Unless otherwise indicated, references to time are references to Pacific Time.

vii. The Exhibits and Schedules hereto are incorporated and made a part of this Closing Agreement and are an integral part hereof.

e. Cost of Transaction. Except as otherwise provided in this Closing Agreement, each Party will bear and pay its own costs and expenses relating to the preparation of this Closing Agreement and the Authority Documents and to the transactions contemplated by, or the performance of or compliance with any condition or covenant set forth in, the Authority Documents, including the disbursements and fees of their respective attorneys, accountants, advisors, agents and other representatives, incidental to the preparation and carrying out of the Authority Documents.

f. Waiver of Breach. The waiver by any Party of a breach or violation of any provision of this Closing Agreement will not operate as, or be construed to constitute, a waiver of any subsequent breach of the same or other provision hereof.

g. Severability. If any provision of this Closing Agreement is held to be illegal, invalid or unenforceable under any present or future Law, and if the rights or obligations of any Party under this Closing Agreement will not be materially and adversely affected thereby, (a) such provision will be fully severable, (b) this Closing Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, (c) the remaining provisions of this Closing Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance from this Closing Agreement and (d) in lieu of such illegal, invalid or unenforceable provision, there will be added automatically as a part of this Closing Agreement a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible.

h. No Inferences; Sophisticated Parties. Each Party acknowledges and agrees to the following: (a) all of the Parties are sophisticated and represented by experienced healthcare and transactional counsel in the negotiation and preparation of this Closing Agreement; (b) this Closing Agreement is the result of lengthy and extensive negotiations between the Parties and an equal amount of drafting by all Parties; (c) this Closing Agreement embodies the justifiable expectations of sophisticated parties derived from arm's-length negotiations; and (d) no inference in favor of, or against, any Party will be drawn from the fact that any portion of this Closing Agreement has been drafted by or on behalf of such Party.

i. Divisions and Headings of this Closing Agreement. The divisions of this Closing Agreement into sections and subsections and the use of captions and headings in connection therewith are solely for convenience and will have no legal effect in construing the provisions of this Closing Agreement.

j. Incorporation of Recitals. The recitals set forth at the beginning of this Closing Agreement are hereby incorporated into and made an integral part of this Closing Agreement as if fully set forth herein.

k. Entire Agreement; Amendment. This Closing Agreement, including, for the avoidance of doubt, all obligations arising under the Original Agreement, as amended, together with the other Authority Documents and the Confidentiality Agreement, represents the entire agreement between the Parties with respect to the subject matter of this Closing Agreement and supersedes all prior or contemporaneous oral or written understandings, negotiations, letters of intent, or agreements between the Parties. No modifications of, amendments to, or waivers of any rights or duties under this Closing Agreement will be valid or enforceable unless and until made in writing and signed by all Parties.

l. Multiple Counterparts. This Closing Agreement may be executed in any number of counterparts, each and all of which will be deemed an original and all of which together will constitute but one and the same instrument. The facsimile signature of any Party or other Person to this Closing Agreement or any other Authority Document or a PDF copy of the signature of any Party or other Person to this Closing Agreement or any other Authority Document delivered

by electronic mail for purposes of execution or otherwise, is to be considered to have the same binding effect as the delivery of an original signature on an original contract.

m. Press Releases and Public Announcements. Except as and to the extent required by Law, without the prior written consent of the other Party, neither Party will, and each will cause its representatives not to, make, directly or indirectly, any public comment, statement or communication with respect to, or otherwise to disclose or to permit the disclosure of any of the terms, conditions or other aspects of the matters contemplated by this Closing Agreement. In the case of a disclosure required by Law, the disclosing Party will share a draft of the required disclosure with the other Party as soon as practicable. Any and all public announcements or press releases concerning this Closing Agreement, and the method of the release for publication thereof, will be planned and coordinated by and among the Parties, and no Party will act unilaterally in this regard without the prior written approval of the other Party, which will not be unreasonably withheld; provided, however, that if the Parties have agreed upon the content of a public announcement or press release, then after such public announcement or press release is issued, the Parties' Representatives will be permitted to disclose and discuss such contents with media, community members, and others as the Parties may deem to be reasonable and appropriate. The Parties will mutually agree on a press release to be issued at or immediately following the execution of this Closing Agreement.

n. Survival. No provisions of this Closing Agreement or any other Authority Document shall survive the termination of this Closing Agreement or such other Authority Document unless the survival of such provision is explicitly provided for in such Authority Document. Notwithstanding any other provision of this Closing Agreement, Article II Section B (Exclusivity), of that certain Letter of Intent dated July 24, 2025, by and between Palomar and UCSD Health, and any other provisions of such Letter of Intent necessary to the survival of such Section, shall survive the termination of this Closing Agreement.

o. The Regents of the University of California. Palomar and the Authority each acknowledges that The Regents of the University of California have entered into this Closing Agreement solely on behalf of and with respect to UCSD Health, and any medical center, hospital, clinic, medical group, physician, or health or medical plan or program, business or operating unit, enterprise, or facility, that is or may be owned or controlled by, UCSD Health. The Regents of the University of California have not entered into this Closing Agreement on behalf of or with respect to any other division, business or operating unit, enterprise, facility, group, plan or program that is or may be owned, controlled, governed or operated by, or affiliated with, The Regents of the University of California, including without limitation any other university, campus, health system, medical center, hospital, clinic, medical group, physician, or health or medical plan or program (collectively, the "Excluded UCSD Health Affiliates"). In light of the foregoing, Palomar and the Authority each further acknowledges and agrees that, notwithstanding any other provision contained in any Authority Document:

i. All obligations of UCSD Health under this Closing Agreement will be limited to The Regents of the University of California as and when acting solely on behalf of or with respect to UCSD Health and will in no way obligate, be binding on or restrict the business or operating activities of any of the Excluded UCSD Health Affiliates or The Regents of the

University of California as and when acting on behalf of or with respect to any of such Excluded UCSD Health Affiliates;

ii. None of the Excluded UCSD Health Affiliates will constitute or be deemed to constitute an “Affiliate” of UCSD Health for any purpose under this Closing Agreement, and none of the Excluded UCSD Health Affiliates will be subject to any limitations set forth herein that may otherwise be applicable to Affiliates; and

iii. UCSD Health, through The Regents of the University of California or otherwise, will have the right to participate in, provide services under, contract as part of, and otherwise be involved in the management or operation of, any health or medical insurance or benefit plan, program, service or product that is sponsored or offered in whole or in part by The Regents on a system-wide basis.

IN WITNESS WHEREOF, the Parties have duly executed this Closing Agreement to be effective as of the Effective Date.

Palomar:

PALOMAR HEALTH

By: _____
Name: _____
Title: _____

UCSD Health:

**THE REGENTS OF THE UNIVERSITY
OF CALIFORNIA ON BEHALF OF UC
SAN DIEGO HEALTH**

By: _____
Name: _____
Title: _____

Authority:

Palomar UCSD Health Authority

By: _____
Name: _____
Title: _____

Exhibit A

Initial Contribution Agreement

[to be attached]

Exhibit B

Use Agreement

[to be attached]

Exhibit C

Employee Leasing Agreement

[to be attached]

Exhibit D

Tax Revenue Contribution Agreement

[to be attached]

Exhibit E

UCSD Health Contribution Agreement

[to be attached]

Exhibit F

Bylaws for the Authority

[to be attached]

Exhibit G

Tenant in Common Agreement

[to be attached]

Exhibit H

Post-Operational Option Agreement
[attached]

Exhibit I

Retained Asset Contribution Agreement
[attached]

Exhibit J

JPA Option Agreement
[attached]

RESOLUTION NO. 05.18.26(02)-14

**RESOLUTION OF THE BOARD OF DIRECTORS OF
PALOMAR UCSD HEALTH AUTHORITY AUTHORIZING THE AUTHORITY TO BECOME
A MEMBER OF THE OBLIGATED GROUP PURSUANT TO A MASTER TRUST INDENTURE
AND TO BECOME THE CREDIT GROUP REPRESENTATIVE**

WHEREAS, Palomar Health, formerly known as Palomar Pomerado Health (“**PH**”), is the Credit Group Representative pursuant to that certain Master Trust Indenture, dated as of December 1, 2006 and amended and supplemented to this date (as from time to time amended and supplemented pursuant to its terms, the “**Master Indenture**”), between PH, Arch Health Partners, Inc. (“**Arch**”) and U.S. Bank Trust Company, National Association, as successor master trustee; and

WHEREAS, Section 3.08 of the Master Indenture permits additional members to be added to the Obligated Group created pursuant to the Master Indenture upon satisfaction of certain conditions, including a resolution of the governing body of the proposed new member of the Obligated Group authorizing the execution of a Related Supplement and to comply with the terms of the Master Indenture; and

WHEREAS, it is proposed that Palomar UCSD Health Authority (“**Authority**”) become a member of the Obligated Group created pursuant to the Master Indenture, the effect of which will be that PH, Arch and the Authority are jointly and severally obligated for all debt secured pursuant to the Master Indenture; and

WHEREAS, PH intends to designate the Authority as the Credit Group Representative pursuant to the Master Indenture; and

WHEREAS, the Board of Directors of the Authority has determined that it is financially and operationally beneficial for the Authority to become a member of the Obligated Group created pursuant to the Master Indenture and act as Credit Group Representative; and

WHEREAS, it appears to this Board of Directors that the addition of the Authority as a member of the Obligated Group created pursuant to the Master Indenture, the authorization of the execution and delivery to the Master Trustee of a Related Supplement to the Master Indenture pursuant to which the Authority agrees to become a member of the Obligated Group created pursuant to the Master Indenture, to act as the Credit Group Representative pursuant to the Master Indenture, and to be bound by the terms of the Master Indenture will be in furtherance of the purposes of the Authority.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF PALOMAR UCSD HEALTH AUTHORITY AS FOLLOWS:

1. Authorization to Become a Member of the Obligated Group.

(a) The addition of the Authority as a member of the Obligated Group created pursuant to the Master Indenture, thereby making PH, Arch and the Authority jointly and severally obligated for all debt secured pursuant to the Master Indenture, is hereby approved.

(b) The execution and delivery of a Related Supplement to the Master Indenture, agreeing to become a member of the Obligated Group created pursuant to the Master Indenture, to be bound by the terms of the Master Indenture, all Related Supplements and all Master Indenture Obligations, and irrevocably appointing the Credit Group Representative as its agent and attorney-in-fact and granting to the Credit Group Representative the requisite power and authority to execute

Related Supplements authorizing the issuance of Master Indenture Obligations or Series of Master Indenture Obligations and to execute and deliver Master Indenture Obligations, is hereby approved.

2. Designation as Credit Group Representative. Pursuant to the Master Indenture, PH intends to designate the Authority as Credit Group Representative of the Credit Group. Such designation and appointment of the Authority as Credit Group Representative is hereby approved and accepted.

3. Appointment of and Delegation of Authority to Authorized Representatives.

(a) The Board hereby appoints the Chair of the Board of Directors, Chief Executive Officer, the Chief Financial Officer, and the Secretary of the Authority (collectively, the “Authorized Representatives” and each, an “Authorized Representative”), as the authorized representative of the Authority in connection with the addition of the Authority as a member of the Obligated Group created pursuant to the Master Indenture, all as described in this Resolution. Each Authorized Representative, acting alone, is hereby authorized to negotiate and approve the final terms of the Related Supplement providing for the addition of the Authority as a member of the Obligated Group created pursuant to the Master Indenture and any related documents, instruments, agreements or certificates as any Authorized Representative may deem necessary or advisable in connection with the addition of the Authority as a member of the Obligated Group created pursuant to the Master Indenture, as described in this Resolution.

(b) Each Authorized Representative, acting alone, is hereby authorized and directed, for and in the name of and on behalf of the Authority, to execute one or more Related Supplements consistent with this Resolution, such execution and delivery to constitute conclusive evidence of the Authorized Representative’s approval and of this Board’s approval thereof.

4. Other Acts. Each Authorized Representative, acting alone, is hereby authorized and empowered, for and in the name of and on behalf of the Authority, to do any and all things, take any and all actions, and approve, execute and deliver any and all representations, warranties, certificates, agreements, waivers, instruments and other documents, which any of them may deem necessary or advisable in order to consummate the transactions contemplated by this Resolution, including, without limitation, continuing disclosure undertakings or agreements, financing statements, and any other agreements to be entered into in connection with compliance with Section 3.14 of the Master Indenture.

5. Ratification. The Board hereby ratifies, confirms and readopts each resolution, motion and other action heretofore taken by it and by any of its Authorized Representatives and agents in connection with the transactions contemplated by this Resolution, and all agreements contemplated thereby and hereby; and any prior resolution or other action of this Board which conflicts with the provisions of this Resolution is hereby repealed and rescinded to the extent of such conflict. All of the acts of such officers and agents of the Authority which are in conformity with the intent and purposes of this Resolution, whether heretofore or hereafter taken or done, shall be, and the same are, hereby ratified, confirmed and approved in all aspects.

6. Severability. The provisions of this Resolution are hereby declared to be severable, and if any section, phrase or provision shall for any reason be declared invalid, such section, phrase or provision shall not affect the validity of the remainder of the Resolution.

7. Effectiveness. This Resolution shall take effect and be in full force immediately after such approval by the Board of Directors of the Authority.

PASSED AND ADOPTED at a meeting of the Board of Directors of the Palomar UCSD Health Authority held on May 18, 2026, by the following vote:

AYES:

NOES:

ABSTAINING:

ABSENT:

Dated: May 18, 2026

APPROVED:	ATTESTED:
Pauline Gourdie, Chair Board of Directors Palomar UCSD Health Authority	Margarita Baggett, RN, MSN, Vice Chair Board of Directors Palomar UCSD Health Authority

RESOLUTION NO. 05.18.26(03)-15

**RESOLUTION OF THE BOARD OF DIRECTORS OF PALOMAR UCSD HEALTH
AUTHORITY APPOINTING AND AUTHORIZING DESIGNATED INDIVIDUAL(S) TO
REPRESENT THE AUTHORITY IN NEGOTIATIONS AND COMMUNICATIONS WITH
HEALTH PLANS AND HEALTH INSURANCE PAYORS**

WHEREAS, on October 31, 2025, pursuant to the Joint Exercise of Powers Act, California Government Code § 6500 *et seq.* (the “**JPA Act**”), Palomar Health, a California local healthcare district and political subdivision of California organized pursuant to Division 23 of the California Health and Safety Code (“**Palomar**”), and The Regents of the University of California, a California constitutional corporation organized and existing under Article IX, Section 9 of the Constitution of UCSD of California, on behalf of the University of California, San Diego Health (“**UCSD Health**”), entered into that certain Joint Exercise of Powers Agreement (the “**JPA Agreement**”) and created the Palomar UCSD Health Authority, a California joint powers authority established pursuant to the JPA Act (the “**Authority**”);

WHEREAS, pursuant to the JPA Agreement and the Bylaws of the Authority (the “**Bylaws**”), the Authority has the power to contract with health plans and health insurance payors;

WHEREAS, Palomar and UCSD Health, as the Members of the Authority, and the Chief Executive Officer of the Authority have determined it is in the best interest of the Authority to have individuals who possess the requisite knowledge, skills, experience and expertise to represent the Authority in negotiations and communications with health plans and health insurance payors; and

WHEREAS, pursuant to the JPA Agreement and the Bylaws, the Board of the Authority desires to take all actions necessary and appropriate to prudently utilize its powers in accordance with applicable law.

NOW, THEREFORE, IT IS HEREBY RESOLVED that, in addition to the Chief Executive Officer, the Executive Management Team and any other officer, agents or representatives the Chief Executive Officer or the Board may appoint or designate, the Board hereby designates the following individual(s) to represent the Authority in negotiations and communications with any and all health plans, health insurance payors and commercial payors:

- **Patsy Bouzan**
- **Noah Rosenberg**

PASSED AND ADOPTED by the Board of Directors of the Palomar UCSD Health Authority held on May 18, 2026, by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAINING:

DATED: May 18, 2026

APPROVED:	ATTESTED:
Pauline Gourdie, Chair Board of Directors Palomar UCSD Health Authority	Margarita Baggett, Vice-Chair Board of Directors Palomar UCSD Health Authority

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