Posted
Monday,
July 27, 2026

AMENDED
Wednesday,
July 29, 2026

PALOMAR UCSD HEALTH AUTHORITY
BOARD OF DIRECTORS SPECIAL SESSION
Meeting Agenda

Wednesday, July 29, 2026
4:00 p.m.

Please see page 2 of agenda for meeting location

	The Board may take action on any of the items listed below, including items specifically labeled "Informational Only"			**Time**	**Target**
Call To Order					**4:00**
I.	**Establishment of Quorum**			1	4:01
II.	**Public Comments**[1]			30	4:31
III.	**Adjourn to Closed Session**				
	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*			15	4:46
IV.	**Re-Adjourn to Open Session**			1	4:47
V.	**Action Resulting from Closed Session, if any**			1	4:48
VI.	**Approval of Bylaws, Charters, Resolutions and Other Actions** *(ADD A)*			12	4:59
	Agenda Item	Committee/ Department	Action		
	A. Resolution: Authorizing and Approving Entering into a Quality Incentive Program Agreement with Graybill Medical Group, Inc. *(Pp 5-17)*	Board of Directors	Review/ Approve		
	B. Resolution: Authorizing Application To and Participate In the Behavioral Health Continuum Infrastructure Program *(Pp 18-19)*	Board of Directors	Review/ Approve		
Final Adjournment					**5:00**

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.

[1] *3 minutes allowed per speaker.*

Palomar UCSD Health Authority
Special Session Board of Directors
Meeting Location Options

- **Board Members of the Palomar UCSD Health Authority Board of Directors will attend this meeting virtually from the addresses listed below**

- **Non-Board member attendees, and members of the public may also attend at these locations**

  - 9300 Campus Point Drive, La Jolla, CA 92037
  - 3120 Biomedical Sciences Way, Suite 1318A, La Jolla, CA 92093
  - 200 W Arbor Dr., San Diego, CA 92103
  - 8080 North Central Expy, Ste 1700, Dallas, TX 75206
  - 17986 Highlands Ranch Terrace, Poway, CA 92064

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

Meeting ID: 294 296 606 961 218
Passcode: o8iW96ra
or
Dial in using your phone at 929.352.2216; Access Code: 991 764 027#[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 | UC San Diego Health

Palomar UCSD Health Authority
Special Session Board of Directors Meeting

Meeting will begin at 4:00 p.m.

Request for Public Comments

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

- **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

RESOLUTION NO. 07.29.26(01)-17

RESOLUTION OF THE BOARD OF DIRECTORS OF PALOMAR UCSD HEALTH AUTHORITY AUTHORIZING AND APPROVING ENTERING INTO A QUALITY INCENTIVE PROGRAM AGREEMENT WITH GRAYBILL MEDICAL GROUP, INC.

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, 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 objectives of the JPA Agreement include advancing Palomar's public health priorities and UCSD Health's public service and academic mission by: (i) stabilizing the availability of community hospital and other healthcare services to all residents of San Diego County, California and surrounding areas regardless of payor or funding source; (ii) supporting access to specialists, tertiary and quaternary care, and clinical trials; (iii) improving access to healthcare for the vulnerable populations served by Palomar through the strengthening of certain healthcare service lines for the benefit of the residents of San Diego County, California through an integrated health system; and (iv) identifying and adopting evidence-based clinical protocols and best practices and coordinating and advancing patient safety and quality improvement initiatives;

WHEREAS, the Authority is a separate public entity created pursuant to the JPA Act with the power to enter into agreements necessary to carry out its purposes, including agreements to meet the objectives of the JPA Agreement;

WHEREAS, consistent with the objectives of the JPA Agreement, the Board of the Authority (the "**Board**") has determined it is in the best interest of the Authority to maintain and improve the quality of patient care throughout the continuum of care of healthcare services in northern San Diego County and the surrounding area;

WHEREAS, the Board has further determined it is in the best interest of the Authority to enter into a Quality Incentive Program Agreement (the "**QIP Agreement**") with Graybill Medical Group, Inc., to maintain and improve the quality of patient care throughout the continuum of care of healthcare services in northern San Diego County and the surrounding area; and

WHEREAS, pursuant to the Bylaws of the Authority and JPA Agreement, the Board wishes to delegate the responsibility of executing the QIP Agreement to the Chief Executive Officer of the Authority (the "**Chief Executive Officer**").

NOW, THEREFORE, IT IS HEREBY RESOLVED that the QIP Agreement is approved in substantially the form presented to the Board, with such non-material changes as may be approved by the Chief Executive Officer or her designee;

FURTHER RESOLVED, that the Chief Executive Officer or her designee is directed to: (1) obtain such other required third-party approvals necessary prior to executing and delivering the QIP Agreement, including the approval of Alvarez & Marsal; (2) execute and deliver the QIP Agreement; (3) execute any certificates, exhibits, schedules, or ancillary documents required in connection therewith; and (4) make non-material changes consistent with the intent of this Resolution;

FURTHER RESOLVED, that the Chief Executive Officer or her designee is authorized to: (1) take any and all further actions necessary or advisable to consummate the transactions contemplated by the QIP Agreement; 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 QIP Agreement 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 July 29, 2026, by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAINING:

DATED: July 29, 2026

APPROVED:	***ATTESTED***:
Pauline Gourdie, Chair Board of Directors Palomar UCSD Health Authority	Margarita Baggett, Vice-Chair Board of Directors Palomar UCSD Health Authority

QUALITY INCENTIVE PROGRAM AGREEMENT
BETWEEN
PALOMAR UCSD HEALTH AUTHORITY AND GRAYBILL MEDICAL GROUP

This Quality Incentive Program Agreement (the "Agreement") is entered into effective as of the 1st day of August 2026, by and between **Palomar UCSD Health Authority**, a California joint powers authority, formed pursuant to California Government Code Section 6500 *et seq.* **("Authority")**, and **Graybill Medical Group, Inc.,** a California professional corporation **("Group")**. Authority or Group shall each individually be referred to as "Party" and collectively as "Parties".

RECITALS

WHEREAS, Authority and Group desire to enter into this quality incentive arrangement to emphasize continuous improvement and organizational efficiency;

WHEREAS, the quality incentive program is designed to provide financial rewards to Group for implementation and execution of processes and systems which result in high quality care that is patient-centered, safe, and effective ("Quality Incentive Program");

WHEREAS, Group and The Regents of the University of California on behalf of the University of California San Diego Health System ("UCSD Health") have entered that certain Management Services and Oversight Agreement dated as of July 10, 2026 (the "MSA"), by which UCSD Health will make certain recommendations and provide certain other services as set forth in more detail in that agreement;

WHEREAS, Group, UCSD, and Sharp Community Medical Group, Inc. ("SCMG") have entered a non-binding letter of intent dated June 30, 2026, which described an intent among those parties for this Agreement to be negotiated and entered into to begin on or around August 1, 2026;

WHEREAS, Group and Arch Health Partners, Inc., doing business as Palomar Health Medical Group ("PHMG") contemplate entering into a Professional Services Agreement (the "PSA") by October 31, 2026, for the provision of professional services on an exclusive basis; and

NOW, THEREFORE, in consideration of the above and the mutual covenants set forth in this Agreement, the Parties agree as follows:

ARTICLE I
DEFINITIONS

1.1 Quarterly Calculation Periods. Quarterly Calculation Periods shall be three (3) months in duration beginning on the first (1st) day of the first (1st) month of the Quarterly Calculation Period and ending an on the last day of the third (3rd) month of the Quarterly Calculation Period. The initial Quarterly Calculation Period shall commence on the Effective Date of this Agreement and end on October 31, 2026.

1.2 Final Settlement. Final Settlement shall mean the final calculation of the monies owed by the Parties. The Final Settlement shall be determined by Authority.

1.3 Hospital Services. Hospital Services shall mean those health care services provided by Authority pursuant to the terms of the Quality Incentive Program Agreement.

1.4 Metrics. Metrics shall mean the measures described in Exhibit A.

1.5 Medical Services. Medical Services shall mean professional health care services provided by Group to Members.

1.6 Member. Member shall mean an individual who has a designated Group physician as his or her primary care and/or referring physician.

ARTICLE II
QUALITY INCENTIVE PROGRAM DISBURSEMENTS

2.1 Quality Incentive Program Disbursements. Authority and Group shall share the incentives for managing Hospital Services for Members in accordance with the terms and conditions set forth in this Agreement. Subject to the other terms and conditions contained herein, Group may be entitled to Quality Incentive Program Disbursements depending on the Group's performance under the Quality Incentive Program, as follows:

2.1.1 Authority will provide to Group monthly advances of anticipated Quality Incentive Program Disbursements in an amount not exceed $1,900,000.00 per month, and not exceed a total of $10,000,000.00 cumulatively during the Term of this Agreement. [NTD: Add specifics about what day of each month Group should request funds, and what day of the month Authority will advance funds.]

2.1.2 Within thirty (30) days of the end of the applicable Quarterly Calculation Period, Authority shall calculate the Quality Incentive Program Disbursement amount for the immediately preceding calendar quarter based on measurements of the performance of Group of the Metrics described in Exhibit A. Should Authority experience any delays in receiving measurement data from Group or third parties used in calculating the Quality Incentive Program Disbursement, Authority may delay the calculation pending receipt and validation of measurement data.

2.1.3 If the total amount of monthly advances described in Section 2.1.1 for the applicable Quarterly Calculation Period is less than the calculated Quality Incentive Program Disbursement amount, then Authority shall pay the remainder of the Quality Incentive Program Disbursement (the "Additional Payment") amount to Group within fifteen (15) business days of the calculation described in Section 2.1.2 for the applicable Quarterly Calculation Period, unless Group disputes the results; provided however, in no event shall the total amount of the Additional Payment and any monthly advances received by Group for the applicable Quarterly Calculation exceed $ 5,700,00.00 per

Quarterly Calculation Period. If the total amount of monthly advances described in Section 2.1.1 for the applicable Quarterly Calculation Period exceeds the calculated Quality Incentive Program Disbursement amount, then Group shall remit the surplus amount of monthly advances (the "Surplus Amount") to Authority within thirty (30) days of the calculation of for the applicable Quarterly Calculation Period , unless Group disputes the results; provided however, Group may, with written approval by Authority, remit the Surplus Amount in twelve (12) equal monthly installments.

2.1.4 If, however, the total amount of monthly advances described in Section 2.1.1 for the applicable Quarterly Calculation Period exceeds the calculated Quality Incentive Program Disbursement amount because of the Group's failure to achieve any or all of the Metrics described in Exhibit A, then Group may retain such surplus until Authority calculates the Quality Incentive Program Disbursement amount for the immediately subsequent Quarterly Calculation Period. If Group again fails to achieve any or all of the same Metrics Group failed to achieve in the preceding Quarterly Calculation Period, then Group shall remit the surplus amounts of monthly advances for the preceding and current Quarterly Calculation Periods to Authority within fifteen (15) business days of the calculation of the current Quarterly Calculation Period. Notwithstanding the above, Group shall remit the surplus amount of monthly advances (if any) for the Final Calculation Period (as described in Section 4.4 below) to Authority upon termination or expiration of this Agreement.

2.1.5 *[EXAMPLE: Authority provides monthly advances to Group for three (3) months of $500,000 each for August-October 2026 totaling $1.5M. Upon calculating the Quality Incentive Program Disbursement amount for August-October 2026, Authority determines Group failed to achieve certain Metrics and the Quality Incentive Program Disbursement amount for August-October 2026 is $1M. Authority provides monthly advances to Group of $500,000 each for November 2026 – January 2027 totaling $1.5M. Authority determines Group failed to achieve some of the same Metrics and the Quality Incentive Program Disbursement amount for November 2026 – January 2027 is $1.25M. Group must remit $750,000 to Authority.]*

2.1.6 For clarity, the total amount off payments to Group by Authority under this Agreement, including but not limited to Quality Incentive Program Disbursements, monthly advances, and Additional Payments, shall not exceed $10,000,000.00.

2.2 Quality Incentive Program Administration. Authority shall establish, fund, and administer a Quality Incentive Program Pool. Group may earn disbursements from the Quality Incentive Program Pool in accordance with the terms of this Agreement.

ARTICLE III
GROUP OBLIGATIONS

3.1 Quality Incentive Program Participation. Group shall participate in the Quality Incentive Program throughout the term of this Agreement. Failure to provide all data requested or required for measures that are that are applicable to Group, as determined by Authority, may result in termination of this Quality Incentive Program Agreement as provided in Section 4.2. [(For example, if Group does not provide a particular medical service because no patient presented required such service, then measures relating to such service would not be applicable. However, if Group simply chooses not to participate with data submission required for measures, such non-participation would not make related measures inapplicable to Group.)]

3.2 Quality Incentive Program Disbursements Final Results. Group recognizes that they are responsible for review of their results upon thirty (30) days of receipt of the Quality Incentive Program Disbursement amounts wherein Group has the opportunity to appeal for correction of results if they believe them to be in error. If no appeal is initiated during this period or, if a timely appeal is initiated, after the appeal is resolved under the terms of this Agreement, such finalized results shall be considered accurate and final (the "Final Results") and Authority will use the Final Results in Quality Incentive Program Disbursements. Group recognizes that the measurement of the Quality Incentive Program is subject to variation and reasonable statistical and operational discrepancies. For clarity, the Authority's calculation of the Quality Incentive Program Disbursements shall, upon a timely appeal, be subject to the dispute resolution processes described in Article VI of this Agreement; provided however, that Final Results shall not be subject to any further dispute resolution process described in Article VI of this Agreement.

ARTICLE IV
TERM AND TERMINATION

4.1 Term. The term of this Agreement shall be for a period of one year commencing August 1, 2026 and ending July 31, 2027 (the "Term").

4.2 Termination for Breach. Group or Authority may terminate this Agreement by providing the other Party with a minimum of thirty (30) calendar days' prior written notice in the event the other Party commits a material breach of any provision of the Agreement. Said notice must specify the nature of said material breach. The breaching Party shall have thirty (30) calendar days from the date of the breaching Party's receipt of the foregoing notice to rectify said material breach. In the event the breaching Party fails to cure the material breach within said thirty (30) calendar day period, this Agreement shall automatically terminate upon expiration of the thirty (30) day notice period.

4.3 Termination Concurrent with Termination of the MSA. This Agreement shall automatically terminate upon termination of the MSA.

4.4 Termination upon Certain Events Related to the PSA. If the PSA is not executed by October 31, 2026, Authority may terminate this Agreement upon fifteen (15) calendar days prior written notice to Group. After execution of the PSA, this Agreement shall automatically terminate upon termination of the PSA.

4.5 Termination of Modification for Illegality. If Authority at any time reasonably believes that continuation of this Agreement could jeopardize its tax-exempt status, or that this Agreement is likely to be challenged by a governmental agency, including without limitation the Internal Revenue Service, the California Department of Managed Health Care, or the Centers for Medicare and Medicaid Services, as illegal and improper, Authority may terminate this Agreement by providing written notice to Group. Such notice shall describe the basis for Authority's reasonable belief. Within ten (10) calendar days of such written notice, the Parties shall meet and confer to discuss mutually acceptable means of restructuring the relationship. In the event that the Parties are unable to reach agreement on new terms within twenty (20) calendar days of their meeting, the Agreement shall automatically terminate.

4.6 Effect of Termination. Notwithstanding anything contained in this Agreement to the contrary, the Quarterly Calculation Period for the period in which the Agreement is terminated (the "**Final Calculation Period**") shall end on the date such termination is effective under this Article IV. Termination of this Agreement shall not release or discharge the Parties from any obligation, debt, or liability which shall have previously accrued and remain to be performed upon the date of termination. Following termination, Authority shall conduct a Final Settlement, which Final Settlement shall consist of a final reconciliation of all amounts owed by the Parties under this Agreement up to and including the end date for the Final Calculation Period (the "**Final Reconciliation**"). Any amounts which are owed by Group to Authority or by Authority to Group pursuant to the Final Reconciliation shall be paid within thirty (30) days.

ARTICLE V
CONFIDENTIALITY

5.1 Nondisclosure. No Party shall disclose this Agreement or the terms thereof to a third party, except as provided herein or as otherwise required by law, without the prior written consent of the other Party; provided however, that the Parties may disclose this Agreement and the terms thereof to UCSD Health and SCMG.

5.2 Confidential Information and Trade Secrets.

5.2.1 The Parties recognize that due to the nature of this Agreement, each Party will have access to information of a proprietary nature owned by the other Party which information is of a confidential or trade secret nature and which has great value to the respective owner. Consequently, each Party acknowledges and agrees that each Party has a proprietary interest in their respective information and that all such information constitutes confidential and proprietary information and the trade secret property of the respective Party. Each Party hereby expressly and knowingly waives any and all right, title, and interest in and to such trade secrets and confidential information and agrees to return all copies of such trade secrets and confidential information related thereto to the originating Party at their own expense, upon the expiration of earlier termination of this Agreement.

5.2.2 The Parties further acknowledge and agree that each Party is entitled to prevent their respective competitors from obtaining and utilizing their respective trade secrets and confidential information. Therefore, the Parties agree to hold each other's trade secrets and confidential information in strictest confidence and to not disclose them or allow them to be disclosed, directly or indirectly, to any person or entity other than those persons or entities who are employed by or affiliated with the Party with the proprietary interest in the trade secrets and confidential information at issue without the prior written consent of such Party. During the term of this Agreement, no Party shall disclose to anyone, other than persons or entities who are employed by or affiliated with the Parties, any confidential or proprietary information or trade secret information obtained by one Party from another, except as otherwise required by law. After the expiration or earlier termination of this agreement, no Party shall disclose to anyone any confidential or proprietary information or trade secret information obtained by a Party from another, except as otherwise required by law or upon prior written consent of the originating Party.

5.2.3 The Parties acknowledge and agree that a breach of this Article V will result in irreparable harm and that the Party with a proprietary interest in the inappropriate disclosed trade secret or confidential information cannot be reasonably or adequately compensated in damages, and therefore, such Party shall be entitled to equitable remedies, including, but not limited to, injunctive relief, to prevent a breach and to secure enforcement thereof in addition to any other relief or award to which such Party may be entitled.

ARTICLE VI
DISPUTE RESOLUTION AND ARBITRATION

6.1 Good Faith Conference. Group and Authority agree to meet and confer in good faith to resolve any problems or disputes that may arise under this Agreement.

6.2 Dispute Resolution. In the event that any dispute relating to this Agreement arises between Group and Authority, either Party may, but at least fifteen (15) business days' prior written notice, call a meeting regarding such dispute to be attended by an executive officer of each Party who has the authority to negotiate and bind that Party to a resolution. At the meeting, such officers shall attempt in good faith to resolve the dispute.

6.3 Mediation. In the event that informal meetings and discussions in good faith between appropriate representatives of the Parties fail to resolve the issues between Authority and Group, the matter shall be brought to mediation. Such mediation shall be brought in San Diego County in accordance with the Commercial Mediation Rules of the American Arbitration Association. To the extent that either Party considers it helpful, UCSD Health may be invited to participate in any communications or meetings under Sections 6.1, 6.2, or 6.3 of this Agreement.

6.4 Arbitration. If the dispute cannot be resolved within thirty (30) calendar days from the date of notice mandated by Section 6.2, and if any Party wishes to pursue the dispute, the dispute shall be submitted to binding arbitration in accordance with the rules of the American Arbitration Association. In no event may the arbitration be initiated more than one (1) calendar year after the date of the first written notice by one Party to the other Party of the dispute. The arbitrators shall have no power to award any punitive damages or exemplary damages or to ignore or vary the terms of this Agreement and shall be bound by controlling law. The costs of such arbitration shall be split evenly between the Parties, except that each Party shall pay its own legal, accounting, and other expert fees and expenses.

ARTICLE VII
GENERAL PROVISIONS

7.1 Independent Contractor. In the performance of the duties and obligations imposed under this Agreement, it is mutually agreed that Authority and Group, acting through their own employees or subcontractors, are and at all times shall be acting as independent contractors. Neither shall have nor exercise any control or direction over the methods by which the other Party and its employees or subcontractors shall perform their duties and obligations arising hereunder. Nothing in this Agreement shall be considered to create more than the mutual duties, responsibilities, and benefits specifically set forth herein. This Agreement is not and shall not be considered to create an employer/employee relationship, joint venture, or partnership of any kind, and neither Party shall represent to any third persons that any such relationship exists. Each Party to this Agreement is and shall remain professionally and economically independent of each other.

7.2 Entire Agreement. This Agreement constitutes the entire agreement between the Parties pertaining to the subject matter contained herein and supersedes all prior and contemporaneous agreements, representations, and understandings of the Parties with respect to the subject matter of this Agreement. No supplement, amendment, or modification of this Agreement shall be binding unless executed in writing by all of the Parties.

7.3 Waiver. No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the Party making the waiver.

7.4 Subject Headings. The subject headings of the Articles and Paragraphs of this Agreement are included for purposes of convenience only, and shall not affect the construction or interpretation of any of the provisions of this Agreement.

7.5 Binding Agreement and Assignment. This Agreement shall be binding upon, and shall inure to the benefit of the Parties to it and their respective legal representatives, successors, and assigns. Neither Party may assign this Agreement nor any rights hereunder, nor may they delegate any of the duties to be performed hereunder without the prior written consent of the other Party.

7.6 Governing Law. This Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of California.

7.7 Survival. Article V, Article VI, and Sections 2.1.3, 2.1.4, and 4.6 shall survive termination of this Agreement.

7.8 Notices. All notices, requests, demands, or other communications under this Agreement shall be in writing and shall be deemed to have been duly given on the date of service if served personally on the Party to whom notice is to be given, or on the second day after mailing if mailed to the Party to whom notice is to be given, by first class mail, registered or certified, postage prepaid, and properly addressed as follows:

Group:
Graybill Medical Group, Inc.
225 East Second Avenue, Suite 225
Escondido, CA 92025
Attn: Administration

Authority:
Palomar UCSD Health Authority
2125 Citracado Parkway, Suite 300
Escondido, CA 92029
Attn: Chief Legal Officer

Any Party may change their address of purposes of this Paragraph by giving the other Party written notice of the new address in the manner set forth above.

7.9 Invalidity or Unenforceability. The invalidity or unenforceability of any terms or provisions hereof shall in no way affect the validity or enforceability of any other term or provision of this Agreement or the validity or enforceability of either Authority's or Group's health plan agreements.

7.10 No Payment for Referrals or Limiting Services. Authority and Group agree that the benefits to Group under this Agreement do not require, are not payment for, and are not in any way contingent upon the referral, admission or any other arrangement for the provision of any item or service offered by Authority or its affiliates to patients of Group in any facility, laboratory, or health care operation controlled, managed, or operated by Authority or its affiliates, nor are they intended in any way to be a part of any hospital-sponsored incentive plan under which Authority makes payments to Group as an inducement to reduce or limit services provided in connection with Members in violation of Title 42, United States Code, Section 1320a-7a(b)(1) and (2).

7.11 Third Party. This Agreement is entered into by and between the Parties signing it and for their benefit. There is no intent by either Party to create or to establish a third party beneficiary status or rights or their equivalent in any Member, subcontractor, or other party which may be affected by the operation of this Agreement, and no such third party shall have any right to enforce or enjoy any benefit created or established under this Agreement.

7.12 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, with all of such counterparts together shall constitute one and the same contract.

7.13 Access to Records. Group shall, upon reasonable notice, be allowed to inspect, review, analyze, and copy all Quality Incentive Program records and data, including but not limited to any interim estimates. The Parties shall work together in good faith to provide Group with access electronically to real-time data related to the Quality Incentive Program.

7.14 IRS Form 1099. All payments under this Agreement shall be reported on IRS Form 1099 to the extent required by Federal income tax law.

{SIGNATURES ON FOLLOWING PAGE}

IN WITNESS THEREOF, the undersigned parties, intending to be legally bound, have executed this Agreement as of the date first written above.

PALOMAR UCSD HEALTH AUTHORITY

Signature: ________________________________

Name: Diane L. Hansen

Title: Chief Executive Officer

Date: ____________________________________

GRAYBILL MEDICAL GROUP, INC.

Signature: ________________________________

Name: Alejandro Paz, MD

Title: President

Date: ____________________________________

<u>EXHIBIT A</u>

<u>QUALITY INCENTIVE PROGRAM METRICS</u>

<u>[TO BE ATTACHED]</u>

Bond BHCIP Round 2: Unmet Needs
Form 10: Board Authorizing Resolution Template

RESOLUTION NO. 07.29.26(02)-18

A RESOLUTION OF THE BOARD OF DIRECTORS OF Palomar UCSD Health Authority **[FULL LEGAL NAME OF CORPORATION] AUTHORIZING APPLICATION TO AND PARTICIPATION IN THE BEHAVIORAL HEALTH CONTINUUM INFRASTRUCTURE PROGRAM ("BHCIP")**

WHEREAS:

A. The California Department of Health Care Services, through its contractor Advocates for Human Potential, Inc., ("**Department**") has issued a Request for Applications, dated May 30, 2025 ("**RFA**"), for the Bond BHCIP Round 2 (2025) Unmet Needs Program ("**Program**"). The Department has issued the RFA for Program grant funds pursuant to California Welfare and Institutions Code sections 5965-5967.01 ("**Behavioral Health Infrastructure Bond Act of 2024**").

B. Palomar UCSD Health Authority **[FULL LEGAL NAME OF CORPORATION]**, a California [Name of State] joint exercise of powers authority [nonprofit public benefit/for-profit] corporation ("**Applicant**"), desires to apply for Program grant funds and has submitted an application for Program grant funds ("**Application**") to the Department for review and consideration.

C. The Department is authorized to administer BHCIP pursuant to the Behavioral Health Infrastructure Bond Act of 2024. Program funding allocations are subject to the terms and conditions of the RFA, the Application, Program Funding Agreement ("**Program Funding Agreement**"), and all other legal requirements of the Program.

THEREFORE, IT IS RESOLVED THAT:

1. Applicant is hereby authorized and directed to submit an Application to the Department in response to the RFA, and to apply for Program grant funds in a total amount not to exceed **$**50,000,000.33.

2. If the Application is approved, Applicant is hereby authorized and directed to

enter into, execute, and deliver a Program Funding Agreement for the total award amount, and all other documents required or deemed necessary or appropriate to secure the Program grant funds from the Department and to participate in the Program, and all amendments thereto (collectively, the "**Program Documents**").

3. Applicant acknowledges and agrees that it shall be subject to the terms and conditions specified in the Program Funding Agreement. Any and all activities, expenditures, information, and timelines represented in the Application are enforceable through the Program Funding Agreement. Funds are to be used for the allowable expenditures and activities identified in the Program Funding Agreement.

4. **Diane L. Hansen, Chief Executive Officer, Palomar UCSD Health Authority or Patricia S. Maysent, Chief Executive Officer, UC San Diego Health** (the "**Authorized Signatory**"), is authorized to execute the Application and the Program Documents on behalf of Applicant for participation in the Program.

PASSED AND ADOPTED this 29th day of July, 2026, by the following vote of the Corporation's Board of Directors:

AYES: **[__]** NAYS: **[__]** ABSTAIN: **[__]** ABSENT: **[__]**

The undersigned, **Pauline Gourdie, Chairperson of the Board of Applicant**, does hereby attest and certify that the foregoing is a true and full copy of a resolution of the Corporation's governing body adopted at a duly convened meeting on the date above-mentioned, and that the resolution has not been altered, amended, or repealed.

SIGNATURE: ________________________ DATE: ______________________

NAME: _____________________________ TITLE: ______________________

[NOTICE AND INSTRUCTIONS APPEAR ON THE FOLLOWING PAGE]