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March 1, 2017

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Pursuant to the filing requirements of the State of California and SB 1266 associated with Joint Powers Agreements established between public agencies, please find enclosed:

1. Copy of the JOINT POWERS AGREEMENT BETWEEN FALLBROOK HEALTHCARE DISTRICT AND PALOMAR HEALTH dated December 14, 2012
2. Copy of the TERMINATION OF JOINT POWERS AGREEMENT BETWEEN FALLBROOK HEALTHCARE DISTRICT AND PALOMAR HEALTH executed February 21, 2017

Should you have questions, please contact me directly.

Respectfully;

A handwritten signature in blue ink, appearing to read "Daniel Steeber", written over a horizontal line.

Daniel Steeber  
General Counsel  
Palomar Health  
120 Craven Road, Ste. 106  
San Marcos, CA 92078

**Legal Counsel**

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Palomar Health is a California Public Healthcare District

**JOINT POWERS AGREEMENT  
BETWEEN  
FALLBROOK HEALTHCARE DISTRICT AND PALOMAR HEALTH**

THIS JOINT POWERS AGREEMENT is entered into and executed as of December 22, 2014, by and between FALLBROOK HEALTHCARE DISTRICT, a California local healthcare district (“Fallbrook”), and PALOMAR HEALTH, a California local healthcare district (“Palomar”), pursuant to the Joint Exercise of Powers Act (Gov. Code, §6500 *et seq.*). All parties are organized and operating under Health and Safety Code, §32000 *et seq.*

**RECITALS**

A. Fallbrook is currently in the process of winding up a long-term lease agreement with Community Health Systems. The purpose of that lease agreement was to provide acute and outpatient services to persons in the Fallbrook community.

B. Fallbrook has determined that continued healthcare services will be best served by entering into a Joint Powers Agreement with Palomar to ensure the continuity of clinical services and to ensure those clinical services can be immediately provided to the community.

C. Fallbrook and Palomar believe it is in the best interest of the communities they serve to collaborate on the delivery of healthcare services, and that collaboration will provide substantial benefits to each party and to the communities they serve. This collaboration will ensure each party’s relevance in the healthcare marketplace, and will ensure a strong future for delivery of healthcare services in each health district.

D. In order to implement the foregoing benefits, the parties now wish to memorialize their agreements and understandings in the manner set forth herein.

THEREFORE, in consideration of their mutual promises and undertakings set forth herein, the parties agree as follows:

**AGREEMENT**

**ARTICLE 1. PURPOSE AND POWERS.**

1.1 Purpose. This Agreement is made pursuant to the provisions of Article 1, Chapter 5, Division 7, Title 1 of the Government Code, commencing with section 6500, relating to the joint powers common to public agencies. The parties possess the powers under the Local Health Care District Law pursuant to Health and Safety Code section 32000 *et seq.* The purpose of this Agreement is to provide or facilitate healthcare services for the Fallbrook community and create a healthcare network through collaboration for San Diego’s north county communities. Each of the following services will be a separate program (“Program”) under this Agreement.

1.1.1 Immediate Needs/Services Proposed. These services were identified by Fallbrook as existing services that needed to be addressed on an expedited basis in order to provide for a continuation of the services and a seamless transition.

(a) Urgent Care Program. Fallbrook and Palomar shall identify a provider of urgent care services.

(b) Skilled Nursing Services. Fallbrook and Palomar shall identify a provider of skilled nursing services.

(c) Home Health/Hospice Care Program. Fallbrook plans to surrender its home health and hospice license. Palomar currently provides home health services. The parties will work jointly to continue to provide these services through Palomar's home health service entity consistent with the community's needs. Palomar currently does not provide hospice services. The parties will assure that needed hospice services are provided through a collaborative solution with area hospice provider(s).

(d) Physical, Occupational, and Speech Therapy Program. Fallbrook and Palomar will identify a provider of physical, outpatient and speech therapy services.

(e) Outpatient Rehabilitation Program. Fallbrook and Palomar will identify a provider of outpatient rehabilitation services.

(f) Laboratory Program. Fallbrook and Palomar will identify a provider of laboratory services, including the following: draw station capabilities, stat testing to support urgent care services, and potential reference lab capabilities to serve the community's needs.

(g) Imaging Program. The parties will identify a provider of imaging services to support urgent care services, skilled nursing, and outpatient diagnostic imaging in the community.

1.1.2 Additional Proposed Services Requiring Further Assistance. These services were identified by Fallbrook as services the community would benefit from having provided locally. The parties will complete due diligence and assessment for the following services:

(a) Ambulatory Surgery Center. The parties will complete due diligence and assessment of an ambulatory surgery center, including GI, and consider the involvement of local physicians. The parties view such a relationship involving local physicians as necessary to maintain these services within the Fallbrook community.

(b) Wound Care Program. The parties will identify a provider of wound care services including hyperbaric therapy capabilities as necessary to meet the Fallbrook community demand.

(c) Dialysis Services. The parties recognize that dialysis services are needed within the Fallbrook community. The parties will identify a provider of dialysis services.

(d) Pharmaceutical Services. The parties will explore the opportunity for retail pharmacy services based upon community need and demand.

(e) Other Ambulatory Services. As other programmatic and service needs are identified, it is anticipated the parties will give due consideration to those needs, and where appropriate arrange for the provision of those services.

## **ARTICLE 2. ADMINISTRATION**

2.1 Parties' Responsibilities. Fallbrook will be responsible for setting expectations for the healthcare needs of its community and resulting programmatic needs for its communities. Palomar will assist Fallbrook in meeting those programmatic needs by providing consultation on service delivery, and also may be a provider of those services. Fallbrook will make its financial resources available to fulfill those expectations.

2.2 Parties' Representatives. The party representatives are as delegated by each party's governing board ("Representatives"). The Representatives shall not take any action that requires either party's respective governing board's approval without first receiving such governing board's approval.

2.3 Ongoing Fallbrook Programs. The parties acknowledge and support Fallbrook's right to utilize a portion of the former hospital campus to relocate its administrative offices, and allow for a base of operations to continue its ongoing community-based health programs (including its grant program, community collaborative committee, health fair, and health screening programs).

2.4 Meetings. The parties will meet at least once a quarter or as otherwise needed to administer the Programs. Minutes will be taken of each meeting, and the decisions of the parties will be documented in the minutes. The party's Representatives shall establish regular meetings to address Program oversight.

2.5 Decision-making. The parties acknowledge that the final decision-making authority for Fallbrook with respect to Articles 3 and 4 below, will rest in its board of directors.

## **ARTICLE 3. PROGRAM SELECTION, BUDGETS AND OVERSIGHT**

3.1 Program Selection. The parties' Representatives shall work together to develop necessary Programs. No Program shall become operational unless it has been approved by both parties. Each Program shall include a plan for continuation or termination of the Program if this Agreement is terminated.

3.2 Program Budget. When the parties' Representatives agree on a Program, they shall also establish a budget for such Program. The budget should include initial investments, revenue, the ongoing costs of the Program, and how deficits and surpluses will be handled. This will include each party's responsibilities, for both financial and other resources.

3.2.1 Tracking Investments. The parties shall track the financial investments made by each party for the services provided or to be provided under each approved Program.

3.2.2 Tracking Revenue. The parties shall track the revenue generated and the expenses incurred for each approved Program

3.2.3 Surplus. If there is a surplus of revenue for a Program, the parties shall determine how the surplus is to be distributed among the parties.

3.2.4 Deficit. If there is a deficit of revenue, the parties shall determine how such deficits will be covered.

3.3 Oversight. The party's Representatives shall establish performance metrics to objectively monitor the success in realizing the objectives of each Program.

3.4 Governing Board Action. The Program scope, performance metrics and budget shall be memorialized in a Program agreement signed by the parties. Within sixty (60) days of receipt of the Program agreement, each party's governing board, as necessary, shall approve, disapprove, or recommend revision of the program agreement.

#### **ARTICLE 4. TERM AND TERMINATION**

4.1 Effective Date. This Agreement shall be effective as of December 22, 2014. It shall continue in full force and effect for a term of seven (7) years, unless terminated as hereinafter provided. It may be extended by mutual agreement of the parties, expressed by approval of each of the party's governing boards.

4.2 Termination Option. If a party defaults on a material term of the Agreement, a non-defaulting party may request a meet and confer to discuss the default. The parties will meet within 14 days of the request. If the default is not resolved to the satisfaction of the non-defaulting party, then the non-defaulting party may terminate the agreement upon 90 (ninety) days prior written notice.

4.3 Termination Option After Five (5) Years. At any time after the initial five (5) year term of this Agreement, a party may cause its termination by giving six (6) months' notice, in writing, to the Representatives.

4.4 Parties' Rights and Duties on Expiration or Termination. Should this Agreement expire at the end of its initial term, or if it is terminated for any reason, the parties shall continue to work together until all obligations incurred prior to expiration or notice of termination, have been fully performed. No further obligations will be incurred. The parties shall seek the Local Agency Formation Commission's approval to continue the services at one of the parties if such service is outside of that party's boundaries.

4.5 Mutual Termination. If the parties mutually agree that continuation of the Agreement no longer meets the original goal and intent of the parties, then they may agree to terminate this Agreement.

#### **ARTICLE 5. MISCELLANEOUS**

5.1 Marketing. Neither party will use the other party's name for purposes of marketing or advertising without the prior written consent of the other party.

5.2 Entire Agreement. This Agreement contains the entire Agreement of the parties and shall be binding upon and inure benefit of the parties, their successors and assigns.

5.3 Additional Parties. Nothing herein shall preclude the addition of other governmental entities as parties to this Agreement, so long as the parties agree to such addition. If an entity is added as a party, it shall be bound by the terms and conditions of this Agreement.

5.4 Notices. Notices required by law or by this Agreement, shall be deemed sufficient if given, in writing and deposited in the United States Mail, postage prepaid, to the following:

To Fallbrook: Vi Dupre, Administrator  
Fallbrook Healthcare District  
577 E. Elder Street, Suite U  
Fallbrook, CA 92028

To Palomar: Robert A. Hemker, President and CEO  
Palomar Health  
456 E. Grand Avenue  
Escondido, CA 92025

5.5 Severability. If anyone or more of the terms, provisions, promises, covenants or conditions of this Agreement shall be to the extent judged invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, each and all of the remaining terms, provisions, promises, or conditions of this Agreement shall not be affected thereby, and shall be valid and enforceable to the fullest extent allowed by law.

5.6 Agreement Not Partnership or Joint Venture; No Third Party Beneficiaries. Nothing in this Agreement shall be deemed to establish relationships between the parties other than those expressly described and set forth. The agreements contained herein are made solely for the benefit of the parties, and shall not be construed as benefiting any person who is not a party to this Agreement.

5.7 Waiver of Terms; Effect. By action of each party's governing boards, the time specified in this Agreement for performance of any act by the parties, may be extended or waived, for good cause. Any such extension or waiver shall affect only the time period to which it is directed, and it shall not be deemed applicable to subsequent deadlines relating to the subject matter of the extension or waiver, nor shall it be deemed to apply to any other time constraints or requirements contained in this Agreement.

5.8 Agreement as Integrated Document; Titles and Headings Not Part. This Agreement fully and completely integrates all agreements and understandings of the parties regarding its subject matter. Titles and headings contained herein are not a part of the agreement of the parties. They are included only for descriptive purposes, and shall not be deemed as incorporated into this Agreement for any other purposes.

5.9 Amendment; Method Prescribed. This Agreement may be amended at any time, by written agreement of the parties, acting by and through their governing boards.

5.10 Authority to Enter into Agreement. Each party represents that it has the full power and authority to enter to this Agreement and to carry out the powers contemplated by it. Each party further represents that it has taken all action necessary to authorize the execution, delivery and performance of the Agreement. Each person signing below warrants that he/she has full power and authority to bind the party under which her/his signature appears.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and attested by their proper officers as of the date first above written.

**FALLBROOK:**

FALLBROOK HEALTHCARE DISTRICT

Signature: \_\_\_\_\_



Printed Name: STEPHEN ABBOTT

Title: FHD PRESIDENT

Date: December 22, 2014

**PALOMAR:**

PALOMAR HEALTH

Signature: \_\_\_\_\_



Printed Name: Robert A. Hewker

Title: President and CEO

Date: \_\_\_\_\_

2/10/15