

RESOLUTION NO. 829

RESOLUTION OF THE BOARD OF DIRECTORS OF THE TRI-CITY HEALTHCARE DISTRICT APPROVING THE AFFILIATION, TRANSFER AND LEASE AGREEMENTS BETWEEN THE TRI-CITY HEALTHCARE DISTRICT, SHARP HEALTHCARE, AND THE TRI-CITY MEDICAL CENTER CORPORATION DATED DECEMBER 11, 2025

WHEREAS, the Tri-City Healthcare District (“**District**”) Board of Directors has determined that the best interests of the communities served by the District and the long-term viability of Tri-City Medical Center (“**Hospital**”) would be enhanced and strengthened by the affiliation of the Hospital with Sharp Healthcare, a California nonprofit public benefit corporation (“**Sharp**”), and Tri-City Medical Center Corporation, a California nonprofit public benefit corporation, an affiliate of Sharp (“**TCMCC**”); and

WHEREAS, the Board of Directors of the District has engaged in extensive due diligence and negotiations with Sharp, and the terms and conditions of the Affiliation, Transfer and Lease Agreements with Sharp (“**Transfer Documents**”) were discussed and public testimony was taken at six (6) duly noticed public meetings held on October 30, 2025, November 6, 2025, November 7, 2025, November 12, 2025, November 13, 2025 and December 11, 2025, concerning the affiliation with Sharp and TCMC, and

WHEREAS, based on its review of the Transfer Documents and the public testimony, it is the intent of the District Board of Directors to approve and authorize the Transfer Documents at a duly noticed public meeting held on this day of December 11, 2025, and, by virtue thereof and subject to District voter approval as required by California Health and Safety Code 32121(p)(2)(C), the transfer of more than 50% of the District’s assets relating to the operation of Hospital and the District’s other health care facilities to a nonprofit corporation for the benefit of the communities served by the District, in the absence of adequate consideration; and

WHEREAS, California Health & Safety Code Section 32121(p)(2)(A)(ii) provides that, the transfer of more than 50% of a District’s assets requires that the District shall approve all of the initial board members of the nonprofit corporation and any subsequent board members as may be specified in the Transfer Documents; and

WHEREAS, California Health & Safety Code Section 32121(p)(2)(A)(iii) provides that all assets transferred to the nonprofit corporation, and all assets accumulated by the corporation during the term of the transfer and shall be transferred back to the District upon termination of the transfer, including any extension of the transfer, as as specified in the Transfer Documents; and

WHEREAS, California Health & Safety Code Section 32121(p)(2)(A)(iv) commits the nonprofit to operate and maintain the District’s health care facilities and its assets for the benefit of the communities served by the District, as specified in the Transfer Documents; and

WHEREAS, California Health & Safety Code Section 32121(p)(2)(A)(v) requires, and the Transfer Documents specify, that any funds received from the District at the outset of the agreement or any time thereafter during the term of the Transfer Documents be used only to reduce district indebtedness, to acquire needed equipment for the District health care facilities, to operate, maintain, and make need capital improvements to the District’s health care facilities, to provide supplemental health care services or facilities for the communities served by the District, or to conduct other activities that would further a valid public purpose if undertaken by the District; and

WHEREAS, California Health & Safety Code Section 32121(p)(2)(A)(vi) provides that the Transfer Documents include the appraised fair market value, from an independent consultant with expertise in the methods of appraisal and valuation and in accordance with applicable governmental and industry standards for appraisal and valuation, of any assets transferred pursuant to the Transfer Documents; and

WHEREAS, the District Board of Directors has retained the firm of VMG Health to provide an appraised fair market value analysis, which valuation has been presented to and is intended to be approved by the District Board of Directors at a public meeting held on this December 11, 2025.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE TRI-CITY HEALTHCARE DISTRICT HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:

Section 1. Recitals. The Board of Directors finds the above recitals are true and correct in all material respects.

Section 2. Approval of Affiliation. The Board of Directors hereby approves the Transfer Documents between the District, Sharp and TCMCC, dated December 12, 2025, in accordance with Health & Safety Code Section 32121(p)(2), subject to approval of the voters of the District in accordance with Health & Safety Code Section 32121(p)(2)(C).

Section 3. Execution and Delivery. The President of the Board of Directors, or such other officer of the Board of Directors delegated in writing by the President, is hereby authorized and directed to execute and deliver the Transfer Documents and any other agreements, documents or instruments related thereto, on behalf of the District.

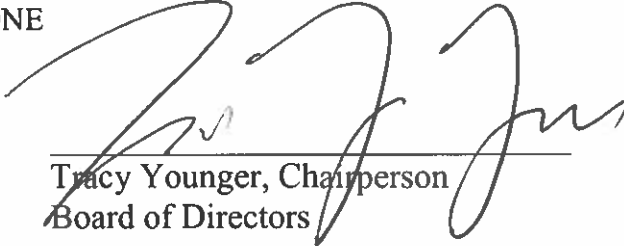
Section 4. Additional Authorizations. The District Chief Executive Officer and Board Counsel are hereby authorized and directed to perform such additional acts as necessary to effect and secure the purposes of this resolution, including making minor and non-substantive revisions to the Affiliation Documents prior to execution, as appropriate. The District Board also hereby ratifies and approves the actions and work of the staff and employees in conducting the due diligence required by this transaction. The District Board Counsel is further authorized and directed to take any additional actions deemed necessary and appropriate to validate the actions of the Board in approving the Transfer Documents including the filing of a validation action in accordance be State law.

PASSED AND ADOPTED at a Regular meeting of the Board of Directors of District Healthcare District on December 11, 2025, by the following vote:

AYES: DIRECTORS: BROWN, CHAVEZ, CHAYA,
COULTER, GLEASON, SANCHEZ &
YOUNGER


NOES: NONE

ABSTAIN/ABSENT: NONE



Tracy Younger, Chairperson
Board of Directors

ATTEST:



Adela I Sanchez, Secretary
Board of Directors

STATE OF CALIFORNIA)
)
COUNTY OF SAN DIEGO)

I, ADELA I. SANCHEZ, Secretary of the District Healthcare District, DO HEREBY CERTIFY that the foregoing is a true copy of Resolution No. 829, adopted by the Board of Directors of the Tri-City Healthcare District at a Regular meeting of the Board of Directors held on December 11, 2025, which Resolution is a part of the official records of the Tri-City Healthcare District.

Dated: 12-11-25, 2025



ADELA I. SANCHEZ