

To: Diane Hansen, CEO of Palomar Health

From: John Clark, Palomar Health Board Director

Re: Demand for Your Resignation

Dear Ms. Hansen,

Palomar Health is facing a financial crisis. With \$738 million in bond debt, our hospital has violated bond covenants, resulting in a downgrade of its Moody's rating by two notches to Caa1. *This situation puts the hospital's survival at risk.*

Your leadership has been ineffective, characterized by:

- A \$220 million financial miscalculation in 2024, transforming a projected \$55 million profit into a \$165 million loss—the worst in our history.
- Since you assumed the role of CEO in 2017, until October 2024, the hospital has incurred a staggering loss of \$321 million.
- You received the first-ever vote of no confidence from both the physician and nursing staff.
- Your attempt to transfer hospital management control from the voters to Mesa Rock, an out-of-town investor group, is now under state scrutiny.

You are being compensated over \$2 million annually for these failures!

Numerous other significant deficiencies could be addressed:

In the best interest of preserving the Hospital District, I urge all district voters, public officials, and the physicians, nurses, and employees of our hospital to join me in demanding your immediate resignation.

John Clark

Board Director, Palomar Health

The views expressed in this letter are my own, and I make no representations on behalf of the Palomar Health Board of Directors.