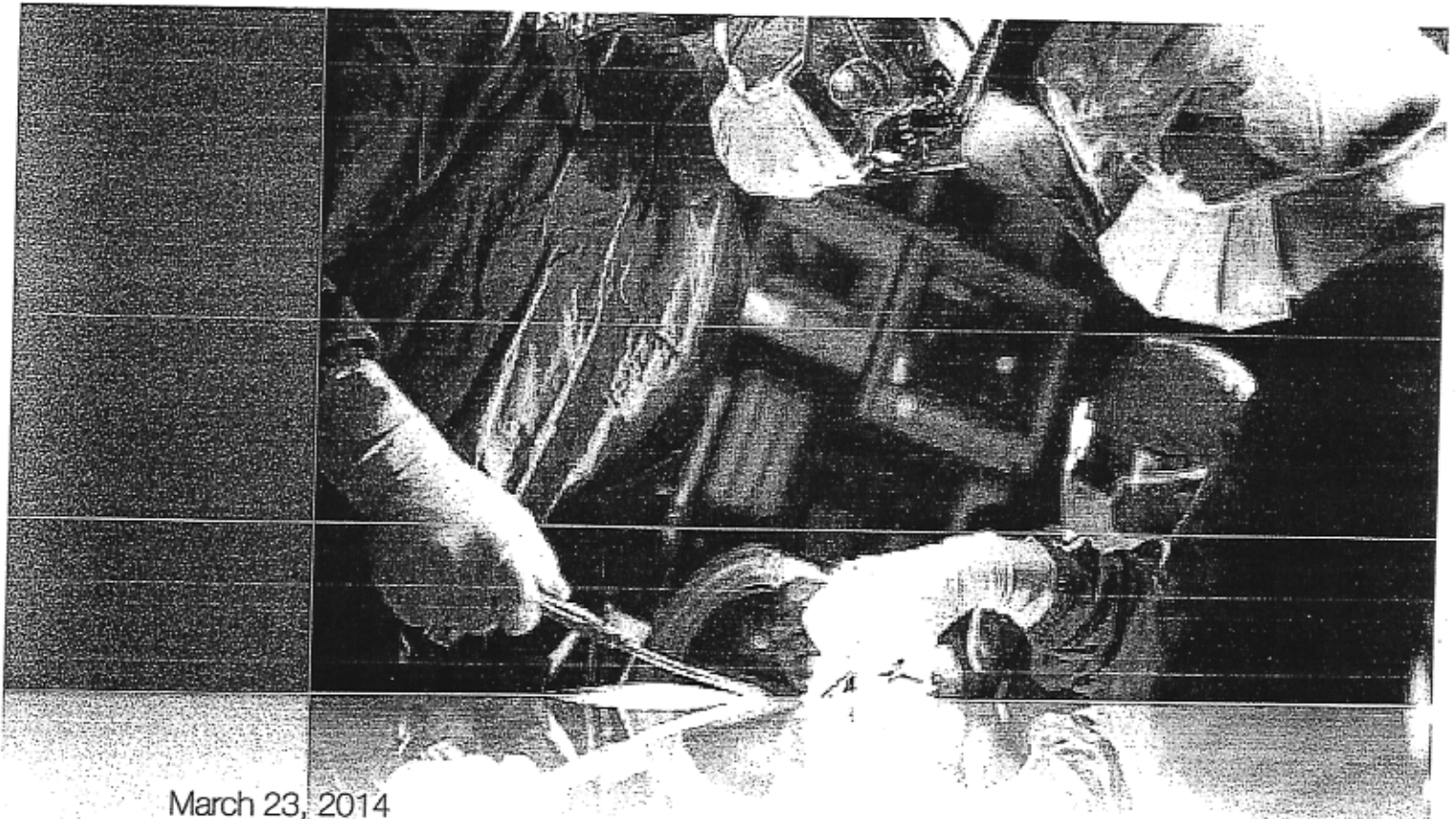


Communications Strategy for Palm Drive Hospital



March 23, 2014
Privileged and Confidential/Prepared at Request of Counsel
young+company public relations

Introduction

Palm Drive Hospital has an excellent reputation for providing superb medical care but has had to deal with a very complicated and changing healthcare landscape for the past several years. Pressures from increased competition in Santa Rosa from Kaiser and Sutter, along with the rising costs of providing an active and staffed acute care facility in a small community have conspired to create a difficult situation forcing the hospital to reinvent itself.

Care at Palm Drive has always been considered some of the best in the area with state-of-the-art facilities, complete with an ER, an ICU and a helipad for Life Flight support to and from the center. Even still, the patient to available bed ratio has continued to dwindle, and today this ratio is approximately 9 patients to 37 beds at any one time. Operating a full service acute care medical center with an average patient number of 9 makes it impossible to sustain the operation.

Despite these issues, the community has been steadfast in maintaining a local medical facility. Voters passed a parcel tax measure to help support the facility, which funds the hospital to a tune of \$2 million a year. However, the operational costs have created the need to reimagine the way Palm Drive operates and provides care to the community. The road ahead will be difficult, but these hard decisions are being made now to help usher in a new and more sustainable healthcare delivery model: One that is "right-sized" for the community in terms of services and the care it can effectively provide and sustain.

Goals

The goals of the communications strategy will be to:

- Position the hospital for a quick and easy closure, including assisting with employee communications;
- Provide effective and proactive messaging regarding the closure, staffing reductions, and lay the foundation for a bright future for Palm Drive;
- Protect the parcel tax income as the hospital closes and reemerges in its new, sustainable form/model

Work Description:

- Work with Palm Drive spokespeople to prepare a set of key messages, Q&A, talking points and other materials necessary to provide information to media, employees and key stakeholders about the current situation, and the future plans and process for reemerging;
- Develop strategy for proactive outreach to media and manage the process;
- Position Palm Drive to sustain its parcel tax income during the transition
- Work with Tom and Chris on message training, and media training as needed and assist during all media interviews and provide follow-up as needed;

Additional Services Available To Palm Drive

The transition from an acute care facility to your new model will require the buy-in of key stakeholders in the community, both locally and countywide. Additionally, since a portion of your funding comes from a parcel tax, Palm Drive and its Directors may have to counter attempts to repeal the funding. Once the new medical facility is opened, potentially over the next 6 – 12 months, the need to keep your local constituents, doctors, staff and future patients informed and enthused about the changes will be paramount to positioning yourself for success. Young+Company is ready to assist.

As you move forward, Young+Company is prepared to offer you the following services when you need it:

- Stakeholder meetings and sessions for planning and defining your vision for the new medical facility, including hosting sessions, and reporting from these sessions to your Board and planning group;
- Campaign management and support if there is a threat to your funding through a ballot initiative
- Development of communications materials, including eblasts, website messaging, social media channels and other methods to alert and keep interested parties aware of your progress throughout the transition;
- New naming and branding for your new medical center;
- Advertising, including campaign development, design and media placement

Going Forward

Young+Company is proud to provide Palm Drive, its board and leadership, strategic counsel and assistance with its communications needs. You should know that we have several decades of combined experience and we stand ready to start immediately as an active partner with you. Our staff has honed its skills in a variety of different fields, including journalism, media training, crisis communications and strategy, public relations, branding and advertising. We are proud to have worked with such notables as Daughters of Charity Hospitals, Stanford Medical Centers, UCSF, Valley Cardiac Surgery, Community Regional Medical Center, Emanuel Medical Center, as well as a host of physicians in Northern and Central California. We stand ready to assist you.

Terms of Service

Young+Company anticipates this project to begin immediately and will work under this contract through completion or until both parties agree to changes or amendments to the agreement.

The initial project will require research, media training, media prep, key message and talking point development as well as Q&A development.

The fee to perform the services described above will be as follows:

- Based on past projects, we anticipate that the above described work will cost a fee of \$10,000;
- Giving the dire financial circumstances of Palm Drive, Young+Company suggests spreading this budget out over 2 months at \$5,000 per month plus any approved expenses related to the work;
- Over the next 2 months, Young+Company will work with Palm Drive leadership on any and all communications efforts needed, crisis communications management and community outreach as part of this fee for NO additional fee;
- Any expenses exceeding \$200/month shall require pre-authorization by client. Expenses include but are not limited to: meals, transportation, parking, postage, and photocopying of documents.

A fee of \$5,000 is required to initiate the project and is due upon signing of this agreement. Subsequent payments are due on the first day of each month.

All checks should be made payable to:

Young+Company
P.O. Box 471641
San Francisco, CA 94147
Tax ID number:

If, while this Agreement is in effect, additional services are required that are not covered in this Agreement, Young+Company will inform Palm Drive of these additional services and request a written authorization to undertake this additional scope.

Costs and Expenses

The initial monthly cost of this project is \$5,000. Client will pay \$5,000 upon signing this agreement. Young+Company will seek pre-approval from Client for any necessary reimbursements exceeding \$200.00.

Warranties:

Young+Company warrants that it has the necessary expertise, skill and experience to provide the Service and will provide unbiased and independent advice in respect of the Service. The Consultant warrants that it will and its employees and subcontractors will comply with representations and descriptions in respect of the Service including, but not limited to capabilities, performance, completeness, accuracy, characteristics and specification.

Young+Company warrants that the Service and any material or materials supplied or obtained by the Young+Company or its employees or subcontractors in connection with this agreement will not in any manner or way infringe or violate any third party proprietary rights including but not limited to any copyright, patent, trademark, trade name, registered design, trade secret, proprietary information, contractual, property, employment or non-disclosure rights.

Independence:

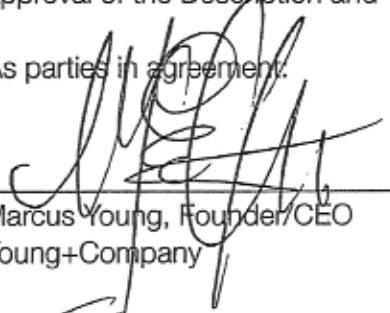
Young+Company and its employees and subcontractors are independent contractors and nothing in this Agreement will render them a partner of Palm Drive and Young+Company will not and will ensure that its employees and subcontractors will not hold themselves out as such. Palm Drive and its employees and subcontractors will not have any right or power to bind company to any obligation.

Young+Company is retained by Palm Drive only for the purposes and to the extent set forth in this Agreement. Young+Company's relation to Palm Drive will, during the period or periods of this Agreement, be that of an independent contractor.

This Agreement will not establish a joint venture, agency or partnership between Palm Drive and Young+Company.

Young+Company is prepared to begin work on this project immediately and will start when a \$5,000 retainer is received and this proposal is signed. Signing this proposal expresses approval of the Description and Terms of Services.

As parties in agreement:



Marcus Young, Founder/CEO
Young+Company

3/25/2014
Date



Tom Harlan, CEO Palm Drive Hospital

3/25/2014
Date