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May 6, 2014

VIA E-MAIL [tharlan@palmdrivehospital.com]

Thomas M. Harlan, CEO  
Palm Drive Hospital  
501 Petaluma Ave  
Sebastopol, CA 95472

Re: **Conflict Consent**

Dear Tom:

You have asked us to represent Palm Drive Health Care District (the "District") with respect to the District's Chapter 9 bankruptcy proceeding. As we have discussed in the past, and as I mentioned to you and the Board at the outset of our discussions, Fox Rothschild LLP ("Firm") represents Wells Fargo Bank, NA ("Wells Fargo") in matters unrelated to the Palm Drive bankruptcy case. Specifically, the Firm provides regular representation to Wells Fargo relating to corporate real estate matters in the Mid-Atlantic states, and as to certain litigation matters, particularly in Florida.

Wells Fargo is the Indenture Trustee for the District's Series 2005 Bonds and the Series 2010 Certificates of Participation. Insofar as I can presently determine, the factual and legal issues likely to arise in the work that the District has asked us to do appear to be unrelated to the work we are presently doing, or appear likely to do, for Wells Fargo.

Under California's Rules of Professional Conduct, which apply to all California lawyers, the Firm and I may not be adverse to a current client, even in an unrelated matter, without the informed consent of each affected client. This means that I must explain to both the District and Wells Fargo the material risks and reasonably available alternatives of consenting and that the Firm and I cannot represent the District in the matters referenced above unless both the District and Wells Fargo consent. In cases such as this, where Wells Fargo is an indenture trustee, Wells Fargo has given the Firm a blanket waiver of any potential conflict.

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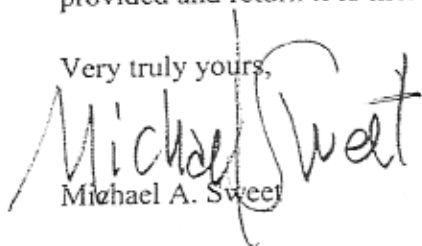
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In deciding whether to consent, the District should consider how our representation of Wells Fargo as described above could or might affect it. The representation of the District in its bankruptcy case and the existing matters in which we represent Wells Fargo are wholly unrelated and will be handled by different lawyers who are in different practice groups and different offices within the Firm. We also agree that any privileged, sensitive, proprietary, or other confidential information of a nonpublic nature acquired by us as a result of our representation of Palm Drive Health Care District in its bankruptcy case will not be transmitted to our lawyers representing Wells Fargo. For these reasons, we do not believe that there is any material risk that our commitment and dedication to the District's interests will be adversely affected, and we believe that we will be able to provide competent and diligent representation to the District in its bankruptcy case.

Please review this matter carefully. This is an important decision and we suggest that the District consult with independent counsel before deciding whether or not to consent. If the District or its independent counsel have any questions that you would like me to answer prior to reaching a decision on this issue, let me know. If the District is willing to consent after such review as you believe appropriate, please sign the enclosed copy of this letter in the space provided and return it to me.

Very truly yours,

  
Michael A. Sweet

I understand the risks described and consent to the terms of representation set forth above:

Date:

May 6, 2014



Tom Harlan, CEO  
Palm Drive Health Care District