

## MEMORANDUM

### VIA HAND DELIVERY

**To:** Pascack Valley Medical Community

**From:** P3

**Date:** February 7, 2008

**Re:** Memorandum of Interest – Privileges and Support for the New Pascack Valley Healthcare System

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As you know P3 is in the process of preparing a bid for the former Pascack Valley Hospital (PVH) to secure ownership of the property so we may establish an operating company to reopen PVH as an acute care hospital. Our plans are still being formulated but generally follow the outline described below:

- Utilizing the current vacant West wing of the hospital as a state of the art outpatient center to include the existing Cancer Center, Heart Center, and a new ambulatory surgery center. The outpatient center will be operated by a subsidiary of the new Pascack Valley Hospital that will joint venture with the communities Medical Staff.
- The new tower that was built on the east side of the hospital and occupied mostly by hospital management would retain part of the first floor for its Women's Center with the rest of the facility gutted for a "build-to-suit" medical office facility that is intended to bring the physicians closer to their hospital offer opportunities for the Medical Staff to establish complementary clinical services.
- The hospital itself will be altered to insure primary operations are designed to efficiently operate and to minimize the growing problem in healthcare of hospital born infection. This would include a complete redesign of the emergency room, relocation of central sterile supply to a "sterile environment" on the first floor positioned to efficiently support the emergency room and both inpatient and outpatient surgery. The intended redesign will insure patient and family walkways are no longer cluttered with hospital material and equipment and are inviting instead of disconcerting. Adding to the redesign would be a brand new food court relocated to the front of the hospital with state of the art food service facilities and equipment as well as competent chefs that will prepare patient, visitor, and employee meals that are both tasty and healthy. As for the hospital itself, we intend to redesign the hospital for a maximum of 150 inpatient beds although we plan on retaining the license for 280 beds. The existing hospital rooms will be completely redesigned to eliminate the "double occupancy" which the current hospital accommodated. All rooms will be converted to "single patient suites" and will be operated by the hospital operating company developed by P3 and its partners.

It is our intention that many of the outpatient services that need to operate on the new PVH campus will be operated as joint ventures with the Medical Staff or owned entirely by the Medical Staff. We want the Medical Community to team with the new PVH with the goal of becoming the recognized model of performance excellence in the New Jersey and New York area. This cannot be accomplished without your help and support.

*The purpose of this memorandum is to gauge your level of interest in supporting the New Pascack Valley Hospital by actively participating as a credentialed member of the Medical Staff. In addition, we would like to gauge your interest as an investor in one or more of the outpatient ventures we plan on executing as part of the plans to reopen PVH.*

The terms and provisions governing any of the joint ventures or acquisitions will be subject in all respects to, and will be contained in, certain definitive agreements to be negotiated in good faith and which will contain such representations, warranties, covenants, and conditions as are customary in transactions of this kind (subject to the general terms and conditions set forth in this memorandum), and as agreed to by the parties. The parties will use their best efforts to cause such definitive agreement to be prepared in final form, to be submitted for all necessary action and approvals, and to be executed shortly after P3 and its partners acquire the PVH property.

Your commitment to become an active participant in the Medical Staff of the New PVH is of utmost importance to P3 and its partners. The entire premise behind our pursuit of PVH is that the community of physicians want their hospital to reopen with a management team that not only recognizes the importance of the medical community but will actively operate as partners with the medical community. Our intent is to fulfill this mission but we need to know if you plan on supporting the New PVH hospital by practicing as an active member of the medical staff.

It is understood that this is a non-binding memorandum of interest only and while the parties agree in principle to the contents hereof, none of the parties has any legal obligation to the other(s) as a result of this memorandum. Accordingly, except as set forth in the preceding sentence, this memorandum does not constitute a binding agreement, nor does it constitute an agreement to enter an agreement, nor is there any intent on the part of any of the parties hereto to construe this memorandum as an agreement. The signing of this memorandum of interest does not foreclose any party from raising additional issues within the scope of this memorandum.

If you are interested in becoming an active member of the Medical Staff, please indicate such by signing your name and completing the requested information in the section below entitled "Active Medical Staff Participation". If you are interested in continuing discussions regarding possible joint ventures including but not limited outpatient services such as ambulatory surgery, please date and execute this Memorandum of Interest, as noted below, in the section entitled "Join Ventures" and indicate the type of ventures you have interest in. Please return this non-binding memorandum to Mr. Geoff Teed no later than February 15, 2008.

**ACTIVE MEDICAL STAFF PARTICIPATION**

**I plan on participating as an active member of the medical staff in the new Pascack Valley Hospital when it reopens under the management of P3.**

- Expected Number of annual admissions: \_\_\_\_\_
- Expected number of surgeries: \_\_\_\_\_
- Expected number of lab tests: \_\_\_\_\_
- Expected number of Radiology Tests: \_\_\_\_\_
- Other Services: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Agreed to and accepted  
as of the \_\_\_ day of February, 2008

Print Name: \_\_\_\_\_  
Specialty: \_\_\_\_\_  
Signature: \_\_\_\_\_

**JOINT VENTURE PARTICIPATION**

**I plan on participating in one or more joint ventures with the new Pascack Valley Hospital.**

**Please indicate with a check mark the ventures you are interested in:**

- \_\_\_ Ambulatory Surgery
- \_\_\_ Cancer Center
- \_\_\_ Heart Center
- \_\_\_ Women’s Center
- \_\_\_ Imaging Center
- \_\_\_ Renal Dialysis Center
- \_\_\_ Other: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Agreed to and accepted  
as of the \_\_\_ day of February, 2008

Print Name: \_\_\_\_\_  
Specialty: \_\_\_\_\_  
Signature: \_\_\_\_\_

Signed copies can be faxed to 203-255-3069 or mailed to Geoff Teed at the following address:  
1960 Bronson Road, Building II,  
Fairfield, CT 06824