

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re:

SOUND SHORE MEDICAL CENTER OF
WESTCHESTER, et al.

Chapter 11
Case No. 13-22840 (RDD)

Debtors.

(Joint Administration Pending)

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**ORDER PURSUANT TO SECTION 327
OF THE BANKRUPTCY CODE AND LOCAL
RULE 2014-1 AUTHORIZING THE EMPLOYMENT AND
RETENTION OF ALVAREZ & MARSAL HEALTHCARE
INDUSTRY GROUP, LLC AS FINANCIAL ADVISORS TO THE DEBTORS
AND DEBTORS IN POSSESSION *NUNC PRO TUNC* TO THE PETITION DATE**

Upon the application the (“**Application**”)¹ of Sound Shore Medical Center of Westchester (“**SSMC**”), and certain of its affiliated debtors, as debtor and debtor-in-possession (each a “**Debtor**” and collectively the “**Debtors**”), in these Chapter 11 cases², dated May 28, 2013, for an order, pursuant to Sections 327(a) and 328(a) of title 11 of chapter 11, United States Code (the “**Bankruptcy Code**”), Rules 2014(a) and 2016 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), authorizing the Debtors to employ and retain Alvarez & Marsal Healthcare Industry Group, LLC (“**A&M**”) as the Debtors’ financial advisors *nunc pro tunc* to the Petition Date, on substantially the same terms and conditions set forth in that certain agreement, dated as of July 11, 2012, by and among the Debtors and A&M (the “**Engagement Letter**”), attached as Exhibit B to the Application; and upon the affidavit of Stuart McLean, a Director of A&M, sworn to on May 29, 2013 (the “**McLean Affidavit**”), attached as Exhibit C

¹ Capitalized terms used but not defined herein shall have the same meanings ascribed to them in the Application.

² The Debtors in these chapter 11 cases, along with the last four digits of each debtor’s federal tax identification number include: Sound Shore Health System, Inc. (1398), Sound Shore Medical Center of Westchester (0117), The Mount Vernon Hospital, Inc. (0115), Howe Avenue Nursing Home d/b/a Helen and Michael Schaffer Extended Care Center (0781), NRHMC Services Corporation (9137), The M.V.H. Corporation (1514) and New Rochelle Sound Shore Housing, LLC (0117). There are certain additional affiliates of the Debtors who are not debtors and have not sought relief under Chapter 11.

to the Application; and it appearing that the Court has jurisdiction to consider the Application and the relief requested therein pursuant to 28 U.S.C. §§ 157(a) and 1334(b) and the Amended Standing Order of Referral of Cases to Bankruptcy Court Judges of the District Court for the Southern District of New York, dated January 31, 2012 (Preska, C.J.); and consideration of the Application and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before the Court pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that due and appropriate notice of the Application has been given under the circumstances, and that no other or further notice need be given; and there being no objections to the Application; and the Court being satisfied based on the representations made in the Application and the McLean Affidavit that A&M is a “disinterested” person within the meaning of sections 101(14) and 327(a) of the Bankruptcy Code, that it does not hold or represent an adverse interest to the Debtors or the estates, and that its retention is necessary and in the best interests of the Debtors and their estates; and, after due deliberation, sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Application is granted to the extent set forth herein.
2. Pursuant to sections 327(a) and 328(a) of the Bankruptcy Code, the Debtors are authorized to employ and retain A&M as the Debtors’ financial advisors, *nunc pro tunc* to the Petition Date, on the terms and conditions set forth in the Engagement Letter and the Application, as modified herein, and subject to the provisions of section 330 of the Bankruptcy Code.

3. The definition of "A&M" as used in the Application shall include only Alvarez & Marsal Healthcare Industry Group, LLC (and not, for the avoidance of doubt, its affiliates or independent contractors); provided, however, consistent with the terms of the Engagement Letter, A&M may utilize the services of employees of its affiliates. Such affiliates are wholly owned by A&M's parent company and certain employees of such affiliates and, for the avoidance of doubt, any such affiliates must have been included in A&M's relationship checks and associated disclosures. The terms of the Engagement Letter, including without limitation the compensation provisions and the indemnification provisions, are reasonable terms and conditions of employment and are hereby approved; provided, however, that notwithstanding anything in the Application, the Engagement Letter or the McLean Affidavit to the contrary, A&M's compensation shall be subject to approval pursuant to section 330 of the Bankruptcy Code.

4. Section 4(b) of the Engagement Letter is hereby deleted.

5. Notwithstanding anything to the contrary contained herein or in the Application and/or Engagement Letter, A&M shall file interim and final fee applications for allowance of compensation and reimbursement of out-of-pocket expenses pursuant to Bankruptcy Code sections 330 and 331, the Bankruptcy Rules, the Local Bankruptcy Rules, the Order Establishing Procedures for Monthly Compensation and Reimbursement of Expenses of Professionals, dated December 21, 2010 (General Order M-412), the Amended Guidelines for Fees and Disbursements for Professionals in the Southern District of New York, dated January 29, 2013 (General Order M-447) (the "Amended Guidelines"), and the Monthly Compensation Order and any other applicable orders and fee and expense guidelines of the Court as well as the UST Guidelines in effect on the commencement of this case.

6. All of A&M's personnel who provide services to or on behalf of the Debtors, with the exception of clerical staff, shall keep contemporaneous records of the services they have performed in one-half hour increments. This provision shall be the only exception to the requirement that A&M adhere to the UST Guidelines.

7. The United States Trustee and the Official Committee of Unsecured Creditors retain all rights to respond or object to A&M's interim and final applications for compensation and reimbursement of out-of-pocket expenses on all grounds including, but not limited to, reasonableness pursuant to section 330 of the Bankruptcy Code, and the Court retains jurisdiction to consider any response or objection to A&M's interim and final fee applications on all grounds, including, but not limited to, reasonableness pursuant to section 330 of the Bankruptcy Code.

8. A&M shall provide ten business days' notice to the Debtors, the United States Trustee and the Official Committee of Unsecured Creditors prior to any increases in A&M's rates set forth in the Application and Engagement Letter of any individual person providing services to or on behalf of the Debtors, and shall file the notice of rate increases with the Court. The United States Trustee reserves all rights to respond or object to any rate increase on all grounds including, but not limited to, reasonableness pursuant to section 330 of the Bankruptcy Code, and the Court retains jurisdiction to consider the United States Trustee's response or objection to A&M's interim and final fee on all grounds, including, but not limited to, reasonableness pursuant to section 330 of the Bankruptcy Code.

9. Notwithstanding anything to the contrary in the Application and/or Engagement Letter, A&M shall not be entitled to reimbursement of any legal fees or expenses

arising from or related to the Application and/or Engagement Letter or services provided in accordance thereto, other than the legal fees and expenses incurred in connection with a claim for indemnification, as set forth in paragraph 13 hereof.

10. All requests by A&M for the payment of indemnification as set forth in the Application and Engagement Letter shall be made by means of an application to the Court and shall be subject to review by the Court to ensure that payment of such indemnity conforms to the terms of the Application and Engagement Letter and is reasonable under the circumstances of the litigation or settlement in respect of which indemnity is sought, provided, however, that in no event shall A&M be indemnified in the case of its own bad-faith, self-dealing, breach of fiduciary duty (if any), gross negligence or willful misconduct.

11. In the event that A&M seeks reimbursement from the Debtors for attorneys' fees and expenses in connection with the payment of an indemnity claim pursuant to the Application and/or Engagement Letter, the invoices and supporting time records for the attorneys' fees and expenses shall be included in A&M's own applications, both interim and final, and these invoices and time records shall be subject to the Amended Guidelines, the UST Guidelines and the approval of the Bankruptcy Court pursuant to sections 330 and 331 of the Bankruptcy Code without regard to whether such attorneys have been retained under section 327 of the Bankruptcy Code, and without regard to whether such attorneys' services satisfy section 330(a)(3)(C) of the Bankruptcy Code.

12. The Debtors are authorized and empowered to take all actions necessary to implement the relief granted in this Order.

13. To the extent there is an inconsistency between the terms of the Engagement Letter, the Application and this Order, the terms of this Order shall govern.

14. The Court shall retain jurisdiction with respect to all matters arising from or related to the implementation or interpretation of this Order.

Dated: White Plains, New York
July 1, 2013

/s/Robert D. Drain
UNITED STATES BANKRUPTCY JUDGE

NO OBJECTION:

/s/
Office of the United States Trustee