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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re:

SOUND SHORE MEDICAL CENTER INC.
OF WESTCHESTER, et al.

Chapter 11
Case No. 13-_____ ()

Debtors.

(Joint Administration Pending)

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**DEBTORS' APPLICATION TO EMPLOY AND RETAIN
ALVAREZ & MARSAL HEALTHCARE INDUSTRY GROUP, LLC AS
FINANCIAL ADVISORS TO DEBTORS AND DEBTORS IN POSSESSION
PURSUANT TO SECTIONS 327(a) AND 328 OF THE BANKRUPTCY CODE**

Sound Shore Medical Center of Westchester ("**SSMC**") and its affiliated debtors, as debtors and debtors-in-possession (each a "**Debtors**" and collectively, the "**Debtors**")¹ in these chapter 11 cases (the "**Chapter 11 Cases**"), hereby submit this application (the "**Application**") for entry of an order (the "**Order**"), substantially in the form of Exhibit A hereto, authorizing the employment and retention of Alvarez & Marsal Healthcare Industry Group, LLC, (together with employees of its affiliates (all of which are wholly owned by its parent company and employees), its wholly owned subsidiaries and independent contractors, "**A&M**") to serve as their financial advisors, *nunc pro tunc* to the date of filing of these cases (the "**Petition Date**"). In support of

¹ 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 in these Chapter 11 Cases and have not sought relief under Chapter 11.

this Application, the Debtors submit (a) the Declaration of Stuart McLean (the “**McLean Declaration**”), a Managing Director of A&M and (b) the Affidavit of John Spicer Pursuant to Local Rule 1007-2 and in Support of First Day Motions (the “**Spicer Affidavit**”). The Debtors also respectfully represents as follows:

JURISDICTION

1. This Court has jurisdiction to consider this Application pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).
2. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.
3. The statutory predicates for the relief requested herein are sections 327(a), 328, 330, 331, and 1107(b) of the Bankruptcy Code, as supplemented by Rules 2014 and 2016 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”).

BACKGROUND

4. On May 29, 2013 (the “**Petition Date**”), each of the Debtors filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code. Contemporaneously herewith, the Debtors have requested that the Chapter 11 Cases be jointly administered for procedural purposes only.

5. The Debtors remain in possession of their assets and continue to manage their businesses as debtors-in-possession pursuant to Bankruptcy Code sections 1107 and 1108. No trustee, examiner or committee of creditors has yet been appointed in this case.

THE DEBTORS’ HISTORY AND BUSINESS

6. A significant portion of the Debtors’ core business is focused around Sound Shore Medical Center of Westchester (“**SSMC**”). SSMC is a not-for-profit 242-bed, community-based

teaching hospital offering primary, acute, emergency and long-term health care to the working class residents of southern Westchester. Founded in 1892 and located in New Rochelle, New York, SSMC is a teaching affiliate of New York Medical College. SSMC is home to a comprehensive orthopedic program and stroke and bariatric centers of recognized excellence and boasts the only trauma center in southern Westchester as well as a reputable level 3 perinatal hospital.

7. SSMC's affiliate, Mount Vernon Hospital ("MVH"), is a voluntary, not-for-profit, 176-bed hospital located in Mount Vernon, New York. MVH also operates the Dorothea Hopfer School of Nursing, chartered by New York State since 1901. Since its founding in 1891, MVH has housed a full range of diagnostic and therapeutic medical and surgical services, specialty programs and ambulatory clinics. MVH also offers comprehensive inpatient and outpatient behavioral health programs consisting of psychiatric services designed specifically for individuals whose needs have not been met through traditional approaches

8. Howe Avenue Nursing Home d/b/a Helen and Michael Schaffer Extended Care Center ("SECC") is a 150-bed, comprehensive facility offering short-term rehabilitation/sub-acute care, as well as skilled long-term care. SECC dedicates 100-beds for long-term skilled medical management for individuals with chronic conditions or disabilities who are no longer capable to live independently. The remaining 50-beds are utilized for short-term stays and rehabilitation to accommodate patients recovering from heart surgery, heart attacks, strokes, and orthopedic surgery. (SSMC, MVH and SECC are sometimes collectively referred to as the "Medical Centers")

9. SSMC, MVH and SECC (with their affiliated Debtors) together comprise the Sound Shore Health System, Inc. ("SSHS" or the "System") which was formed in 1997 when

the three affiliated healthcare institutions joined together to create one of the largest regional healthcare systems between New York City and Albany. Today, the System provides a range of specialized services, including orthopedic surgery, behavioral health, pediatrics, OB/GYN, continuing care facilities, a nursing home and community care clinics providing primary care services for the indigent and uninsured. Their affiliation with the New York College of Medicine also enables the Debtors to provide a teaching environment in multiple disciplines to their community and patients.²

10. As the largest “safety net” providers for southern Westchester County, the Medical Centers serve a disproportionate share of patients in the Medicaid and uninsured populations. Annually, they are responsible for approximately 13,000 acute discharges, 55,000 emergency department visits and 60,000 indigent care clinic visits.

11. As is true with many community hospitals serving a working class constituency, the Medical Centers have been beset by the financial pressures caused by cuts in Medicare and Medicaid funding, declining indigent pool payments, and changing demographics in the communities served by the Debtors. Commencing in 2006 and continuing each year thereafter, the Debtors, faced with changing demographics and increasing competition from other regional healthcare providers, experienced a progressive decline in patient discharges. Simultaneously, the Debtors have experienced a shift from the provision of inpatient care to increased ambulatory care at lower reimbursement rates. During this same period of time, provider costs continued to increase, as such operating revenues did not keep pace with expenses, leading to significant

² The remaining Debtors in these cases have limited or no operations. NRHMC Services Corporation is a for-profit corporation and wholly owned subsidiary of NRHMC, Inc. Its business activities consists primarily of locating, negotiating and providing physicians and other healthcare entities with real estate rentals. M.V.H. Corporation is a not-for-profit corporation which owns the parking garage located adjacent to the MVH property. Its average revenues for the last three years have been less than \$25,000 per year. It does not have any current operations, existing debt or other liabilities. New Rochelle Sound Shore Housing, LLC is a for-profit corporation which owns a 59,748 square foot medical office building located adjacent to the Sound Shore Medical Center of Westchester campus. SSMC occupies the building under a lease which expires in 2035.

losses in the years preceding these filings. Cash book balances were frequently negative, and vendor payables increased. With a substantial portion of their assets liened, the Debtors had limited ability to obtain sufficient working capital financing

12. The Debtors sought to address one component of this liquidity crisis, vendor payables, through a voluntary restructuring and reduction of unsecured indebtedness and in 2008 effectuated a creditor compromise. More than \$40 million of unsecured indebtedness obligations were settled at significant discounts. Coupled with cost cutting measures, the Debtors were repositioned to improve financially.

13. In October 2011, MVH and SSMC implemented a conversion to a new electronic medical record and billing system. Multiple problems were encountered during the conversion process which still have not been fully remedied. Major delays and errors in billing resulting from the conversion led to increased patient account denials and bad-debt write offs and significant reductions in cash collections. To avoid continued delays and losses, it became necessary (at significant cost) to dedicate additional resources to resolve the conversion issues, resulting in a further drain on available cash and resources. As a consequence, liquidity again became a pressing issue, this time preventing the Debtors from implementing critical system updates vital to improving its infrastructure and physical plant.

14. Delays and reductions in cash collections have also extended vendor disbursements to over 225 days past due. The mounting trade payable liabilities led, in some cases, to the interruption of necessary service relationships. In other cases, the Debtors were forced to renegotiate existing terms and payment of outstanding liabilities. As the Debtors' financial condition continued to deteriorate, the Debtors began to actively search for a viable healthcare partner or other affiliation for the Medical Centers. The Debtors recognized that a

merger or affiliation with a strong healthcare partner was critical to their ability to maintain operations and their charitable mission, achieve administrative efficiencies and reduce overhead costs, attract and retain quality physicians, gain increased access to much needed capital, make necessary capital improvements and implement long overdue technological upgrades.

15. A proposed transaction was discussed with several major hospitals and healthcare institutions, including: Montefiore Medical Center ("**MMC**"), Yale-New Haven Health System, North Shore-LIJ Health System, NYU Medical Center and Westchester County Health Care Corporation ("**WCHCC**"). In November, 2012, a memorandum of understanding which contemplated a full asset merger between SSHS and WCHCC was entered into and several months of negotiations followed. However, a transaction at sufficient purchase consideration could not be finalized. As a result, discussions commenced among the Debtors and MMC. At the conclusion of these efforts, the Debtors and MMC entered into an asset purchase agreement (the "**Purchase Agreement**"). As part of their restructuring strategy, the Debtors intend to sell all of their Owned Real Property, Furniture, Fixtures, Inventory, Assigned Contracts and related operating assets, which collectively comprise the Acquired Assets (all as defined in the Purchase Agreement), to MMC which will thereafter continue operations at the Debtors' current facilities.

16. It is a condition of the Purchase Agreement that the Sale Transaction be consummated pursuant to the provisions of section 363 of the Bankruptcy Code, and subject to higher and better offers. In furtherance of that effort, the Debtors' respective Boards voted to approve the filing of Chapter 11 petitions for the Debtors.

RELIEF REQUESTED

17. By this Application, the Debtors seek to employ and retain A&M as their financial advisors, pursuant to sections 327(a) and 328 of the Bankruptcy Code, as modified by

section 1107 of the Bankruptcy Code, to perform the services set forth more fully herein, *nunc pro tunc* to the Petition Date.

Retention of A&M

18. In consideration of the size and complexity of their businesses, as well as the exigencies of their circumstances, the Debtors have determined that the services of experienced financial advisors will substantially enhance their attempts to maximize the value of their estates. A&M is well qualified to provide these services in light of their extensive knowledge and expertise with respect to chapter 11 proceedings.

19. A&M specializes in interim management, crisis management, turnaround consulting, operational due diligence, creditor advisory services, and financial and operational restructuring. A&M's debtor advisory services have included a wide range of activities targeted at stabilizing and improving a company's financial position, including developing or validating forecasts, business plans and related assessments of a business's strategic position; monitoring and managing cash, cash flow and supplier relationships; assessing and recommending cost reduction strategies; and designing and negotiating financial restructuring packages. Among the cases in which A&M has been retained to provide advisory services include In re Peninsula Hospital Center, Case No. 11-47056 (ESS) (Bankr. E.D.N.Y. August 16, 2012); In re Our Lady of Mercy Medical Center, et al., Case No 07-1059 (REG) (Bankr. S.D.N.Y. 2007). A&M's members have also served as chief restructuring officers in other high profile chapter 11 cases. See, e.g., In re Saint Vincents Catholic Medical Centers, et al., Case No. 05-14945 (CGM). A&M was additionally special healthcare strategy and restructuring advisor to North General Hospital and its affiliates prior to its 2010 bankruptcy filing.

20. In addition, A&M is familiar with the Debtors' businesses, financial affairs, and capital structure. Since the firm's initial engagement in 2007, certain A&M personnel (the "**A&M Professionals**") have provided services to the System as described in summary herein. In the period leading up to the Petition Date, A&M Professionals have worked closely with the Debtors' management and other professionals in assisting with the myriad requirements of these chapter 11 cases. Consequently, the Debtors believe that A&M has developed significant relevant experience and expertise regarding the Debtors and the unique circumstances of this case. For these reasons, A&M is both well qualified and uniquely suited to deal effectively and efficiently with matters that may arise in the context of these cases. Accordingly, the Debtors submit that the retention of A&M on the terms and conditions set forth herein is necessary and appropriate, is in the best interests of the Debtors' estates, creditors and all other parties in interest, and should be granted in all respects.

21. In July of 2012, A&M was retained by the System to provide consulting and restructuring advice to the System, including matters relating to potential strategic mergers or partnership transactions for the System, including SSMC and MVH. Specifically, A&M assisted and advised the System in the following areas, among others: (a) development and implementation of strategic and tactical options designed to accelerate receipts and improve liquidity, (b) liaising with the New York Department of Health and the Dormitory Authority of the State of New York on access to restructuring pool loans and grants awarded to the Debtors under the Health Efficiency and Affordability Law for New York (HEAL NY) capital grant program; (c) matters related to the Debtors' accounts receivable lender MidCap Financial, LLC ("**Midcap**") under the pre-petition facilities and the negotiations related to the DIP financing arrangements, (d) matters relating to certain pre-petition liquidity-producing asset sales, (e)

dealings with key vendors, (f) matters relating to the sale transactions and earlier contemplated transactions and (g) preparation for these Chapter 11 Cases. Prior to the 2012 engagement, A&M and/or its affiliates had been engaged periodically by the System (beginning 2007) to, among other things, assist with the settlement of a material amount of liabilities outside of a statutory proceeding and pursue financing..

22. The Debtors are seeking A&M's retention *nunc pro tunc* to the Petition Date. A&M has extensive experience and expertise in restructuring matters in relation to healthcare entities. A&M has acted as a consultant in several hospital and healthcare restructuring cases and is well versed in its field. Given A&M's level of involvement to date, and the valuable services they have provided, it is necessary and in the best interests of the Debtors' estates that they be retained in these cases to continue providing the services. If the Debtors are required to retain other financial advisors in connection with these Chapter 11 Cases, the Debtors and their estates would be prejudiced by the time and expense necessary for such advisors to become familiar with the Debtors' business operations. In addition, the Debtors have directed A&M to work cooperatively with the other professionals retained in this case to avoid duplication and inefficiency.

23. Stuart McLean, the Managing Director of A&M leading this assignment, is well suited to provide the restructuring services required by the Debtors. Mr. McLean and various other A&M employees have devoted substantial amounts of time and effort pre-filing to, among other things, support the Debtors in the management of their liquidity resources, procure available grants and loans, assist in the Debtors negotiations with their secured lenders and assist the Debtors in matters related to the proposed sale to MMC. Indeed, the A&M Professionals

were invaluable to the Debtors throughout the prefiling process and played an instrumental role in their restructuring efforts to date.

SERVICES TO BE RENDERED

24. The Debtors' prepetition engagement letter, dated July 11, 2012, (the "**Engagement Letter**") with A&M is attached hereto as Exhibit A, the terms of which the Debtors and A&M agree governs all services provided by A&M to the Debtors since July 2012 and shall govern the Debtors' retention of A&M for these Chapter 11 Cases except as explicitly set forth herein or in any order granting this Application.

25. Among other things, A&M will provide assistance to the Debtors with respect to management of the overall restructuring process, the development of ongoing business and financial plans and supporting restructuring negotiations among the debtors, their advisors and their creditors with respect to an overall exit strategy for their chapter 11 cases.

26. A&M will provide such restructuring support services as A&M and the Debtors shall deem appropriate and feasible in order to manage and advise the Debtors in the course of these chapter 11 cases, including, but not limited to:

(a) assistance to the Debtors in the preparation of financial-related disclosures required by the Court, including the Debtors' Schedules of Assets and Liabilities, Statements of Financial Affairs and Monthly Operating Reports;

(b) assistance to the Debtors with information and analyses required pursuant to the Debtors' debtor-in-possession ("**DIP**") financing;

(c) assistance with the identification and implementation of short-term cash management initiatives and procedures;

(d) advisory assistance in connection with employee compensation and retention matters;

(e) assistance with the identification of executory contracts and leases and performance of cost/benefit evaluations with respect to the affirmation or rejection of each;

(f) assistance to Debtors' management team and counsel focused on the coordination of resources related to the MMC transaction and the ongoing reorganization effort;

(g) assistance in the preparation of financial information for distribution to creditors and others, including, but not limited to, cash flow projections and budgets, cash receipts and disbursement analysis, analysis of various asset and liability accounts, and analysis of proposed transactions for which Court approval is sought;

(h) attendance at meetings and assistance in discussions with potential investors, banks, and other secured lenders, any official committee(s) appointed in these chapter 11 cases, the United States Trustee, other parties in interest and professionals hired by same, as requested;

(i) analysis of creditor claims by type, entity, and individual claim, including assistance with development of databases, as necessary, to track such claims;

(j) assistance in the preparation of information and analysis necessary for the confirmation of a plan of reorganization in these chapter 11 cases, including information contained in the disclosure statement;

(k) assistance in the evaluation and analysis of avoidance actions, including fraudulent conveyances and preferential transfers;

(l) litigation advisory services with respect to accounting and tax matters, along with expert witness testimony on case related issues as required by the Debtors; and

(m) rendering such other general business consulting or such other assistance as described in the Engagement Letter or as the Debtors' management or counsel may deem necessary consistent with the role of a financial advisor to the extent that it would not be duplicative of services provided by other professionals in this proceeding.

A&M's Disinterestedness

27. To the best of the Debtors' knowledge, information and belief, other than as set forth in the Declaration of Stuart McLean. (the "**McLean Declaration**"), annexed hereto as **Exhibit B**, A&M: (a) has no connection with the Debtors, other parties-in-interest, or the attorneys or accountants of any of the foregoing, or the United States Trustee or any person employed in the Office of the United States Trustee, (b) does not hold any interest adverse to the Debtors' estates; and (c) believes it is a "disinterested person" as defined by section 101(14) of the Bankruptcy Code.

28. Accordingly, the Debtors believe that A&M is "disinterested" as such term is defined in section 101(14) of the Bankruptcy Code.

29. In addition, as set forth in the McLean Declaration, if any new material facts or relationships are discovered or arise, A&M will provide the Court with a supplemental declaration.

COMPENSATION AND RETAINER

30. Subject to approval by the Court, the Debtors propose to employ and retain A&M to serve as the Debtors' financial advisor on the terms and conditions set forth in the Engagement Letter.

31. The Debtors understand and it is anticipated that A&M's fees and expenses will be funded by the Debtors upon application therefor in accordance with the provisions of the Bankruptcy Code or in accordance with any other order establishing procedures for the payment of professionals in this case. A&M intends to apply to the Court for all such postpetition fees and expenses.

32. Compensation. In accordance with the terms of the Engagement Letter, A&M will be paid by the Company for the services of the A&M Professionals at their customary hourly billing rates which shall be subject to the following ranges:

Managing Director	\$675-875
Director	\$475-675
Associate	\$375-475
Analyst	\$275-375

Such rates and ranges shall be subject to adjustment annually at such time as A&M adjusts its rates generally.

33. In addition, A&M will be reimbursed for the reasonable out-of-pocket expenses of the A&M Professionals incurred in connection with this assignment, such as travel, lodging, third party duplications, messenger and telephone charges. All fees and expenses due to A&M will be billed in accordance with any interim compensation orders entered by this Court, and the relevant sections of the Bankruptcy Code, Bankruptcy Rules and local rules of this Court.

INDEMNIFICATION

34. As a material part of the consideration for which the A&M Professionals have agreed to provide the services described herein, the Debtors have agreed to the indemnification provisions in paragraph 10 of the Engagement Letter. Notwithstanding the foregoing, the Debtors and A&M have agreed to modify such provisions as follows, during the pendency of these Chapter 11 cases

All requests of A&M for payment of indemnity pursuant to the Engagement Letter shall be made by means of an application (interim or final as the case may be) and shall be subject to review by the Court to ensure that payment of such indemnity conforms to the terms of the Engagement Letter and is reasonable based upon 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. In no event shall A&M be indemnified if the Debtor or a representative of the estate, asserts a claim for, and a court determines by final order that such claim arose out of, A&M's own bad-faith, self-dealing, breach of fiduciary duty (if any), gross negligence, or willful misconduct.

35. The Debtors understand that A&M intends to apply to the Court for allowance of compensation and reimbursement of expenses for its services in accordance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, corresponding Local Rules, orders of this Court and guidelines established by the United States Trustee.

36. A&M received \$50,000 as a retainer for services performed for the Debtors in connection with preparing for and conducting the filing of these chapter 11 cases. In the 90 days prior to the Petition Date, A&M received retainers and payments totaling \$1,411,507.90 in the aggregate for services performed for the Debtors. A&M has applied these funds to amounts due for services rendered and expenses incurred prior to the Petition Date. Immediately prior to the 90 day period, A&M was owed \$182,878.25 on a net basis. The payments are outlined below

<u>Date</u>	<u>Invoice</u> <u>Amount</u>	<u>Date</u>	<u>Payments Received</u> <u>Amount</u>
		03/01/13	\$ 100,000.00
		03/04/13	\$ 99,985.00
03/08/13	\$ 170,221.05	03/22/13	\$ 150,000.00
03/22/13	\$ 191,662.91	04/05/13	\$ 99,985.00
04/05/13	\$ 157,475.49	04/17/13	\$ 252,223.00
		04/22/13	\$ 200,000.00
04/19/13	\$ 180,863.47	04/29/13	\$ 90,000.00
		05/03/13	\$ 100,000.00
05/03/13	\$ 169,344.90	05/07/13	\$ 69,344.90
		05/16/13	\$ 99,985.00
05/17/13	\$ 173,571.71	05/24/13	\$ 100,000.00
05/24/13	\$ 109,660.36		
05/29/13	\$ 58,750.54	05/29/13	\$ 49,985.00

37. The unapplied residual retainer, which is estimated to total approximately \$17,000, will not be segregated by A&M in a separate account, and will be held until the end of these Chapter 11 cases and applied to A&M's final approved fees in these proceedings.

38. Given the numerous issues that the A&M may be required to address in the performance of their services, A&M's commitment to the variable level of time and effort necessary to address all such issues as they arise and the market prices for such services for engagements of this nature, in an out-of-court context, as well as in chapter 11, the Debtors

submit that the fee arrangements set forth herein are reasonable under the standards set forth in section 328(a) of the Bankruptcy Code.

APPLICABLE LAW

39. The Debtors submit that the retention of A&M under the terms described herein is appropriate under sections 327(a), 328, and 1107(b) of the Bankruptcy Code. Section 327(a) of the Bankruptcy Code empowers the trustee, with the Court's approval, to employ professionals "that do not hold or represent an interest adverse to the estate, and that are disinterested persons, to represent or assist the trustee in carrying out the trustee's duties under this title." 11 U.S.C. § 327(a) Section 101(14) of the Bankruptcy Code defines a "disinterested person" as a person that:

(a) is not a creditor, an equity security holder, or an insider;

(b) is not and was not, within 2 years before the date of the filing of the petition, a director, officer, or employee of the debtor; and

(c) does not have an interest materially adverse to the interest of the estate or of any class of creditors or equity security holders, by reason of any direct or indirect relationship to, connection with, or interest in, the debtor, or for any other reason.

11 U.S.C. § 101(14).

40. Further, section 1107(b) of the Bankruptcy Code provides that "a person is not disqualified for employment under section 327 of this title by a debtor in possession solely because of such person's employment by or representation of the debtor before the commencement of the case." 11 U.S.C. § 1107(b). A&M's prepetition relationship with Debtors is therefore not an impediment to A&M's retention as Debtors' postpetition financial advisor.

41. Section 328(a) of the Bankruptcy Code authorizes the employment of a professional person "on any reasonable terms and conditions of employment, including on a retainer. . ." 11 U.S.C. § 328(a). The Debtors submit that the terms and conditions of A&M's

retention as described herein, including the proposed compensation and indemnification terms, are reasonable and in keeping with the terms and conditions typical for engagements of this size and character. Since the Debtors will require substantial assistance with the reorganization process, it is reasonable for Debtors to seek to employ and retain A&M to serve as its financial advisor on the terms and conditions set forth herein.

NOTICE

42. Notice of this application has been given to (a) U.S. Trustee; (b) the Debtors' material prepetition and postpetition secured lenders or any agent therefore; (c) the holders of the 30 largest unsecured claims on a consolidated basis; (d) the following state and local taxing and regulatory authorities: (i) the Centers for Medicare and Medicaid Services, (ii) the New York State Department of Health , (iii) the United States Attorney for the Southern District of New York, (iv) the Attorney General of the State of New York; (v) the Westchester County Attorney; (vi) the New Rochelle City Attorney, (vii) the Internal Revenue Service; (viii) the New York State Department of Taxation and Finance; (e) counsel to MMC; (f) the United States Department of Justice; (g) the United States Department of Health and Human Services, and (h) all parties in interest who have requested notice pursuant to Bankruptcy Rule 2002. Inasmuch as no trustee, examiner or creditors' committee has been appointed in this case, Applicant submits that no further notice need be given.

43. No previous application for the relief sought herein has been made by Applicant to this or any other Court.

WHEREFORE, Applicant respectfully requests entry of the attached order authorizing it to employ and retain Alvarez & Marsal Healthcare Industry Group, LLC. as counsel in

connection with the prosecution of this case and granting such other and further relief as is just and proper.

Dated: New Rochelle, New York
May 29, 2013

By: /s/ John Spicer
John Spicer
President and CEO
Sound Shore Medical Center of Westchester

Exhibit A
Engagement Letter



Alvarez & Marsal
Healthcare Industry Group, LLC
600 Lexington Avenue, 8th Floor
New York, NY 10022
Phone: +1 212 759 4433
Fax: +1 212 759 6302

July 11, 2012

John R. Spicer
President & Chief Executive Officer
Albert Farina
Senior Vice President & Chief Financial Officer
Sound Shore Health System
16 Guion Place
New Rochelle, New York 10802

Dear Mr. Spicer and Mr. Farina:

This letter confirms and sets forth the terms and conditions of the engagement between Alvarez & Marsal Healthcare Industry Group, LLC ("A&M") and Sound Shore Health System, Inc., and its subsidiaries and affiliates and their respective assigns and successors (jointly and severally, the "Company"), including the scope of the services to be performed and the basis of compensation for those services. Upon execution of this letter by each of the parties below and receipt of the retainer described below, this letter will constitute an agreement between the Company and A&M (the "Agreement").

1. Description of Services

(a) A&M shall provide consulting services to the Company in connection with its efforts to develop options for improving the strategic, financial and operational performance and position. These services were requested during a meeting with Mr. Spicer & Mr. Farina in your offices on this date and subsequent conference call on this date with MidCap Financial. In rendering its services to the Company, A&M will report directly to the President & CEO. It is anticipated that A&M's activities shall include the following:

- (i) assistance in evaluation of the Company's current business plan and in preparation of a revised operating plan and cash flow forecast and presentation of such plan and forecast to the Company's Board of Trustees (the "Board") and its creditors, and to other interested parties, including but not limited to the New York State Department of Health;
- (ii) assistance in identification of cost reduction and operations improvement opportunities;

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- (iii) assistance in the development and management of a 13-week cash flow forecast;
- (iv) assistance in financing issues including assistance in preparation of reports and liaison with creditors;
- (v) report to the Board as desired or directed by the CEO; and
- (vi) other activities as are approved by you, the Responsible Officers or the Board and agreed to by A&M.

(b) In connection with the services to be provided hereunder, from time to time A&M may utilize the services of employees of its affiliates, and subsidiaries and independent contractors. Such affiliates are wholly owned by A&M's parent company and employees. A&M personnel providing services to the Company may also work with other A&M clients in conjunction with unrelated matters.

2. Information Provided by the Company and Forward Looking Statements

The Company shall use all reasonable efforts to: (i) provide A&M with access to management and other representatives of the Company; and (ii) to furnish all data, material, and other information concerning the business, assets, liabilities, operations, cash flows, properties, financial condition and prospects of the Company that A&M reasonably request in connection with the services to be provided to the Company. A&M shall rely, without further independent verification, on the accuracy and completeness of all publicly available information and information that is furnished by or on behalf of the Company and otherwise reviewed by A&M in connection with the services performed for the Company. The Company acknowledges and agrees that A&M is not responsible for the accuracy or completeness of such information and shall not be responsible for any inaccuracies or omissions therein. A&M is under no obligation to update data submitted to it or to review any other areas unless specifically requested by the Board to do so.

You understand that the services to be rendered by A&M may include the preparation of projections and other forward-looking statements, and numerous factors can affect the actual results of the Company's operations, which may materially and adversely differ from those projections. In addition, A&M will be relying on information provided by the Company in the preparation of those projections and other forward-looking statements.



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3. Limitation of Duties

A&M makes no representation or guarantee that, inter alia, (i) an appropriate restructuring proposal or strategic alternative can be formulated for the Company (ii) any restructuring proposal or strategic alternative presented to the Company's management or the Board or Responsible Officers will be more successful than all other possible restructuring proposals or strategic alternatives, (iii) restructuring is the best course of action for the Company or (iv) if formulated, that any proposed restructuring plan or strategic alternative will be accepted by any of the Company's creditors, shareholders and other constituents. Further, A&M does not assume any responsibility for the Company's decision to pursue, or not pursue any business strategy, or to effect, or not to effect any transaction. A&M shall be responsible for assistance with the implementation only of the restructuring proposal or strategic alternative approved by the Board or Responsible Officers and only to the extent and in the manner authorized by and directed by the Board or Responsible Officers and agreed to by A&M.

4. Compensation

(a) A&M will receive fees based on the following hourly rates:

Managing Directors	\$650-850
Directors	\$450-650
Analysts/Associates	\$250-450

Such rates shall be subject to adjustment annually at such time as A&M adjusts its rates generally.

(b) In addition, A&M will be reimbursed for its reasonable out-of-pocket expenses incurred in connection with this assignment, such as travel, lodging, duplicating, messenger, computer research and telephone charges and 3% of fees billed for in-house, indirect administrative expenses such as telephone charges, computer use, in-house copying facsimiles and other internal services. All fees and expenses will be billed and payable on a monthly basis or, at A&M's discretion, more frequently.

(c) The Company shall promptly remit to A&M a retainer in the amount of \$200,000, which shall be credited against any amounts due at the termination of this engagement and returned upon the satisfaction of all obligations hereunder.



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Mr. Albert Farina
July 11, 2012
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5. Term

- (a) This Agreement will apply from the commencement of the services referred to in Section 1 and may be terminated with immediate effect by either party without cause by written notice to the other party.
- (b) A&M normally does not withdraw from an engagement unless the Company misrepresents or fails to disclose material facts, fails to pay fees or expenses, or makes it unethical or unreasonably difficult for A&M to continue performance of the engagement, or other just cause exists..
- (c) On termination of the Agreement, any fees and expenses due to A&M shall be remitted promptly (including fees and expenses that accrued prior to but are invoiced subsequent to such termination).
- (d) The provisions of this Agreement that give the parties rights or obligations beyond its termination shall survive and continue to bind the parties.

6. Relationship of the Parties

The parties intend that an independent contractor relationship will be created by this engagement letter. Neither A&M nor any of its personnel or agents is to be considered an employee or agent of the Company and the personnel and agents of A&M are not entitled to any of the benefits that the Company provides for the Company employees. The Company acknowledges and agrees that A&M's engagement shall not constitute an audit, review or compilation, or any other type of financial statement reporting engagement that is subject to the rules of the AICPA, SEC or other state or national professional or regulatory body.

7. No Third Party Beneficiary

The Company acknowledges that all advice (written or oral) provided by A&M to the Company in connection with this engagement is intended solely for the benefit and use of the Company (limited to its Board and management) in considering the matters to which this engagement relates. The Company agrees that no such advice shall be used for any other purpose or reproduced, disseminated, quoted or referred to at any time in any manner or for any purpose other than accomplishing the tasks referred to herein without A&M's prior approval (which shall not be unreasonably withheld), except as required by law.



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8. Conflicts

A&M is not currently aware of any relationship that would create a conflict of interest with the Company or those parties-in-interest of which you have made us aware. Because A&M and its affiliates and subsidiaries comprise a consulting firm (the "Firm") that serves clients on a global basis in numerous cases, both in and out of court, it is possible that the Firm may have rendered or will render services to or have business associations with other entities or people which had or have or may have relationships with the Company, including creditors of the Company. The Firm will not be prevented or restricted by virtue of providing the services under this Agreement from providing services to other entities or individuals, including entities or individuals whose interests may be in competition or conflict with the Company's, provided the Firm makes appropriate arrangements to ensure that the confidentiality of information is maintained.

9. Confidentiality / Non-Solicitation

A&M shall keep as confidential all non-public information received from the Company in conjunction with this engagement, except: (i) as requested by the Company or its legal counsel; (ii) as required by legal proceedings or (iii) as reasonably required in the performance of this engagement. All obligations as to non-disclosure shall cease as to any part of such information to the extent that such information is or becomes public other than as a result of a breach of this provision. The Company, on behalf of itself and its subsidiaries and affiliates and any person which may acquire all or substantially all of its assets agrees that, until two (2) years subsequent to the termination of this engagement, it will not solicit, recruit, hire or otherwise engage any employee of A&M or any of its affiliates who worked on this engagement while employed by A&M or its affiliates ("Solicited Person"). Should the Company or any of its subsidiaries or affiliates or any person who acquires all or substantially all of its assets extend an offer of employment to or otherwise engage any Solicited Person and should such offer be accepted, A&M shall be entitled to a fee from the party extending such offer equal to the Solicited Person's hourly client billing rate at the time of the offer multiplied by 4,000 hours for a Managing Director, 3,000 hours for a Senior Director and 2,000 hours for any other A&M employee. The Company acknowledges and agrees that this fee fairly represents the loss that A&M will suffer if the Company breaches this provision. The fee shall be payable at the time of the Solicited Person's acceptance of employment or engagement.

10. Indemnification and Limitations on Liability

The attached indemnification and limitation on liability agreement is incorporated herein by reference and shall be executed upon the acceptance of this Agreement. Termination



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of this engagement shall not affect these indemnification and limitation on liability provisions, which shall remain in full force and effect.

11. Miscellaneous

This Agreement (together with the attached indemnity provisions), including, without limitation, the construction and interpretation of thereof and all claims, controversies and disputes arising under or relating thereto, shall be governed and construed in accordance with the laws of the State of New York, without regard to principles of conflict of law that would defer to the laws of another jurisdiction. The Company and A&M agree to waive trial by jury in any action, proceeding or counterclaim brought by or on behalf of the parties hereto with respect to any matter relating to or arising out of the engagement or the performance or non-performance of A&M hereunder. The Company and A&M agree, to the extent permitted by applicable law, that any Federal Court sitting within the Southern District of New York shall have exclusive jurisdiction over any litigation arising out of this Agreement; to submit to the personal jurisdiction of the Courts of the United States District Court for the Southern District of New York; and to waive any and all personal rights under the law of any jurisdiction to object on any basis (including, without limitation, inconvenience of forum) to jurisdiction or venue within the State of New York for any litigation arising in connection with this Agreement.

This Agreement shall be binding upon A&M and the Company, their respective heirs, successors, and assignees, and any heir, successor, or assignee of a substantial portion of A&M's or the Company's respective businesses and/or assets, including any Chapter 11 Trustee. This Agreement incorporates the entire understanding of the parties with respect to the subject matter hereof and may not be amended or modified except in writing executed by the Company and A&M. Notwithstanding anything herein to the contrary, A&M may reference or list the Company's name and/or a general description of the services in A&M's marketing materials, including, without limitation, on A&M's website.

If the foregoing is acceptable to you, kindly sign the enclosed copy to acknowledge your agreement with its terms.

Very truly yours,

Alvarez & Marsal Healthcare Industry Group, LLC

By: 



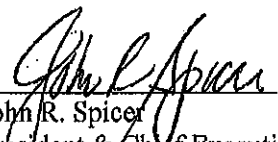
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Stuart A McLean
Title: Managing Director

Accepted and agreed:

Sound Shore Health System

By:


John R. Spicer
President & Chief Executive Officer



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Mr. Albert Farina
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INDEMNIFICATION AGREEMENT

This indemnity is made part of an agreement, dated July 11, 2012 (which together with any renewals, modifications or extensions thereof, is herein referred to as the "Agreement") by and between Alvarez & Marsal Healthcare Industry Group, LLC ("A&M") and Sound Shore Health System, Inc., and its subsidiaries and affiliates and their respective assigns and successors (jointly and severally, the "Company"), (for services to be rendered to the Company by A&M

A. The Company agrees to indemnify and hold harmless each of A&M, its affiliates and their respective shareholders, members, managers, employees, agents, representatives and subcontractors (each, an "Indemnified Party" and collectively, the "Indemnified Parties") against any and all losses, claims, damages, liabilities, penalties, obligations and expenses, including the costs for counsel or others (including employees of A&M, based on their then current hourly billing rates) in investigating, preparing or defending any action or claim, whether or not in connection with litigation in which any Indemnified Party is a party, or enforcing the Agreement (including these indemnity provisions), as and when incurred, caused by, relating to, based upon or arising out of (directly or indirectly) the Indemnified Parties' acceptance of or the performance or nonperformance of their obligations under the Agreement; provided, however, such indemnity shall not apply to any such loss, claim, damage, liability or expense to the extent it is found in a final judgment by a court of competent jurisdiction (not subject to further appeal) to have resulted primarily and directly from such Indemnified Party's gross negligence or willful misconduct. The Company also agrees that (a) no Indemnified Party shall have any liability (whether direct or indirect, in contract or tort or otherwise) to the Company for or in connection with the engagement of A&M, except to the extent that any such liability for losses, claims, damages, liabilities or expenses are found in a final judgment by a court of competent jurisdiction (not subject to further appeal) to have resulted primarily and directly from such Indemnified Party's gross negligence or willful misconduct and (b) in no event will any Indemnified Party have any liability to the Company for special, consequential, incidental or exemplary damages or loss (nor any lost profits, savings or business opportunity). The Company further agrees that it will not, without the prior consent of an Indemnified Party, settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action, suit or proceeding in respect of which such Indemnified Party seeks indemnification hereunder (whether or not such Indemnified Party is an actual party to such claim, action, suit or proceedings) unless such settlement, compromise or consent includes an unconditional release of such Indemnified Party from all liabilities arising out of such claim, action, suit or proceeding.

B. These indemnification provisions shall be in addition to any liability which the Company may otherwise have to the Indemnified Parties. In the event that, at any time whether before or



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D. In order to provide for just and equitable contribution if a claim for indemnification pursuant to these indemnification provisions is made but it is found in a final judgment by a court of competent jurisdiction (not subject to further appeal) that such indemnification may not be enforced in such case, even though the express provisions hereof provide for indemnification, then the relative fault of the Company, on the one hand, and the Indemnified Parties, on the other hand, in connection with the statements, acts or omissions which resulted in the losses, claims, damages, liabilities and costs giving rise to the indemnification claim and other relevant equitable considerations shall be considered; and further provided that in no event will the Indemnified Parties' aggregate contribution for all losses, claims, damages, liabilities and expenses with respect to which contribution is available hereunder exceed the amount of fees actually received by the Indemnified Parties pursuant to the Agreement. No person found liable for a fraudulent misrepresentation shall be entitled to contribution hereunder from any person who is not also found liable for such fraudulent misrepresentation.

E. In the event the Company and A&M seek judicial approval for the assumption of the Agreement or authorization to enter into a new engagement agreement pursuant to either of which A&M would continue to be engaged by the Company, the Company shall promptly pay expenses reasonably incurred by the Indemnified Parties, including attorneys' fees and expenses, in connection with any motion, action or claim made either in support of or in opposition to any such retention or authorization, whether in advance of or following any judicial disposition of such motion, action or claim, promptly upon submission of invoices therefor and regardless of whether such retention or authorization is approved by any court. The Company will also promptly pay the Indemnified Parties for any expenses reasonably incurred by them, including attorneys' fees and expenses, in seeking payment of all amounts owed it under the Agreement (or any new engagement agreement) whether through submission of a fee application or in any other manner, without offset, recoupment or counterclaim, whether as a secured claim, an administrative expense claim, an unsecured claim, a prepetition claim or a postpetition claim.

F. Neither termination of the Agreement nor termination of A&M's engagement nor the filing of a petition under Chapter 7 or 11 of the United States Bankruptcy Code (nor the conversion of an existing case to one under a different chapter) shall affect these indemnification provisions, which shall hereafter remain operative and in full force and effect.

G. The rights provided herein shall not be deemed exclusive of any other rights to which the Indemnified Parties may be entitled under the certificate of incorporation or bylaws of the Company, any other agreements, any vote of stockholders or disinterested directors of the



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Company, any applicable law or otherwise.

Sound Shore Health System

ALVAREZ & MARSAL HEALTHCARE
INDUSTRY GROUP, LLC

By: 
John R. Spicer
President & Chief Executive Officer

By: 
Stuart A. McLean
Managing Director



Exhibit B
McLean Declaration

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----X
In re:

SOUND SHORE MEDICAL CENTER OF
WESTCHESTER, et al.

Chapter 11
Case No. 13-_____ (____)

Debtors.

(Joint Administration Pending)

-----X
**DECLARATION OF STUART MCLEAN IN SUPPORT OF DEBTORS'
APPLICATION TO RETAIN AND EMPLOY ALVAREZ & MARSAL
HEALTHCARE INDUSTRY GROUP, LLC AS FINANCIAL ADVISORS TO DEBTORS
AND DEBTORS IN POSSESSION PURSUANT TO SECTIONS 327(A) AND 328**

Stuart McLean makes this declaration under 28 U.S.C. § 1746, and declares as follows
under penalty of perjury:

1. I am a Managing Director with Alvarez & Marsal Healthcare Industry Group, LLC (together with employees of its affiliates (all of which are wholly-owned by its parent company and employees), its wholly owned subsidiaries, and independent contractors, "**A&M**"), a restructuring advisory services firm with numerous offices throughout the country. I submit this declaration on behalf of A&M (the "**Declaration**") in support of the Debtors' Application to Employ And Retain Alvarez & Marsal Healthcare Industry Group, LLC as Financial Advisors to Debtors And Debtors in Possession Pursuant to Sections 327(a) and 328 of title 11 of the United States Code (the "**Bankruptcy Code**"), Rules 2014(a) and 2016 of the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**"), *nunc pro tunc* to the Petition Date (the "**Application**"), and on the terms and conditions set forth in the Application and the engagement letter between Debtors and A&M, attached to the Application as Exhibit A (the "**Engagement**

Letter”). Except as otherwise noted¹, I have personal knowledge of the matters set forth herein.

A&M’s Qualifications

2. A&M specializes in interim management, crisis management, turnaround consulting, operational due diligence, creditor advisory services, and financial and operational restructuring. A&M’s debtor advisory services have included a wide range of activities targeted at stabilizing and improving a company’s financial position, including developing or validating forecasts, business plans and related assessments of a business’s strategic position; monitoring and managing cash, cash flow and supplier relationships; assessing and recommending cost reduction strategies; and designing and negotiating financial restructuring packages and managing the chapter 11 process.

3. Among the cases in which A&M has been retained to provide advisory services are In re Peninsula Hospital Center, Case No. 11-47056 (ESS) (Bankr. E.D.N.Y. August 16, 2012); In re Our Lady of Mercy Medical Center, et al., Case No 07-1059 (REG) (Bankr. S.D.N.Y. 2007). A&M’s members have also served as chief restructuring officers in other high profile chapter 11 cases. See, e.g., In re Saint Vincents Catholic Medical Centers, et al., Case No. 05-14945 (CGM). A&M was also special healthcare strategy and restructuring advisor to North General Hospital prior to its 2010 bankruptcy filing.

4. In addition, A&M is familiar with the Debtors’ businesses, financial affairs, and capital structure. Since the firm’s initial engagement in 2007, the A&M personnel (the “**A&M Professionals**”) have provided services to the Sound Shore Health Care System, Inc. and its affiliates and subsidiaries (collectively, the “**System**”), as described in summary herein. In the period leading up to the Petition Date, A&M Professionals have worked closely with the

¹ Certain of the disclosures herein relate to matters within the personal knowledge of other professionals at A&M and are based on information provided by them.

Debtors' management and other professionals in assisting with the myriad requirements of these chapter 11 cases.

5. As indicated A&M is already familiar with the Debtors' businesses and operations. In July of 2012, A&M was retained by the System to provide consulting and restructuring advice to the System, including matters relating to potential strategic mergers or partnership transactions for the System, including SSMC and MVH. Specifically, A&M assisted and advised the System in the following areas, among others: (a) development and implementation of strategic and tactical options designed to accelerate receipts and improve liquidity, (b) liaising with the New York Department of Health and the Dormitory Authority of the State of New York on access to restructuring pool loans and grants awarded to the Debtors under the Health Efficiency and Affordability Law for New York (HEAL NY) capital grant program; (c) matters related to the Debtors' accounts receivable lender MidCap Financial, LLC ("**Midcap**") under the pre-petition facilities and the negotiations related to the DIP financing arrangements, (d) matters relating to certain pre-petition liquidity-producing asset sales, (e) dealings with key vendors, (f) matters relating to the sale transactions and earlier contemplated transactions and (g) preparation for these Chapter 11 Cases. Prior to the 2012 engagement, A&M and/or its affiliates had been engaged periodically by the System (beginning 2007) to, among other things, assist with the settlement of a material amount of liabilities outside of a statutory proceeding and pursue financing.

Disinterestedness and Eligibility

6. A&M, together with its affiliates, (the "**Firm**") utilizes certain procedures (the "**Firm Procedures**") to determine the Firm's relationships, if any, to parties that may have a connection to a client debtor. In implementing the Firm Procedures, the following actions were

taken to identify parties that may have connections to the Debtors, and the Firm's relationship with such parties:

(a) A&M requested and obtained from the Debtors extensive lists of interested parties and significant creditors (the "**Potential Parties in Interest**")². The list of Potential Parties in Interest which A&M reviewed is annexed hereto as Schedule 1. The Potential Parties in Interest reviewed include the Debtors, the largest 30 unsecured creditors, directors and officers, secured creditors/lienholders, Debtors other professionals, and certain other relevant third parties.

(b) A&M then compared the names of each of the Potential Parties in Interest to the names in its master electronic database of the Firm's current and recent clients (the "**Client Database**"). The Client Database generally includes the name of each client of the Firm, the name of each party who is or was known to be adverse to the client of the Firm in connection with the matter in which the Firm is representing such client, the name of each party that has, or had, a substantial role with regard to the subject matter of the Firm's retention, and the names of the Firm's professionals who are, or were, primarily responsible for matters for such clients.

(c) An email was issued to all Firm professionals requesting disclosure of information regarding: (i) any known personal connections between the respondent and/or the Firm on the one hand, and either the Potential Parties in Interest or the Debtors, on the other hand³, (ii) any known connections or representation by the respondent and/or the Firm of any of the Potential Parties in Interest in matters relating to the Debtors and (iii) any other conflict or reason why the Firm may be unable to represent the Debtors.

(d) Known connections between former or recent clients of the Firm and the Potential Parties in Interest were compiled for purposes of

² The list of Potential Parties in Interest is expected to be updated during these cases. A&M continues to review the relationships its attorneys may have with potentially interested parties and to determine whether any relationships other than those set forth herein exist. As may be necessary, A&M will supplement this Affidavit if it becomes aware of a relationship that may adversely affect A&M's retention in these cases or discovers additional parties in interest through the filing of statements of financial affairs or statements under Rule 2019. A&M will update this disclosure if it is advised of any trading of claims against or interests in the Debtors that may relate to A&M's retention or otherwise requires such disclosure.

³ In reviewing its records and the relationships of its professionals, A&M did not seek information as to whether any A&M professional or member of his/her immediate family: (a) indirectly owns, through a public mutual fund or through partnerships in which certain A&M professionals have invested but as to which such professionals have no control over or knowledge of investment decisions, securities of the Debtors or any other party in interest; or (b) has engaged in any ordinary course consumer transaction with any party in interest. If any such relationship does exist, I do not believe it would impact A&M's disinterestedness or otherwise give rise to a finding that A&M holds or represents an interest adverse to the Debtors' estates.

preparing this Declaration. These connections are listed in Schedule 2 annexed hereto.

7. As a result of the Firm Procedures, I have thus far ascertained that, except as may be set forth herein, upon information and belief, if retained, A&M and its personnel:

(a) is not a creditor of the Debtors (including by reason of unpaid fees for prepetition services),⁴ an equity security holder of the Debtors or an "insider" of the Debtors, as that term is defined in section 101(31) of the Bankruptcy Code;

(b) is not, and has not been, within 2 years before the date of the filing of the petition, a director, officer, or employee of the Debtors; and;

(c) does not have an interest materially adverse to the interests of the Debtors' estates, or of any class of creditors or equity security holders, by reason of any direct or indirect relationship to, connection with, or interest in, the Debtors, or for any other reason.

8. As can be expected with respect to any international professional services firm, such as A&M, the Firm provides services to many clients with interests in the Debtors' chapter 11 cases. To the best of my knowledge, the Firm's services for such clients do not relate to the Debtors' chapter 11 cases.

9. Further, as part of its diverse practice, the Firm appears in numerous cases and proceedings, and participates in transactions that involve many different professionals, including attorneys, accountants, and financial consultants, who represent claimants and parties-in-interest in the Debtors' chapter 11 cases. Further, the Firm has performed in the past, and may perform in the future, advisory consulting services for various attorneys and law firms, and has been represented by several attorneys and law firms, some of whom may be involved in these proceedings. Based on our current knowledge of the professionals involved, and to the best of my knowledge, none of these relationships create interests materially adverse to the Debtors in

⁴ See paragraph 11 below.

matters upon which A&M is to be employed, and none are in connection with these chapter 11 cases.

10. To the best of my knowledge, no employee of A&M is a relative of, or is connected with, the United States Trustee in this district or its employees.

11. Accordingly, to the best of my knowledge and except as otherwise specifically described herein, A&M is a "disinterested person" as that term is defined in section 101(14) of the Bankruptcy Code, in that A&M: (i) is not a creditor, equity security holder, or insider of the Debtors; (ii) was not, within two years before the date of filing of the Debtors' chapter 11 petitions, a director, officer, or employee of the Debtors; and (iii) does not have an interest materially adverse to the interest of the Debtors' estates or of any class of creditors or equity security holders.

12. If any new material relevant facts or relationships are discovered or arise, A&M will promptly file a supplemental declaration.

Compensation

13. Subject to Court approval and in accordance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, applicable United States Trustee guidelines, and the Local Rules of this Court, A&M will seek from the Debtors payment for compensation on an hourly basis and reimbursement of actual and necessary expenses incurred by A&M. A&M's customary hourly rates as charged in bankruptcy and non-bankruptcy matters of this type by the professionals assigned to this engagement are outlined below. These hourly rates are adjusted annually.

14. A&M intends to apply to the Court for allowance of compensation and

reimbursement of expenses for its services in accordance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, the U.S. Trustee Guidelines and any other applicable procedures and orders of the Court, and consistent with the proposed compensation set forth in the Engagement Letter.

15. A&M received \$50,000 as a retainer for services performed for the Debtors in connection with preparing for and conducting the filing of these chapter 11 cases. In the 90 days prior to the Petition Date, A&M received retainers and payments totaling \$1,411,507.90 in the aggregate for services performed for the Debtors. A&M has applied these funds to amounts due for services rendered and expenses incurred prior to the Petition Date. Immediately prior to the 90 day period, A&M was owed \$182,878.25 on a net basis. The payments are outlined below:

<u>Invoice</u>		<u>Payments Received</u>	
<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
		03/01/13	\$ 100,000.00
		03/04/13	\$ 99,985.00
03/08/13	\$ 170,221.05	03/22/13	\$ 150,000.00
03/22/13	\$ 191,662.91	04/05/13	\$ 99,985.00
04/05/13	\$ 157,475.49	04/17/13	\$ 252,223.00
		04/22/13	\$ 200,000.00
04/19/13	\$ 180,863.47	04/29/13	\$ 90,000.00
		05/03/13	\$ 100,000.00
05/03/13	\$ 169,344.90	05/07/13	\$ 69,344.90
		05/16/13	\$ 99,985.00
05/17/13	\$ 173,571.71	05/24/13	\$ 100,000.00
05/24/13	\$ 109,660.36		
05/29/13	\$ 58,750.54	05/29/13	\$ 49,985.00

16. The unapplied residual retainer, which is estimated to total approximately \$17,000, will not be segregated by A&M in a separate account, and will be held until the end of these Chapter 11 cases and applied to A&M's finally approved fees in these proceedings.

17. In accordance with the terms of the Engagement Letter, A&M will be paid by the Debtors for the services of the A&M Professionals at their customary hourly billing rates which shall be subject to the following ranges:

Managing Director	\$675-875
Director	\$475-675
Associate	\$375-475
Analyst	\$275-375

18. In addition, A&M will be reimbursed for reasonable out-of-pocket expenses incurred in connection with this assignment, such as travel, lodging, third party duplications, messenger and telephone charges. In addition, A&M shall be reimbursed for the reasonable fees and expenses of its counsel incurred in connection with the preparation and approval of this Application. All fees and expenses due to A&M will be billed in accordance with any interim compensation orders entered by this Court, and the relevant sections of the Bankruptcy Code, Bankruptcy Rules and local rules of this Court.

19. A&M will file applications for monthly, interim and final allowance of compensation and reimbursement of expenses. A&M will be compensated and reimbursed pursuant to section 328(a) of the Bankruptcy Code. I do not believe that A&M's compensation needs to be evaluated under any other standard of review, including section 330 of the Bankruptcy Code. Notwithstanding the foregoing, however, I understand that the U.S. Trustee retains all rights to respond or object to A&M's monthly, interim and final applications for compensation and reimbursement of expenses on all grounds, including reasonableness pursuant to section 330 of the Bankruptcy Code. In the event that the U.S. Trustee objects, I understand that this Court will retain the right to review the monthly, interim and final applications pursuant to section 330 of the Bankruptcy Code.

20. To the best of my knowledge, (i) no commitments have been made or received by A&M with respect to compensation or payment in connection with these cases other than in accordance with applicable provisions of the Bankruptcy Code and the Bankruptcy Rules, and (ii) A&M has no agreement with any other entity to share with such entity any compensation received by A&M in connection with these chapter 11 cases.

21. By reason of the foregoing, I believe A&M is eligible for employment and retention by the Debtors pursuant to sections 327(a) (as modified by sections 1107(b)), 328, 330 and 331 of the Bankruptcy Code and the applicable Bankruptcy Rules and Local Rules.

I declare under penalty of perjury that, to the best of my knowledge and after reasonable inquiry, the foregoing is true and correct.

Executed on this 29th day of May, 2013

By: /s/ Stuart McLean
Stuart McLean, Managing Director

Schedule 1

Potential Parties in Interest

Unsecured Creditors

Allscripts Healthcare, LLC	Nutrition Mgmt Services Co.
Amerisourcebergen Drug Corp.	Modern Medical Systems
Stryker Orthopaedics	Children's Phy. of West LL
Convergent Revenue Cycle M	Enterprise Systems Software, LLC-BSD
McKesson Information Solutions	Heathcare Assoc of NYS
Crothall Service Group	Michael Anthony Contracting
New York Medical College	Cannon Design
TGC LLC	Fresenius Management Services
Miller & Milone, P.C.	New York Blood Center
New York Radiology Alliance	Westchester County Health Care Corporation
Health/ROI	(a/k/a Westchester Medical Center)
1199 SEIU National Benefit	Medline Industries
Apollo Health Street Inc.	Pension Benefit Guaranty Corp.
Emergency Medical Assoc.	Dormitory Authority of State of New York
Medtronic USA Inc.	Oceanside Institutional
Greystone Servicing Corporation, Inc.	

Directors and Officers

Dariusz Alaie, MD	Mary M. Savage
Rev. Wendell Elliott Baisden	Jeffrey R. Powers
Vincent M. Bufano	Hon. Noam Bramson
Pat Capasso	Theodore Keltz, MD
Samuel Consolazio	Stephen Trauzzi, MD
Hon. Ernest Davis	Mark Weigle, MD
Anthony Debellis	Robert P. Balachandran
Rev. Troy Preston Decohen	Daniel F. Cremins
Darren DeVerna	Kathie E. Davidson
Richard Petriollo, MD	John J. Dooner
Ramesh Naik, MD	Richard C. Gay
Danna Wood	John A. Geoghegan
Richard Naclerio	Lorri S. Gorman
Mauro C. Romita	Timothy C. Idoni
George T. Erbe	Charles H. McCabe
John R. Spicer	Thomas M. McEvoy
Carol A. Petrillo	Stewart J. McMillan
Lawrence J. Ruisi	Stephen J. Tenore
Stan Buturla	MaryEllen Johnston
Barbara A. Langbein	Albert Farina
Louis B. Frost	

Debtors

Sound Shore Medical Center of Westchester
Mount Vernon Hospital
Sound Shore Health System, Inc.
Howe Avenue Nursing Home d/b/a Helen and Michael Schaffer Extended Care Center
NRHMC Services Corporation
M.V.H. Corporation
MVH ALP
New Rochelle Sound Shore Housing, LLC.

Secured Creditors/Lienholders

Sun Life Assurance Company of Canada (US)
Dormitory Authority of the State of New York
Hudson Valley Bank
Midcap Financial, LLC and Midcap Funding IV, LLC
Pension Plan/Pension Benefit Guaranty Corporation
1199 SEIU Healthcare Workers

Professionals

Alvarez & Marsal
Garfunkel Wild

Relevant Third Parties

Sound Shore Medical Center of Westchester Foundation, Inc.
Montefiore Medical Center
New York State Nurses Association

Schedule 2

Firm Relationships with Potential Parties in Interest

**Current and Former Clients of A&M
and/or its Affiliates**⁵

Agfa Corporation
Allscripts
Dormitory Authority of the State of New York
General Electric Capital
Hudson Valley Bank
McKesson Corporation
Medtronic
New York Medical College
Nutrition Management Services Company
Stryker Corporation
Sysco Food Services

**Significant Equity Holders of Current and
Former A&M Clients**⁶

Fresenius Management Services
General Electric Capital
Sun Life

Creditors in A&M Engagements⁷

Amerisource Bergen Drug Corporation
Dormitory Authority of the State of New York
New York State Department of Labor
General Electric Capital
Local 1199
McKesson Corporation
MedOne
Medtronic
New York Blood Center
Pension Benefit Guaranty Corporation
Physicians Reciprocal Insurers
Sysco Food Services
U.S. Foodservices

Members of Noteholders Group⁸

Sun Life

Professionals & Advisors⁹

Garfunkel Wild, P.C.
PricewaterhouseCoopers

⁵ A & M and/ or an affiliate is currently providing or has previously provided certain consulting or interim management services to these parties or their affiliates (or, with respect to those parties that are investment funds or trusts, to their portfolio or asset managers or their affiliates) in wholly unrelated matters.

⁶ These parties or their affiliates (or, with respect to those parties that are investment funds or trusts, their portfolio or asset managers or other funds or trusts managed by such managers) are significant equity holders of clients or former clients of A&M or its affiliates in wholly unrelated matters.

⁷ A&M is currently advising or has previously advised these parties or their affiliates (or, with respect to those parties that are investment funds or trusts, their portfolio or asset managers or other funds managed by such managers) as creditors or various official creditors' committees in which these parties or their affiliates were members or which represented the interests of these parties or their affiliates.

⁸ A&M is currently advising or has previously advised various official or unofficial noteholders' committees in which these parties or their affiliates (or, with respect to those parties that are investment funds or trusts, their portfolio or asset managers or other funds managed by such managers) were members or which represented the interests of these parties or their affiliates.

⁹ These professionals have represented clients in matters where A&M was also an advisor (or provided interim management services) to the same client. In certain cases, these professionals may have engaged A&M on behalf of such client.

Exhibit C
Proposed Order

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

-----X
In re:

SOUND SHORE MEDICAL CENTER OF
WESTCHESTER, et al.

Chapter 11
Case No. 13-_____ ()

Debtors.

(Joint Administration Pending)

-----X
**ORDER PURSUANT TO SECTION 327(A) 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) of the 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 (). There are certain additional affiliates of the Debtors who are not debtors and have not sought relief under Chapter 11.

attached as Exhibit C 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. § 1334 and the Standing Order of Referral of Cases to Bankruptcy Court Judges of the District Court for the Southern District of New York, dated July 19, 1984 (Ward, Acting 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 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; and that the relief requested in the Application is in the best interests of the Debtors, their creditors, and all parties-in-interest; and it appearing that due and appropriate notice of the Application has been given under the circumstances; and it appearing that no other or further notice need be given; and upon the Application and all of the proceedings before the Court; and after due deliberation; and sufficient cause appearing therefore,

IT IS HEREBY ORDERED THAT:

1. The Application is granted to the extent set forth herein.
2. Pursuant to Sections 327(a) of the Bankruptcy Code, the Debtors be, and hereby 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.
3. 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.

4. 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.

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

NO OBJECTION:

Office of the United States Trustee

Dated: White Plains, New York
May_____, 2013

UNITED STATES BANKRUPTCY JUDGE