

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY

Caption in Compliance with D.N.J. LBR 9004-2(c)

SILLS CUMMIS & GROSS, P.C.

Jack M. Zackin (JZ-2540)

Valerie A. Hamilton (VH-5697)

One Riverfront Plaza

Newark, NJ 07102

(973) 643-7000

Attorneys for Debtor and Debtor-in-Possession

In re:

PASCACK VALLEY HOSPITAL
ASSOCIATION, INC.

Debtor.

Case No. 07-23686 (RG)

Hon. Rosemary Gambardella

Chapter 11

Recommended Local Form:



Followed



Modified

APPLICATION FOR RETENTION OF PROFESSIONAL

1. The applicant, Pascack Valley Hospital Association, Inc., is the (check all that apply):

Trustee

Chap. 7

Chap. 11

Chap. 13

Debtor

Chap. 11

Chap. 13

Official Committee of _____

2. The applicant seeks to retain the following professional, Palmieri & Eisenberg, to
serve as (check all that apply):

Attorney for:

Trustee

Debtor in Possession

Official Committee of _____

Accountant for: Trustee Debtor in Possession
 Official Committee of _____

Other Professional:
 Realtor Appraiser Special Counsel
 Auctioneer Other (specify): _____

3. The employment of the professional is necessary because the Debtor requires the assistance of legal counsel in connection with employee benefit and employment-related matters, particularly in connection with the termination of the Plan.

4. Palmieri & Eisenberg has been selected because the Debtor, as administrator of the Plan, has a fiduciary duty to Plan beneficiaries to terminate the Plan in a proper and orderly manner. The Firm has extensive experience in both tax and ERISA employee benefit matters, including the establishment, operation and termination of qualified retirement plans for public and privately held companies, retiree medical and COBRA issues, and employee benefits litigation. Mr. Palmieri has over 26 years of experience in applying tax, ERISA, labor, employment and insurance laws to complex transactions, including handling benefit issues relating to corporate downsizings, union negotiations, and a broad range of tax and human resource matters. Mr. Palmieri has represented the Debtor for approximately ten (10) years, and has continued to represent the Debtor post-petition. The Debtor believes that Palmieri & Eisenberg is well qualified to represent the Debtor in connection employee benefit and employment-related matters that may arise during the wind-down of the Debtor's operations and the termination of the Plan. The Debtor respectfully requests that it be authorized to retain Palmieri & Eisenberg *nunc pro tunc* to September 24, 2007, the date of the filing of the Debtor's bankruptcy petition.

5. The retention of Palmieri & Eisenberg is cost-efficient to the Debtor's estate. The Plan's trust has also elected to retain Palmieri & Eisenberg in connection with legal matters that arise in connection with the administration and termination of the Plan. Thus, the Debtor will be responsible for compensating Palmieri & Eisenberg for only those services that are deemed necessary by the Plan administrator but are not reimbursable by the Plan's trust (e.g., specific fiduciary advice regarding the liabilities of the Debtor). It is anticipated that most of the work to be performed by Palmieri & Eisenberg will be reimbursable by the Plan's trust, and that the expense to the Estate will be comparatively small.

6. The services that the Debtor may request include, but are not limited to, providing the Debtor with necessary legal services in connection with employee benefit and employment-related matters, including legal issues related to the termination of the Plan. The Debtor would be responsible for payment of Palmieri & Eisenberg's services to the extent that such services are not reimbursable by the Plan's trust.

7. The Department of Labor ("DOL") has recently issued a letter to audit the self-insured medical plan maintained by the Hospital. Due to the bankruptcy of the Hospital, the audit is changing from a HIPAA compliance audit into a review of claims and COBRA matters. The Hospital will be receiving a revised letter for documentation from the DOL in the coming weeks. The services necessary to address this issue will be an expense to be borne by the Hospital.

8. The Debtor has retained the services of Jackson Lewis as labor, employment and employee benefits counsel. The services to be rendered by Palmieri & Eisenberg will not duplicate those being provided by Jackson Lewis. Jackson Lewis has traditionally served in the role of labor counsel responding to issues in connection with union negotiations and day to day

employment matters. Palmieri & Eisenberg has historically represented the Hospital, the Pension Plan and affiliates in connection with tax and ERISA employee benefit matters, including the qualified status of retirement plans, and regular tax and ERISA matters including HIPAA compliance, COBRA, etc.

9. The proposed arrangement for compensation is on a discounted hourly basis, in accordance with the engagement letter annexed hereto as Exhibit A. A full description of the proposed compensation arrangements is set forth in the Certification of Francis Palmieri filed in support of this Application.

10. To the best of the applicant's knowledge, the professional's connection with the debtor, creditors, any other party in interest, their respective attorneys and accountants, the United States trustee, or any person employed in the office of the United States trustee, is as follows:

None

Describe connection: As set forth in the Affidavit of Frank Palmieri filed in support of this Application.

11. To the best of the applicant's knowledge, the professional (check all that apply):

does not hold an adverse interest to the estate.

does not represent an adverse interest to the estate.

is disinterested under 11 U.S.C. § 101(14).

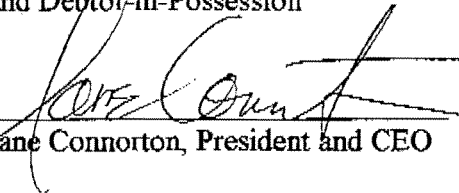
does not represent or hold any interest adverse to the debtor or the estate with respect to the matter for which it will be retained under 11 U.S.C. § 327(e).

Other; explain: _____

12. If the professional is an auctioneer, appraiser or realtor, the location and description of the property is as follows: _____


WHEREFORE, the applicant respectfully requests authorization to employ the professional to render services in accordance with this application, with compensation to be paid as an administrative expense in such amounts as the Court may hereafter determine and allow.

PASCACK VALLEY HOSPITAL ASSOCIATION, INC.
Debtor and Debtor-in-Possession

By: 
Jane Connorton, President and CEO

- and -

SILLS CUMMIS & GROSS, P.C.
Counsel for Pascack Valley Hospital Association, Inc.
Debtor and Debtor-in-Possession

By: 
Jack M. Zackin
Valerie A. Hamilton

Date: January 8, 2008

EXHIBIT A

PALMIERI & EISENBERG

Attorneys At Law

Transacting Business in N.J. as Francis W. Palmieri, P.C.

715 Executive Drive

Princeton, NJ 08540

Tel: (609) 497-0400

Fax: (609) 497-1163

fpalmieri@p-ebenefitslaw.com

Francis W. Palmieri

Admitted in NJ, PA and NY

December 10, 2007

Mr. Daniel Benzucci
Human Resource Specialist
Pascack Valley Hospital
Old Hook Road
Westwood, NJ 07675
dbenzucci@pvhospital.org

VIA EMAIL ONLY

Re: Engagement Letter - Hospital

Dear Dan:

Thank you for the opportunity to continue to perform employee benefit and employment related services for Pascack Valley Hospital (the "Hospital"). To confirm our ongoing working relationship we have prepared this letter which explains our billing practices. This letter will serve as our Engagement Letter if it meets with the Hospital's approval.

Terms of Representation

We would be happy to continue to represent the Hospital in connection with any employee benefit and employment matters within the areas of our firm's practice. To assist the Hospital in identifying appropriate projects, including the current Form 5500 review, you may visit our website to review our Employee Benefit and Employment Services and my Biography. The website is www.p-ebenefitslaw.com.

As with most professional service firms, our fees are based upon the time we spend in representing our clients. Our professional service fees range from \$450 per hour for attorneys, and \$30 to \$200 per hour for support services. These fees may be revised annually. However, due to our long-term working relationship, we will agree to cap our highest billable rate for partners at **\$350** per hour from the date of this letter. Furthermore, our current rates will remain in effect unless we provide the Hospital with notice of any rate increases.

Upon the identification of specific projects, every effort will be made to provide the Hospital with an estimate of the fees it may incur for our services. In addition, depending upon the nature of each project, we will attempt to determine if a fixed fee may be more appropriate than an hourly rate,

Mr. Daniel Benzucci
December 10, 2007
Page 2

and to provide the Hospital with a fixed fee alternative, if possible. Although obvious in most professional relationships, we will always keep the Hospital apprised of the status of any projects, and will not undertake any work without your authorization.

Disbursements are billed separately from our professional fees. For telephone charges, first class mail, overnight delivery charges and photocopying we add a charge of 5% of our professional fees (in lieu of tracking actual expenses). Other disbursements, such as travel or governmental fees are billed separately, with prior approval.

We will send you monthly statements advising you of the services performed by our firm and the charges for those services, plus disbursements. Payment is due upon your receipt of our statement.

It should be noted that effective as of June 20, 2005, written tax advice (including email advice and attachments) is subject to new regulations issued under Treasury Department Circular 230. The purpose of Circular 230 is to establish new standards to curtail the practice whereby tax professionals write legal opinions to support questionable transactions.

Certain activities engaged in by P&E with our clients may be subject to the new standards under Circular 230. However, since most of our clients are not relying upon the daily advice we provide to obtain sufficient authority to avoid penalties in the event a transaction is questioned, we anticipate little interruption, if any, in our normal services. The primary exception to avoid the impact of the new rules is to place a disclaimer in written materials that our advice may not be relied upon for the purpose of avoiding penalties. Another exception is for transactions regarding the qualification of qualified employee benefit plans. If you have any questions regarding the employee benefit and employment advice P&E provides to you on an ongoing basis, and the impact of Circular 230, please do not hesitate to contact us directly. We will address Circular 230 on an individual transaction basis with you, as necessary.

Conclusion

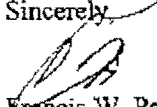
If the terms of this letter meet with your approval, please sign and date this letter below and return a copy to our attention.

We hope this letter and all attachments are helpful to confirm your decision to work with our firm. If you have any questions regarding any of the attachments or if we may be of any further assistance, please do not hesitate to call us.

Mr. Daniel Benzucci
December 10, 2007
Page 3

I look forward to working with you again.

Sincerely,

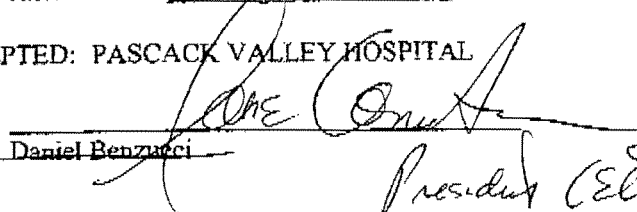

Francis W. Palmieri

FWP/dr

cc: Tony Rizzo - trizzo@pvhospital.org
Jack Zackin - jzackin@hillscurmuis.com

ACCEPTED: PASCACK VALLEY HOSPITAL

BY: 
~~Daniel Benzucci~~


President, CEO

(C:\Clients\Pascack\Lit\Engage.Ltr-Pascack)

UNITED STATES BANKRUPTCY COURT DISTRICT OF NEW JERSEY	
Caption in Compliance with D.N.J. LBR 9004-2(c) SILLS CUMMIS & GROSS, P.C. Jack M. Zackin (JZ-2540) Valerie A. Hamilton (VH-5697) One Riverfront Plaza Newark, New Jersey 07102 (973) 643-7000 Attorneys for Debtor and Debtor-in-Possession	
In re:	Case No.: <u>07-23686 (RG)</u>
PASCACK VALLEY HOSPITAL ASSOCIATION, INC.,	Judge: <u>Hon. Rosemary Gambardella</u>
Debtor.	Chapter: <u>11</u>

Recommended Local Form:	<input checked="" type="checkbox"/> Followed	<input type="checkbox"/> Modified
-------------------------	--	-----------------------------------

**CERTIFICATION OF PROFESSIONAL IN SUPPORT OF
APPLICATION FOR RETENTION OF PROFESSIONAL**

I, FRANCIS W. PALMIERI, being of full age, certify as follows:

1. I am a member of the law firm of Palmieri & Eisenberg. I make this certification in support of the Debtor's application for authority to retain Palmieri & Eisenberg as employee benefit and employment counsel to the Debtor.

2. Palmieri & Eisenberg, with an office at 715 Executive Drive, Princeton, New Jersey 08540, concentrates its practice in tax and ERISA employee benefit and employment related matters.

3. Palmieri & Eisenberg has provided employee benefit and employment-related legal services to the Pascack Valley Hospital Pension Plan and Pascack Valley Hospital Association for approximately 10 years.

4. The Firm has extensive experience in both tax and ERISA employee benefit matters, including the establishment, operation and termination of qualified retirement plans for public and privately held companies, retiree medical and COBRA issues, and employee benefits litigation. I have over 26 years of experience in applying tax, ERISA, labor, employment and insurance laws to complex transactions, including handling benefit issues relating to corporate downsizings, union negotiations, and a broad range of tax and human resource matters.

5. The proposed arrangement for compensation, including hourly rates, if applicable, is as follows: Although the firm's professional service fees range from \$450 per hour for attorneys, due to its long-term working relationship with the Debtor, Palmieri & Eisenberg has agreed to cap its highest billable rate for partners at \$350, and this rate will remain in effect unless the Debtor is notified of a rate increase. Palmieri & Eisenberg will file an application for compensation and reimbursement of expenses pursuant to 11 U.S.C. § 330 for any services for which it seeks compensation from the Debtor. Subject to the approval of the Bankruptcy Court, Palmieri & Eisenberg will charge the Debtor for its services in accordance with the terms of the Engagement Letter annexed as Exhibit A to the Debtor's Application filed in support hereof. Palmieri & Eisenberg has continuously provided services to the Debtor prior to and after the filing of the Debtor's bankruptcy petition. Accordingly, it is requested that the retention of Palmieri & Eisenberg be made effective as of September 24, 2007 (the "Petition Date").

6. To the best of my knowledge, after reasonable and diligent investigation, my connection with the debtor(s), creditors, any other party in interest, their respective attorneys and accountants, the United States trustee, or any person employed in the office of the United States trustee, is as follows:

None

Describe connection: As set forth above, I have previously performed employee benefit and employment-related legal services for the Debtor and the Pascack Valley Hospital Pension Plan.

7. To the best of my knowledge, after reasonable and diligent investigation, the connection of my firm, its members, partners, and/or employees with the debtor(s), creditors, any other party in interest, their respective attorneys and accountants, the United States trustee, or any person employed in the office of the United States trustee, is as follows:

None

Describe connection: Palmieri & Eisenberg has no association with any parties in interest, other than the Hospital, the Pension Plan and Lifekey Ventures. Palmieri & Eisenberg has provided employee benefit advice to Lifekey Ventures in connection with the Lifekey Ventures, Inc. Profit Sharing Plan. We will separately provide advice to Lifekey Ventures, Inc., in connection with the termination of the Pension Plan.

8. The Debtor has filed a voluminous list of general unsecured creditors, which contains the names of more than 650 entities. Palmieri & Eisenberg has not conducted a search for connections it may have with each of those entities. However, the Firm has searched its records for any connection it may have with (i) the Debtor's secured creditors and their known counsel; (ii) the 20 largest unsecured creditors and counsel for the Creditors' Committee; (iii) the United States Trustee for Region 3 and her counsel; (iv) The Bank of New York, as Indenture and Master Trustee; and (v) Health Professionals and Allied Employees, ATL/AFL-CIO Local 5029, and its counsel. In the event a connection requiring disclosure is later discovered, the Firm will promptly make such disclosure to the Court.

9. To the best of my knowledge, my firm, its members, shareholders, partners, associates, officers and/or employees and I (check all that apply):

- do not hold an adverse interest to the estate.
- do not represent an adverse interest to the estate.
- are disinterested under 11 U.S.C. § 101(14).
- do not represent or hold any interest adverse to the debtor or the estate with respect to the matter for which I will be retained under 11 U.S.C. § 327(e).
- Other; explain: _____

10. If the professional is an auctioneer,

a. A surety bond in accordance with D.N.J. LBR 2014-1(B)(2) is attached. Yes No

b. My qualifications and previous experience as an auctioneer include:

c. Have you or any member of your firm ever been convicted of any criminal offense, other than motor vehicle violations?

Yes No


If yes, explain: _____

11. If the professional is an auctioneer, appraiser or realtor, the location and description of the property is as follows: _____

I certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.

PALMIERI & EISENBERG

Date: January 8, 2008

By: 

Francis W. Palmieri

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY

Caption in Compliance with D.N.J. LBR 9004-2(c)

In Re:

Case No.:

Judge:

Chapter:

Recommended Local Form:

Followed

Modified

**ORDER AUTHORIZING
RETENTION OF _____**

The relief set forth on the following pages, numbered two (2) and three (3) is hereby
ORDERED.

In re: _____

Case No.: _____

Applicant: _____

- (check all that apply) Trustee: Chap. 7 Chap. 11 Chap. 13.
 Debtor: Chap. 11 Chap. 13
 Official Committee of _____

Name of Professional: _____

Address of Professional: _____

- Attorney for (check all that apply):
 Trustee Debtor-in-Possession
 Official Committee of _____
- Accountant for:
 Trustee Debtor-in-Possession
 Official Committee of _____
- Other Professional:
 Realtor Appraiser Special Counsel Auctioneer
 Other (specify): _____

Upon the applicant's request for authorization to retain the professional named above,

It is hereby ORDERED as follows:

1. The applicant is authorized to retain the above party in the professional capacity noted.

2. Compensation shall be paid in such amounts as may be allowed by the Court upon proper application(s) therefor.

3. The effective date of the retention is September 24, 2007.