

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:

WALKER COUNTY HOSPITAL CORPORATION,
D/B/A HUNTSVILLE MEMORIAL HOSPITAL,

Debtor.

Chapter 11

Case No. 19-36300 (DRJ)

**APPLICATION FOR ENTRY OF AN ORDER AUTHORIZING THE RETENTION AND
EMPLOYMENT OF FTI CONSULTING, INC. AS FINANCIAL ADVISOR TO THE
OFFICIAL COMMITTEE OF UNSECURED CREDITORS
NUNC PRO TUNC TO NOVEMBER 27, 2019**

The Official Committee of Unsecured Creditors (the “Committee”) of Walker County Hospital Corporation, d/b/a Huntsville Memorial Hospital, the above-captioned debtor and debtor in possession (the “Debtor”), for its Application (the “Application”) for entry of an order, substantially in the form attached hereto as **Exhibit A**, authorizing the Committee to retain and employ the consulting firm of FTI Consulting, Inc., together with its wholly owned subsidiaries, (“FTI”), as financial advisor to the Committee, *nunc pro tunc* to November 27, 2019, respectfully represents:

JURISDICTION AND VENUE

1. The Court has jurisdiction over this Application pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).
2. Venue in this Court is proper pursuant to 28 U.S.C. §§ 1408 and 1409.
3. The bases for the relief requested herein are sections 328 and 1103 of title 11 of the United States Code (the “Bankruptcy Code”), Rules 2014 and 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), Rules 2014-1 and 9013-1 of the Bankruptcy Local Rules for the Southern District of Texas (the “Bankruptcy Local Rules”), and the United States Bankruptcy Court for the Southern District of Texas Procedures for Complex Chapter 11

Cases (the “Complex Case Procedures”).

BACKGROUND

4. On November 11, 2019 (the “Petition Date”), the Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. Pursuant to sections 1107 and 1108 of the Bankruptcy Code, the Debtor remains in possession of its property and is managing its business as a debtor in possession. No trustee or examiner has been appointed.

5. On November 23, 2019 (the “Formation Date”), the Office of the United States Trustee (the “U.S. Trustee”) appointed the Committee, consisting of five members: Premier Anesthesia, Stroudwater Associates, Medline Industries, Inc., Boston Scientific Corporation, and Morrison Management Specialists, Inc. Docket No. 109.

6. The Committee thereafter selected FTI as its financial advisor.

RELIEF REQUESTED

7. By this Application, the Committee seeks the entry of an order authorizing the retention and employment of FTI as its financial advisor, *nunc pro tunc* to November 27, 2019, pursuant to 11 U.S.C. §§ 328(a) and 1103 and Fed. R. Bankr. P. 2014.

8. The Committee is familiar with the professional standing and reputation of FTI. The Committee understands and recognizes that FTI has a wealth of experience in providing financial advisory services in restructurings and reorganizations and enjoys an excellent reputation for services it has rendered in chapter 11 cases on behalf of debtors and creditors throughout the United States.

FTI’S QUALIFICATIONS

9. The Committee believes that the services of FTI are necessary to enable the Committee to assess and monitor the efforts of the Debtors and their professional advisors to maximize the value of their estates and to reorganize successfully.

10. Further, in light of the experience of FTI and its various personnel, FTI is well qualified and able to represent the Committee in a cost-effective, efficient and timely manner. FTI and/or its personnel have been retained as financial advisors or Chief Restructuring Officers in the following cases in Texas, among many others across the Country, which exemplify FTI's expertise in the health care industry: *In re Preferred Care, Inc.* Case No 17-44642 (Bankr. N.D. Tex.) (financial advisor to Committee); *In re Neighbors Legacy Holdings, LLC*, Case No. 18-33836 (Bankr. S.D. Tex.) (Chief Restructuring Officer); *In re Senior Care Centers*, Case No. 18-33967 (Bankr. N.D. Tex.) (financial advisor to Committee); *In re Forest Park Medical Center*, Case No. 16-40273 (Bankr. N.D. Tex.) (Chief Restructuring Officer); *In re ADPT DFW, LLC [aka Adeptus]*, Case No. 17-34132 (Bankr. N.D. Tex) (FTI provided a Chief Restructuring Officer to the Debtors, and ChonReznick was financial advisor to the Committee);¹ and *In re University General Health System, Inc.*, Case No. 15-31086 (Bankr. S.D. Tex.) (Chief Restructuring Officer).

SCOPE OF SERVICES

11. FTI will provide such financial advisory services to the Committee and its legal advisor as they deem appropriate and feasible in order to advise the Committee in the course of these chapter 11 cases, including but not limited to the following:

- Assistance in the review of financial related disclosures required by the Court, including the Schedules of Assets and Liabilities, the Statement of Financial Affairs and Monthly Operating Reports;
- Assistance in the preparation of analyses required to assess any proposed debtor-In-Possession (“DIP”) financing or use of cash collateral;
- Assistance with the assessment and monitoring of the Debtors’ short term cash flow, liquidity, and operating results;
- Assistance in analyzing asset purchase agreement with potential purchasers of the Debtor’s assets and related negotiations;

¹ During 2018, certain professionals associated with CohnReznick moved to FTI.

- Assistance in analyzing potential recoveries to the unsecured creditors;
- Assistance with the review of any proposed key employee retention and other employee benefit programs;
- Assistance with the review of the Debtors' analysis of core business assets and the potential disposition or liquidation of non-core assets;
- Assistance with the review of the Debtors' cost/benefit analysis with respect to the affirmation or rejection of various executory contracts and leases;
- Assistance with the review of the Debtors' identification of potential cost savings, including overhead and operating expense reductions and efficiency improvements;
- Assistance in the review and monitoring of the asset sale process, including, but not limited to an assessment of the adequacy of the marketing process, completeness of any buyer lists, review and quantifications of any bids;
- Assistance with review of any tax issues associated with, but not limited to, claims/stock trading, preservation of net operating losses, refunds due to the Debtors, plans of reorganization, and asset sales;
- Assistance in the review of the claims reconciliation and estimation process;
- Assistance in the review of other financial information prepared by the Debtors, including, but not limited to, cash flow projections and budgets, business plans, cash receipts and disbursement analysis, asset and liability analysis, and the economic analysis of proposed transactions for which Court approval is sought;
- Attendance at meetings and assistance in discussions with the Debtors, potential investors, banks, other secured lenders, the Committee and any other official committees organized in these chapter 11 proceedings, the U.S. Trustee, other parties in interest and professionals hired by the same, as requested;
- Assistance in the review and/or preparation of information and analysis necessary for the confirmation of a plan and related disclosure statement in these chapter 11 proceedings;
- Assistance in analyzing the Debtor's plan of reorganization and related disclosures;
- Assistance in the evaluation and analysis of avoidance actions, including fraudulent conveyances and preferential transfers;
- Assistance in the prosecution of Committee responses/objections to the Debtors' motions, including attendance at depositions and provision of expert reports/testimony on case issues as required by the Committee; and

- Render such other general business consulting or such other assistance as the Committee or its counsel may deem necessary that are consistent with the role of a financial advisor and not duplicative of services provided by other professionals in this proceeding.

FTI's ELIGIBILITY FOR EMPLOYMENT

12. FTI has informed the Committee that, except as may be set forth in the Declaration of Chad Shandler attached hereto as **Exhibit B** (the "Shandler Declaration"), it does not hold or represent any interest adverse to the estate, and therefore believes it is eligible to represent the Committee under Section 1103(b) of the Bankruptcy Code. To the best of the Committee's knowledge and based upon the Shandler Declaration, (a) FTI's connections with the Debtors, creditors, any other party in interest, or their respective attorneys are disclosed on **Schedule 2** to the Shandler Declaration; and (b) the FTI professionals working on this matter are not relatives of the United States Trustee or of any known employee in the office thereof, or any United States Bankruptcy Judge of the District of Southern District of Texas Houston Division. FTI has not provided, and will not provide any professional services to the Debtors, any of the creditors, other parties-in-interest, or their respective attorneys and accountants with regard to any matter related to these chapter 11 cases.

13. FTI will conduct an ongoing review of its files to ensure that no conflicts or other disqualifying circumstances exist or arise. If any new material facts or relationships are discovered, FTI will supplement its disclosure to the Court.

14. FTI has agreed not to share with any person or firm the compensation to be paid for professional services rendered in connection with these cases.

TERMS OF RETENTION

15. FTI is not owed any amounts with respect to pre-petition fees and expenses.

16. The Committee understands that FTI intends to apply to the Court for allowance of compensation and reimbursement of expenses for its financial advisory 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.

17. FTI seeks to be compensated on an hourly fee basis, plus reimbursement of actual and necessary expenses incurred by FTI. Actual and necessary expenses would include any reasonable legal fees incurred by FTI related to FTI’s retention and defense of fee applications in these cases, subject to Court approval.

18. The customary hourly rates, subject to periodic adjustments, charged by FTI professionals anticipated to be assigned to this case are as follows:

| <u>Position</u> | <u>Per Hour (USD)</u> |
|---------------------------------------------------|-----------------------|
| Senior Managing Directors | \$885 - 1,195 |
| Directors / Senior Directors / Managing Directors | \$670 - 880 |
| Consultants/Senior Consultants | \$355 - 640 |
| Administrative / Paraprofessionals | \$145 - 275 |

19. The Committee acknowledges that FTI’s general restructuring experience and expertise will inure to the benefit of the Committee in pursuing any restructuring, that the value to the Committee of FTI’s services hereunder derives in substantial part from that expertise and experience.

20. The Committee also states that the fee structure has been agreed upon by the parties in anticipation that a substantial time commitment of professional time and effort will be required of FTI, and in light of the fact that such commitment may foreclose other opportunities for FTI and that the actual time and commitment required of FTI and its professionals may vary from week to week or month to month, creating “peak load” issues for the firm.

21. On a monthly basis, FTI will provide hours expended at a summarized level that includes the total number of hours worked by professional and the total number of hours spent by

task category. For each task category, FTI will provide an explanation of the type of work performed.

22. FTI understands that interim and final fee awards are subject to approval by this Court.

INDEMNIFICATION

23. In addition to the foregoing, and as a material part of the consideration for the agreement of FTI to furnish services to the Committee pursuant to the terms of this Application, FTI believes that the following indemnification terms are customary and reasonable for financial advisors in chapter 11 cases:

- a. subject to the provisions of subparagraphs (b) and (c) below and approval of the Court, the Debtors are authorized to indemnify, and shall indemnify, FTI for any claims arising from, related to, or in connection with FTI's engagement under this Application, but not for any claim arising from, related to, or in connection with FTI's post-petition performance of any other services other than those in connection with the engagement, unless such post-petition services and indemnification therefore are approved by this Court; and
- b. the Debtors shall have no obligation to indemnify FTI for any claim or expense that is either (i) judicially determined (the determination having become final) to have arisen primarily from FTI's gross negligence, willful misconduct or fraud unless the Court determines that indemnification would be permissible pursuant to *In re United Artists Theatre company, et al.*, 315 F.3d 217 (3d Cir. 2003), or (ii) settled prior to a judicial determination as to FTI's gross negligence, willful misconduct or fraud, but determined by this Court, after notice and a hearing, to be a claim or expense for which FTI is not entitled to receive indemnity under the terms of this Application; and
- c. if, before the earlier of (i) the entry of an order confirming a chapter 11 plan in these cases (that order having become a final order no longer subject to appeal), and (ii) the entry of an order closing these chapter 11 cases, FTI believes that it is entitled to the payment of any amounts by the Debtors on account of the Debtors' indemnification obligations under the Application, including, without limitation, the advancement of defense costs, FTI must file an application in this Court, and the Debtors may not pay any such amounts to FTI before the entry of an order by this Court approving the payment. This subparagraph (c) is intended only to specify the period of time under which the Court shall have jurisdiction over any request for fees and expenses by FTI for indemnification, and not as a provision limiting the duration of the Debtors' obligation to indemnify FTI

The Committee believes that indemnification is customary and reasonable for financial advisors in chapter 11 proceedings. *See In re Joan & David Halpern, Inc.*, 248 B.R. 43 (Bankr. S.D.N.Y. 2000).

NO PRIOR REQUEST

24. No prior request for the relief sought in this Application has been made to this or any other court.

NOTICE

25. The Committee will provide notice of this Application to (i) the Office of the United States Trustee for the Southern District of Texas, (ii) counsel to the Debtor, (iii) all other persons who have filed a notice of appearance and request for service of documents, (iv) the twenty largest unsecured creditors, and (v) MidCap Funding IV Trust. Under Bankruptcy Local Rule 9013-1 and in light of the nature of the relief requested, the Committee submits that no other or further notice is required.

CONCLUSION

WHEREFORE, the Committee respectfully requests that the Court (i) enter an Order, substantially in the form attached hereto as **Exhibit A**, approving FTI's retention as financial advisor to the Committee *nunc pro tunc* to November 27, 2019 and (ii) grant such other and further relief as may be just and proper.

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Respectfully submitted this 27th day of December, 2019.

**THE OFFICIAL COMMITTEE OF
UNSECURED CREDITORS OF
WALKER COUNTY HOSPITAL
CORPORATION, D/B/A HUNTSVILLE
MEMORIAL HOSPITAL**

By: /s/ Randy Walker

Randy Walker
Committee Chair

Premier Anesthesia
2655 Northwinds Parkway
Alpharetta, GA 30009

ARENT FOX LLP

By: /s/ Robert M. Hirsh
Robert M. Hirsh (SDTX Bar No. 24747)
Andrew I. Silfen
George P. Angelich, *pro hac vice* pending
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-and-

GRAY REED & McGRAW LLP

By: /s/ Jason S. Brookner
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Telephone: (713) 986-7000
Facsimile: (713) 986-7100
Email: jbrookner@grayreed.com

*Proposed Counsel to the Official
Committee of Unsecured Creditors*

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on the 27th day of December, 2019, he caused a true and correct copy of the foregoing pleading to be served via CM/ECF on all parties who have subscribed for electronic notice in this case, and via electronic mail on the Office of the United States Trustee, counsel to the Debtor, and counsel to MidCap Funding IV Trust.

/s/ Jason S. Brookner

Jason S. Brookner

EXHIBIT A

Proposed Order

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:

WALKER COUNTY HOSPITAL CORPORATION,
D/B/A HUNTSVILLE MEMORIAL HOSPITAL,

Debtor.

Chapter 11

Case No. 19-36300 (DRJ)

**ORDER GRANTING APPLICATION FOR ENTRY OF AN ORDER AUTHORIZING
THE RETENTION AND EMPLOYMENT OF FTI CONSULTING, INC. AS FINANCIAL
ADVISOR TO THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS
NUNC PRO TUNC TO NOVEMBER 27, 2019**

Upon the application (the “Application”)¹ of the Official Committee of Unsecured Creditors in the above-captioned chapter 11 case (the “Committee”) for an order approving the employment of FTI Consulting, Inc. together with its wholly-owned subsidiaries (“FTI”) as financial advisor to the Committee *nunc pro tunc* to November 27, 2019, pursuant to sections 328 and 1103 of title 11 of the United States Code (the “Bankruptcy Code”) and Rule 2014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”); and the Court having reviewed the Application and the Shandler Declaration; and the Court having jurisdiction over the Application pursuant to 28 U.S.C. §§ 157 and 1334; and the Application presenting a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and venue of this proceeding and the Application in this district being proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found, based on the representations made in the Application and in the Shandler Declaration, that (a) FTI does not hold or represent an interest adverse to the Debtor’s estate and (b) FTI is a “disinterested person” as defined in section 101(14) of the Bankruptcy Code and as required by section 328(c) of the Bankruptcy Code; and it appearing that the relief requested in the Application is necessary

¹ Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Application.

and in the best interest of the Committee; and adequate and appropriate notice of the Application having been given under the circumstances, and no other or further notice being required; and the Court having found that the requirements of the Bankruptcy Local Rules are satisfied by the contents of the Application; and after due deliberation and sufficient cause appearing therefor, it is hereby **ORDERED** as follows:

1. The Application is granted as set forth herein.
2. The Committee is authorized to retain and employ FTI as its financial advisor to render financial advisory services to the Committee as needed throughout the course of the above-captioned bankruptcy case, *nunc pro tunc* to November 27, 2019, including but not limited to all professional services as outlined in the Application, and FTI is hereby authorized to perform any and all such necessary and appropriate professional services for the Committee in this case.
3. FTI shall charge the Debtor's estate for its legal services in accordance with its ordinary and customary hourly rates in effect on the date services are rendered, and FTI will maintain detailed records of all actual, necessary and appropriate costs and expenses incurred in connection with the aforementioned professional services.
4. FTI shall be compensated upon appropriate application in accordance with sections 328, 330, and 331 of the Bankruptcy Code, applicable provisions of the Bankruptcy Rules, Bankruptcy Local Rules, the *Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Professionals* [Docket No. 202] (the "Interim Compensation Order"), any other applicable procedures and orders of the Court, and any applicable U.S. Trustee Guidelines.
5. All costs and expenses incurred by FTI shall be reimbursed in conformity with applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, the Fee Procedures Order, and any applicable U.S. Trustee Guidelines.

6. The following indemnification provisions are approved:

- a. subject to the provisions of subparagraphs (b) and (c) below, the Debtor is authorized to indemnify, and shall indemnify, FTI for any claims arising from, related to, or in connection with the services to be provided by FTI as specified in the Application, but not for any claim arising from, related to, or in connection with FTI's post-petition performance of any other services other than those in connection with the engagement, unless such post-petition services and indemnification therefore are approved by this Court; and
- b. the Debtor shall have no obligation to indemnify FTI for any claim or expense that is either (i) judicially determined (the determination having become final) to have arisen primarily from FTI's gross negligence, willful misconduct or fraud unless the Court determines that indemnification would be permissible pursuant to *In re United Artists Theatre company, et al.*, 315 F.3d 217 (3d Cir. 2003), or (ii) settled prior to a judicial determination as to FTI's gross negligence, willful misconduct or fraud, but determined by this Court, after notice and a hearing, to be a claim or expense for which FTI is not entitled to receive indemnity under the terms of this Application; and
- c. if, before the earlier of (i) the entry of an order confirming a chapter 11 plan in this case (that order having become a final order no longer subject to appeal), and (ii) the entry of an order closing this chapter 11 case, FTI believes that it is entitled to the payment of any amounts by the Debtor on account of the Debtor's indemnification obligations under the Application, including, without limitation, the advancement of defense costs, FTI must file an application in this Court, and the Debtor may not pay any such amounts to FTI before the entry of an order by this Court approving the payment. This subparagraph (c) is intended only to specify the period of time under which the Court shall have jurisdiction over any request for fees and expenses by FTI for indemnification, and not as a provision limiting the duration of the Debtor's obligation to indemnify FTI.

7. The Committee and FTI are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Application.

8. To the extent the Application or the Shandler Declaration are inconsistent with this Order, the terms of this Order shall govern.

9. The terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

10. This Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

Signed on _____, 2020.

HONORABLE DAVID R. JONES
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT B

Shandler Declaration

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:

WALKER COUNTY HOSPITAL CORPORATION,
D/B/A HUNTSVILLE MEMORIAL HOSPITAL,

Debtor.

Chapter 11

Case No. 19-36300 (DRJ)

**DECLARATION OF CHAD J. SHANDLER IN SUPPORT OF THE
OFFICIAL COMMITTEE OF UNSECURED CREDITORS' APPLICATION FOR
ENTRY OF AN ORDER AUTHORIZING THE RETENTION AND EMPLOYMENT
OF FTI CONSULTING, INC. AS FINANCIAL ADVISOR TO THE OFFICIAL
COMMITTEE OF UNSECURED CREDITORS
NUNC PRO TUNC TO DECEMBER 14, 2019**

Chad J. Shandler declares under penalty of perjury, pursuant to 28 U.S.C. § 1746, as follows:

1. I am a Senior Managing Director with FTI Consulting, Inc., together with its wholly owned subsidiaries, ("FTI"), an international consulting firm. I submit this Declaration on behalf of FTI (the "Declaration") in support of the application (the "Application") of the Official Committee of Unsecured Creditors (the "Committee") of Walker County Hospital Corporation, d/b/a Huntsville Memorial Hospital, the debtor and debtor-in-possession in the above-captioned chapter 11 case (collectively, the "Debtor"), for an order authorizing the employment and retention of FTI as financial advisor under the terms and conditions set forth in the Application. Except as otherwise noted,¹ I have personal knowledge of the matters set forth herein.

Disinterestedness and Eligibility

2. In connection with the preparation of this Declaration, FTI conducted a review of its contacts with the Debtors, their affiliates and certain entities holding large claims against or

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

interests in the Debtors that were made reasonably known to FTI. A listing of the parties reviewed is reflected on **Schedule 1** to this Declaration. FTI's review, completed under my supervision, consisted of a query of the **Schedule 1** parties within an internal computer database containing names of individuals and entities that are present or recent former clients of FTI. A listing of such relationships that FTI identified during this process is set forth on **Schedule 2** to this Declaration.

3. Based on the results of its review, FTI does not have a relationship with any of the parties on **Schedule 1** in matters related to these proceedings. FTI has provided and could reasonably expect to continue to provide services unrelated to the Debtors' cases for the various entities shown on **Schedule 2**. FTI's assistance to these parties has been related to providing various financial restructuring, litigation support, technology, strategic communications, and economic consulting services. To the best of my knowledge, FTI does not hold or represent any interest adverse to the estate, nor does FTI's involvement in this case compromise its ability to continue such consulting services.

4. Further, as part of its diverse practice, FTI appears in numerous cases, proceedings and transactions that involve many different professionals, including attorneys, accountants and financial consultants, who may represent claimants and parties-in-interest in the Debtor's case. Also, FTI 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, law firms and financial institutions, some of whom may be involved in these proceedings.

5. In addition, FTI has in the past, may currently and will likely in the future be working with or against other professionals involved in this case in matters unrelated to the Debtor and these cases. Based on our current knowledge of the professionals involved, and to the best of my knowledge, none of these relationships create interests adverse to the estate, and none are in connection with this case.

6. FTI is not believed to be a “creditor” with respect to fees and expenses of the Debtor within the meaning of Section 101(10) of the Bankruptcy Code. Further, neither I nor any other member of the FTI engagement team serving this Committee, to the best of my knowledge, is a holder of any outstanding debt instruments or shares of the Debtor’s stock.

7. As such, to the best of my knowledge, FTI does not hold or represent any interest adverse to the estate, and therefore believes it is eligible to represent the Committee under Section 1103(b) of the Bankruptcy Code.

8. It is FTI’s policy and intent to update and expand its ongoing relationship search for additional parties in interest in an expedient manner. If any new material relevant facts or relationships are discovered or arise, FTI will promptly file a Bankruptcy Rule 2014(a) Supplemental Declaration.

Professional Compensation

9. Subject to Court approval and in accordance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, applicable U.S. Trustee guidelines and local rules, FTI will seek payment for compensation on an hourly basis, plus reimbursement of actual and necessary expenses incurred by FTI, including legal fees related to this retention application and future fee applications as approved by the court. FTI’s customary hourly rates as charged in bankruptcy and non-bankruptcy matters of this type by the professionals assigned to this engagement are outlined in the Application for the employment of FTI. These hourly rates are adjusted periodically.

10. According to FTI’s books and records, during the ninety day period prior to the Petition Date, FTI performed no professional services or incurred any reimbursable expenses on behalf of the Debtor.

11. To the best of my knowledge, a) no commitments have been made or received by FTI with respect to compensation or payment in connection with these cases other than in accordance with the provisions of the Bankruptcy Code and b) FTI has no agreement with any other entity to share with such entity any compensation received by FTI in connection with these chapter 11 cases.

12. Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

Executed on this 27th day of December, 2019.

By: /s/ Chad J. Shandler
Chad J. Shandler

Schedule 1

List of Entities Searched

DEBTOR AND CERTAIN NON-DEBTOR AFFILIATES

WALKER COUNTY HOSPITAL CORPORATION
HMH PHYSICIAN ORGANIZATION

DEBTOR FKA/DBAS

HUNTSVILLE MEMORIAL HOSPITAL

SECURED BANK LENDERS

MIDCAP FUNDING IV TRUST
CARDINAL HEALTH 110 LLC

COUNSEL TO SECURED LENDERS

VEDDER PRICE, PC
PORTER HEDGES LLP

HOLDERS OF GREATER THAN 5% OF EQUITY IN THE DEBTOR

N/A

CURRENT AND FORMER DIRECTORS AND OFFICERS OF PAST 3 YEARS

MAC WOODWARD
SAM BURRIS
DAVE KHURANA
JACK CHOATE
URMIL SHUKLA
BRAD LIVINGSTON
CHARLES HENLEY
FERNE FROSCH
JOHN KNIGHT
STEVE SMITH
MICHAEL MORGAN
WILL DURHAM
MAX OWENS
DON JOHNSON
HELEN WATKINS
NANCY GAERTNER
ROBERT FERNANDEZ
NHU BRUCE
SHANNON BROWN
WAYNE SCOTT
DAVID PRIER
TIM DEAHL
SHEILA ARD

JOHN MOORE
GUY GROS
DAWN THOMPSON

DEBTOR'S PROFESSIONALS

WALLER LANSDEN DORTCH & DAVIS LLP
EPIQ BANKRUPTCY SOLUTIONS, LLC
HEALTHCARE MANAGEMENT PARTNERS, LLC
BROWN & FORTUNATO, PC

TOP 20 UNSECURED CREDITORS

CAVALIER HEALTH SERVICES, LLC
WALKER COUNTY HOSPITAL DISTRICT
INTUITIVE SURGICAL INC.
SABRE INVESTMENTS LLC
PREMIER ANESTHESIA
BCBS OF TEXAS
UNITEDHEALTH GROUP INC.
BROWN, SHANNON L.
UTMB CORRECTIONAL MANAGED CARE
PHILIPS HEALTHCARE
MATRIX TRUST CO. BROADRIDGE FINANCIAL SOLUTIONS, INC.
CAREFUSION SOLUTIONS, LLC
STROUDWATER ASSOCIATES
MEDLINE INDUSTRIES, INC.
BAYLOR PATHOLOGY
MEDICARE
A-S 103 SAM HOUSTON TOWN CENTER, LP
G&E HC REIT II LIVINGSTON MOB
CIGNA SPECIAL INVESTIGATION UNIT
HSS SYSTEMS, LLC

LANDLORDS

WALKER COUNTY HOSPITAL DISTRICT
MEDICAL OFFICE PARK-HUNTSVILLE, LP
THE SAM HOUSTON GROUP, LP
FOUNDATION SURGERY AFFILIATE OF HUNTSVILLE, LP

UTILITY PROVIDERS

AT&T
CENTERPOINT ENERGY
CENTURYLINK
CITY OF HUNTSVILLE
ENERGY
FUSION LLC
SAM HOUSTON ELECTRIC COOPERATIVE
SUDDENLINK
VERIZON

WINDSTREAM CORP.

TAXING AUTHORITIES

KAREN M. LANE TAX ASSESSOR--MADISON COUNTY
WALKER COUNTY APPRAISAL DISTRICT
REEVES COUNTY APPRAISAL DISTRICT

CASH MANAGEMENT BANKS

BBVA USA
US BANK
FIRST NATIONAL BANK OF HUNTSVILLE

INSURANCE PROVIDERS, BROKERS, PREMIUM FINANCERS

ACE AMERICAN
ALLIED WORLD SPECIALTY INSURANCE CO.
CAN
EVANSTON INSURANCE CO.
HEALTHSURE INSURANCE SERVICES, INC.
HISCOX
LIBERTY SURPLUS INSURANCE CORP.
LLOYDS OF LONDON
MCGRIFF, SEIBELS & WILLIAMS, INC.
SOMPO (ENDURANCE)
TEXAS MEDICAL INSURANCE CO.
TEXAS MEDICAL LIABILITY TRUST
TEXAS MUTUAL INS. CO.
WESCO
PRIME RATE PREMIUM FINANCE CORP. INC.

PARTIES TO SIGNIFICANT LITIGATION MATTERS INVOLVING THE DEBTOR

WALLACE, BERTHENIA
SABRE INVESTMENTS, LLC
MCKENNEY, RONALD
REDWOOD LAB SERVICES
BLUE CROSS/BLUE SHIELD
CAVALIER HEALTH SERVICES
CIGNA
STROUDWATER ASSOCIATES
PREMIER ANESTHESIA
EPSY SERVICES INC.
HEALOGICS
MANUAL, BRICKEY JUAN
BROWN, SHANNON
PETERS, BABY GIRL
CREAGOR, GEORGE
HARRIS, SHIRLEY
BACA, RICARDO
EMERGENCY STAFFING SOLUTIONS

WILLIS CLINIC
LIVINGSTON CLINIC
TREJO, BABY BOY
AMBULATORY SURGERY CENTER
COLEMAN, BARBARA
CROWDER, PAMELA
WISNIESKE, LARRY
BROWN II, CHARLES L.
TEXAS OFFICE OF ATTORNEY GENERAL, MEDICAID FRAUD CONTROL UNIT
GROS, GUY
WETHERBEE, PAT
RUFFIN, JOHNNA

LIENHOLDERS

GE HFS, LLC
GENERAL ELECTRIC CAPITAL CORP.
BANC OF AMERICA LEASING & CAPITAL, LLC
PNC EQUIPMENT FINANCE, LLC
CSI LEASING, INC.
LEASING ASSOCIATES OF BARRINGTON, INC.
U.S. BANK, N.A.
STRYKER FINANCE
MADISONVILLE ER
MB FINANCIAL BANK, N.A.
MED ONE CAPITAL FUNDING, LLC
PRIME ALLIANCE BANK
PHILLIPS MEDICAL CAPITAL, LLC
MIDCAP FUNDING IV TRUST
HEALTHCARE FINANCE GROUP
MIDCAP FUNDING IV TRUST
STRYKER SALES CORP.
XEROX FINANCIAL SERVICES
DR. PHILIP WISIACKAS D/B/A DOCTOR PHIL'S FAMILY MEDICINE
INTUITIVE SURGICAL, INC.
CSI LEASING, INC.
DE LAGE LANDEN FINANCIAL SERVICES, INC.
CARDINAL HEALTH 110 LLC
LETSOS CO.
ESPY SERVICES, INC.

BANKRUPTCY JUDGES S.D.T.X

ISGUR, MARVIN
JONES, DAVID R.
LOPEZ, CHRISTOPHER M.
NORMAN, JEFFREY P.
RODRIGUEZ, EDUARDO V.

U.S. TRUSTEE, HOUSTON DIVISION

LIVINGSTONE, DIANE
BOYKIN, JACQUELINE
DURAN, HECTOR
GRIFFIN, BARBARA
JOHNSON-DAVIS, LUCI
MOTTON, LINDA
OTTO, GLENN
SCHMIDT, PATRICIA
SIMMONS, CHRISTY
SMITH, GWEN
STATHAM, STEPHEN
WAXTON, CLARISSA

STALKING HORSE BIDDERS

WALKER COUNTY HOSPITAL DISTRICT
HUNTSVILLE COMMUNITY HOSPITAL, INC.
COMMUNITY HOSPITAL CORPORATION

SCHEDULE 2

Disclosure of Relationships to Parties in Interest

Relationships in Matters Related to These Proceedings

None

Relationships in Unrelated Matters

Debtor's Professionals

Waller Lansden Dortch & Davis

Cash Management Banks

US Bank

Counsel to Secured Lenders

Porter Hedges

Vedder Price

Insurance Providers

ACE American

Hiscox

Sompo (Endurance)

Wesco

Lienholders

General Electric Capital Corp.

Intuitive Surgical, Inc.

U.S. Bank

Parties to Significant Litigation

Blue Cross/Blue Shield

Cigna

Healogics

Official Creditors' Committee Attorneys

Arent Fox

Medline Industries

Official Creditors' Committee Members' Attorneys

Kilpatrick Townsend

Top Unsecured Creditor

Intuitive Surgical

Medicaid

Medicare
Philips Healthcare
Unitedhealth Group

Utility Providers

AT&T
Centerpoint Energy
Centurylink
City of Huntsville
Entergy
Fusion LLC
Verizon
Windstream Corp.