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HONORABLE WHITMAN L. HOLT

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF WASHINGTON

In re: ASTRIA HEALTH, *et al.*, Debtors and Debtors in Possession.[1]	Chapter 11 Jointly Administered **Case No. 19-01189-11 (WLH)** **STIPULATED WITHDRAWAL OF PROOFS OF CLAIM AND DISMISSAL OF ADMINISTRATIVE EXPENSE MOTION FILED BY SEIU HEALTHCARE 1119NW** **[POC NOS. 57, 71 AND 395 AND DOCKET NO. 1576]**

[1] The Debtors, along with their case numbers, are as follows: Astria Health (19-01189-11), Glacier Canyon, LLC (19-01193-11), Kitchen and Bath Furnishings, LLC (19-01194-11), Oxbow Summit, LLC (19-01195-11), SHC Holdco, LLC (19-01196-11), SHC Medical Center - Toppenish (19-01190-11), SHC Medical Center - Yakima (19-01192-11), Sunnyside Community Hospital Association (19-01191-11), Sunnyside Community Hospital Home Medical Supply, LLC (19-01197-11), Sunnyside Home Health (19-01198-11), Sunnyside Professional Services, LLC (19-01199-11), Yakima Home Care Holdings, LLC (19-01201-11), and Yakima HMA Home Health, LLC (19-01200-11).

9019 MOTION

This stipulation (the "Stipulation") is entered into between Astria Health ("Astria"), a Washington nonprofit corporation, along with the above-referenced affiliated debtors (collectively, the "Debtors"), the debtors and debtors in possession in the above-captioned chapter 11 bankruptcy cases (collectively, the "Chapter 11 Cases"), and SEIU Healthcare 1199NW ("SEIU") and together with the Debtors, the "Parties").

RECITALS

1. The Debtors filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101, et seq. ("Bankruptcy Code") on May 6, 2019 (the "Petition Date") in the United State Bankruptcy.

2. On August 5, 2019, SEIU filed the following proofs of claim against the following Debtor entities:

a. SHC Medical Center-Toppenish [Claim Number 57] seeking a "contingent claim in the estimated amount of $28,5000 for PTO [paid time off] under the CBA [collective bargaining agreement]" of which $14,250 is sought as a priority claim under 11 U.S.C. §507(a)(4) (the "Toppenish Proof of Claim");

b. SHC Medical Center-Yakima [Claim Number 71] seeking a "contingent claim in the estimated amount of $850,000 for PTO under the CBA" of which $425,000 is sought as a priority claim under 11 U.S.C. §507(a)(4) (the "Yakima Proof of Claim"); and

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c. Astria Health [Claim Number 395] seeking a "contingent claim in the estimated amount of $878,500" of which $439,250 is sought as a priority claim under 11 US.C. §507(a)(4 (the "Astria Proof of Claim," and referred to together with the Toppenish Proof of Claim and the Yakima Proof of Claim as the "Proofs of Claim").

3. On July 22, 2020, the Union filed its *Motion of Creditor SEIU Healthcare 1199NW For Allowance And Payment Of Administrative Expense Claims* [Docket No. 1576] (the "Administrative Claim") related to the closure of SHC Medical Center-Yakima in January 2020.

4. On November 23, 2020, the Parties filed a *Joint Motion of the Debtors and SEIU to Approve Settlement Under Federal R. Bankr. P 9019* and declaration in support thereof [Docket No. 2022] (the "Settlement Motion"), which, among other things, resolved the Proofs of Claim and the Administrative Claim under the terms of a settlement agreement filed therewith underseal (the "Settlement Agreement").

5. On December 16, 2020, the Court granted the Settlement Motion, entered an *Order Granting Joint Motion of the Debtors And SEIU To Approve Settlement Under Federal R. Bankr. P. 9019* (the "Settlement Order").

6. On December 23, 2020, the Bankruptcy Court entered *Order Confirming Modified Second Amended Joint Chapter 11 Plan of Reorganization of Astria Health And Its Debtor Affiliates* [Docket No 2217], which confirmed the *Modified Second Amended Joint Chapter 11 Plan of Reorganization of Astria Health and Its Debtor*

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Affiliates [Docket No. 2196] (the "Plan"), which is further evidenced by the *Notice of Confirmation of Chapter 11 Plan* [Docket No. 2218].

AGREEMENT

NOW THEREFORE, pursuant to the terms of the Settlement Agreement and Plan, the Parties to this Stipulation hereby agree and stipulate as follows:

1. SEIU hereby withdraws the Proofs of Claim and dismisses the Administrative Claim.

2. The amount and treatment of claims sought by SEIU under the Proofs of Claim and Administrative Claim are governed solely by the terms of the Settlement Agreement.

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Dated: January 13, 2021

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INTRODUCTION

The above-captioned debtors and debtors in possession (the "Debtors"), and SEIU Healthcare 1199NW ("SEIU" and together with the Debtors, the "Parties", and each a "Party") by and through their undersigned counsel, hereby jointly file this motion (the "Motion") for authorization to enter into that certain settlement agreement (the "Agreement"), which along with Exhibits referenced therein, has been filed separately under seal, thereby fully and completely resolving all of SEIU's claims and administrative expenses against the Debtors, as more fully described herein.

JURISDICTION

This Court has jurisdiction over this matter under 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

STATEMENT OF FACTS

1. On May 6, 2019 (the "Petition Date"), the Debtors each filed separate petitions for relief under Chapter 11[1] of the Bankruptcy Code (the "Bankruptcy Cases") in the United States Bankruptcy Court for the Eastern District of Washington (the "Bankruptcy Court"), and since that date, the Debtors have been operating as debtors in possession.

[1] Unless specified otherwise, all chapter and section references are to the Bankruptcy Code, 11 U.S.C. §§ 101-1532, and all "Rule" references are to the Federal Rules of Bankruptcy Procedure.

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2. Debtor entity SHC Medical Center-Yakima ("ARMC"), formerly an operating hospital, and SEIU are signatories to a Collective Bargaining Agreement dated April 11, 2019 – October 1, 2022 (the "CBA").

3. SEIU is the bargaining representative of certain employees who worked at ARMC (collectively the "Employees" and each an "Employee"). On January 3, 2020, the Debtors filed a motion seeking to close ARMC on an emergency basis [Docket No. 867] (the "Closure Motion").

4. On January 8, 2020, this Court (the "Bankruptcy Court") granted the Closure Motion [Docket No. 874] and thereafter, in January, ARMC closed and has no longer provided medical care as an operating hospital to patients (the "Closure").

5. Due to the closure of ARMC, one hundred and ninety-eight (198) Employees were separated from employment at ARMC beginning on January 1, 2020 (defined collectively as the "Settlement Benefit Employees" and individually as a "Settlement Benefit Employee").

6. SEIU has asserted that the termination of the Settlement Benefit Employees violates the Federal Worker Adjustment and Retraining Notification Act, 29 U.S.C. §§ 2101-09 (the "WARN Act") and the CBA and not paying Employees accrued, unused paid time off ("PTO") violates the CBA (the "PTO Claim").

7. On August 5, 2019, SEIU timely filed a proof of claim [Claim No. 395] (the "Proof of Claim"), which amounts sought therein or that could have been sought

therein, along with any other claims arising prior to the Petition Date as defined in Bankruptcy Code §101(5) are referred to herein as the "Prepetition Claims."

8. On July 22, 2020, SEIU timely filed a Motion of Creditor SEIU Healthcare 1199NW for Allowance and Payment of Administrative Expense Claims [Docket No. 1576] (the "Administrative Expense Motion"), which administrative expenses sought therein or that could have been sought therein, along with the PTO Claim and any other claim or expense that arose on or after the Petition Date (whether or not included under Bankruptcy Code § 101(5) or allowed under Bankruptcy Code § 503(b) and/or § 507(a)(2)) are referred to as the "Administrative Expenses."

9. SEIU asserts that it contacted or attempted to contact each Employee for whom the Debtors timely provided a schedule of the total amount of unused PTO hours reported to SEIU by the Debtors with respect to such Employees and/or the proposed treatment of such PTO (the "Contacted Employees" and individually a "Contacted Employee"). SEIU asserts that it provided all Contacted Employees with the opportunity to object or raise questions to the PTO information provided. Any questions received by SEIU from a Contacted Employee or with respect to a Contacted Employee have been answered or otherwise resolved to the satisfaction of SEIU.

10. SEIU recently received information regarding an additional sixteen (16) Employees who were not previously contacted (the "Noncontacted Employees" and individually a "Noncontacted Employee") by SEIU with respect to their PTO balances

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and the treatment thereof, who are identified in italics on Exhibits 1, 2 and 3 to the Agreement. SEIU has since attempted to contact the Noncontacted Employees, and the Parties commit to working in good faith to resolve any questions or objections that the SEIU receives from a Noncontacted Employee in advance of the hearing on the Motion to approve this Agreement.

11. SEIU and the Debtors have engaged in good-faith, arm's length negotiations in an effort to resolve SEIU's assertions and claims. These discussions have resulted in an Agreement that contain the following material terms (some of which are described in greater detail in the Agreement filed under seal):

Settlement Terms

12. Each Settlement Benefit Employee will receive an equal share of the agreed Settlement Amount (each share being defined as a "Settlement Benefit Employee Payment" and collectively the "Settlement Benefit Employees' Payments").

13. In addition to a Settlement Benefit Employee Payment, each Settlement Benefit Employee will receive one of the potential treatments on account of paid time off that was earned and unused as of his, her, or their date of separation from ARMC as follows:

(a) Nonrehired Employees. One hundred and fifty three (153) Settlement Benefit Employees were not rehired by another Debtor, have received payment of any applicable Administrative PTO Claim and Priority PTO Claim and, will

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receive as applicable, an allowed General Unsecured PTO Claim in the amounts listed on Exhibit 1 to the Agreement (the "Nonrehired Employees" and each individually a "Nonrehired Employee"). "Administrative PTO Claim" means any unused and previously unpaid PTO earned by an Employee at ARMC after the Petition Date. "Priority PTO Claim" means any unused and previously unpaid PTO earned by an Employee at ARMC starting from November 7, 2018 to the Petition Date (the "Priority Period") up to the remaining available individual balance under the 11 U.S.C. § 507(a)(4) cap of $13,650 (the "Priority Cap"). "General Unsecured PTO Claim" means any remaining unused and previously unpaid PTO that was earned before the Priority Period or earned within the Priority Period but in excess of the Priority Cap.

(b) Transferred Employees. Thirty-two (32) Settlement Benefit Employees were transferred to another Debtor and their applicable respective PTO Transferred Balance was transferred in its entirety for usage under that other Debtor employer's policies in the amounts listed on Exhibit 2 to the Agreement (the "Transferred Employees," and each individually a "Transferred Employee").

(c) Later Rehired Employees-G1. Ten (10) Settlement Benefit Employees were terminated and later rehired by another Debtor as per diem employees, have received payment of any applicable Administrative PTO Claim and

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Priority PTO Claim and will receive, as applicable, an allowed General Unsecured PTO Claim in the amount listed on Exhibit 3 to the Agreement (the "Later Rehired Employees-G1," and each individually a "Later Rehired Employee-G1").

(d) Later Rehired Employees-G2. Three (3) Settlement Benefit Employees were terminated and later rehired by another Debtor, have received payment of any applicable Administrative PTO Claim and Priority PTO Claim and have had any applicable balance of their PTO that may have otherwise constituted a General Unsecured PTO Claim transferred to their new other Debtor employer as a PTO Transferred Balance for usage under that other Debtor employer's policies in the amounts listed on Exhibit 4 to the Agreement (the "Later Rehired Employees-G2," and each individually a "Later Rehired Employee-G2").

(e) 2019 Employees. In addition to the Settlement Benefit Employees, there are twenty five (25) Employees who were terminated in 2019 with accrued, unused PTO (the "2019 Employees"), who have received payment of any applicable Administrative PTO Claim and Priority PTO Claim and who will be granted a General Unsecured PTO Claim in the amounts stated on Exhibit 5 to the Agreement.

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14. The mechanics of payments and other material terms of the Agreement are summarized below:[2]

(i) To resolve, settle and satisfy in full all of SEIU's claims, including the Proof of Claim, Prepetition Claims, the Administrative Expense Motion, the PTO Claim and Administrative Expenses, including for the avoidance of doubt, the WARN Act claim that was asserted and any claim that bargaining obligations between SEIU and ARMC regarding the effects of the Closure of ARMC have not been met:

A. Within 14 business days of entry of an Order by the Bankruptcy Court approving the Agreement that is not subject to a valid stay, the Debtors shall make payments (each, a "Settlement Benefit Employee Payment" and collectively, the "Settlement Benefit Employee Payments"[3]) to the Employees terminated after the Closure, which in the aggregate total the Settlement Amount with respect to and for the benefit of Employees terminated from ARMC due to the Closure (all of whom are listed on Exhibits 1-4 to the Agreement).

B. The date of the actual or attempted electronic deposit of the employees' payments shall be referred to as the "Payment Date." The failure of an electronic deposit to be received by an Employee Recipient, such as due to a change of the Employee Recipient's deposit account, shall in no way alter or affect the Payment Date.

C. For the avoidance of doubt, the Parties agree that no amount other than the Settlement Amount is due or owed to SEIU or the Employees with respect to the Closure and SEIU shall not assert or seek any other amount with respect to the Closure.

D. Any Settlement Benefit Employee Payment that is not received or otherwise deposited within 360 days of the date of the attempted wire transfer or mailing of payment by check, shall render the

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[2] In the event the terms of this Motion and the Agreement conflict, the Agreement shall control.

[3] Capitalized terms in this paragraph 15, not otherwise defined in the Motion, shall have the meanings ascribed to them in the Agreement.

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Settlement Benefit Employee Payment void, cause the amount of the Settlement Benefit Employee Payment to escheat or otherwise transfer to the Unclaimed Funds Trust of the Bankruptcy Court for the Eastern District of Washington and automatically result in the nullification of that Settlement Benefit Employee's right to receive any Settlement Benefit Employee Payment or to be otherwise entitled to any share of the Settlement Amount or any amount from the Debtors or any affiliate or successor of a Debtor.

E. Without expansion of the 360-day period stated in the immediate prior sentence, if within 300 days of the Payment Date, SEIU provides the Debtors with a new address for any Settlement Benefit Employee who failed to receive or deposit the Settlement Benefit Employee Payment, the Debtors agree to mail by check or wire the Settlement Benefit Employee Payment to the new address; provided further that the Debtors are under no obligation to mail or wire a Settlement Benefit Employee Payment to any Settlement Benefit Employee more than one additional time, absent clerical error by the Debtors.

(ii) With respect to Employees:

A. A copy of the Motion and notice of the deadline to file any objections to the Motion will be served upon each Employee who is listed on Exhibits 1 through 5, along with a schedule indicating whether such Employee is a Settlement Benefit Employee and the amount of any applicable Administrative PTO Claim, Priority PTO Claim, General Unsecured Claim and/or PTO Transferred Balance.

B. SEIU agrees with the amount and classification of each Administrative PTO Claim, Priority PTO Claim, each General Unsecured PTO Claim scheduled and the PTO Transferred Balance as paid, allowed or transferred (as the case may be) scheduled on Exhibits 1 through 5 thereto and SEIU will not seek any additional amount or claim for itself or the Employees; provided that SEIU may address any issue with respect to any PTO balance timely raised by a Noncontacted Employee as set forth therein.

C. With the exceptions set forth below, any other PTO amounts not included as a Settlement Employee Benefit Payment, an Administrative PTO Payment, Priority PTO Payment, or a PTO Transferred Balance, whether or not previously paid to an Employee or

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transferred, will be treated at most as a general unsecured claim only, and not as priority claim or administrative expense.

D. The Agreement does not affect any timely claim that may have been filed by a Contacted Employee that is not resolved by the terms of this Agreement. For the avoidance of doubt, neither SEIU nor the Debtors are aware of any such Contacted Employee claim or administrative expenses. SEIU does not oppose and shall take no action in opposition to any objection that the Debtor may file or resolution the Debtor may seek with respect to any Employee filed claim or administrative expense.

E. The Agreement does not affect any timely claim that may have been filed by a Noncontacted Employee that is not resolved by the terms of this Agreement. For the avoidance of doubt, neither SEIU nor the Debtors are aware of any such Noncontacted Employee claim or administrative expenses. With respect to PTO, the Parties commit to working in good faith to resolve any questions or objections that the SEIU receives from a Noncontacted Employee in advance of the Bankruptcy Court hearing to approve the Agreement.

(iii). The Debtors will deduct taxes and send each Employee an Internal Revenue Service Form W2 with respect to the payments made to such Employee pursuant to the terms of the Agreement; provided that notwithstanding any deduction for taxes, each Employee will be solely financially responsible for any and all taxes with respect to any payment made to it from the Debtors.

(iv) SEIU agrees that upon approval of the Agreement by the Bankruptcy Court, the CBA is cancelled and terminated and shall have no further application or effect.

(v) Within ten (10) business days after written notification of the Payment Date to Ryan Barbur (rbarbur@levyratner.com) as counsel to SEIU, SEIU shall dismiss the Administrative Expense Motion with prejudice.

(vi) SEIU hereby releases, for itself and to the extent SEIU has the authority, for each Employee, the Debtors and each of their past and current parents, subsidiaries and affiliates, including, without limitation, each of their respective past and current directors, officers, trustees,

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employees, representatives, agents, attorneys, employee benefit plans and such plans' administrators, fiduciaries, trustees, record-keepers and service providers, and each of its and their respective successors and assigns, each and all of them in their personal and representative capacities (collectively, the "Released Parties"), from any and all claims, demands, causes of action, charges, grievances, damages, and liabilities of any nature whatsoever arising out of or related to the closure of ARMC, whether or not now known, suspected or claimed, which SEIU or the Employees now hold or have at any time heretofore owned or held against the Released Parties, including, but not limited to: the Administrative PTO Claims, the Priority PTO Claims, the Prepetition Claims, Administrative Expenses, including any alleged claims arising from the CBA and any claims for violation of the Federal Worker Adjustment and Retraining Notification Act (collectively, the "Released Claims").

(vii) SEIU agrees that it will not voluntarily participate in or prosecute any claim, charge, grievance, complaint or action of any sort against the Released Parties before any local, state or federal court, arbitrator, administrative agency, board or tribunal concerning any matter which was or could have been raised in connection with any matter released in the Agreement.

(viii) The Agreement does not constitute an admission or concession of liability by the Debtors on account of any Released Claims or other obligations that may be allegedly owed to SEIU or the Employees.

(ix) The Bankruptcy Court shall retain and have exclusive jurisdiction to address any dispute concerning the terms and interpretation of the Agreement.

(x) SEIU agrees that it will not file or otherwise assert an objection to any plan of reorganization or plan of liquidation that does not contradict the terms of the Agreement.

(xi) Upon full compliance by the Debtors with the Agreement, SEIU agrees to support and not otherwise oppose any sale or disposition of ARMC or its assets.

(xii) The Parties reserve all rights and defenses provided to them under the Bankruptcy Code except as otherwise stated herein.

(xiii) The Agreement is subject to the approval of the Bankruptcy Court. Approval of the Agreement will be sought by motion of the Debtors with the affirmative support of SEIU, with the names, personnel information and claims information of each Employee redacted in public filings, provided the redacted portions may be filed under seal or in camera with the Court and shared in a confidential manner with Lapis, professionals to the Official Committee of Unsecured Creditors and the Office of the United States Trustee. A copy of the Motion will be served by US Mail on each Employee listed in an exhibit hereto, along with a schedule identifying any Settlement Benefit Employee Payment, Administrative PTO Payment and/or Priority PTO Payment, General Unsecured PTO Claim, or PTO Transferred Balance of that Employee.

(xiv) The Agreement shall be construed in accordance with and governed by the laws of the State of Washington.

(xv) The terms of the Agreement supersede any prior agreement(s) between the Parties as to the disposition of the Released Claims or the other matters covered by this Agreement.

(xvi) Any modification of the Agreement must be in writing and approved by both Parties.

DISCUSSION

The authority granted a trustee or debtor in possession to compromise a controversy or agree to a settlement is set forth in Bankruptcy Rule 9019(a), which provides in pertinent part that "[o]n motion by the [debtor in possession] and after hearing on notice to creditors . . ., the court may approve a compromise or settlement." Fed. R. Bankr. P. 9019(a). Bankruptcy Rule 9019(a) affords the Bankruptcy Court "great latitude in approving compromise agreements" proposed by a debtor and may

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approve a proposed compromise so long as it is fair and equitable. *Woodson v. Fireman's Fund Ins. Co. (In re Woodson)*, 839 F.2d 610, 620 (9th Cir. 1987).

"The purpose of a compromise agreement is to allow the [debtor in possession] and the creditors to avoid the expenses and burdens associated with litigating sharply contested and dubious claims." *Martin v. Kane (In re A & C Props.)*, 784 F.2d 1377, 1380-81 (9th Cir. 1986), *cert. denied sub nom., Martin v. Robinson*, 479 U.S. 854 (1986). Accordingly, in approving a settlement agreement, the Court need not conduct an exhaustive investigation of the claims sought to be compromised. *United States v. Alaska National Bank (In re Walsh Constr., Inc.)*, 669 F.2d 1325, 1328 (9th Cir. 1982). Rather, it is sufficient that the Court find that the settlement was negotiated in good faith and is reasonable, fair, and equitable. *A & C Props.*, 784 F.2d at 1381.

The Ninth Circuit has identified the following factors for consideration in determining whether a proposed settlement agreement is reasonable, fair and equitable:

(a) the probability of success in the litigation;

(b) the difficulties, if any, to be encountered in the matter of collection;

(c) the complexity of the litigation involved, and the expense, inconvenience, and delay necessarily attending it; and

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(d) the paramount interest of the creditors and a proper deference to their reasonable views in the premises.

Id. at 1381 (the "*A & C* Factors").

A court should not substitute its own judgment for the judgment of the debtor in possession. *Matter of Carla Leather, Inc.*, 44 B.R. 457, 465 (Bankr. S.D.N.Y. 1984). A court, in reviewing a proposed settlement, is not to decide the numerous questions of law and fact but rather to canvass the issues to determine whether the settlement falls below the lowest point in the range of reasonableness. *In re W.T. Grant & Co.*, 699 F.2d 599, 608 (2nd Cir. 1983); *accord Newman v. Stein*, 464 F.2d 689, 693 (2d Cir. 1972). The court should not conduct a "mini-trial" on the merits of the underlying cause of action. *Matter of Walsh Const., Inc.*, 669 F.2d 1325, 1328 (9th Cir. 1982); *In re Blair*, 538 F.2d 849 (9th Cir. 1976). It is well established that compromises are favored in bankruptcy." *In re Lee Way Holding Co.*, 120 B.R. 881, 891 (Bankr. S.D. Ohio 1990). In addition to the *A & C* Factors, it is also well established that the law favors compromise. *Blair*, 538 F.2d at 851.

The Parties believe that the Agreement is reasonable, fair and equitable and is in the best interests of the Debtors' estates. A review of the *A & C* Factors supports Court approval of the Agreement as follows:

(a) The probability of success in the litigation.

While the Debtors and SEIU respectively maintain that each Party would ultimately prevail if this matter were to proceed further, the nature of litigation is

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inherently uncertain. The approval of the Agreement allows the Parties to avoid such uncertainty and reach an efficient, fair and reasonable resolution to the dispute. This factor supports approval of the Agreement.

(b) The difficulties, if any, to be encountered in the matter of collection.

SEIU seeks payment from the Debtors. The Debtors are not seeking to collect funds from SEIU. Therefore, this element does not factor into an analysis regarding whether the Agreement should be approved from the Debtors' perspective.

While SEIU does not have a reason to believe it would encounter any difficulties in collecting from the Debtors, approval of the Agreement removes all doubt. This factor supports approval of the Agreement from SEIU's perspective.

(c) The complexity of the litigation involved, and the expense, inconvenience and delay necessarily attending it.

The Parties are major entities represented by able, sophisticated counsel who have actively negotiated against each other. Litigation of this matter requires an in depth analysis of copious employment records and the interpretation and intricate application of both labor and bankruptcy law. Additionally, further litigation will result in unnecessary additional expense for both the Debtors' estates, and SEIU. Furthermore, litigation to its conclusion will necessarily delay any resolution and cause a substantial inconvenience to the Debtors' estates, especially now as the

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Debtors approach confirmation of a plan. This factor supports approval of the Agreement.

(d) The paramount interest of the creditors and a proper deference to their reasonable views in the premises.

The paramount interest of creditors strongly weighs in favor of approving the Agreement. Generally, the fourth *A & C* Factor requires a court to take into account "not only the desire of creditors to obtain the maximum possible recovery, but also their competing desire that recovery occur in the least amount of time. This factor is thus interwoven with considerations of expense, delay, and risk." *In re Marples*, 266 B.R. 202, 207 (Bankr. D. Idaho 2001). As mentioned above, further litigation would result in unnecessary and avoidable cost to the Debtors' Estates, while delaying the progression of these bankruptcy cases. Furthermore, no ultimate result is a certainty. The Agreement is a product of good faith, arms' length, negotiations between the Parties and represents a fair and equitable result, which is in the best interests of the Debtors and their estates. The decision to enter into the Agreement is a proper exercise of the Debtors' reasonable business judgment, and therefore should be approved by the Bankruptcy Court.

CONCLUSION

Based on the foregoing, the Parties request the (i) the entry of an order granting the Motion and approving the Agreement, the execution of which will fully and

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completely resolve all of SEIU's claims against the Debtors; and (ii) granting such other and further relief as is just and proper.

Dated: November 23, 2020

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DECLARATION OF MICHAEL LANE

I, Michael Lane, declare, that if called as a witness, I would and could competently testify thereto, of my own personal knowledge, as follows:

1. I submit this declaration (the "Declaration")[1] in support of the Motion.

2. I am the Chief Restructuring Officer of Astria Health ("CRO"). I was appointed CRO by the Astria Health Board of Directors.

3. I have been involved in the healthcare industry representing hospitals for more than 40 years as a financial and strategic advisor, CRO, interim Chief Executive Officer ("CEO") as well as a commercial and investment banker. I am a non-practicing certified public accountant and hold a BS and MBA from Southeast Missouri State University. In the past ten years alone, I have represented numerous distressed hospitals as CRO, interim CEO, financial and strategic advisor including numerous Chapter 11 proceedings involving acute care and behavioral organizations. In addition, I have been involved in asset-based lending to healthcare organizations and actively participated in numerous merger and acquisition assignments over the past decades.

4. The statements herein are based upon my personal knowledge of the facts and information gathered by me in my capacity as CRO for Astria Health.

[1] Unless otherwise defined herein, capitalized terms shall have the same meanings ascribed to them in the Motion.

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5. As of the Petition Date, Debtor Astria Health, a Washington nonprofit corporation, was the direct or indirect corporate member of entities that made it the largest non-profit healthcare system based in Eastern Washington. The Astria system is headquartered in the heart of Yakima Valley, Washington, with facilities in Yakima, Sunnyside, and Toppenish, Washington.

6. At the Petition Date, the Astria system included three hospitals: Astria Regional Medical Center ("ARMC"), a 214-bed hospital in Yakima, Washington; Sunnyside Community Hospital Association doing business as Astria Sunnyside Hospital, a 38-bed critical access hospital in Sunnyside, Washington ("Sunnyside"); and SHC Medical Center – Toppenish doing business as Astria Toppenish Hospital, a 63-bed hospital in Toppenish, Washington ("Toppenish," and referred to collectively with ARMC and Sunnyside as the "Hospitals"). As detailed in numerous filings before this Court, the Debtors have long been troubled financially.

7. In January 2020, the Debtors sought and obtained Bankruptcy Court permission to close ARMC. It is now a closed facility.

8. In connection with the Closure, SEIU seeks payment from the Debtors on account of certain alleged damages incurred by its constituents.

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9. In order to resolve these disputes without extensive litigation, the Debtors and SEIU have engaged in settlement discussions and have reached an agreement (the "Agreement"), filed separately under seal.

10. I believe that the Agreement is fair and equitable, and in the best interests of the Debtors, the Debtors' estates and their creditors. While I believe the Debtors would ultimately prevail on this matter if it were litigated to its conclusion, such a result is uncertain. The approval of the Agreement allows the Debtors to resolve these disputes on terms palatable to them, and avoid the cost, delay and uncertainty that would arise should this matter progress further. In light of the Debtors' desire to achieve speedy confirmation of a Plan, the Agreement is especially appropriate. It is the reasonable business judgment of the Debtors that approval of the Agreement would be in the best interests of the Debtors, their estates and their creditors.

I declare under penalty of perjury and of the laws in the United States of America, the foregoing is true and correct.

Executed this 23rd day of November, 2020, at Yakima, Washington.

MICHAEL LANE

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