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CHANGES MADE BY COURT

Proposed Counsel to Debtors and
Debtors in Possession

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION

In re:

BEVERLY COMMUNITY HOSPITAL
ASSOCIATION, dba BEVERLY HOSPITAL
(A NONPROFIT PUBLIC BENEFIT
CORPORATION), *et al.*¹

Debtors,

Lead Case No.: 2:23-bk-12359-SK

Jointly administered with:

Case No: 2:23-bk-12360- SK

Case No: 2:23-bk-12361-SK

Hon. Sandra R. Klein

Chapter 11 Case

- ☒ Affects all Debtors
☐ Affects Beverly Community
Hospital Association
☐ Montebello Community Health
Services, Inc.
☐ Beverly Hospital Foundation

**INTERIM ORDER APPROVING
DEBTORS' EMERGENCY MOTION FOR
ENTRY OF INTERIM AND FINAL
ORDERS (I) AUTHORIZING THE
DEBTORS TO (A) PAY PREPETITION
WAGES, SALARIES, AND OTHER
COMPENSATION, AND (B) CONTINUE
EMPLOYEE BENEFITS PROGRAMS,
AND (II) GRANTING RELATED RELIEF**

Date: April 21, 2023

¹ The Debtors in these chapter 11 cases, along with the last four digits of each debtor's federal tax identification number, are: Beverly Community Hospital Association d/b/a Beverly Hospital (6005), Montebello Community Health Services, Inc. (3550), and Beverly Hospital Foundation (9685). The mailing address for the Debtors is 309 W. Beverly Blvd., Montebello, California 90640.



Time: 2 p.m.
Judge: Hon. Sandra R. Klein
Place: Zoom.Gov – or - Courtroom 1575
255 E. Temple St.
Los Angeles, CA 90012

Upon the Debtors' Emergency Motion For Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Pay Prepetition Wages, Salaries, Other Compensation, and Reimbursable Expenses and (B) Continue Employee Benefits Programs, and (II) Granting Related Relief (the "Motion") of the above-captioned debtors and debtor-in-possession (collectively, the "Debtors") filed on April 19, 2023; and upon the First Day Declaration; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and this Court having found that it may enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the relief requested in the Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest; and this Court having found that the Debtors' notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and that no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court on April 21, 2023 at 2 p.m. (the "Hearing"); and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED on an interim basis as set forth in this Interim Order.
2. The final hearing (the "Final Hearing") on the Motion shall be held on May 17, 2023, at 9 a.m., prevailing Pacific Standard Time. Any objections or responses to entry of a final order on the Motion shall be filed on or before 12:00 p.m. noon, prevailing Pacific Standard Time on May 3, 2023, and served in accordance with the Motion to Limit Notice on the Notice Parties. In

1 the event no objections to entry of a final order on the Motion are timely received, this Court may
2 enter such final order without need for the Final Hearing.

3 3. **As discussed during the April 21, 2023 Hearing, payment to insiders for**
4 **prepetition claims of any kind are not allowed at this time.**

5 4. **Other than to insiders**, the Debtors are authorized, but not directed, to: (a) continue
6 and discontinue the Employee Compensation and Benefits Programs in the ordinary course of
7 business during these chapter 11 cases and without the need for further Court approval, subject to
8 applicable law; and (b) pay and honor prepetition amounts outstanding under or related to the
9 Employee Compensation and Benefits Programs in the ordinary course of business.

10 5. Notwithstanding anything to the contrary herein, pending entry of the Final Order,
11 **other than to insiders**, the Debtors are authorized, but not directed, in their sole discretion, to pay,
12 remit, or reimburse, as applicable, the following accrued prepetition amounts that may become due
13 and owing prior to entry of the Final Order:

| Employee-Related Obligations | Interim Amount |
|-----------------------------------|--------------------|
| Employee Compensation | \$1,400,000 |
| Physician Fees | \$900,000 |
| Incentive Program Obligations | \$10,000 |
| Wage and Benefits Processing Fees | \$17,000 |
| Withholding Obligations | \$750,000 |
| Unemployment Obligations | \$15,000 |
| Reimbursable Expenses | \$10,000 |
| Medical Plans | \$500,000 |
| Prescription Drug Plans | \$83,000 |
| Dental Plans | \$22,000 |
| Vision Plan | \$4,000 |
| Life Insurance Plan | \$12,000 |
| MERP | \$5,000 |
| Other Health Benefits | \$10,000 |
| Health Plan Administration Fees | \$71,000 |
| Other Benefits | \$12,000 |
| Retirement Plans | \$21,000 |
| Workers' Compensation Programs | \$60,000 |
| Total | \$3,900,000 |

1 6. **Other than to insiders**, the Debtors are authorized, but not directed, to honor their
2 existing policies for PTO Plans to the extent it permits continuing employees to use their prepetition
3 accrued leave in the ordinary course of business and going forward.

4 7. **Other than to insiders**, the Debtors are also authorized, but not directed, to pay the
5 Employees for unused PTO as permitted per Debtors' policy that accrued within the 180 days prior
6 to the Petition Date so long as the total of payments already then made for prepetition Employee
7 Obligations and any other wage-related payments do not exceed the per Employee \$15,150 priority
8 cap imposed by section 507(a)(4) of the Bankruptcy Code.

9 8. Pursuant to section 362(d) of the Bankruptcy Code, Employees are authorized to
10 proceed with their claims under the Workers' Compensation Program in the appropriate judicial or
11 administrative forum and the Debtors are authorized to continue the Workers' Compensation
12 Program and pay all prepetition amounts relating thereto in the ordinary course of business. This
13 modification of the automatic stay pertains solely to claims under the Workers' Compensation
14 Program.

15 9. Nothing contained herein is intended or should be construed to create an
16 administrative priority claim on account of any obligations owed under any Employee
17 Compensation and Benefits Program.

18 10. The banks and financial institutions on which checks were drawn or electronic
19 payment requests made in payment of the prepetition obligations approved herein are authorized to
20 receive, process, honor, and pay all such checks and electronic payment requests when presented
21 for payment, and all such banks and financial institutions are authorized to rely on the Debtors'
22 designation of any particular check or electronic payment request as approved by this Interim Order.

23 11. The Debtors are authorized to issue postpetition checks, or to effect postpetition fund
24 transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a
25 consequence of these chapter 11 cases with respect to prepetition amounts owed in connection with
26 the relief granted herein.

27 12. The contents of the Motion satisfy the requirements of Bankruptcy Rule 6003(b).
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1 13. The requirement under Local Bankruptcy Rule 9013-1(c)(3)(B) to file a
2 memorandum of law in connection with the Motion is waived.

3 14. Notice of the Motion as provided therein shall be deemed good and sufficient notice
4 of such Motion and the requirements of Bankruptcy Rule 6004(a) and the Local Bankruptcy Rules
5 are satisfied by such notice.


6 15. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Interim
7 Order are immediately effective and enforceable upon its entry.

8 16. The Debtors are authorized to take all actions necessary to effectuate the relief
9 granted in this Interim Order.

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

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23 Date: April 21, 2023


Sandra R. Klein
United States Bankruptcy Judge