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**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

Jointly administered with:

Case No: 2:23-bk-12360

Case No: 2:23-bk-12361

Hon. Sandra R. Klein

Chapter 11

☒ Affects all Debtors

☐ Affects Beverly Community Hospital
Association

☐ Affects Montbello Community Health
Services, Inc.

☐ Affects Beverly Hospital Foundation

**OMNIBUS RESPONSE OF HANMI
BANK REGARDING DEBTORS'
MOTIONS FOR (A) USE OF CASH
COLLATERAL, AND (B) AUTHORITY
TO INCUR POST-PETITION
FINANCING**

Hearing

Date: June 24, 2023

Time: 9:00 a.m.

Place: Courtroom 1639
255 Temple Street
Los Angeles, CA

Note: This hearing may be conducted
remotely using ZoomGov video/audio.
Please check the Court's calendar at:

<http://ecf-ciao.cacb.uscourts.gov/CiaoPosted/>

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 Health Services, Inc. (3550), and Beverly Hospital Foundation (9685, W. Beverly Blvd., Montebello, California 90640.



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Secured creditor and depository bank Hanmi Bank (“Hanmi”) hereby submits its Omnibus Response regarding the request of the above-captioned debtors and debtors in possession (the “Debtors”) for entry of a final order on: (1) the *Debtors’ Emergency Motion for Entry of an Order Granting Debtors’ Emergency Motion (I) Approving Debtors’ Use of Cash Collateral; and (II) Scheduling a Final Hearing on the Use of Cash Collateral* (the “Cash Collateral Motion”) [Docket No. 27]; and (2) the *Debtors’ Emergency Motion for Interim and Final Orders (I) Authorizing the Debtors to Obtain Post-Petition Financing, (II) Granting Adequate Protection to Prepetition Secured Creditors, and (III) Granting Related Relief; Memorandum of Points and Authorities in Support Thereof* (the “DIP Motion”) [Docket No. 31]² (the DIP Motion and the Cash Collateral Motion are collectively referred to herein as the “Motions”).

RESPONSE

As noted on the record at the “first day” hearing, Hanmi occupies a unique position in the Debtors’ cases owing to its concurrent status as:

- one of the Debtors’ two significant prepetition depository banks, with more than 30 accounts open as of the petition date;
- the holder of a revolving loan with a fully-drawn principal balance of \$10 million as of the petition date, which falls under the Master Trust Indenture; and
- a member of the Southern California business community for more than 40 years, with a vested and demonstrated interest in local social issues as exemplified by, among other things, its “Hanmi Neighbor” program.

Consistent with these roles, Hanmi and its counsel have been in close contact with the Debtors, their professionals, and counsel for the Indenture Trustee since before the cases were filed and on a regular basis since.

As noted in the Debtors’ first-day declaration, Hanmi also has been asked whether it would be in a position to provide supplemental DIP financing. Hanmi has made it clear from the outset that it would be willing to consider this possibility, subject to receiving appropriate information

² Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motions.

1 regarding (i) the Debtors' cash flow budget, (ii) terms of the Debtors' primary DIP financing
2 provided by HRE Montebello, LLC (the "Primary DIP Lender"), (iii) terms for the use of cash
3 collateral under the Master Trust Indenture, and (iv) the Debtors' sale process.

4 Unfortunately, Hanmi has not received the information necessary to advance discussions on
5 the potential for supplemental DIP financing. Hanmi understands that the most significant reason
6 for this to be the lack of a global resolution amongst the Debtors, the Indenture Trustee, the Primary
7 DIP Lender, and (most recently) the Committee of Creditors Holding Unsecured Claims (the
8 "Committee") regarding these inter-related gating items—which are key not only for any potential
9 supplemental DIP financing, but more importantly for the Debtors' ability to successfully operate
10 in Chapter 11, run a robust sale process, and thus preserve Beverly Hospital as a going concern for
11 the benefit of the underserved population that depends upon it.

12 As set forth below, Hanmi joins in the objections raised to the Motions by the Indenture
13 Trustee. However, Hanmi files this Response not to duplicate the points made by the Indenture
14 Trustee, but instead to amplify a suggestion made over this past weekend in an effort to quickly and
15 efficiently reach the global resolution that to date has eluded the parties and thus put the hospital's
16 continued operations on a razor's edge.

17 Hanmi believes that these cases are crying out for the intervention of a neutral, third-party
18 mediator who can use that position to forge consensus and reach a global resolution without the
19 delay and expense of high stakes litigation. Hanmi believes that a fellow member of the bankruptcy
20 bench in California would be the ideal candidate for such a position, owing to the importance of
21 various bankruptcy precedents under Ninth Circuit law and the crucial interplay of the approval
22 rights asserted by the Attorney General under California law. Counsel for Hanmi first suggested
23 the possibility of a judicial settlement conference or mediation on Friday, May 19, and offered Hon.
24 William J. Lafferty III as a potential candidate (among many who would certainly qualify). Hanmi
25 understands that there is a potential willingness to consider this approach from the Indenture Trustee
26 and the Committee. However, despite occupying the central role in these Chapter 11 cases, counsel
27 for the Debtors expressed skepticism that a mediation would provide any benefit.

28 ///

1 Hanmi strongly disagrees with this sentiment. Due to the extremely time-sensitive nature
2 of these proceedings, the multiple parties involved, the profound public interest, the lack of a global
3 resolution in the month since the cases were filed despite the best efforts of the parties and their
4 professionals, and the complex and inter-related legal and factual issues involved, Hanmi believes
5 that an immediate judicial settlement conference or mediation may be the only way to avoid what
6 appears to be imminent disaster both for the financial interests of the Debtors' creditors, but most
7 tragically for the people of Montebello and surrounding communities.

8 Therefore, Hanmi urges the parties to give very serious and immediate consideration to this
9 approach, and Hanmi respectfully requests the Court to provide such support and assistance that the
10 Court finds to be warranted and appropriate.

11 **JOINDER**

12 Hanmi hereby joins in the objections and proposed modifications to the relief requested in
13 the Motions set forth in the Omnibus Objection filed by the Indenture Trustee [Docket No. 295].
14
15

16 DATED: May 22, 2023

LAW OFFICE OF NATHAN A. SCHULTZ, P.C.

/s/ Nathan A. Schultz

NATHAN A. SCHULTZ
Counsel for Hanmi Bank

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:

10621 Craig Road, Traverse City, MI 49686

A true and correct copy of the foregoing document entitled **OMNIBUS RESPONSE OF HANMI BANK REGARDING DEBTORS' MOTIONS FOR (A) USE OF CASH COLLATERAL, AND (B) AUTHORITY TO INCUR POST-PETITION FINANCING** will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On May 22, 2023, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

☒ Service information continued on attached page

2. SERVED BY UNITED STATES MAIL: On (date) _____, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on May 22, 2023, I served the following persons and/or entities by personal delivery, ~~overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email~~ as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

Hon. Sandra R. Klein
United States Bankruptcy Court
Central District of California
Edward R. Roybal Federal Building and Courthouse
255 E. Temple Street, Suite 1582 / Courtroom 1575
Los Angeles, CA 90012

☐ Service information continued on attached page

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

May 22, 2023
Date

Nathan A. Schultz
Printed Name

/s/ Nathan A. Schultz
Signature

Electronic Mail Notice List

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This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.

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Sharon Z. Weiss on behalf of Interested Party Hilco Real Estate, LLC

This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.

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