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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.*<sup>1</sup>

Debtors,

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

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

**FINAL 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: May 24, 2023

Time: 9:00 a.m.

Judge: Hon. Sandra R. Klein

<sup>1</sup> 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.



Place: ZoomGov 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: (w) it may enter a final order consistent with Article III of the United States Constitution, (x) venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409, (y) the relief requested in the Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest, and (z) 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 May 24, 2023 at 9:00 a.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:**

The Motion is GRANTED on a final basis as set forth in this Final Order. Capitalized terms not defined in this Final Order have the meanings given to them in the Motion.

1. The Debtors are authorized, but not directed, to: (a) continue and discontinue the Employee Compensation and Benefits Programs in the ordinary course of business during these chapter 11 cases and without the need for further Court approval, subject to applicable law, including specifically section 1113 of the United States Bankruptcy Code; and (b) pay and honor prepetition amounts outstanding under or related to the Employee Compensation and Benefits Programs in the ordinary course of business.

2. For the avoidance of doubt, nothing herein shall modify the terms of any collective bargaining agreement with UNAC/UHCP (collectively, the “CBA”) nor Debtor’s ongoing and present obligations thereunder to honor, pay, remit, or reimburse, the same, as applicable, pursuant to section 1113 of the Bankruptcy Code.

3. Notwithstanding anything to the contrary herein, the Debtors are authorized, but not directed, in their sole discretion, to honor, pay, remit, or reimburse, as applicable, not more than the following prepetition amounts:

<b>Employee-Related Obligations</b>	<b>Final Relief</b>
Employee Compensation	\$1,400,000
Physician Fees	\$900,000
Incentive Program Obligations	\$20,000
Wage and Benefits Processing Fees	\$17,000
Withholding Obligations	\$750,000
Unemployment Obligations	\$25,000
Reimbursable Expenses	\$10,000
Medical Plans	\$500,000
<b>Employee-Related Obligations</b>	<b>Final Relief</b>
Prescription Drug Plans	\$83,000
Dental Plans	\$22,000
Vision Plans	\$4,000
Life Insurance	\$12,000
MERP	\$5,000
Other Health Benefits	\$10,000
Health Plan Administration Fees	\$71,000
Supplemental Retirement Program and Automobile Stipend	\$4,500
DHCS Retention Program	\$815,427
Other Benefits	\$12,000
Retirement Plans	\$21,000
Workers’ Compensation Programs	\$60,000
<b>Total</b>	<b>\$4,739,927</b>

4. The Debtors are authorized, but not directed, to honor their existing policies for PTO Plans to the extent it permits continuing employees to use their prepetition accrued leave in the ordinary course of business and going forward.

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

1           6. Pursuant to section 362(d) of the Bankruptcy Code, Employees are authorized to  
2 proceed with their claims under the Workers' Compensation Program in the appropriate judicial or  
3 administrative forum and the Debtors are authorized to continue the Workers' Compensation  
4 Program and pay all prepetition amounts relating thereto in the ordinary course of business. This  
5 modification of the automatic stay pertains solely to claims under the Workers' Compensation  
6 Program.

7           7. Nothing herein shall be deemed to authorize the payment of any amounts which  
8 violates or implicates section 503(c) of the Bankruptcy Code; provided, that nothing herein shall  
9 prejudice the Debtors' ability to seek approval of relief pursuant to section 503(c) of the Bankruptcy  
10 Code at a later time.

11           8. Nothing contained herein is intended or should be construed to create, modify, alter  
12 or prejudice an administrative priority claim on account of any obligations owed under any  
13 Employee Compensation and Benefits Program.

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

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

23           11. The requirement under Local Bankruptcy Rule 9013-1(c)(3)(B) to file a  
24 memorandum of law in connection with the Motion is waived.

25           12. Notice of the Motion as provided therein shall be deemed good and sufficient notice  
26 of such Motion and the requirements of Bankruptcy Rule 6004(a) and the Local Bankruptcy Rules  
27 are satisfied by such notice.

28           13. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Final


1 Order are immediately effective and enforceable upon its entry.

2 14. The Debtors are authorized to take all actions necessary to effectuate the relief  
3 granted in this Final Order.

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

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23 Date: May 26, 2023

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Sandra R. Klein  
United States Bankruptcy Judge