

SAMUEL R. MAIZEL (Bar No. 189301)
samuel.maizel@dentons.com
TANIA M. MOYRON (Bar No. 235736)
tania.moyron@dentons.com
DENTONS US LLP
601 South Figueroa Street, Suite 2500
Los Angeles, California 90017-5704
Telephone: 213 623 9300
Facsimile: 213 623 9924

Proposed Attorneys for the Chapter 11
Debtor and Debtor In Possession

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF CALIFORNIA**

In re

BORREGO COMMUNITY
HEALTH FOUNDATION,

Debtor and Debtor In
Possession.

Case No. 22-02384-11

Chapter 11 Case

**DECLARATION OF ISAAC LEE,
CHIEF RESTRUCTURING OFFICER,
IN SUPPORT OF DEBTOR'S
EMERGENCY FIRST-DAY MOTION
REGARDING INSIDER
COMPENSATION**

Judge: Honorable Laura S. Taylor
Date: TBD
Time: TBD
Place: TBD

DENTONS US LLP
601 SOUTH FIGUEROA STREET, SUITE 2500
LOS ANGELES, CALIFORNIA 90017-5704
(213) 623-9300



DECLARATION OF ISAAC LEE

I, Isaac Lee, hereby state and declare as follows:

1. I am the Chief Restructuring Officer (“CRO”) of Borrego Community Health Foundation (“Debtor”).

2. I am a Managing Director at Ankura with more than 20 years of operational and financial restructuring experience. I have advised numerous companies on turnaround plan development and evaluation, liquidity improvement initiatives, asset dispositions, liability management and bankruptcy filing preparation. I have also assisted in managing and administering companies during chapter 11 cases. Additionally, I have prior experience with health care providers, including a nine surgical center system and had senior level responsibilities on two prior engagements where Ankura has been involved as Chief Restructuring Officer.

3. I received my MBA from the Tuck School at Dartmouth College and my BS in Business Administration from the University of Southern California.

4. I am knowledgeable and familiar with the Debtor’s day-to-day operations, business and financial affairs, restructuring efforts and the circumstances leading to the commencement of this chapter 11 case (the “Case”). Except as otherwise indicated herein, this Declaration is based upon my personal knowledge, my review of relevant documents, information provided to me by employees of the Debtor or the Debtor’s legal and financial advisors, or my opinion based upon my experience, knowledge, and information concerning the Debtor. If called upon to testify, I would testify competently to the facts set forth in this Declaration.

5. I make this declaration in support of the *Emergency First Day Motion of Debtor for Entry of Order Setting Insider Compensation* (the “Motion”) filed on September 12, 2022 (unless otherwise defined herein, capitalized terms shall have the same meaning as in the Motion). I incorporate by reference into this Declaration my Declaration in Support of Emergency First Day Motions (the “Lee Declaration”)

1 filed concurrently herewith. The Lee Declaration also supports the Motion as well
2 as other First Day Motions (as defined in the Lee Declaration).

3 **THE INSIDERS AND THEIR COMPENSATION AND RESPONSIBILITIES**

4 6. The Insiders and their respective titles and annual salaries are listed
5 below:

7 Name	Title	Salary (\$)
8 Rosemarie MacIsaac	Chief Executive Officer	429,000
9 William Cummins	Chief Financial Officer	150,000
10 Corina Velasquez	Chief Operating Officer	239,861
11 Dana Erwin	Chief Compliance Officer	265,000
12 Douglas Habig	Chief Legal Officer	325,000
13 Dr. Kenneth Soda	Chief Medical Officer	330,000
14 David Baldwin	Vice President of IT	230,000
15 Brian Beck	Vice President of Human Resources	245,000

16 7. The Debtor hired the Insiders because each Insider was qualified for
17 their position and willing to meet the demands of each position. True and correct
18 “Job Descriptions” for each Insider position (the “Job Descriptions”) are attached as
19 Exhibit A to the proposed order filed with the Motion. The Job Descriptions require
20 that (as applicable) Insiders be “[a]vailable for all shifts and, when required, able to
21 work evenings and weekends,” stringent educational and experience prerequisites,
22 and executive-level abilities and skills.

23 8. In summary:

- 24 a. Rosemarie MacIsaac, the Debtor’s **Chief Executive Officer**, is
25 responsible for: (i) providing leadership, overall direction and
26 administration of the Debtor’s operations; (ii) interpreting and applying
27 the policies of the Board of Trustees (the “Board”); (iii) establishing
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1 and implementing basic procedures within which the various activities
2 of the Debtor will be conducted; (iv) assisting the Board in developing
3 the Debtor's short and long-range goals; and (v) evaluating the
4 Debtor's activities.

5 b. William Cummins, the Debtor's **Chief Financial Officer**, is
6 responsible for (i) all aspects of the Debtor's financial operations; (ii)
7 providing accounting, budgetary, operational and programmatic
8 support to all of the Debtor's programs and activities; (iii) overseeing
9 and supervising the financial, accounting, payroll staff, and other
10 departments as directed by the CEO; and (iv) all financial reporting
11 obligations of the Debtor, including providing timely and accurate
12 information to the Board to enable the Board to set fiscal policy.

13 c. Corina Velasquez, the Debtor's **Chief Operating Officer** (i) manages
14 and handles the Debtor's daily business operations, and (ii) works
15 closely with department heads and clinic supervisors to support the
16 day-to-day activity of employees.

17 d. Dana Erwin, the Debtor's **Chief Compliance Officer**, is responsible
18 for (i) designing, developing, implementing and maintaining an
19 organization-wide compliance and audit program, as well as policies
20 and procedures that promote a corporate culture that fosters ethical and
21 compliant behavior, and (ii) ensuring adequate internal controls and
22 compliance with all laws and regulatory requirements.

23 e. Douglas Habig, the Debtor's **Chief Legal Officer** (i) oversees all legal
24 matters for the Debtor, (ii) serves as the primary legal advisor to the
25 CEO, the Debtor's senior management team, and the Board, (iii) leads
26 and manages the Legal department, (iv) advises on major contracts and
27 transactions, including mergers and acquisitions and business and
28 physician agreements, regulatory compliance, litigation, research,

health IT policy and systems, labor and employment issues, medical staff and patient care matters, and (v) manages outside counsel.

f. Kenneth Soda, the Debtor's **Chief Medical Officer** is responsible for (i) the control and delivery of all medical care by the Debtor; (ii) the recruitment and supervision of all of the Debtor's health professionals and the medical specialists; and (iii) the application and implementation of established policies of the Board and city, county, state and federal agencies.

g. Brian Beck, the Debtor's **Vice President of Human Resources** is responsible for: (i) directing and managing the Debtor's personnel, safety, benefits, and compliance programs; and (ii) developing, implementing and coordinating policies, procedures and programs covering employment, labor relations, wage and salary administration, employee indoctrination, training, placement, safety, health benefits and other employee services.

h. David Baldwin, the **Vice President of Information Technology** is responsible for (i) providing technology, application and data analytics vision and strategic leadership in the development and implementation of the Debtor's information technology programs; and (ii) leading the Debtor's efforts in planning and implementing enterprise information systems to support both distributed and centralized clinical and business operations.

THE NEED TO PAY THE INSIDERS THEIR SALARIES DURING THE CASE

9. The Debtor seeks to continue to pay Insiders their pre-petition, market salaries to continue to operate its business and to ensure that the Debtor continues to provide uninterrupted high quality medical care to its 94,000 patients through 18

1 clinics and six mobile units while, simultaneously, supporting the Debtor through its
2 chapter 11 Case.

3 10. The Debtor's operations are complex and rely on the skill and expertise
4 of the Insiders. The Insiders possess unique knowledge regarding specific aspects of
5 the Debtor's operations, which would be virtually irreplaceable should such Insiders
6 be lost through a failure to pay their salaries. In addition, any failure by the Debtor
7 to pay the Insiders their salaries would negatively impact the morale of the Insiders
8 at a critical time for the Debtor and its business when the Insiders are most needed.
9 In short, the potential harm and economic disadvantage that would stem from the
10 failure to pay the Insider's salaries would be significant.

11 11. This type of complex business demands engaged and sophisticated
12 executives. Without the Insiders and their highly-valued skills and dedication, the
13 Debtor would likely not be able to continue to provide medical care, especially
14 combined with the myriad of issues raised by operating in chapter 11.

15 12. In addition to taking care of their 94,000 patients and operating its
16 clinics, the Debtor faces the challenge of defending against regulatory and criminal
17 investigations and prosecuting the case against their former insiders and the
18 government along with the challenges and legal and financial requirements
19 encompassed by a chapter 11 filing, requiring high-level legal counsel and financial
20 analysis and executives to make the ultimate decisions after receiving such advice.
21 The Debtor will manage a workforce of 700 employees, who will understandably
22 have questions concerning the Case and who will need to be motivated to remain and
23 perform requiring executive expertise, including concerning human resources. The
24 Debtors bill electronically and interface with the government and hundreds of
25 vendors, requiring the skills (including technological) and knowledge of the Insiders.

1 I declare under penalty of perjury that, to the best of my knowledge and after
2 reasonable inquiry, the foregoing is true and correct.

3 Executed this 12th day of September 2022, at Los Angeles, California.

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