

Imaged Certificate of Notice Page 1 of 6  
United States Bankruptcy Court  
Central District of California

Verity Health System of California, Inc.,  
Plaintiff

Adv. Proc. No. 18-01277-ER

Old Republic Insurance Company,  
Defendant

**CERTIFICATE OF NOTICE**

District/off: 0973-2

User: admin  
Form ID: pdf031

Page 1 of 1  
Total Noticed: 2

Date Rcvd: Oct 15, 2018

Notice by first class mail was sent to the following persons/entities by the Bankruptcy Noticing Center on Oct 17, 2018.

intp +Marianne S Mortimer, STRADLING YOCCA CARLSON & RAUTH, P.C.,  
100 Wilshire Boulevard, 4th Floor, Santa Monica, CA 90401-1239  
pla +Verity Health System of California, Inc., 2040 E. Mariposa Avenue,  
El Segundo, CA 90245-5027

Notice by electronic transmission was sent to the following persons/entities by the Bankruptcy Noticing Center.  
NONE. TOTAL: 0

\*\*\*\*\* BYPASSED RECIPIENTS (undeliverable, \* duplicate) \*\*\*\*\*

dft City National Bank  
dft Old Republic Insurance Company

TOTALS: 2, \* 0, ## 0

Addresses marked '+' were corrected by inserting the ZIP or replacing an incorrect ZIP.  
USPS regulations require that automation-compatible mail display the correct ZIP.

Transmission times for electronic delivery are Eastern Time zone.

**I, Joseph Speetjens, declare under the penalty of perjury that I have sent the attached document to the above listed entities in the manner shown, and prepared the Certificate of Notice and that it is true and correct to the best of my information and belief.**

**Meeting of Creditor Notices only (Official Form 309): Pursuant to Fed. R. Bank. P. 2002(a)(1), a notice containing the complete Social Security Number (SSN) of the debtor(s) was furnished to all parties listed. This official court copy contains the redacted SSN as required by the bankruptcy rules and the Judiciary's privacy policies.**

Date: Oct 17, 2018

Signature: /s/Joseph Speetjens

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**CM/ECF NOTICE OF ELECTRONIC FILING**

The following persons/entities were sent notice through the court's CM/ECF electronic mail (Email) system on October 15, 2018 at the address(es) listed below:

Samuel R Maizel on behalf of Plaintiff Verity Health System of California, Inc.  
samuel.maizel@dentons.com,  
alicia.aguilar@dentons.com;docket.general.lit.LOS@dentons.com;tania.moyron@dentons.com;kathryn.howard@dentons.com;joan.mack@dentons.com  
Tania M Moyron on behalf of Plaintiff Verity Health System of California, Inc.  
taniamoyron@dentons.com, chris.omeara@dentons.com  
United States Trustee (LA) ustpreregion16.la.ecf@usdoj.gov

TOTAL: 3



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FILED & ENTERED

OCT 15 2018

CLERK U.S. BANKRUPTCY COURT  
Central District of California  
BY gonzalez DEPUTY CLERK

SAMUEL R. MAIZEL (Bar No. 189301)  
samuel.maizel@dentons.com  
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Proposed Attorneys for the Chapter 11 Debtors and  
Debtors In Possession

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

In re  
VERITY HEALTH SYSTEM OF CALIFORNIA,  
INC., *et al.*,

Debtor and Debtor In Possession.

- ☒ Affects All Debtors
- ☐ Affects Verity Health System of California, Inc.
- ☐ Affects O'Connor Hospital
- ☐ Affects Saint Louise Regional Hospital
- ☐ Affects St. Francis Medical Center
- ☐ Affects St. Vincent Medical Center
- ☐ Affects Seton Medical Center
- ☐ Affects O'Connor Hospital Foundation
- ☐ Affects Saint Louise Regional Hospital Foundation
- ☐ Affects St. Francis Medical Center of Lynwood Medical Foundation
- ☐ Affects St. Vincent Foundation
- ☐ Affects St. Vincent Dialysis Center, Inc.
- ☐ Affects Seton Medical Center Foundation
- ☐ Affects Verity Business Services
- ☐ Affects Verity Medical Foundation
- ☐ Affects Verity Holdings, LLC
- ☐ Affects De Paul Ventures, LLC
- ☐ Affects De Paul Ventures - San Jose Dialysis, LLC

Debtors and Debtors In Possession.

VERITY HEALTH SYSTEM OF CALIFORNIA, INC.,  
*et al.*,

Debtors and Debtors In Possession,  
Plaintiffs,

v.

OLD REPUBLIC INSURANCE COMPANY and CITY  
NATIONAL BANK,

Defendants.

Lead Case No. 2:18-bk-20151-ER

Jointly Administered With:

Case No. 2:18-bk-20162-ER  
Case No. 2:18-bk-20163-ER  
Case No. 2:18-bk-20164-ER  
Case No. 2:18-bk-20165-ER  
Case No. 2:18-bk-20167-ER  
Case No. 2:18-bk-20168-ER  
Case No. 2:18-bk-20169-ER  
Case No. 2:18-bk-20171-ER  
Case No. 2:18-bk-20172-ER  
Case No. 2:18-bk-20173-ER  
Case No. 2:18-bk-20175-ER  
Case No. 2:18-bk-20176-ER  
Case No. 2:18-bk-20178-ER  
Case No. 2:18-bk-20179-ER  
Case No. 2:18-bk-20180-ER  
Case No. 2:18-bk-20181-ER

Chapter 11 Cases

Hon. Judge Ernest M. Robles

**ORDER APPROVING STIPULATION  
BETWEEN THE DEBTORS AND OLD  
REPUBLIC INSURANCE COMPANY**

Adv. Proc. No. 2:18-ap-01277-ER

DENTONS US LLP  
300 SOUTH GRAND AVENUE, 14TH FLOOR  
LOS ANGELES, CALIFORNIA 90071-3124  
(213) 688-1000

1 The Court, having reviewed the Stipulation filed as Adv. Proc. Docket No. 24 (the  
2 “Stipulation”) entered into between Verity Health System of California (“VHS”) and the above-  
3 referenced affiliated debtors, the debtors and debtors in possession (collectively, the “Debtors”) in  
4 the above captioned Chapter 11 bankruptcy cases (the “Chapter 11 Cases”) and Old Republic  
5 Insurance Company (“Old Republic” and collectively with the Debtors, the “Parties” and each a  
6 “Party”), by and through their respective attorneys, and good cause appearing,

7 IT IS HEREBY ORDERED AS FOLLOWS:

- 8 1. The Stipulation is approved.
- 9 2. The Stipulation shall govern the dispute between the Parties.
- 10 3. Pursuant to the Program Agreement (as defined in the Adversary Complaint, an  
11 endorsement to the Workers’ Compensation Policies):

12 (a) Debtors are responsible for funding an escrow account to be used for the  
13 payment of Losses and Allocated Loss Adjustment Expenses (as defined in  
14 the Workers’ Compensation Policies) paid under the Workers’  
15 Compensation Policies (the “Escrow Account”).

16 (b) At least monthly, Sedgwick Claims Management (“Sedgwick”), the third  
17 party administrator under contract with Debtors to adjust the workers’  
18 compensation claims, submits an invoice to Debtors, c/o AON Insurance  
19 Managers (the insurance manager for Marillac Insurance Company, Ltd.),  
20 requesting that Debtors transfer sufficient funds to the Escrow Account in  
21 order to pay the Losses and Allocated Loss Adjustment Expenses (as  
22 defined in the Workers’ Compensation Policies).

23 (c) Funds received by Sedgwick from Debtors are deposited in the Escrow  
24 Account.  
25  
26  
27  
28

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1           4.       The Sedgwick invoices are submitted to AON Insurance Managers every two (2)  
2 weeks and payment is due within ten (10) days of receipt.

3           5.       If the Debtors fail to transfer sufficient funds to the Escrow Account in order to pay  
4 Losses and Allocated Loss Adjustment Expenses, as reflected on a Sedgwick invoice, within ten  
5 (10) days of receipt of such invoice, Sedgwick shall give notice to Old Republic and Debtors, and  
6 their respective counsel (the "Sedgwick Notice").  
7

8           6.       After Old Republic's receipt of the Sedgwick Notice, Old Republic may, at its sole  
9 option, draw on the Letter of Credit in whole or in part. Old Republic shall provide five (5)  
10 business days written notice to the Debtors prior to drawing on the Letter of Credit pursuant to this  
11 Paragraph, and Debtors may cure the nonpayment within that time, in which case no draw will be  
12 made after the subject Sedgwick Notice.  
13

14           7.       The Program Agreement requires that if Debtors provide security in the form of a  
15 Letter of Credit, the Letter of Credit must be to be subject to automatic renewals. If the Bank  
16 advises Old Republic and Debtors in writing, at least thirty (30) days prior to the next expiration  
17 date, of its intention not to renew the Letter of Credit, then Debtors must furnish Old Republic  
18 with a replacement Letter of Credit issued to Old Republic by an acceptable bank, or other  
19 security as may be acceptable to Old Republic, within not less than ten (10) business days before  
20 the expiry date. If Debtors fail to renew or replace the Letter of Credit within not less than ten  
21 (10) business days before the expiry date, then Old Republic may draw on the Letter of Credit in  
22 full. No written notice to the Debtors is required for Old Republic to draw on the Letter of Credit  
23 under this Paragraph.  
24

25           8.       Old Republic may only draw on the Letter of Credit pursuant to Paragraphs 6 and 7  
26 of this Order.  
27  
28

1           9.     The instant Adversary Proceeding is dismissed as to both Old Republic and the  
2 Bank without prejudice.

3           10.    The Stipulation and this Order shall terminate upon the earlier of: (a) the effective  
4 date of confirmed plan in the Chapter 11 Cases; (b) the entry of an order converting the Chapter 11  
5 Cases to cases under chapter 7 of the Bankruptcy Code; or (c) the entry of an order dismissing the  
6 Chapter 11 Cases.  
7

8           11.    This Court shall retain jurisdiction over the Parties, including for purposes of  
9 enforcing this Stipulation.

10          12.    Any notices required under the Stipulation shall be by both e-mail and express  
11 overnight delivery to Debtors and Old Republic, and their respective counsel, as follows:

12           Verity Health System of California, Inc.  
13           Attn: Elspeth Paul, General Counsel  
14           2040 E. Mariposa Avenue  
15           El Segundo, CA 90245  
16           e-mail: ElspethPaul@Verity.org

17           Dentons US LLP  
18           Attn: Samuel R. Maizel  
19           601 South Figueroa Street  
20           Suite 2500  
21           Los Angeles, CA 90017-5704  
22           e-mail: samuel.maizel@dentons.com

23           AND

24           Dentons US LLP  
25           Attn: Jodi M. Adolf  
26           4520 Main Street, Suite 1100  
27           Kansas City, MO 64111  
28           e-mail: jodi.adolf@dentons.com

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300 SOUTH GRAND AVENUE, 14TH FLOOR  
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1 Old Republic Insurance Company  
2 Attn: Lawrence J. Francione, CPA  
3 Old Republic Risk Management/Old Republic Insurance Group  
4 445 S. Mooreland Road  
5 Brookfield, WI 53005  
6 e-mail: lfrancione@orm.com

7 AND


8 Thomas A. Dare  
9 Old Republic International Corporation  
10 307 North Michigan Avenue  
11 Chicago, IL 60601-5382  
12 e-mail: tdare@oldrepublic.com

13 Fox Swibel Levin & Carroll LLP  
14 Attn: Margaret M. Anderson  
15 200 W. Madison Street, Suite 3000 B  
16 Chicago, IL 60606  
17 e-mail: panderson@foxswibel.com

18 13. Notwithstanding Rule 6004(h) of the Federal Rules of Bankruptcy Procedure, the  
19 terms and conditions of this Order are immediately effective and enforceable upon its entry.

20 ###

21  
22  
23 Date: October 15, 2018

24   
25 Ernest M. Robles  
26 United States Bankruptcy Judge  
27  
28