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12 Debtors In Possession

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

15 In re

16 VERITY HEALTH SYSTEM OF
17 CALIFORNIA, INC., *et al.*,
18 Debtors and Debtors In Possession.

19 Lead Case No. 18-bk-20151-ER

20 Jointly Administered With:
21 Case No. 2:18-bk-20162-ER
22 Case No. 2:18-bk-20163-ER
23 Case No. 2:18-bk-20164-ER
24 Case No. 2:18-bk-20165-ER
25 Case No. 2:18-bk-20167-ER
26 Case No. 2:18-bk-20168-ER
27 Case No. 2:18-bk-20169-ER
28 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

- 29 Affects All Debtors
- 30 Affects Verity Health System of California, Inc.
- 31 Affects O'Connor Hospital
- 32 Affects Saint Louise Regional Hospital
- 33 Affects St. Francis Medical Center
- 34 Affects St. Vincent Medical Center
- 35 Affects Seton Medical Center
- 36 Affects O'Connor Hospital Foundation
- 37 Affects Saint Louise Regional Hospital Foundation
- 38 Affects St. Francis Medical Center of Lynwood Foundation
- 39 Affects St. Vincent Foundation
- 40 Affects St. Vincent Dialysis Center, Inc.
- 41 Affects Seton Medical Center Foundation
- 42 Affects Verity Business Services
- 43 Affects Verity Medical Foundation
- 44 Affects Verity Holdings, LLC
- 45 Affects De Paul Ventures, LLC
- 46 Affects De Paul Ventures - San Jose ASC, LLC

47 Hon. Ernest M. Robles

48 **STIPULATION BETWEEN DEBTORS AND SWINERTON BUILDERS, RESOLVING RULE 7052 MOTION FOR AMENDMENT OF FINDINGS IN FINAL ORDER (I) AUTHORIZING POSTPETITION FINANCING [...]**
49 **[RELATED DOCKET NOS. 1315, 1306, 1280, 974, 968, 732, 564, 409, 392, 355, 309 AND 269]**

50 [No Hearing Required Unless Requested - Local Bankruptcy Rule 9013-1(o)]

51 Debtors and Debtors In Possession.

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1 This Stipulation is entered between Verity Health System Of California, Inc. (“VHS”) and
2 the above-referenced affiliated debtors, the debtors and debtors in possession in the above-
3 captioned chapter 11 bankruptcy cases (collectively, the “Debtors”), in the above-referenced
4 jointly administered Chapter 11 bankruptcy cases, on the one hand, and Swinerton Builders
5 (“Swinerton”) on the other, with respect to the following:

6 1. On or about August 31, 2018, the Debtors filed their voluntary Chapter 11
7 petitions for relief under Title 11 of the United States Code (the “Bankruptcy Code”).

8 2. On September 17, 2018, the Debtors filed and served their Notice of Hearing
9 regarding Emergency Motion Of Debtors For Interim And Final Orders (A) Authorizing The
10 Debtors To Obtain Post Petition Financing (B) Authorizing The Debtors To Use Cash Collateral
11 And (C) Granting Adequate Protection To Prepetition Secured Creditors filed by Debtor Verity
12 Health System of California, Inc.) [Docket No. 201] to which Swinerton objected on September
13 24, 2018 (the “Swinerton Objections”)[Docket No. 269]

14 3. On October 3, 2018, the Court rendered its tentative ruling on the Debtors
15 Emergency Motion For Interim And Final Orders (A) Authorizing The Debtors To Obtain Post
16 Petition Financing (B) Authorizing The Debtors To Use Cash Collateral And (C) Granting
17 Adequate Protection To Prepetition Secured Creditors Pursuant to 11 U.S.C. § 105,363,364,1107,
18 And 1108 filed by Debtor Verity Health System of California, Inc.), (the “Tentative Ruling”)
19 [Docket 392] overruling the Swinerton Objections, at p. 12, and on October 4, 2018 entered its
20 Final Order (I) Authorizing Postpetition Financing, (II) Authorizing Use Of Cash Collateral, (III)
21 Granting Liens And Providing Superpriority Administrative Expense Status, (IV) Granting
22 Adequate Protection, (V) Modifying Automatic Stay, And (VI) Granting Related Relief and
23 incorporating at p. 6, its Tentative Ruling (the “Final DIP Order”) [Docket No. 409].

24 4. On October 17, 2018, Swinerton filed its *Motion Pursuant to Bankruptcy Rule*
25 *7052(b) for Amendment of Findings in Final Order (I) Authorizing Postpetition Financing (II)*
26 *Authorizing Use of Cash Collateral, (III) Granting Liens and Providing Superpriority*
27 *Administrative Expense Status, (IV), Granting Adequate Protection, (V) Modifying Automatic Stay,*
28

1 *and (VI) Granting Related Relief (Doc. 409)* [Docket No. 564] (the “Swinerton Rule 7052
2 Motion”).

3 5. On October 31, 2018, the Debtors filed their Objection to the Swinerton Rule
4 7052 Motion [Docket No. 732].

5 6. On November 13, 2018, Swinerton filed a Notice of Hearing [Docket No. 812]
6 setting the Swinerton Rule 7052 Motion for hearing on December 4, 2018 at 10:00 a.m.

7 7. On November 28, 2018, the Court entered an order continuing the hearing on the
8 Swinerton Rule 7052 Motion to December 5, 2018 at 10:00 a.m.

9 8. On December 3, 2018, in light of an expected sale of Seton Medical Center and
10 the facility that is subject to Swinerton’s Lien, the Debtors and Swinerton filed a Stipulation to
11 Continue Hearing (the “First Stipulation”) [Docket No. 968].

12 9. On December 4, 2018, the Court approved the First Stipulation and entered an
13 Order Approving Stipulation to Continue Hearing [Docket No. 974].

14 10. On January 18, 2019, the Parties filed a Second Stipulation to Continue Hearing
15 [Docket No. 1280.]

16 11. On January 20, 2019, the Official Committee of Unsecured Creditors (the
17 “Committee”) objected to the hearing continuation that had been agreed pursuant to the Second
18 Stipulation [Docket No. 1306], to which objection both the Debtors and Swinerton Builders
19 responded on January 21, 2019, and January 22, 2019 [Docket Nos. 1311 and 1315, respectively].
20 Thereafter the Court required the parties to participate in a hearing.

21 12. On January 23, 2018, the Court held the hearing on the Swinerton Rule 7052
22 Motion and the Debtors, Swinerton and the Committee advised the Court that they had reached an
23 accommodation that is now reflected in the Stipulations set forth below:

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26 **NOW, THEREFORE**, all of the parties to this Stipulation hereby stipulate and agree as
27 follows:
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1 A. The Debtors and Swinerton agree that the Court’s Tentative Ruling [Docket No.
2 392] incorporated into the Final DIP Order [Docket 409] at p.6, shall be amended to add the
3 following sentence at p. 12: “Swinerton’s lien on the Seton Medical Center property is adequately
4 protected by an equity cushion in that property.”

5 B. The Debtors and Swinerton agree that the inclusion of the quoted language in
6 paragraph A above resolves matters raised in the Swinerton Rule 7052 Motion.

7 C. The Debtors stipulate that they have no objection to the validity, perfection or
8 amount of the Swinerton’s lien on the Seton Medical Center property as a lien junior to the liens
9 of the Prepetition Secured Creditors.

10 D. The Debtors, Swinerton, and the Committee further agree that the Committee
11 shall have up to ninety (90) days from entry of the order approving this Stipulation to challenge
12 the validity, perfection or amount of Swinerton’s lien.

13 D. The Debtors, and Swinerton and the Committee each ask the Court to enter an
14 order in the form filed concurrently with this Stipulation approving the Stipulation and closing the
15 record with respect to the Final DIP Order.

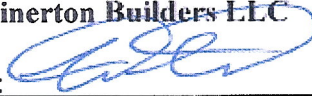
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Verity Health System of California, Inc., et al.

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