

<p>Attorney or Party Name, Address, Telephone & FAX Nos., State Bar No. & Email Address</p> <p>Samuel R. Maizel (SBN 189301) samuel.maizel@dentons.com Tania M. Moyron (SBN 235736) tania.moyron@dentons.com DENTONS US LLP 601 South Figueroa Street, Suite 2500 Los Angeles, California 90017 Telephone: (213) 623-9300 Facsimile: (213) 623-9924</p> <p><input type="checkbox"/> Individual appearing without an attorney <input checked="" type="checkbox"/> Attorney for: Debtors and Debtors In Possession</p>	<p>FOR COURT USE ONLY</p>
<p style="text-align: center;">UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION</p>	
<p>In re: VERITY HEALTH SYSTEM OF CALIFORNIA, INC., et al., Debtors and Debtors In Possession.</p> <p>• Affects All Debtors</p> <p><input type="checkbox"/> Affects Verity Health System of California, Inc. <input type="checkbox"/> Affects O'Connor Hospital <input type="checkbox"/> Affects Saint Louise Regional Hospital <input type="checkbox"/> Affects St. Francis Medical Center <input type="checkbox"/> Affects St. Vincent Medical Center <input type="checkbox"/> Affects Seton Medical Center <input type="checkbox"/> Affects O'Connor Hospital Foundation <input type="checkbox"/> Affects Saint Louise Regional Hospital Foundation <input type="checkbox"/> Affects St. Francis Medical Center of Lynwood Foundation <input type="checkbox"/> Affects St. Vincent Foundation <input type="checkbox"/> Affects St. Vincent Dialysis Center, Inc. <input type="checkbox"/> Affects Seton Medical Center Foundation <input type="checkbox"/> Affects Verity Business Services <input type="checkbox"/> Affects Verity Medical Foundation <input type="checkbox"/> Affects Verity Holdings, LLC <input type="checkbox"/> Affects De Paul Ventures, LLC <input type="checkbox"/> Affects De Paul Ventures - San Jose Dialysis, LLC Liquidation Corporation, a California corporation,</p> <p>Debtors and Debtors In Possession.</p>	<p>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</p> <p>CHAPTER: 11</p> <p>NOTICE OF LODGMENT OF ORDER IN BANKRUPTCY CASE RE: (title of motion¹): Debtors' 1113 Motion re: California Nurses Association's Collective Bargaining Agreement [Docket No. 1182]</p>

PLEASE TAKE NOTE that the order titled Debtor's Motion Under 1113 Of The Bankruptcy Code To Modify, Reject and Terminate Certain Terms Of California Nurses Association's Collective Bargaining Agreement With O'Connor Hospital and Saint Louise Regional Hospital Upon The Closing Of The Sale Of Hospitals To The County Of Santa Clara was lodged on (date) 2/15/2019 and is attached. This order relates to the motion which is docket number 1182.

¹ Please abbreviate if title cannot fit into text field.



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

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
Tel: (213) 623-9300 / Fax: (213) 623-9924
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.*,

Debtors and Debtors 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 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.

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

Hon. Judge Ernest M. Robles

**ORDER GRANTING DEBTORS' MOTION
UNDER § 1113 OF THE BANKRUPTCY CODE
TO (A) REJECT AND TERMINATE THE
TERMS OF CALIFORNIA NURSES
ASSOCIATION'S COLLECTIVE
BARGAINING AGREEMENTS WITH SAINT
LOUISE REGIONAL HOSPITAL AND
O'CONNOR HOSPITAL AND (B) TO MODIFY
RELATED PROVISIONS IN A CERTAIN
MASTER AGREEMENT UPON THE CLOSING
OF THE SALE OF HOSPITALS TO SANTA
CLARA COUNTY**

[Relates to Docket No. 1182]

Hearing:

Date: February 13, 2019

Time: 10:00 am

Location: Courtroom 1568

255 E. Temple St., Los Angeles, CA

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

This matter came before the Court on the *Debtors' Motion under § 1113 of the Bankruptcy Code to (A) Reject and Terminate the Terms of California Nurses Association's Collective Bargaining Agreements with Saint Louise Regional Hospital and O'Connor Hospital and (B) to Modify Related Provisions in a Certain Master Agreement upon the Closing of the Sale of Hospitals to Santa Clara County* [Docket No. 1182] the ("Motion"), filed by Verity Health System of California, Inc. ("VHS"), and the above-referenced affiliated debtors and debtors in possession in the above-captioned chapter 11 bankruptcy cases (the "Debtors"), seeking the entry of an order, pursuant to § 1113 of title 11 of the United States Code (the "Bankruptcy Code"): ¹ (A) rejecting and terminating all terms of (1) the Collective Bargaining Agreement between California Nurses Association ("CNA") and Debtor Saint Louise Regional Hospital ("SLRH") (the "CNA SLRH CBA") (which is filed as Docket No. 1202-2 as redacted for confidentiality purposes) and (2) the Collective Bargaining Agreement between Debtor O'Connor Hospital and CNA (the "CNA OCH CBA") (which is filed as Docket No. 1202-3 as redacted for confidentiality purposes); and (B) modifying related terms contained in the Master Agreement between certain hospitals within VHS and CNA, effective December 22, 2016 - December 21, 2020 (the "CNA Master CBA") (filed as a redline with such proposed modifications as Docket No. 1202-4 as redacted for confidentiality purposes) (together, the CNA OCH CBA, the SLRH CBA and the CNA Master CBA are the "CBAs") to effectuate rejection and termination of the SLRH CBA and OCH CBA and all obligations of the Debtors to CNA relating to OCH and SLRH; (B) with all such relief to be effective and conditioned upon the "Closing" (as that term is defined in the Asset Purchase Agreement dated October 1, 2018 (the "APA") [Docket No. 365-1] between VHS, Verity Holdings, LLC, a California limited liability company, and Santa Clara County ("SCC").

At the previous hearing on the Motion on February 13, 2019 (the "Hearing"), the Court considered the Motion, the *Declaration of Richard G. Adcock in Support of Debtors' § 1113 Motions* [Docket No. 1193], the *Declaration of James Moloney in Support of Debtors § 1113*

¹ Unless specified otherwise, all chapter and section references are to the Bankruptcy Code, 11 U.S.C. §§ 101-1532, all "Rule" references are to the Federal Rules of Bankruptcy Procedure, and all "LBR" references are to the Local Bankruptcy Rules for the United States Bankruptcy Court for the Central District of California.

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

1 *Motions [Docket No. 1194], the Corrected Declaration of Sam J. Alberts in Support of Motions to*
2 *Reject or Modify Collective Bargaining Agreements [Docket No. 1202], the California Nurses*
3 *Association Objection to Debtors' Motion under § 1113 of the Bankruptcy Code to Modify, Reject*
4 *and Terminate Certain Terms of California Nurses Association's Collective Bargaining*
5 *Agreement with O'Connor Hospital and Saint Louise Hospital [Docket No. 1269], the*
6 *Declaration of Andrew Prediletto in Support of Objection to § 1113 Motion Filed by Debtor*
7 *Verity Health System of California, Inc. [Docket No. 1270], Official Committee of Unsecured*
8 *Creditors' Response to Debtors' Motions to Reject or Modify Collective Bargaining Agreements*
9 *[Docket No. 1276], the Debtors' Omnibus Reply in Support of Motions Under § 1113 of the*
10 *Bankruptcy Code [Doc. No. 1332], the Sur-Reply to Debtors' Reply to California Nurses*
11 *Association's Objection to Debtors' Motion Under § 1113 of the Bankruptcy Code to Modify,*
12 *Reject and Terminate Certain Terms of California Nurses Association's Collective Bargaining*
13 *Agreements [Doc. No. 1385], the Declaration of Kyrsten Skogstad in Support of [Sur-Reply]*
14 *[Doc. No. 1386], the Debtors' Request to Strike Or, in the Alternative, Overrule California*
15 *Nurses' Association Unauthorized "Sur-Reply" to Debtors' Omnibus Reply in Support of Motions*
16 *Under § 1113 of the Bankruptcy Code [Doc. No. 1396], the Order: (1) Requiring Further*
17 *Briefing on Debtors' Motions to Reject Collective Bargaining Agreements and (2) Continuing*
18 *Hearing on Motions from January 30, 2019 to February 8, 2019 at 10:00 a.m. [Doc. No. 1411],*
19 *The County of Santa Clara's Briefing Re Debtors' Motions to Reject Collective Bargaining*
20 *Agreements [Doc. No. 1502], the Official Committee of Unsecured Creditors' Supplemental*
21 *Response to Debtors' Motions to Reject or Modify Collective Bargaining Agreements [Doc. No.*
22 *1503], the Debtors' Response to Court Order for Additional Briefing Regarding Selected Issues*
23 *Concerning Debtors' Motions Under § 1113 of the Bankruptcy Code [Doc. No. 1507] and the*
24 *related Notice of Errata [Doc. No. 1511], the California Nurses Association's Response to the*
25 *Hon. Ernest Robles' Order Requesting Further Briefing Regarding Debtors' Motion Under §*
26 *1113 of the Bankruptcy Code to Modify, Reject and Terminate Certain Terms of CNA's Collective*
27 *Bargaining Agreements [Doc. No. 1508]; and having reviewed the foregoing, including all*
28

exhibits and declarations submitted therewith, as well as the statements, arguments and representations of the parties made at the Hearing; and the entire record of these cases;

HEREBY FINDS AND CONCLUDES THAT:²

A. The relief sought in the Motion is in the best interests of the Debtors and their estates, and the legal and factual bases set forth in the Motion and presented at the Hearing establish just cause for the relief granted herein and for the reasons set forth in the Court's tentative ruling [Docket No. 1542] which is incorporated by reference herein.

B. Proper notice of the Motion has been provided;

C. The Debtors have met the requirements of § 1113 for the relief they seek in the Motions, including satisfying the nine-part test articulated in *In re Karykeion, Inc.*, 435 B.R. 663, 677 (Bankr. C.D. Cal. 2010).

D. The CBAs are among the "applicable CBAs" referenced in paragraph 18 of the *Order (A) Authorizing the Sale of Certain of the Debtors' Assets to Santa Clara County Free and Clear of Liens, Claims, Encumbrances, and Other Interests; (B) Approving the Assumption and Assignment of an Unexpired Lease Related Thereto; and (C) Granting Related Relief* [Docket No. 1153] (the "Sale Order").

E. This Order constitutes the "resolution of the collective bargaining agreements" "that cover employees at Saint Louise Regional Hospital and O'Connor Hospital prior to SCC closing on the proposed Sale pursuant to the APA" referenced in paragraph 33 of the Sale Order as relates to the CBAs and to CNA.

F. This Order constitutes a final and appealable order within the meaning of 28 U.S.C. § 158(a). This Order shall be effective and enforceable immediately, and time is of the essence in approving the relief granted herein.

NOW THEREFORE, IT IS HEREBY ORDERED THAT:

1. The relief requested in the Motions is GRANTED and APPROVED.

² The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent that any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent that any of the following conclusions of law constitute findings of fact, they are adopted as such.

2. All objections with regard to the relief sought in the Motions that have not been withdrawn, waived, settled, or provided for herein, including any reservation of rights included in such objections, are overruled on the merits, with prejudice.

3. Effective and conditioned upon the Closing, (i) the CNA SLRH CBA and CNA OCH CBA are rejected, and (ii) all terms contained therein are terminated.

4. Effective and conditioned upon the Closing, the CNA Master CBA is modified as set forth in the redlined document filed as Docket No. 1202-4, and all terms contained therein that relate to SLRH and OCH are terminated.

5. The Debtors are authorized to take all steps necessary to carry out this Order.

6. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation and/or enforcement of this Order or the CBAs.

IT IS SO ORDERED.

###

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