

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

**SECOND SUPPLEMENTAL NOTICE RE
NOTICE TO COUNTERPARTIES TO
EXECUTORY CONTRACTS AND
UNEXPIRED LEASES OF THE DEBTORS
THAT MAY BE ASSUMED AND ASSIGNED**

**[RELATED TO DOCKET NOS. 1572, 1704,
1836]**

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



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

1 **PLEASE TAKE NOTICE** that Verity Health System of California, Inc. and the above-
2 referenced affiliated debtors, the debtors and debtors in possession in the above-captioned chapter
3 11 bankruptcy cases (collectively, the “Debtors”), hereby supplement their *Notice to*
4 *Counterparties to Executory Contracts and Unexpired Leases of the Debtors That May Be Assigned*
5 [Dkt. No. 1704] (the “Initial Cure Notice”) filed in accordance with their (i) *Motion For The Entry*
6 *Of (I) An Order (1) Approving Form Of Asset Purchase Agreement For Stalking Horse Bidder And*
7 *For Prospective Overbidders, (2) Approving Auction Sale Format, Bidding Procedures And*
8 *Stalking Horse Bid Protections, (3) Approving Form Of Notice To Be Provided To Interested*
9 *Parties, (4) Scheduling A Court Hearing To Consider Approval Of The Sale To The Highest Bidder,*
10 *And (5) Approving Procedures Related To The Assumption Of Certain Executory Contracts And*
11 *Unexpired Leases; And (II) An Order (A) Authorizing The Sale Of Property Free And Clear Of All*
12 *Claims, Liens And Encumbrances* [Dkt. No. 1279] (the “Motion”),¹ and (ii) the order granting the
13 Motion (the “Bidding Procedures Order”) approving, among other things, the Bidding Procedures
14 requested in the Motion, which Bidding Procedures Order governs (a) the bidding process for the
15 sale of certain assets (the “Assets”) of the Debtors, and (b) procedures for the assumption and
16 assignment of certain of the Debtors’ executory contracts and unexpired leases. [See Dkt. No. 1572.]

11 **PLEASE TAKE FURTHER NOTICE** that the Initial Cure Notice attached a list of
12 executory contracts and unexpired leases subject to assumption (the “Executory Contracts Subject
13 to Assumption”) and set forth the amount, if any, which the Debtors asserted is owed to cure any
14 defaults existing under the Executory Contract Subject to Assumption (the “Cure Amount”).
15 Thereafter, the Debtors filed a notice of errata that provided that the cure amount related to “Saint
16 Vincent IPA/Data Trust” in the Initial Cure Notice related to an ancillary services agreement and a
17 risk sharing agreement was inadvertently listed as “\$0.00” instead of “TBD.” [Dkt. No. 1793.] On
18 March 18, 2019, the Debtors later filed a supplemental notice to the Initial Cure Notice (the
19 “Supplemental Notice”) [Dkt. No. 1836], (i) identifying additional Executory Contracts Subject to
20 Assumption that were not originally included in the Initial Cure Notice, (ii) removing certain
21 Executory Contracts Subject to Assumption from the Initial Cure Notice, and (iii) revising
22 information concerning certain Executory Contracts Subject to Assumption listed in the Initial Cure
23 Notice.

19 **PLEASE TAKE FURTHER NOTICE** that, since the filing of the Initial Cure Notice, the
20 Debtors have been in negotiations with various counterparties regarding the Cure Amounts. The
21 Debtors hereby file this Notice to reflect certain amended pre-petition Cure Amounts, which have
22 been agreed to by the Debtors and each of the contract counterparties, as listed in the attached
23 **Exhibit “A.”** The contract counterparties and the Debtors reserve all rights relating to any
24 postpetition amounts owing under the contracts listed in **Exhibit “A.”**

23 **PLEASE TAKE FURTHER NOTICE** that the Debtors also hereby file this Notice to
24 remove certain contracts from the Initial Cure Notice and Supplemental Notice that were
25 incorrectly included therein, as set forth in the attached **Exhibit “B.”**

27
28 ¹ Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion.

1 **PLEASE TAKE FURTHER NOTICE** that nothing contained herein shall obligate the
2 Debtors to assume any Executory Contracts Subject to Assumption or to pay any Cure Amount.²

3
4 Dated: April 5, 2019

DENTONS US LLP
SAMUEL R. MAIZEL
TANIA M. MOYRON

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6
7 By /s/ Tania Moyron
Tania Moyron

8 Attorneys for the Chapter 11 Debtors and
9 Debtors In Possession

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

² "Executory Contracts Subject to Assumption" are those Contracts and Leases that the Debtors believe may be assumed and assigned as part of the orderly transfer of the Assets; however, the Successful Bidder may choose to exclude certain of the Debtors' Contracts or Leases from the list of Executory Contracts Subject to Assumption as part of their Qualifying Bid, causing such Contracts and Leases not to be assumed by the Debtors.

Exhibit A

(Revised Agreed Pre-Petition Cure Amounts)

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

Strategic Global Management, Inc. Asset Purchase Agreement

Exhibit A - Modifications to Cure Amounts Related to Executory Contracts and Unexpired Leases Subject to Assumption Reflected on Cure Notices Filed on March 5, 2019 (Docket # 1704) and March 18, 2019 (Docket# 1836) (F)

						System Contract Cure Amount (C)(D)(E)			
Original Ref # or Added Contract	Debtor (A)	Contract Counterparty (A)	Nature of Contact / Lease	Termination Date (B)	Cure Amount (C)(D)(E)	Seton Medical Center & Coastside	St. Francis Medical Center	St. Vincent Medical Center	Verity Health System
Added	St. Vincent Medical Center	GE HEALTHCARE	SERVICES-EQUIPMENT MAINTENANCE	6/30/2023	\$8,745.33				
772	Seton Medical Center	GE HEALTHCARE	SERVICES-EQUIPMENT MAINTENANCE	12/31/2019	\$0.00				
169	Verity Health System of California, Inc.	GE HEALTHCARE	SERVICES - HARDWARE & SOFTWARE MAINTENANCE	10/31/2018		\$0.00	\$0.00	\$0.00	\$18,326.87
899	St. Vincent Medical Center	OTIS ELEVATOR (MAINTENANCE AGREEMENT)	FACILITY SERVICES AGREEMENT	6/14/2019					
900	St. Vincent Medical Center	OTIS ELEVATOR (MAINTENANCE AGREEMENT)	SERVICES-EQUIPMENT MAINTENANCE	5/30/2022	\$115,511.02				
901	St. Vincent Medical Center	OTIS ELEVATOR COMPANY	FACILITY SERVICES AGREEMENT	6/14/2019					
474	St. Vincent Medical Center	FRESENIUS USA MARKETING, INC.	Supply Agreement Between Fresenius USA Marketing, Inc. & Verity Health System	1/18/2021	\$37,957.83				
122	St. Francis Medical Center	Ortho Engineering	Orthotics & Prosthetics	Evergreen	\$54,361.10				
1021	St. Francis Medical Center	ST. FRANCIS LYNWOOD MEDICAL PLAZA, LLC	LEASE-AS TENANT	12/31/2021	\$97,282.52				
Added	St. Vincent Medical Center	Med One Capital Funding, LLC	EQUIPMENT LEASE - STRYKER ENDOSCOPY	12/7/2019	\$81,830.74				
Added	Seton Medical Center	Med One Capital Funding, LLC	EQUIPMENT LEASE - STRYKER ENDOSCOPY	12/7/2019	\$27,134.20				
Added	St. Francis Medical Center	Med One Capital Funding, LLC	EQUIPMENT LEASE - STRYKER ENDOSCOPY	12/7/2019	\$60,817.37				
1102	St. Vincent Medical Center	TELE TRACKING TECHNOLOGIES, INC.	LICENSE-SOFTWARE	8/8/16	\$8,827.56				
1733	Seton Medical Center	TELE TRACKING TECHNOLOGIES, INC.	LICENSE-SOFTWARE	7/31/18	\$14,150.92				
14	St. Francis Medical Center	TELE TRACKING TECHNOLOGIES, INC.	ANCILLARY AND SUPPORT SERVICES	9/18/18	\$35,179.17				
384	St. Francis Medical Center	RIGHTSOURCING (FKA COMFORCE TECHNICAL SERVICES, INC.)	SERVICES-STAFFING	Evergreen	\$718,019.86				
Added	St. Vincent Medical Center	RIGHTSOURCING (FKA COMFORCE TECHNICAL SERVICES, INC.)	SERVICES-STAFFING	Evergreen	\$201,703.02				
1156	St. Vincent Medical Center	VRL EUROFIN	PARTNERSHIP	8/16/19					
1148	St. Vincent Medical Center	VIRACOR-IBT LABORATORIES, INC.	RESEARCH AGREEMENT	5/23/2019					
1149	St. Vincent Medical Center	VIRACOR-IBT LABORATORIES, INC.	SERVICES-OUTSIDE LAB	9/30/2021	\$161,614.25				
1150	St. Vincent Medical Center	VIRACOR-IBT LABORATORIES, INC.	LICENSE-SOFTWARE SUBSCRIPTION	7/31/2019					
113	St. Vincent Medical Center	BARD ACCESS SYSTEMS DIV	CATHETER TUBE SECUREMENT	8/31/2020					
114	St. Vincent Medical Center	BARD ACCESS SYSTEMS DIV	SAFETY HUBER NEEDLES	2/28/2021	\$31,371.41				
121	St. Vincent Medical Center	BARD PERIPHERAL VASCULAR	IMPLANTABLE INFUSION PORTS	10/31/2019					
122	St. Vincent Medical Center	BARD PERIPHERAL VASCULAR	CATH LAB PRODUCTS	5/31/2019	\$57,805.75				
123	St. Vincent Medical Center	BARD PERIPHERAL VASCULAR, INC.	CONSIGNMENT AGREEMENT	11/17/2019					
115	St. Vincent Medical Center	BARD DAVOL	BIOLOGICAL MESH PRODUCTS	9/30/2019					
116	St. Vincent Medical Center	BARD DAVOL	SURGICAL MESH PRODUCTS	9/30/2019					
117	St. Vincent Medical Center	BARD DAVOL	SYNTHETIC BIOABSORBABLE MESH PRODUCTS	9/30/2019	\$5,610.41				
118	St. Vincent Medical Center	BARD DAVOL	ENDOMECHANICAL PRODUCTS	3/31/2021					
119	St. Vincent Medical Center	BARD MEDICAL DIVISION	GENERAL UROLOGICAL PRODUCTS	2/28/2019					
120	St. Vincent Medical Center	BARD MEDICAL DIVISION	WOUND DRAINAGE PRODUCTS	7/31/2021	\$1,715.28				
160	Seton Medical Center	BARD ACCESS SYSTEMS DIV	CATHETER TUBE SECUREMENT	8/31/2020					
161	Seton Medical Center	BARD ACCESS SYSTEMS DIV	SAFETY HUBER NEEDLES	2/28/2021	\$7,818.95				
162	Seton Medical Center	BARD ACCESS SYSTEMS DIV	CATHETER TUBE SECUREMENT	8/31/2020					
163	Seton Medical Center	BARD ACCESS SYSTEMS DIV	SAFETY HUBER NEEDLES	2/28/2021					
171	Seton Medical Center	BARD MEDICAL DIVISION	GENERAL UROLOGICAL PRODUCTS	2/28/2019					
172	Seton Medical Center	BARD MEDICAL DIVISION	WOUND DRAINAGE PRODUCTS	7/31/2021					
173	Seton Medical Center	BARD MEDICAL DIVISION	GENERAL UROLOGICAL PRODUCTS	2/28/2019	\$10,957.17				
174	Seton Medical Center	BARD MEDICAL DIVISION	WOUND DRAINAGE PRODUCTS	7/31/2021					
175	Seton Medical Center	BARD PERIPHERAL VASCULAR	IMPLANTABLE INFUSION PORTS	10/31/2019					
176	Seton Medical Center	BARD PERIPHERAL VASCULAR	CATH LAB PRODUCTS	5/31/2019	\$842.82				
177	Seton Medical Center	BARD PERIPHERAL VASCULAR	IMPLANTABLE INFUSION PORTS	10/31/2019					
178	Seton Medical Center	BARD PERIPHERAL VASCULAR	CATH LAB PRODUCTS	5/31/2019					
126	St. Francis Medical Center	BARD ACCESS SYSTEMS DIV	CATHETER TUBE SECUREMENT	8/31/2020	\$75,768.11				
127	St. Francis Medical Center	BARD ACCESS SYSTEMS DIV	SAFETY HUBER NEEDLES	2/28/2021					
128	St. Francis Medical Center	BARD DAVOL	BIOLOGICAL MESH PRODUCTS	9/30/2019					
129	St. Francis Medical Center	BARD DAVOL	SURGICAL MESH PRODUCTS	9/30/2019					
130	St. Francis Medical Center	BARD DAVOL	SYNTHETIC BIOABSORBABLE MESH PRODUCTS	9/30/2019	\$5,489.53				
131	St. Francis Medical Center	BARD DAVOL	ENDOMECHANICAL PRODUCTS	3/31/2021					
132	St. Francis Medical Center	BARD MEDICAL DIVISION	GENERAL UROLOGICAL PRODUCTS	2/28/2019					
133	St. Francis Medical Center	BARD MEDICAL DIVISION	WOUND DRAINAGE PRODUCTS	7/31/2021	\$1,969.95				
134	St. Francis Medical Center	BARD PERIPHERAL VASCULAR	IMPLANTABLE INFUSION PORTS	10/31/2019	\$33,995.12				
135	St. Francis Medical Center	BARD PERIPHERAL VASCULAR	CATH LAB PRODUCTS	5/31/2019					
1721	Seton Medical Center	SWINERTON BUILDERS	CONSTRUCTION	5/14/2018	\$1,206,886.22				
Added	Verity Health System of California, Inc.	CDW GOVERNMENT LLC	CAPITAL EQUIPMENT & SOFTWARE	10/31/2020		\$236,010.75	\$101,452.79	\$85,362.14	\$639,917.96
66	Verity Health System of California, Inc.	CDW GOVERNMENT LLC	PARTNERSHIP	9/30/2017					
1639	Seton Medical Center	STANDARD HEALTH ADVANTAGE (G)	HOSPITAL SERVICES AGREEMENT	Evergreen	\$0.00				

Footnotes:

(A) Debtor designation is based on the Debtors' books and records. Reflects revisions to certain contract descriptions based on subsequent review.

(B) Contract termination dates reflect current information in the Debtors' contract system, which may not capture auto-renewals, extensions or terminations since the Petition Date.

(C) Cure amounts revised to reflect review and reconciliation between Debtors and contract counterparties.

(D) Where multiple contracts are reflected, cure amounts could not be ascribed to individual contracts, and, as a result, a cure amount for all contracts within that category has been listed.

(E) Cure amounts for certain contracts reflect pricing through system-wide group purchasing organization agreements.

(F) The Debtor has used its best efforts to accurately reflect executory contracts and unexpired leases herein, but reserves the right to supplement and / or modify this Exhibit, including for any contracts which may not be deemed executory.

(G) Per the Original Cure Notice (Docket # 1704, reference # 1639), as applicable to Seton Medical Center only.

Exhibit B:

(Removed Executory Contracts)

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

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Strategic Global Management, Inc. Asset Purchase Agreement

Exhibit B - Executory Contracts and Unexpired Leases Removed from Cure Notice Exhibits (Docket # 1704 & 1836)

Original Ref #	Debtor	Contract Counterparty	Nature of Contact / Lease	Termination Date (A)
1	Verity Health System of California, Inc.	Integrity Healthcare, LLC (B)	Master Agreement	7/17/2025
128	St. Vincent Medical Center	Ortho Engineering (C)	Orthotics & Prosthetics	Evergreen

Footnotes:

(A) Contract termination dates reflect current information in the Debtors' contract system, which may not capture auto-renewals, extensions or terminations since the Petition Date.

(B) Contract was previously rejected.

(C) Contract inadvertently included in cure notice as a duplicate.