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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

Chapter 11 Cases

Hon. Judge Ernest M. Robles

**RESPONSE TO ALCON VISION, LLC'S OBJECTION  
TO NOTICE TO COUNTERPARTIES TO EXECUTORY  
CONTRACTS AND UNEXPIRED LEASES OF THE  
DEBTORS THAT MAY BE ASSUMED AND ASSIGNED  
[RELATED DKT. NOS. 1704, 2108]**

**Continued Hearing:**

Date: June 5, 2019  
Time: 10:00 a.m.  
Place: United States Bankruptcy Court  
Courtroom 1568  
255 East Temple Street  
Los Angeles, California 90012



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Verity Health System Of California, Inc. and the above-referenced affiliated debtors (collectively, the “Debtors”), the debtors and debtors in possession in the above-captioned chapter 11 bankruptcy cases (collectively, the “Cases”), file this response (the “Response”) to the *Objection to Notice to Counterparties to Executory Contracts and Unexpired Leases of the Debtors That May Be Assumed and Assigned* [Docket No. 2108] (the “Cure Objection”) filed by Alcon Vision, LLC (“Alcon”), and respectfully state as follows:

## I. INTRODUCTION

Alcon filed its Cure Objection asserting that the correct cure amounts related to its contracts were \$87,288.02 for the contract between Alcon and Seton Medical Center (the “SMC Contract”), and \$30,024.66 for the contract between Alcon and St. Francis Medical Center (the “SFMC Contract”), and \$192.42 for the contract between Alcon and St. Vincent Medical Center (the “SVMC Contract”) (collectively, the “Alcon Cure Amounts”). After review of the Debtors’ books and records, the Debtors agree with the Alcon Cure Amounts.

## II. RESPONSE TO ALCON’S CURE OBJECTION

1. On February 19, 2019, the Court entered its *Order (1) Approving Form Of Asset Purchase Agreement For Stalking Horse Bidder And For Prospective Overbidders, (2) Approving Auction Sale Format, Bidding Procedures And Stalking Horse Bid Protections, (3) Approving Form Of Notice To Be Provided To Interested Parties, (4) Scheduling A Court Hearing To Consider Approval Of The Sale To The Highest Bidder, And (5) Approving Procedures Related To The Assumption Of Certain Executory Contracts And Unexpired Leases; And (II) An Order (A) Authorizing The Sale Of Property Free And Clear Of All Claims, Liens And Encumbrances* [Docket No. 1572] (the “Bidding Procedures Order”), which established bidding procedures for a sale of substantially all assets of St. Francis Medical Center, St. Vincent Medical Center and Seton Medical

Center (the “Sale”). The Bidding Procedures Order also set a hearing on April 17, 2019, at 10:00 a.m. (Pacific Time) (the “Hearing Date”) to consider the Sale.

2. On March 5, 2019, the Debtors filed a *Notice of Counterparties to Executory Contracts and Unexpired Leases of the Debtors That May Be Assumed and Assigned* [Docket No. 1704] (the “Cure Notice”), which included proposed cure amounts for certain executory contracts and unexpired leases that may be assumed and assigned in the Sale. The Cure Notice only listed the SVMC Contract and a related proposed cure amount of \$1,235.00.

3. On April 10, 2018, Alcon filed its Cure Objection. The Cure Objection provides that the Cure Notice failed to list two other executory contacts: the SMC Contract and the SFMC Contract. Alcon also asserts that the correct cure amounts with respect to its contracts are the Alcon Cure Amounts.

4. On April 12, 2019, the Court entered an order continuing the Hearing Date to June 5, 2019, at 10:00 a.m. (Pacific Time), to consider Alcon’s Cure Objection and extending the Debtors’ deadline to reply to the Cure Objection to April 22, 2019, at 4:00 p.m. (Pacific Time). [Docket No. 2163].

5. On May 2, 2019, the Court entered an *Order (A) Authorizing the Sale of Certain of the Debtors’ Assets to Strategic Global Management, Inc. 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. 2306] (the “Sale Order”). The Sale Order, among other things, approves the Sale to Strategic Global Management, Inc. (“SGM”) and provides that the deadline for the Debtors to reply to the outstanding Cure Objections, including the Alcon’s Cure Objection, shall be May 29, 2019, at 4:00 p.m. (Pacific Time).

6. Based upon a review of the Debtors’ books and records, the Debtors agree with the Alcon Cure Amounts.

1           7.       The Debtors note that SGM has not yet made a final decision whether to designate the  
2 SMC Contract, the SVMC Contract or the SFMC Contract to be assumed and assigned, and SGM  
3 continues to reserve its rights as set forth in the APA and the Sale Order.  
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5           Dated: May 29, 2019

DENTONS US LLP  
SAMUEL R. MAIZEL  
TANIA M. MOYRON

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8           By /s/ Tania M. Moyron  
9                   Tania M. Moyron

10           Attorneys for the Chapter 11 Debtors and  
11           Debtors In Possession  
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