

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

Chapter 11 Cases

Hon. Judge Ernest M. Robles

**STIPULATION RESOLVING CARDINAL
HEALTH OBJECTION TO CURE AMOUNTS
[RELATES TO DOCKET NOS. 1279, 1704, 2131,
2161]**

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

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



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4817-1078-6456.v2

This stipulation is entered between Verity Health System Of California, Inc., and the above-referenced affiliated debtors, the debtors and debtors in possession in the above-captioned chapter 11 bankruptcy cases (collectively, the “Debtors”), on the one hand, and Cardinal Health 110, LLC (“CH 110”), Cardinal Health 200, LLC (“CH 200”), and Cardinal Health 414, LLC (“CH 414”, and collectively with CH 110 and CH 200, “Cardinal Health”), on the other, in the above-captioned jointly administered cases with respect to the following:

RECITALS

1. On August 31, 2018 (the “Petition Date”), the Debtors each filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. Since the commencement of their cases, the Debtors have been operating their businesses as debtors in possession pursuant to §§ 1107 and 1108.

2. On March 5, 2019, the Debtors filed their *Notice to Counterparties to Executory Contracts and Unexpired Leases of the Debtors That May Be Assumed and Assigned* [Docket No. 1704] (the “Initial Cure Notice”), in accordance with their *Motion For The Entry Of (I) An 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. 1279], which was approved by the Court by entry of the *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*

1 *And Clear Of All Claims, Liens And Encumbrances* [Docket No. 1572] (the “Bidding Procedures
2 Order”).¹

3 3. The Initial Cure Notice and Supplemental Cure Notice were filed on March 18,
4 2019 [Docket No. 2131] and assert a total cure amount (the “Cure Amount”) owed to Cardinal
5 Health related to certain agreements (the “Agreements”) between the Debtors and Cardinal Health.

6 4. On April 12, 2019, Cardinal Health filed the *Objection of Cardinal Health 110,*
7 *LLC, Cardinal Health 200, LLC, and Cardinal Health 414, LLC to Cure Amounts Set Forth in*
8 *Notice to Counterparties to Executory Contracts and Unexpired Lease of the Debtors That May*
9 *Be Assumed and Assigned and Supplemental Notice* [Docket No. 2161], objecting to the Cure
10 Amount (the “Cardinal Health Cure Objection”).

11 5. The Debtors and Cardinal Health have since been in discussions regarding the Cure
12 Amount and have reached an agreement related thereto.

13 NOW, THEREFORE, all of the parties to this Stipulation hereby stipulate as follows:

14 A. Cardinal Health’s prepetition Cure Amount shall be in the aggregate amount of
15 \$930,055.00 with respect to all Cardinal Health Agreements which may potentially be assumed
16 and assigned, as listed in Initial Cure Notice and Supplemental Cure Notice.
17 The agreed prepetition Cure Amount apportioned for each Cardinal Health Agreement, is reflected
18 in the attached Exhibit A.

19 B. Debtors shall continue paying Cardinal Health on post-petition invoices and
20 amounts as and when due in the ordinary course.

21 C. Cardinal Health shall be deemed to have an allowed administrative expense claim
22 under 11 U.S.C. 503(b)(1)(A) and 507(a)(2) for unpaid post-petition amounts, if any, which have
23 been agreed to by the Debtors or otherwise approved by a court order, to be paid by the Debtor at
24 the time of closing of Debtors sale of assets to Strategic Global Management (“SGM”) and
25 Debtors’ assumption and assignment of Cardinal Health’s designated contracts to SGM, if at all.

26
27
28 ¹ All capitalized terms shall have the same meaning as in the Bidding Procedures Order unless otherwise defined herein.

1 D. Since certain Cardinal Health Agreements have not been designated to be assumed
2 and assigned to SGM, and based on the grouping of numerous contracts related to the agreed to
3 pre-petition Cure Amount, the Debtors, Cardinal Health and SGM will work in good faith to
4 allocate the pre-petition Cure Amounts between those Agreements ultimately designated to be
5 assumed by SGM and those contracts that are not being assumed.

6 E. Upon Court approval of the Stipulation, the Cardinal Health Cure Objection is
7 withdrawn.

8
9 **Verity Health System of California, Inc. et al.**

10 DATED: June 4, 2019

DENTONS US LLP

11
12 By: /s/ Tania M. Moyron

Samuel Maizel

Tania M. Moyron

Counsel to Debtors and Debtors in Possession

13
14 **Cardinal Health**

15
16 DATED: June 4, 2019

CHIESA SHAHINIAN & GIANTOMASI PC

17 By: 

Michael R. Caruso

Counsel to Cardinal Health

Attorney at law State of New York and State of
New Jersey

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