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8 Attorneys for Retirement Plan for Hospital Employees

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10  
11 **UNITED STATES BANKRUPTCY COURT**  
12 **CENTRAL DISTRICT OF CALIFORNIA**  
13 **LOS ANGELES DIVISION**

14 In re:

15 VERITY HEALTH SYSTEM OF  
16 CALIFORNIA, INC., *et al*,

17 Debtors and Debtors In Possession.

- 18  Affects All Debtors
- 19  Affects O'Connor Hospital
- 20  Affects Saint Louise Regional Hospital
- 21  Affects St. Francis Medical Center
- 22  Affects St. Vincent Medical Center
- 23  Affects Seton Medical Center
- 24  Affects O'Connor Hospital Foundation
- 25  Affects Saint Louise Regional Hospital Foundation
- 26  Affects St. Francis Medical Center of Lynwood Foundation
- 27  Affects St. Vincent Foundation
- 28  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 Robles

**LIMITED OBJECTION AND  
RESERVATION OF RIGHTS OF  
RETIREMENT PLAN FOR HOSPITAL  
EMPLOYEES TO MOTION OF THE  
DEBTORS FOR AN ORDER APPROVING  
PROPOSED DISCLOSURE STATEMENT**

Hearing Date and Time

Date: October 2, 2019  
Time: 10:00 a.m.  
Location: Courtroom 1568  
255 E. Temple Street  
Los Angeles, CA 90012

Trodella & Lapping LLP  
540 Pacific Avenue  
San Francisco, CA 94133



1 Retirement Plan for Hospital Employees (“RPHE”) hereby files this Limited Objection and  
2 Reservation of Rights to (A) the *Motion Of Debtors For an Order Approving: (I) Proposed*  
3 *Disclosure Statement; (II) Solicitation and Voting Procedures; (III) Notice and Objection*  
4 *Procedures for Confirmation of Debtors’ Plan; and (IV) Granting Related Relief* [Docket No.  
5 3009] (the “Disclosure Statement Motion”) and (B) the *Disclosure Statement Describing Debtors’*  
6 *Chapter 11 Plan of Liquidation (Dated September 3, 2019)* [Docket No. 2994] filed by Verity  
7 Health System Of California, Inc. (“VHS”) and the above-referenced affiliated debtors, the  
8 debtors and debtors in possession in the above-captioned chapter 11 bankruptcy cases  
9 (collectively, the “Debtors”), as follows:

### 10 **BACKGROUND**

11 RPHE is a multi-employer qualified retirement plan under Section 401(a) of the Internal  
12 Revenue Code. VHS and certain of its affiliates, O'Connor Hospital, Saint Louise Regional  
13 Hospital, Seton Medical Center, including Seton Medical Center Coastside, O'Connor Hospital  
14 Foundation, Saint Louise Regional Hospital Foundation, and Verity Business Services, are  
15 participants in RPHE and pursuant to collective bargaining agreements with the California Nurses  
16 Association (“CNA”), are obligated to make contributions to RPHE on behalf of members of  
17 CNA currently working or who worked at the above facilities during the bankruptcy case. (See,  
18 e.g., Disclosure Statement, p. 16.)

### 19 **LIMITED OBJECTION AND RESERVATION OF RIGHTS**

20 The Disclosure Statement identifies a number of figures that reflect contributions and  
21 obligations to make contributions to the RPHE that do not match the records of RPHE or it cannot  
22 be determined whether the records of the Debtors and RPHE are in agreement. For example, the  
23 Disclosure Statement, at pages 17-18, states:

24 [P]repetition, VHS had recorded benefit expenses of \$16.72 million and \$20.46  
25 million in cash contributions to the RPHE for fiscal years ended June 30, 2018 and  
26 2017, respectively, and \$12.36 million to the RPHE for the period from December  
27 2015 through June 2016. Further, on the Petition Date, VHS was scheduled to make  
28 contributions to the RPHE totaling \$13.61 million in fiscal year 2019. A significant

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1 amount of those scheduled contributions in fiscal year 2019—\$8.54 million—  
2 represented make-up contributions for unfunded amounts that arose during the  
3 Daughters of Charity Health System time period.

4 Because as indicated, VHS operates on a fiscal year and RPHE operates on a calendar year, RPHE  
5 is not able to assess the accuracy of these statements. Accordingly, RPHE does not agree that  
6 these figures are accurate and should not be held to have agreed otherwise by the absence of any  
7 description of its position in the Disclosure Statement.

8 The Disclosure Statement also identifies an amount for the RPHE claims in a chart on page  
9 43, attributed to “Per KCC” that, at \$353,102,772, is less than the amount stated in each of the  
10 RPHE claims, at \$362,696,438. See, e.g., the last page of Claim No. 430-1 filed March 29, 2019  
11 in the lead case, No. 18-20151, a copy of which is attached hereto as **Exhibit A**. This difference  
12 may or may not be attributable to contributions to RPHE made by the Debtors since the date of the  
13 Proofs of Claims, but that is not disclosed in the Disclosure Statement. Again, RPHE does not  
14 agree that the figure is accurate and should not be held to have agreed otherwise by the absence of  
15 any description of its position in the Disclosure Statement.

16 **CONCLUSION**

17 The Disclosure Statement should be modified with a footnote that states: “RPHE has not  
18 verified or agreed to the amounts stated and reserves all rights with respect to establishing  
19 different amounts if appropriate.” Otherwise, the information conveyed is not complete and  
20 potentially misleading. Counsel for RPHE discussed the foregoing insertion with counsel for the  
21 Debtors, who indicated agreement with the proposal.

22  
23 Dated: September 18, 2019

TRODELLA & LAPPING LLP

24  
25 By: /s/ Richard A. Lapping  
26 Richard A. Lapping  
27 Attorneys for  
28 Retirement Plan for Hospital Employees

**EXHIBIT A**

**RPHE PROOF OF CLAIM No. 430-1**

United States Bankruptcy Court for the Central District of California

Indicate Debtor against which you assert a claim by checking the appropriate box below. **(Check only one Debtor per claim form.)**

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Verity Health System of California, Inc. (Case No. 18-20151) | <input type="checkbox"/> St. Francis Medical Center of Lynwood Foundation (Case No. 18-20178) |
| <input type="checkbox"/> De Paul Ventures – San Jose Dialysis, LLC (Case No. 18-20181)           | <input type="checkbox"/> St. Louise Regional Hospital (Case No. 18-20162)                     |
| <input type="checkbox"/> De Paul Ventures, LLC (Case No. 18-20176)                               | <input type="checkbox"/> St. Vincent Dialysis Center, Inc. (Case No. 18-20171)                |
| <input type="checkbox"/> O'Connor Hospital (Case No. 18-20168)                                   | <input type="checkbox"/> St. Vincent Foundation (Case No. 18-20180)                           |
| <input type="checkbox"/> O'Connor Hospital Foundation (Case No. 18-20179)                        | <input type="checkbox"/> St. Vincent Medical Center (Case No. 18-20164)                       |
| <input type="checkbox"/> Saint Louise Regional Hospital Foundation (Case No. 18-20172)           | <input type="checkbox"/> Verity Business Services (Case No. 18-20173)                         |
| <input type="checkbox"/> Seton Medical Center (Case No. 18-20167)                                | <input type="checkbox"/> Verity Holdings, LLC (Case No. 18-20163)                             |
| <input type="checkbox"/> Seton Medical Center Foundation (Case No. 18-20175)                     | <input type="checkbox"/> Verity Medical Foundation (Case No. 18-20169)                        |
| <input type="checkbox"/> St. Francis Medical Center (Case No. 18-20165)                          |   |

**Official Form 410  
 Proof of Claim**

04/16

Read the instructions before filling out this form. This form is for making a claim for payment in a bankruptcy case. Do not use this form to make a request for payment of an administrative expense. Make such a request according to 11 U.S.C. § 503.

Filers must leave out or redact information that is entitled to privacy on this form or on any attached documents. Attach redacted copies or any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. Do not send original documents; they may be destroyed after scanning. If the documents are not available, explain in an attachment.

A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

Fill in all the information about the claim as of the date the case was filed.

**Part 1: Identify the Claim**

1. Who is the current creditor?	Retirement Plan for Hospital Employees Name of the current creditor (the person or entity to be paid for this claim) _____ Other names the creditor used with the debtor _____	
2. Has this claim been acquired from someone else?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. From whom? _____	
3. Where should notices and payments to the creditor be sent?  Federal Rule of Bankruptcy Procedure (FRBP) 2002(g)	Where should notices to the creditor be sent? Richard A. Lapping Trodella & Lapping LLP Name 540 Pacific Avenue Number Street San Francisco, CA 94133 City State ZIP Code Country _____ Contact phone 415-200-9407 Contact email Rich@TrodellaLapping.com	Where should payments to the creditor be sent? (if different) Retirement Plan for Hospital Employees Name P.O. Box 2949 Number Street San Francisco, CA 94126-2949 City State ZIP Code Country _____ Contact phone _____ Contact email _____ Uniform claim identifier for electronic payments in chapter 13 (if you use one): _____
4. Does this claim amend one already filed?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Claim number on court claims registry (if known) _____ Filed on _____ MM / DD / YYYY	
5. Do you know if anyone else has filed a proof of claim for this claim?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Who made the earlier filing? _____	

**Part 2: Give Information About the Claim as of the Date the Case Was Filed**

6. Do you have any number you use to identify the debtor?  No  
 Yes. Last 4 digits of the debtor's account or any number you use to identify the debtor: \_\_\_\_\_

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7. How much is the claim? \$ See Attachment. Does this amount include interest or other charges?  
 No  
 Yes. Attach statement itemizing interest, fees, expenses, or other charges required by Bankruptcy Rule 3001(c)(2)(A).

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8. What is the basis of the claim? Examples: Goods sold, money loaned, lease, services performed, personal injury or wrongful death, or credit card.  
 Attach redacted copies of any documents supporting the claim required by Bankruptcy Rule 3001(c).  
 Limit disclosing information that is entitled to privacy, such as health care information.  
See Attachment

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9. Is all or part of the claim secured?  No  
 Yes. The claim is secured by a lien on property.  
**Nature of property:**  
 Real estate: If the claim is secured by the debtor's principal residence, file a *Mortgage Proof of Claim Attachment* (Official Form 410-A) with this *Proof of Claim*.  
 Motor vehicle  
 Other. Describe: \_\_\_\_\_  
**Basis for perfection:** \_\_\_\_\_  
 Attach redacted copies of documents, if any, that show evidence of perfection of a security interest (for example, a mortgage, lien, certificate of title, financing statement, or other document that shows the lien has been filed or recorded.)  
**Value of property:** \$ \_\_\_\_\_  
**Amount of the claim that is secured:** \$ \_\_\_\_\_  
**Amount of the claim that is unsecured:** \$ \_\_\_\_\_ (The sum of the secured and unsecured amount should match the amount in line 7.)  
**Amount necessary to cure any default as of the date of the petition:** \$ \_\_\_\_\_  
**Annual Interest Rate** (when case was filed) \_\_\_\_\_ %  
 Fixed  
 Variable

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10. Is this claim based on a lease?  No  
 Yes. Amount necessary to cure any default as of the date of the petition. \$ \_\_\_\_\_

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11. Is this claim subject to a right of setoff?  No  
 Yes. Identify the property: \_\_\_\_\_

12. Is all or part of the claim entitled to priority under 11 U.S.C. § 507(a)?

No

Yes. Check all that apply:

	Amount entitled to priority
<input type="checkbox"/> Domestic support obligations (including alimony and child support) under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B).	\$ _____
<input type="checkbox"/> Up to \$2,850* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use. 11 U.S.C. § 507(a)(7).	\$ _____
<input type="checkbox"/> Wages, salaries, or commissions (up to \$12,850*) earned within 180 days before the bankruptcy petition is filed or the debtor's business ends, whichever is earlier. 11 U.S.C. § 507(a)(4).	\$ _____
<input type="checkbox"/> Taxes or penalties owed to governmental units. 11 U.S.C. § 507(a)(8).	\$ _____
<input checked="" type="checkbox"/> Contributions to an employee benefit plan. 11 U.S.C. § 507(a)(5).	\$ <u>See Attachment</u>
<input type="checkbox"/> Other. Specify subsection of 11 U.S.C. § 507(a)(__) that applies.	\$ _____

\* Amounts are subject to adjustment on 4/01/19 and every 3 years after that for cases begun on or after the date of adjustment.

**Part 3: Sign Below**

**The person completing this proof of claim must sign and date it. FRBP 9011(b).**

If you file this claim electronically, FRBP 5005(a)(2) authorizes courts to establish local rules specifying what a signature is.

**A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.**

*Check the appropriate box:*

I am the creditor.

I am the creditor's attorney or authorized agent.

I am the trustee, or the debtor, or their authorized agent. Bankruptcy Rule 3004.

I am a guarantor, surety, endorser, or other codebtor. Bankruptcy Rule 3005.

I understand that an authorized signature on this *Proof of Claim* serves as an acknowledgement that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

I have examined the information in this *Proof of Claim* and have reasonable belief that the information is true and correct.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on date 03/29/2019  
MM / DD / YYYY

/s/ Richard A. Lapping  
 \_\_\_\_\_  
 Signature

**Print the name of the person who is completing and signing this claim:**

Name Richard A. Lapping  
First name Middle name Last name

Title Attorney for Retirement Plan for Hospital Employees

Company Trodella & Lapping LLP  
Identify the corporate servicer as the company if the authorized agent is a servicer.

Address 540 Pacific Avenue  
Number Street  
San Francisco, CA 94133  
City State ZIP Code Country

Contact phone 415-200-9407 Email Rich@TrodelLaLapping.com

## **Attachment to Proof of Claim of Retirement Plan for Hospital Employees**

The Retirement Plan for Hospital Employees (“RPHE” or “Plan”) is a multiemployer defined benefit pension plan qualified under Section 401(a) of the Internal Revenue Code, as amended (the “IRC”) and subject to the requirements of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). RPHE asserts claims, as part of its proof of claim (“Proof of Claim”), in the amounts set forth in summary in this Attachment. As explained in greater detail below, RPHE’s claims consist of amounts due as administrative expenses, 11 U.S.C. §§ 503(b)(1) and 507(a)(2); priority claims, 11 U.S.C § 507(a)(5); and general unsecured claims, 11 U.S.C § 502. To the extent that any particular amount is not allowed as an administrative or priority claim, then such disallowed amount is asserted as a general unsecured claim.

### **Background**

Verity Health Services (“VHS”) through certain of its affiliates, O’Connor Hospital (“O’Connor”), Saint Louise Regional Medical Center (“St. Louise”), Seton Medical Center (“Seton”), Seton Medical Center Coastside (“Seton Coastside”), and Verity Business Services (formerly known as Caritas Business Services (“Verity Business”) are required, pursuant to collective bargaining agreements (“CBAs”) with the California Nurses Association (“CNA”), to make contributions to RPHE on behalf of members of CNA currently working at the above facilities.<sup>1</sup>

Under the RPHE Trust Agreement, participating employers (including VHS and its affiliates) make annual contributions to RPHE for combined normal costs,<sup>2</sup> Plan administrative costs,<sup>3</sup> and amortization of unfunded actuarial accrued liabilities to satisfy minimum funding standards imposed by the RPHE funding policy. This unfunded actuarial accrued liability includes liability for “frozen” participants (*i.e.*, individuals who have vested in the Plan and upon retirement will receive retirement benefits from RPHE for credit previously earned). These groups of “frozen” participants, who are current or former VHS employees, include members of the Service Employees International Union Local 250 (“SEIU”) whose participation in the Plan was frozen effective as of January 1, 2013, and certain non-collectively bargained VHS employees whose participation in the Plan was frozen effective as of February 28, 2011. When VHS acquired control of the above-named hospital entities from Daughters of Charity Health Systems (“DOCHS”) in 2015, the California Attorney General required VHS to comply with DOCHS’s then existing pension obligations, including obligations related to RPHE. This includes the funding obligations related to unfunded accrued liabilities related to the “frozen” participants described above. Under RPHE’s Funding Policy, contributing employers are also responsible for “extraordinary” Plan administrative costs, which include administrative expenses paid by the Plan that are a result of a certain action made by a specific employer that primarily impacts that employer or its obligations under the Plan.

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<sup>1</sup> Pursuant to Debtor’s Motion under Section 1113 of the Bankruptcy Code, granted by the Court on February 12, 2019, the terms of the CBAs between O’Connor and St. Louise and CNA were terminated effective when the County of Santa Clara acquired control of these hospitals from VHS.

<sup>2</sup> “Normal costs” are the value of new benefits that accrue for current participants each year.

<sup>3</sup> “Plan administrative costs” are the expenses associated with the cost of administering the Plan (*e.g.*, investment advisor and recordkeeping fees).

RPHE notes that VHS is also bound by the terms of the Plan and Trust Agreement through the Subscription Agreements that DOCHS executed on behalf of the above-named hospital entities upon entering the Plan. Under the Subscription Agreement, a contributing employer is bound by the Plan and Trust Agreement to contribute to the Plan such amounts, and at such contribution rates, as may from time to time be determined by the Board of Trustees. As described above, upon its purchase of DOCHS, VHS was required by the California Attorney General to comply with DOCHS's then existing pension obligations. This includes the obligations that DOCHS assumed upon its execution the respective Subscription Agreements for the above-named hospital entities.

Due to uncertainty regarding the priority of RPHE's claims, and due to the complexity of certain calculations as well as the need to estimate certain contributions to RPHE that have not been determined, RPHE reserves the right to amend this Proof of Claim when and as such amounts become known and such priority has been determined.

### **1. Unpaid Pre-Petition Invoice Dated 8/15/18 – for 2017 Accrued Contributions**

Under the terms of the RPHE Trust Agreement applicable to VHS and its affiliates, in accordance with the RPHE funding policy, RPHE issues an annual invoice to VHS requiring payment of the previous year's accrued contributions in three installments, due on February 15, May 15 and August 15 of the following calendar year.

VHS failed to pay the amount due in its final installment for its 2017 accrued contributions which was due on August 15, 2018, in the amount of \$4,791,216. The amount owed to RPHE under the August 15, 2018 invoice attributed to employees at each facility is approximately the following:

O'Connor	\$1,744,314
St. Louise	\$560,025
Seton	\$2,323,607
Seton Coastside	\$95,070
Verity Business	\$68,200
Unsecured Total for 2017:	\$4,791,216

### **2. Unpaid Pre-Petition Accrual for 2018 – 1/1/18 through 8/31/18**

For 2018, VHS has an accrued contribution obligation of \$13,225,728, which is invoiced in three equal installments of \$4,408,576 in 2019. The first installment was due on February 15, and the second and third installments will be due on May 15 and August 15, 2019, respectively. The amounts owed for January 1 to August 31, 2018 which are attributable to employees at each facility are approximately the following:

O'Connor	\$3,300,876
St. Louise	\$1,040,236
Seton	\$4,196,082
Seton Coastside	\$158,499
Verity Business	\$121,458
Unsecured Total for 2018 (January to August)	\$8,817,151

**3. Unpaid Amount of Post-Petition Accrual for 2018 – 9/1/18 through 12/31/18 – Net of Projected Payments**

The total amount owed by VHS and its affiliates to the RPHE Plan related to the post-petition employment of CNA members for the period of September 1, 2018 through December 31, 2018 is \$4,408,576.

RPHE asserts that VHS is obligated to pay the entire amount of contributions it accrued from September 1, 2018 to December 31, 2018 as a priority administrative expense under 11 U.S.C §§ 503(b)(1) and 507(a)(2). VHS, on the other hand, contends that it is obligated to pay as a priority administrative expense claim only that portion of the post-petition accruals that arise from normal costs, Plan administrative costs and interest, but not the portion of the contribution attributable to the amortization of unfunded actuarial accrued liabilities. This Court has not yet reached a determination on this issue.

Consistent with its asserted position, which RPHE contests, VHS paid \$568,057 on February 15, 2019 of the \$4,408,576 invoice. RPHE understands that VHS intends to pay this partial amount, expressly attributable to the last four months of 2018, in three installments over the course of 2019. Thus, VHS appears to contend that its administrative expense liability for the period September 1, 2018 through December 31, 2018, is three such installments of \$568,057 for a total of \$1,704,171 (*i.e.*, the normal cost, Plan administrative cost and interest attributable to the period of September through December 2018).

Thus, for this post-petition period from September 1, 2018 to December 31, 2018, RPHE has, according to VHS, a general unsecured claim of \$2,704,405, which is the difference between the invoice amount of \$4,408,576 and its three agreed (and projected in part) administrative expense payments of \$1,704,171. In the event that VHS fails to pay the next two installments, the RPHE unsecured claim would increase accordingly. Assuming that all three projected payments are made, RPHE's unsecured claim amount of \$2,704,405 attributed to employees at each facility is approximately the following:

O'Connor	\$1,650,438
St. Louise	\$520,118
Seton	\$2,098,042

Seton Coastsideside	\$79,249
Verity Business	\$60,729
Total for 2018 (last September to December)	\$4,408,576
Projected amount of VHS’s total payment in 2019:	\$1,704,171
Unsecured Total for 2018 (net of VHS’s projected payment):	\$2,704,405

As noted above, RPHE asserts that the entire amount of the contributions owed by VHS for September 1, 2018 to December 31, 2018 (*i.e.*, \$4,408,576 minus any payments made by VHS in 2019) are priority administrative expenses.

**4. Accruals for 2019 – O’Connor and St. Louise**

RPHE understands that the sale of O’Connor and St. Louise closed on or about February 28, 2019. Accordingly, for the period of January 1, 2019 through February 28, 2019, VHS accrued contribution obligations with respect to the post-petition employment of CNA members and other employees entitled to contributions to the RPHE plan employed at O’Connor and St. Louise in the total amount of \$1,298,436. The amount attributed to employees at each facility is approximately the following:

O’Connor	\$987,008
St. Louise	\$311,428
Estimated Unsecured/Admin Expense Total	\$1,298,436

To the extent that this Court determines that all or any part of this accrual is not allowable as an administrative expense, RPHE includes such amount in its Proof of Claim as a prepetition claim.

**5. Accruals for 2019 – Seton, Seton Coastsideside and Verity Business**

With respect to accruals projected to arise during 2019 from the post-petition employment of CNA members, RPHE estimates that the total projected accrued contributions amount will be \$8,095,902, which will cease to accrue once these facilities have been sold. The projected amount attributed to employees at each facility is estimated to be the following:

Seton	\$7,574,615
Seton Coastsideside	\$295,275
Verity Business	\$226,012
Estimated Unsecured/Admin Expense Total	\$8,095,902

To the extent that VHS contends that some part of this estimated accrual of contributions is not allowable as an administrative expense claim, then RPHE includes such amount in its Proof of Claim as a prepetition claim.

#### **6. Post-Petition Extraordinary Plan Administrative Costs Owed by VHS and Its Affiliates**

As noted above, under Section 1.4 of RPHE’s Funding Policy, contributing employers are responsible for “extraordinary” Plan administrative costs, which include administrative costs paid by the Plan that are a result of a certain action made by a specific employer that primarily impacts that employer or its obligations under the Plan. Accordingly, under the Funding Policy, VHS and its affiliates are responsible for the administrative costs incurred by RPHE that are attributable to RPHE’s participation in this bankruptcy proceeding. These costs are currently estimated at approximately \$179,018 and are asserted as a priority administrative expense claim. The projected amount attributed to employees at each facility is estimated to be the following:

O’Connor	\$68,706
St. Louise	\$20,867
Seton	\$97,814
Seton Coastside	\$6,295
Verity Business	\$5,646
Current Unsecured/Admin Total	\$199,328

RPHE reserves the right to amend this Proof of Claim as additional extraordinary expenses attributable to VHS and its affiliates are incurred by RPHE in the course of this proceeding.

#### **7. Withdrawal Liability**

When a contributing employer withdraws from a multiemployer defined benefit pension plan it is assessed “withdrawal liability” in the amount of the unfunded vested benefits allocable to that employer, as determined by the plan’s actuary in accordance with Title IV of ERISA and the withdrawal liability provisions of the Plan.

Based on the projected complete withdrawal of VHS from RPHE due to the sale of its affiliates at some point during the 2019 plan year, RPHE includes in its claim withdrawal liability in the estimated amount of \$336,790,000. As indicated above, RPHE reserves the right to amend this Proof of Claim when and as the finally determined amount of the liability of VHS for withdrawal liability becomes known.

Under ERISA section 4001(b)(1), all affiliates of VHS are jointly and severally liable for withdrawal liability. Accordingly, RPHE is filing this Proof of Claim with respect to withdrawal liability in each of the jointly administered bankruptcy cases.

**Summary of Proof of Claim Amounts**

<b>1. Unpaid pre-petition invoice dated 8/15/18 – for 2017 accrued contributions</b>	<b>\$4,791,216</b>
<b>2. Unpaid pre-petition Accrual for 2018 – 1/1/18 through 8/31/18</b>	<b>\$8,817,151</b>
<b>3. Unpaid amount of post-petition Accrual for 2018 – 9/1/18 through 12/31/18 – Net of Projected Payments</b>	<b>\$2,704,405</b>
<b>4. Accruals for 2019 – O’Connor and St. Louise</b>	<b>\$1,298,436</b>
<b>5. Accruals for 2019 – Seton, Seton Coastsides and Verity Business</b>	<b>\$8,095,902</b>
<b>6. Post-petition extraordinary Plan administrative costs</b>	<b>\$199,328</b>
<b>7. Withdrawal Liability</b>	<b>\$336,790,000</b>
<b>TOTAL</b>	<b>\$362,696,438</b>

## PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:  
540 Pacific Avenue, San Francisco, CA 94133

A true and correct copy of the foregoing document entitled (*specify*): LIMITED OBJECTION AND  
RESERVATION OF RIGHTS OF RETIREMENT PLAN FOR HOSPITAL EMPLOYEES TO MOTION OF THE  
DEBTORS FOR AN ORDER APPROVING PROPOSED DISCLOSURE STATEMENT

will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner stated below:

**1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):** Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*) 09/18/2019, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

Service information continued on attached page

**2. SERVED BY UNITED STATES MAIL:**

On (*date*) 09/18/2019, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

Hon. Ernest Robles  
U.S. Bankruptcy Court  
255 E. Temple Street  
Los Angeles, CA 90012

Service information continued on attached page

**3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served):** Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (*date*) \_\_\_\_\_, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

09/18/2019     Richard A. Lapping  
*Date*                     *Printed Name*

/s/ Richard A. Lapping  
*Signature*

## Attachment to Proof of Service of Document

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