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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

**STIPULATION CONTINUING HEARING REGARDING
TRANSFER OF MEDICARE PROVIDER AGREEMENTS
TO STRATEGIC GLOBAL MANAGEMENT, INC.
[RELATED DOCKET NOS. 1572, 1879, 2278, 2377, 2606,
2686, 2856, 2928, 3083, 3212, 3326, 3386, 3402]**

Current Hearing:

Date: October 30, 2019
Time: 10:00 a.m. (Pacific Time)
Place: Courtroom 1568
255 East Temple Street
Los Angeles, California 90012

Proposed Continued Hearing:

Date: November 6, 2019
Time: 10:00 a.m. (Pacific Time)
Place: Courtroom 1568
255 East Temple Street
Los Angeles, California 90012



1 This Stipulation is entered between Verity Health System Of California, Inc. (“VHS”) and the
2 above-referenced affiliated debtors, the debtors and debtors in possession in the above-captioned
3 chapter 11 bankruptcy cases (collectively, the “Debtors”) and the U.S. Department of Health and
4 Human Services (“HHS”), with respect to the following:

5 1. On February 19, 2019, the Court entered its *Order (I) Approving Form Of Asset*
6 *Purchase Agreement For Stalking Horse Bidder And For Prospective Overbidders, (2) Approving*
7 *Auction Sale Format, Bidding Procedures And Stalking Horse Bid Protections, (3) Approving Form*
8 *Of Notice To Be Provided To Interested Parties, (4) Scheduling A Court Hearing To Consider*
9 *Approval Of The Sale To The Highest Bidder, And (5) Approving Procedures Related To The*
10 *Assumption Of Certain Executory Contracts And Unexpired Leases; And (II) An Order*
11 *(A) Authorizing The Sale Of Property Free And Clear Of All Claims, Liens And Encumbrances*
12 [Docket No. 1572] the (“Bidding Procedures Order”), which set a deadline for any objections to the
13 sale to be filed on or before April 12, 2019, at 4:00 p.m. (PST) (the “Initial Objection Deadline”).

14 2. On March 5, 2019, the Debtors filed a *Notice of Counterparties to Executory Contracts*
15 *and Unexpired Leases of the Debtors That May Be Assumed and Assigned* [Docket No. 1704].

16 3. On March 22, 2019, the California Department of Health Care Services (“DHCS”) filed
17 *Creditor California Department of Health Care Services’s Objection to Notice of Counterparties to*
18 *Executory Contracts and Unexpired Leases of the Debtors That May Be Assumed and Assigned*
19 [Docket No. 1879] (the “DHCS Objection”).

20 4. The Bidding Procedures Order provides that the Court would hold a hearing on April
21 17, 2019, at 10:00 a.m. (Pacific Time) (the “Hearing Date”) to consider the sale to Strategic Global
22 Management, Inc. (“SGM”).

23 5. On April 12, 2019, the Court entered an *Order Approving Stipulation Continuing*
24 *Hearing Regarding Creditors U.S. Department of Health and Human Services and California*
25 *Department of Health Care Services* [Docket No. 2153] (the “April 2019 Order”), continuing the
26 Hearing Date to June 5, 2019 at 10:00 a.m. (Pacific Time). The April 2019 Order also continued the
27 Objection Deadline for HHS to April 26, 2019, at 4:00 p.m. (Pacific Time) and set the deadline for the
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Debtors and the Official Committee of Unsecured Creditors to reply to any objection filed by HHS or the DHCS Objection for May 3, 2019, at 4:00 p.m. (Pacific Time) (the “Reply Deadline”).

6. On April 29, 2019, the Court entered another *Order Approving Stipulation Continuing Objection Deadline Regarding Transfer of Medi-Cal Provider Agreements and Medicare Provider Agreements to Strategic Global Management, Inc.* [Docket No. 2278], extending HHS’s Objection Deadline to May 13, 2019 and the Reply Deadline to May 27, 2019.

7. On May 14, 2019, the Court entered an *Order Approving Stipulation Continuing Hearing Regarding Transfer of Medi-Cal Provider Agreements and Medicare Provider Agreements to Strategic Global Management, Inc.* [Docket No. 2377]. Pursuant to the order, not later than June 24, 2019, either (i) the Debtors must file a notice of resolution of the issues regarding transfer of the provider agreements or (ii) HHS must file an objection and DHCS must file a supplemental objection (the “Response Deadline”). The order further continued the Reply Deadline to 4:00 p.m. (Pacific Time) on July 1, 2019 and the Hearing Date to July 10, 2019 at 10:00 a.m. (Pacific Time).

8. On June 24, 2019, the Court entered an *Order Approving Stipulation Continuing Hearing Regarding Transfer of Medi-Cal Provider Agreements and Medicare Provider Agreements to Strategic Global Management, Inc.* [Docket No. 2606] (the “June 2019 Order”). Pursuant to the June 2019 Order, the Court (i) continued the Response Deadline to July 8, 2019, (ii) continued the Reply Deadline to July 15, 2019, and (iii) continued the Hearing Date to July 24, 2019, at 10:00 a.m. (Pacific Time). *See* June 2019 Order, ¶ 2 at 2.

9. On July 8, 2019, the Court entered an *Order Approving Stipulation Between the Debtors, DHCS, and HHS Continuing Hearing Regarding Transfer of Medi-Cal Provider Agreements and Medicare Provider Agreements to Strategic Global Management, Inc.* [Docket No. 2686] (the “July 2019 Order”). Pursuant to the July 2019 Order, the Court (i) continued the Response Deadline to August 5, 2019, (ii) continued the Reply Deadline to August 12, 2019, and (iii) continued the Hearing Date to August 20, 2019, at 10:00 a.m. (Pacific Time). *See* July 2019 Order, ¶ 2 at 2.

10. On August 6, 2019, the Court entered an *Order Approving Stipulation Between the Debtors, DHCS, and HHS Continuing Hearing Regarding Transfer of Medi-Cal Provider Agreements and Medicare Provider Agreements to Strategic Global Management, Inc.* [Docket No. 2856] (the

1 “August 6, 2019 Order”). Pursuant to the August 6, 2019 Order, the Court (i) continued the Response
2 Deadline to August 21, 2019, (ii) continued the Reply Deadline to August 28, 2019, and (iii) continued
3 the Hearing Date to September 4, 2019, at 10:00 a.m. (Pacific Time). *See* August 6, 2019 Order, ¶ 2
4 at 2.

5 11. On August 20, 2019, the Court entered an *Order Approving Stipulation Between the*
6 *Debtors, DHCS, and HHS Continuing Hearing Regarding Transfer of Medi-Cal Provider Agreements*
7 *and Medicare Provider Agreements to Strategic Global Management, Inc.* [Docket No. 2856] (the
8 “August 20, 2019 Order”). Pursuant to the August 20, 2019 Order, the Court (i) continued the
9 Response Deadline to September 11, 2019, (ii) continued the Reply Deadline to September 18, 2019,
10 and (iii) continued the Hearing Date to September 25, 2019, at 10:00 a.m. (Pacific Time). *See* August
11 20, 2019 Order, ¶ 2 at 2.

12 12. On September 18, 2019, the Court entered an *Order Approving Stipulation Regarding*
13 *Transfer of Medicare Provider Agreements to Strategic Global Management, Inc.* [Docket No. 3083]
14 (the “September 2019 Order”). Pursuant to the September 2019 Order, the Court (i) continued the
15 Response Deadline to October 2, 2019, (ii) continued the Reply Deadline to October 9, 2019, and (iii)
16 continued the Hearing Date to October 16, 2019, at 10:00 a.m. (Pacific Time). *See* September 2019
17 Order, ¶ 2 at 2.

18 13. On October 3, 2019, the Court entered an *Order Approving Stipulation Regarding*
19 *Transfer of Medicare Provider Agreements to Strategic Global Management, Inc.* [Docket No. 3212]
20 (the “October 3, 2019 Order”). Pursuant to the October 3, 2019 Order, the Court (i) continued the
21 Response Deadline to October 9, 2019, (ii) continued the Reply Deadline to October 16, 2019, and
22 (iii) continued the Hearing Date to October 23, 2019, at 10:00 a.m. (Pacific Time). *See* October 3,
23 2019 Order, ¶ 2 at 2.

24 14. On October 9, 2019, the Court entered an *Order Approving Stipulation Regarding*
25 *Transfer of Medicare Provider Agreements to Strategic Global Management, Inc.* [Docket No. 3326]
26 (the “October 9, 2019 Order”). Pursuant to the October 9, 2019 Order, the Court (i) continued the
27 Response Deadline to October 15, 2019, (ii) continued the Reply Deadline to October 18, 2019, and
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(iii) retaining the Hearing Date on October 23, 2019, at 10:00 a.m. (Pacific Time). *See* October 9, 2019 Order, ¶ 2 at 2.

15. On October 15, 2019, HHS filed the *Supplemental Objection of the United States, on Behalf of the U.S. Department of Health and Human Services and Centers for Medicare and Medicaid Services to Debtors' Motion for the Entry of an Order Authorizing the Sale of Property Free and Clear of All Claims, Liens, and Encumbrances* [Docket No. 3386].

16. On October 18, 2019, the Court entered an *Order Approving Stipulation Regarding Transfer of Medicare Provider Agreements to Strategic Global Management, Inc.* [Docket No. 3402] (the "October 18, 2019 Order"). Pursuant to the October 18, 2019 Order, the Court (i) continued the Reply Deadline to October 23, 2019, and (ii) continued the Hearing Date to October 30, 2019, at 10:00 a.m. (Pacific Time). *See* October 18, 2019, Order, ¶ 2 at 2.

17. The Debtors and HHS have agreed to further continue the Hearing Date to November 6, 2019, at 10:00 a.m. (Pacific Time), and extend the Reply Deadline to November 1, 2019.

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

A. The Debtors and the Official Committee of Unsecured Creditors will file any reply to the HHS objection no later than November 1, 2019; and all parties' rights, claims, and defenses are preserved until the Hearing Date set for November 6, 2019, at 10:00 a.m. (Pacific Time).

B. Nothing contained herein is a waiver of any rights, claims, interests, arguments or contentions of the parties hereto, or to the Purchaser, regarding the subject matter hereof, or the APA, and all such rights, claims, interests, arguments and contentions are expressly reserved.

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Verity Health System of California, Inc., et al.

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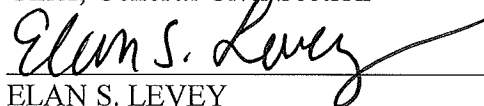
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