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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 ASC, 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 "DEBTORS"
EMERGENCY MOTION FOR THE ENTRY OF AN
ORDER: (I) ENFORCING THE ORDER
AUTHORIZING THE SALE TO STRATEGIC GLOBAL
MANAGEMENT, INC.; (II) FINDING THAT THE SALE
IS FREE AND CLEAR OF CONDITIONS
MATERIALLY DIFFERENT THAN THOSE
APPROVED BY THE COURT; (III) FINDING THAT
THE ATTORNEY GENERAL ABUSED HIS
DISCRETION IN IMPOSING CONDITIONS ON THAT
SALE; AND (IV) GRANTING RELATED RELIEF"
[DOCKET NO. 3188]**

Hearing Date and Time:

Date: October 15, 2019

Time: 10:00 a.m. (Pacific Time)

Place: 255 E. Temple St., Courtroom 1568
Los Angeles, CA 90012



This stipulation is entered into by and between Verity Health System of California, Inc. and the above-referenced affiliated debtors and debtors in possession in the above-captioned chapter 11 bankruptcy cases (collectively, the “Debtors”) and the California Attorney General (the “Attorney General” and, together with the Debtors, the “Parties”), with respect to the following:

A. On September 30, 2019, the Debtors filed the *Debtors’ Emergency Motion for the Entry of an Order: (I) Enforcing the Order Authorizing the Sale to Strategic Global Management, Inc.; (II) Finding That the Sale Is Free and Clear of Conditions Materially Different Than Those Approved by the Court; (III) Finding That the Attorney General Abused His Discretion in Imposing the Conditions on That Sale; and (IV) Granting Related Relief* [Docket No. 3188] (the “Motion”).¹

B. On October 9, 2019, the Attorney General filed the *Opposition of California Attorney General to “Debtors’ Emergency Motion for the Entry of an Order: (I) Enforcing the Order Authorizing the Sale to Strategic Global Management, Inc; (II) Finding That the Sale Is Free and Clear of Conditions Materially Different Than Those Approved by the Court; (III) Finding That the Attorney General Abused His Discretion in Imposing Conditions on That Sale; and (IV) Granting Related Relief”* [Doc. 3188] [Docket No. 3333] (the “Attorney General Opposition”).

C. On October 10, 2019, Strategic Global Management, Inc. (“SGM”) filed the *Statement of Strategic Global Management, Inc. in Support of “Debtors’ Emergency Motion for the Entry of an Order: (I) Enforcing the Order Authorizing the Sale to Strategic Global Management, Inc; (II) Finding That the Sale Is Free and Clear of Conditions Materially Different Than Those Approved by the Court”* [Docket No. 3356] (the “SGM Statement”).

D. On October 14, 2019, the Debtors filed the *Debtors’ Reply to California Attorney General’s Opposition to Debtors’ Motion for the Entry of an Order Enforcing the Order Authorizing the Sale to Strategic Global Management, Inc.* [Docket No. 3382] (the “Reply”).

E. On October 15, 2019, at 10:00 a.m. (Pacific Time), the Court held a hearing on the Motion (the “Hearing”). Appearances were as set forth on the record of the Hearing.

F. On October 23, 2019, the Court filed its *Memorandum of Decision Granting*

¹ Unless otherwise defined herein, all capitalized terms have the definitions set forth in the Motion.

1 *Debtors' Emergency Motion to Enforce Sale Order [Doc. No. 3188] [Docket No. 3446] (the*
2 *"Memorandum Decision").*

3 **STIPULATION**

4 NOW, THEREFORE, all of the Parties to this Stipulation hereby conditionally stipulate and
5 agree as follows:

6 1. The Motion shall be granted by entry of the proposed order, attached hereto as
7 Exhibit "A", entitled *Order Granting "Debtors' Emergency Motion For The Entry Of An Order:*
8 *(I) Enforcing The Order Authorizing The Sale To Strategic Global Management, Inc.; (II) Finding*
9 *That The Sale Is Free And Clear Of Conditions Materially Different Than Those Approved By The*
10 *Court; (III) Finding That The Attorney General Abused His Discretion In Imposing Conditions On*
11 *That Sale; And (IV) Granting Related Relief" [Docket No. 3188] (the "Order").*

12 2. The Attorney General does not agree or concede that the Additional Conditions (as
13 defined in the Order) are an "interest in property" for purposes of 11 U.S.C. § 363(f), but
14 acknowledges that the Court so held in the Memorandum Decision (which is to be vacated and
15 withdrawn pursuant to the Order) and that, solely and exclusively for purposes of the APA (as
16 defined in the Order) and the Motion, the Order so states.

17 3. This Stipulation shall be binding and effective upon, but only upon, entry of the
18 Order in the proposed form attached hereto.

19
20 Dated: November 8, 2019

DENTONS US LLP

21 By: /s/ Tania M. Moyron

22 Tania M. Moyron

23 Counsel to the Debtors and Debtors in Possession

24 Dated: November 8, 2019

CALIFORNIA DEPARTMENT OF JUSTICE

25
26 By: _____

David K. Eldan

27 Counsel to Xavier Becerra, Attorney General of the
28 State of California

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22 Tania M. Moyron

23 Counsel to the Debtors and Debtors in Possession

24 Dated: November 8, 2019

CALIFORNIA DEPARTMENT OF JUSTICE

25 By:  _____

26 David K. Eldan

27 Counsel to Xavier Becerra, Attorney General of the
28 State of California

Exhibit A

Proposed Order

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Attorneys for the Chapter 11 Debtors and
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☐ Affects De Paul Ventures - San Jose Dialysis,
LLC

Debtors and Debtors In
Possession.

Lead Case No. 2:18-bk-20151-ER

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Chapter 11 Cases
Hon. Judge Ernest M. Robles

**ORDER GRANTING "DEBTORS' EMERGENCY
MOTION FOR THE ENTRY OF AN ORDER: (I)
ENFORCING THE ORDER AUTHORIZING THE
SALE TO STRATEGIC GLOBAL MANAGEMENT,
INC.; (II) FINDING THAT THE SALE IS FREE
AND CLEAR OF CONDITIONS MATERIALLY
DIFFERENT THAN THOSE APPROVED BY THE
COURT; (III) FINDING THAT THE ATTORNEY
GENERAL ABUSED HIS DISCRETION IN
IMPOSING CONDITIONS ON THAT SALE; AND
(IV) GRANTING RELATED RELIEF" [DOC. 3188]**

Hearing Date and Time:

Date: October 15, 2019
Time: 10:00 a.m. (Pacific Time)
Location: Courtroom 1568
255 E. Temple Street
Los Angeles, CA

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

The Court, having considered the motion [Docket No. 3188] (the “Motion”)¹ filed by Verity Health System of California, Inc. and the above-referenced affiliated debtors and debtors in possession in the above captioned chapter 11 bankruptcy cases (collectively, the “Debtors”), the response [Docket No. 3333] of the California Attorney General (the “Attorney General”), the statement [Docket No. 3356] filed by Strategic Global Management, Inc. (collectively with its affiliates, “SGM”), the reply [Docket No. 3382] filed by the Debtors, the stipulation [Docket No. ____] by and among the Debtors and the Attorney General, and good cause appearing,

HEREBY ORDERS AS FOLLOWS:

1. The Motion is GRANTED.
2. The Court’s memorandum decision [Docket No. 3446] is hereby vacated and withdrawn.
3. Solely and exclusively for purposes of the APA (as defined below) and the Motion, the Additional Conditions (as defined in section 8.6 of that certain asset purchase agreement [Docket No. 2305-1] (the “APA”)) are an “interest in property” for purposes of 11 U.S.C. § 363(f), and the Assets (as defined in the APA) can be sold free and clear of the Additional Conditions without the imposition of any other conditions which would adversely affect the Purchaser (as defined in the APA).
4. This Court shall retain exclusive jurisdiction to adjudicate any disputes or controversies regarding the interpretation or enforcement of this Order. Notwithstanding the preceding sentence, nothing contained in this Order shall prohibit or limit the authority of the Attorney General to enforce, in the California state courts and pursuant to section 5926 of the California Corporations Code, the Purchaser Approved Conditions set forth on Schedule 8.6 to the APA.

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1 5. The Attorney General waives any right to appeal this Order.

2
3 **IT IS SO ORDERED.**

4 ###

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