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7 Debtors In Possession

8 **UNITED STATES BANKRUPTCY COURT**
9 **CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION**

10 In re
11 VERITY HEALTH SYSTEM OF
CALIFORNIA, INC., *et al.*,
12 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

- 13 Affects All Debtors
- 14 Affects Verity Health System of
California, Inc.
- 15 Affects O'Connor Hospital
- 16 Affects Saint Louise Regional Hospital
- 17 Affects St. Francis Medical Center
- 18 Affects St. Vincent Medical Center
- 19 Affects Seton Medical Center
- 20 Affects O'Connor Hospital Foundation
- 21 Affects Saint Louise Regional Hospital
Foundation
- 22 Affects St. Francis Medical Center of
Lynwood Foundation
- 23 Affects St. Vincent Foundation
- 24 Affects St. Vincent Dialysis Center, Inc.
- 25 Affects Seton Medical Center Foundation
- 26 Affects Verity Business Services
- 27 Affects Verity Medical Foundation
- 28 Affects Verity Holdings, LLC
- Affects De Paul Ventures, LLC
- Affects De Paul Ventures - San Jose
Dialysis, LLC

Hon. Judge Ernest M. Robles

**NOTICE OF SALE PROCEDURES, AUCTION
DATE, AND SALE HEARING**

[RELATES TO DOCKET NOS. 4069, 4161, 4165]

Hearing:

Date: April 9, 2020

Time: 10:00 am

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

Debtors and Debtors In Possession.

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



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**NOTICE OF SALE PROCEDURES,
AUCTION DATE, AND SALE HEARING**

PLEASE TAKE NOTICE that, on February 10, 2020, the above-captioned debtors and debtors in possession (the “Debtors”), filed the *Debtors’ Notice Of Motion And Motion For The Entry of (I) An Order (1) Approving Form Of Asset Purchase Agreement; (2) Approving Auction Sale Format and Bidding Procedures, (3) Approving Process For Discretionary Selection Of Stalking Horse Bidder And Bid Protections; (4) Approving Form Of Notice To Be Provided To Interested Parties; (5) Scheduling A Court Hearing To Consider Approval Of The Sale To The Highest And Best Bidder; And (6) Approving Procedures Related To The Assumption Of Certain Executory Contracts And Unexpired Leases; And (II) An Order Authorizing The Sale Of Property Free And Clear Of All Claims, Liens And Encumbrances* [Docket No. 4069] (the “Motion”).¹ The Debtors seek, among other things, to sell St. Francis Medical Center and related assets (the “Purchased Assets”) to the winning bidder(s) (the “Winning Bidder”), at an auction free and clear of all liens, claims, encumbrances and other interests pursuant to §§ 363 and 365 of the Bankruptcy Code, 11 U.S.C. § 101, *et seq.*

PLEASE TAKE FURTHER NOTICE that, on February 26, 2020, the Bankruptcy Court entered an order (the “Bidding Procedures Order”) approving the Motion and the bidding procedures (the “Bidding Procedures”), which set the key dates and times related to the Sale of the Offered Assets. **All interested bidders should carefully read the Bidding Procedures Order and the Bidding Procedures.** To the extent that there are any inconsistencies between the Bidding Procedures Order (including the Bidding Procedures) and the summary description of its terms and conditions contained in this Notice, the terms of the Bidding Procedures Order shall control.

PLEASE TAKE FURTHER NOTICE that only those parties that submit Qualified Bids may participate in the Auction. If you are interested in submitting a Qualified Bid, you must comply with the Bidding Procedures. Any party in interest wishing to receive relevant documents and available marketing materials may do so by contacting the Debtors’ investment banker (the “Investment Banker”), Cain Brothers, a division of KeyBanc Capital Markets, 601 California Street, Suite 1505, San Francisco, CA 94108 (Attn: James Moloney (jmoloney@cainbrothers.com)).

PLEASE TAKE FURTHER NOTICE that any party that has not received a copy of the Motion or the Bidding Procedures Order that wishes to obtain a copy of the Motion or the Bidding Procedures Order, including all exhibits thereto, may make such a request in writing to Dentons US LLP, Attn: Tania M. Moyron, 601 S. Figueroa St., Suite 2500, Los Angeles, CA 90017 or by emailing tania.moyron@dentons.com or calling (213) 623-9300.

PLEASE TAKE FURTHER NOTICE that any party that wishes to take part in the bidding process and submit a Qualified Bid for the Purchased Assets must submit its competing bid **by no later than 5:00 p.m. (prevailing Pacific Time) April 3, 2020** (the “Bid Deadline”) so that such Bids are actually received by the Bid Deadline by all of the following parties: (i) counsel to the Debtors: Dentons US LLP, 601 S. Figueroa Street, Suite 2500, Los Angeles, CA 90017 (Attn: Tania M. Moyron (tania.moyron@dentons.com)); (ii) the Debtors’ Investment

¹ Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion.

1 Banker: Cain Brothers, a division of KeyBanc Capital Markets, 1 California Street, Suite 2400,
2 San Francisco, CA 94111 (Attn: James Moloney (jmoloney@cainbrothers.com)); (iii) counsel to
3 the Official Committee of Unsecured Creditors: Milbank, Tweed, Hadley & McCloy LLP, 2029
4 Century Park East, 33rd Floor, Los Angeles, CA 90067 (Attn: Gregory A. Bray
5 (gbray@milbank.com)); (iv) counsel to the Master Trustee and Series 2005 Bond Trustee: Mintz,
6 Levin, Cohn, Ferris, Glovsky and Popeo, P.C., One Financial Center, Boston, MA 02111 (Attn:
7 Daniel S. Bleck and Paul Ricotta (dsbleck@mintz.com, pricotta@mintz.com)); (v) counsel to the
8 Series 2015 Notes Trustee: McDermott Will & Emery LLP, 444 West Lake Street, Suite 4000,
9 Chicago, IL 60606 (Attn: Nathan F. Coco and Megan Preusker (ncoco@mwe.com;
10 mpreusker@mwe.com)); (vi) counsel to the Series 2017 Notes Trustee: Maslon, LLP, 3300 Wells
11 Fargo Center, 90 South Seventh Street, Minneapolis, MN 55402 (Attn: Clark Whitmore
12 (clark.whitmore@maslon.com)); and (vii) counsel to the MOB Lenders: Jones Day, 250 Vesey
13 Street, New York, NY 10281 (Attn: Bruce Bennett, Benjamin Rosenblum, and Peter Saba
14 (bbennett@jonesday.com, brosenblum@jonesday.com, psaba@jonesday.com) (collectively, the
15 “Notice Parties”).

16 **PLEASE TAKE FURTHER NOTICE** that Potential Bidders may either e-mail their
17 Bids to the e-mail addresses listed above or may deliver hard-copies of their Bids to the physical
18 addresses listed above so that they are actually received by the Bid Deadline. The Debtors shall
19 have no obligation to consider any other delivery format, such as fax, as being acceptable.

20 **PLEASE TAKE FURTHER NOTICE** that the Debtors may, in their sole discretion
21 after consultation with the Consultation Parties, extend the Bid Deadline until the commencement
22 of the Auction for one or more Potential Bidders without prior notice to any party, but shall have
23 no obligation to do so under any circumstances.

24 **PLEASE TAKE FURTHER NOTICE** that, pursuant to the terms of the Bidding
25 Procedures, an auction (the “Auction”) to sell the Purchased Assets will be conducted on **April 7,**
26 **2020 at 10:00 a.m. (prevailing Pacific Time)** at the offices of Dentons US LLP, 601 South
27 Figueroa Street, Suite 2500, Los Angeles, California 90017. In advance of the Sale Hearing and
28 within two business days of the conclusion of the Auction (if such Auction is conducted), the
Debtors shall file a notice with the Bankruptcy Court identifying the Winning Bidder.

PLEASE TAKE FURTHER NOTICE that a hearing will be held to approve the sale of
the Purchased Assets to the Winning Bidder (the “Sale Hearing”) before the Honorable Ernest
Robles, United States Bankruptcy Judge, United States Bankruptcy Court for the Central District
of California, 255 E. Temple St., Los Angeles, California 90012, Courtroom 1568, on **April 9,**
2020, at 10:00 a.m. (prevailing Pacific Time), or at such time thereafter as counsel may be
heard or at such other time as the Bankruptcy Court may determine. The Sale Hearing may be
adjourned from time to time without further notice to creditors or parties in interest other than by
announcement of the adjournment in open court on the date scheduled for the Sale Hearing.
Objections to the Sale shall be filed with the Bankruptcy Court and served **so as to be received**
no later than April 8, 2020, at 5:00 p.m. (prevailing Pacific Time) on the Notice Parties.

PLEASE TAKE FURTHER NOTICE that this Notice of the Auction and Sale Hearing
is subject to the full terms and conditions of the Motion, Bidding Procedures Order and Bidding
Procedures, which Bidding Procedures Order shall control in the event of any conflict, and the
Debtors encourage parties in interest to review such documents in their entirety. Any party that
has not received a copy of the Motion or the Bidding Procedures Order that wishes to obtain a

1 copy of the Motion, the Bidding Procedures Order (including all exhibits thereto) may make such
2 a request in writing to Dentons US LLP, 601 S. Figueroa Street, Suite 2500, Los Angeles, CA
90017 (Attn: Tania M. Moyron (tania.moyron@dentons.com)) or calling (213) 623-9300.

3 **PLEASE TAKE FURTHER NOTICE THAT THE DEBTORS RESERVE THEIR**
4 **RIGHTS TO MODIFY THESE BIDDING PROCEDURES IN ANY MANNER IN**
5 **CONSULTATION WITH THE COMMITTEE AND WITH THE CONSENT OF THE**
6 **PREPETITION SECURED CREDITORS THAT WILL BEST PROMOTE THE GOALS OF**
7 **THE BIDDING PROCESS. THE DEBTORS FURTHER RESERVE THEIR RIGHTS TO**
8 **IMPOSE, AT OR PRIOR TO THE AUCTION, ADDITIONAL TERMS AND CONDITIONS**
9 **ON THE SALE OF THE PURCHASED ASSETS, INCLUDING, WITHOUT LIMITATION,**
10 **EXTENDING THE DEADLINES SET FORTH IN THESE BIDDING PROCEDURES,**
11 **ADJOURNING THE AUCTION AT OR PRIOR TO THE AUCTION AND/OR ADJOURNING**
12 **THE SALE HEARING PRIOR TO SUCH HEARING OR IN OPEN COURT WITHOUT**
13 **FURTHER NOTICE, AND REJECTING ANY OR ALL QUALIFIED BIDS IF, IN THE**
14 **DEBTORS' REASONABLE, GOOD-FAITH BUSINESS JUDGMENT, FOLLOWING**
15 **CONSULTATION WITH THE CONSULTATION PARTIES, THE DEBTORS DETERMINE**
16 **THAT SUCH QUALIFIED BID IS (I) INADEQUATE OR INSUFFICIENT, (II) NOT IN**
17 **CONFORMITY WITH THE REQUIREMENTS OF THE BANKRUPTCY CODE OR ANY**
18 **RELATED RULES OR THE TERMS SET FORTH HEREIN, OR (III) CONTRARY TO THE**
19 **BEST INTERESTS OF THE DEBTORS. THE DEBTORS RESERVE THE RIGHT, AT ANY**
20 **TIME, FOR ANY REASON AND IN THEIR REASONABLE, BUSINESS JUDGMENT, TO**
21 **DECLINE TO PURSUE THE SALE AND TO WITHDRAW ANY MOTION FILED IN THE**
22 **COURT SEEKING TO APPROVE THE SALE.**

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Dated: February 26, 2020

DENTONS US LLP
SAMUEL R. MAIZEL
TANIA M. MOYRON

By /s/ Tania M. Moyron
Tania M. Moyron

Attorneys for the Chapter 11 Debtors and
Debtors In Possession

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