

SAMUEL R. MAIZEL (Bar No. 189301)
samuel.maizel@dentons.com
TANIA M. MOYRON (Bar No. 235736)
tania.moyron@dentons.com
NICHOLAS A. KOFFROTH (Bar No. 287854)
nicholas.koffroth@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

**SECOND STIPULATION CONTINUING
OBJECTION DEADLINE REGARDING
TRANSFER OF MEDI-CAL PROVIDER
AGREEMENT RELATED TO PROPOSED SALE
OF ST. FRANCIS MEDICAL CENTER [RELATED
DOCKET NOS. 4069, 4071, 4075, 4099]**

Hearing:

Date: May 13, 2020

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

Place: Courtroom 1568

255 East Temple Street

Los Angeles, California 90012



STIPULATION

This Stipulation is entered between Verity Health System Of California, Inc. (“VHS”) 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 the California Department of Health Care Services (“DHCS”), on the other hand.

RECITALS

A. St. Francis Medical Center (“SFMC”) is party to a prepetition Medi-Cal provider agreement (the “Medi-Cal Provider Agreement”) with DHCS.

B. On February 10, 2020, 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 and 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”). As set forth more fully in the Motion, the Debtors request entry of an order: (a) approving a process by which interested parties may bid (a “Bid”) to purchase SFMC and related assets (collectively, the “Purchased Assets”), including the assignment and assumption of Assumed Executory Contracts, together with the payment of Cure Costs (as such terms are defined in the Motion); (b) approving a process by which, at the Debtors’ election, a stalking-horse bidder may be selected from among those parties making a Bid, and bidding protections may be granted to such stalking horse bidder without further order of the Court; (c) setting bid procedures to establish guidelines for parties interested in making initial Bids and overbids to such initial Bids; (d) if multiple Qualified Bids (as defined in the Motion) are received, scheduling an auction of the Purchased Assets; and (e) scheduling a sale hearing (the “Sale Hearing”) on April 9, 2020, at 10:00 a.m. (Pacific Time), for the Court to approve the highest and best Qualified Bid (the “Sale”).

1 C. On February 11, 2020, the Court entered the *Order Granting Application and Setting*
2 *Hearing on Shortened Notice* (the “Order Shortening Time”), which granted the Debtors’ application
3 [Docket No. 4070] to set the hearing on the Motion on shortened notice. In the Order Shortening
4 Time, the Court provided that parties must file oppositions to the Motion no later than February 18,
5 2020 (the “Objection Deadline”). See Order Shortening Time at 3. The Order Shortening Time set
6 the Motion for hearing on February 26, 2020, at 10:00 a.m. (Pacific Time). On February 11, 2020,
7 the Debtors filed a notice [Docket No. 4075] of the hearing on the Motion and the Objection Deadline.

8 D. On February 14, 2020, the Debtors filed a stipulation [Docket No. 4098] continuing the
9 deadline for DHCS to file an objection to the proposed Sale with respect to the transfer of the Medi-
10 Cal Provider Agreement (an “Objection”) from February 18, 2020, to March 26, 2020, which the Court
11 approved by order [Docket No. 4099] entered February 14, 2020.

12 E. On February 26, 2020, the Court entered an order [Docket No 4165] (the “Bidding
13 Procedures Order”) granting the Motion. The Court further scheduled the Sale Hearing for April 9,
14 2020, at 10:00 a.m., and required that objections to the Sale be filed not later than April 8, 2020, at
15 5:00 p.m. (Pacific Time).

16 F. The Debtors and DHCS have agreed (i) to continue the deadline for DHCS to file an
17 Objection from March 26, 2020, to April 29, 2020, (ii) to extend the deadline to file replies to an
18 Objection, if any, to May 6, 2020, and (iii) to request that the Court hold a hearing on any Objection
19 on May 13, 2020, at 10:00 a.m. (Pacific Time).

20 AGREEMENT

21 **NOW, THEREFORE**, the parties to this Stipulation hereby agree and stipulate as follows:

22 1. The deadline for DHCS to file an Objection with respect to the transfer of the SFMC
23 Medi-Cal Provider Agreement shall be continued from March 26, 2020, to April 29, 2020.

24 2. The deadline to file replies to any Objection shall be May 6, 2020.

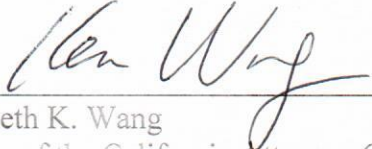
25 3. A hearing on any Objection shall be May 13, 2020, at 10:00 a.m. (Pacific Time), or as
26 soon thereafter as is convenient to the Court.

1 4. Nothing contained herein is a waiver of any rights, claims, interests, arguments or
2 contentions of the parties hereto regarding the subject matter hereof, or the Sale, and all such rights,
3 claims, interests, arguments and contentions are expressly reserved.

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

6 By: /s/ Tania M. Moyron
7 Samuel R. Maizel
8 Tania M. Moyron
9 Dentons US LLP
Counsel to Debtors and Debtors In Possession

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11 **California Department of Health Care Services**

12 
13 Kenneth K. Wang
14 Office of the California Attorney General
Counsel to the California Department of Health Care Services