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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 (I) APPROVING CERTAIN  
LANGUAGE TO BE INCLUDED IN ANY ORDER  
APPROVING THE PROPOSED SALE OF ST.  
FRANCIS MEDICAL CENTER AND  
(II) CONTINUING OBJECTION DEADLINE OF  
CALIFORNIA ATTORNEY GENERAL RELATED  
TO PROPOSED SALE OF ST. FRANCIS MEDICAL  
CENTER [RELATED DOCKET NOS. 4069, 4071,  
4075]**

**Hearing:**

Date: April 9, 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 Xavier Becerra, California Attorney General (the “Attorney General”), on the other hand.

**RECITALS**

A. 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”).

B. 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”) by the successful bidder (the “Purchaser”).

C. On February 11, 2020, the Court entered the *Order Granting Application and Setting Hearing on Shortened Notice* (the “Order Shortening Time”), which granted the Debtors’ application

[Docket No. 4070] to set the hearing on the Motion on shortened notice. In the Order Shortening Time, the Court provided that parties must file oppositions to the Motion no later than February 18, 2020. *See* Order Shortening Time at 3. The Order Shortening Time set the Motion for hearing on February 26, 2020, at 10:00 a.m. (Pacific Time). On February 11, 2020, the Debtors filed a notice [Docket No. 4075] of the hearing on the Motion and the Objection Deadline.

D. On February 19, 2020, the Debtors filed a stipulation [Docket No. 4109] continuing the deadline for Attorney General to file an objection to the proposed Sale, the form of asset purchase agreement related to the Sale, and the proposed form of order approving the Sale (an “Objection”) from February 18, 2020, to March 26, 2020, which the Court approved by order [Docket No. 4116] entered February 19, 2020.

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

### **AGREEMENT**

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

1. Any order approving the Sale shall include the following provision:

The California Attorney General, the Debtors, the Consultation Parties (as defined in the Bid Procedures Order) and Purchaser, reserve all rights, arguments and defenses concerning the California Attorney General’s authority, if any, to review the sale under California Corporations Code §§ 5914–5924 and California Code of Regulations on Nonprofit Hospital Transactions—Title 11, Chapter 15, § 999.5, and any conditions issued thereto. Notwithstanding any provision to the contrary in the APA or the Sale Order, nothing in the APA or this Sale Order shall limit or be construed as a waiver of the Attorney General’s statutory or regulatory authority or other rights or defenses, or a waiver of the Debtors’ statutory or other rights or defenses.

2. The deadline for the Attorney General to file an Objection, except for any Objection related to the subject matter addressed in paragraph 1 hereof, shall be continued from March 26, 2020, to April 8, 2020, at 5:00 p.m. (Pacific Time).

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

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3 By: /s/ Tania M. Moyron

4 Samuel R. Maizel

5 Tania M. Moyron

6 Dentons US LLP

7 Counsel to Debtors and Debtors In Possession

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9 **Office of the Attorney General for the State of California**

10 /s/ David K. Eldan<sup>1</sup>

11 David K. Eldan

12 Office of the California Attorney General

13 Counsel to Xavier Becerra, California Attorney General

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27 <sup>1</sup> Pursuant to the Court's General Order 20-02, the Debtors (i) are unable to obtain the foregoing party's  
28 holographic signature due to a lack of required technology, (ii) obtained the party's permission to sign  
this document on the party's behalf, and (iii) will obtain and file the holographic signature required  
pursuant to LBR 9011-1(a) as soon as practicable. *See In re Procedures for Public Emergency Related  
to COVID-19 Outbreak*, General Order 20-02, at ¶ 7 (Bankr. C.D. Cal. Mar. 19, 2020).