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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 APPROVING TOLLING
AGREEMENT BY AND BETWEEN THE
DEBTORS AND BLUE MOUNTAIN CAPITAL
MANAGEMENT LLC AND AFFILIATES**



This stipulation (the “Stipulation”) is entered into this 31st day of August, 2020 (the “Effective Date”), by and between Verity Health System Of California, Inc. (“VHS”) and the above-referenced affiliated debtors and debtors in possession in the above captioned chapter 11 bankruptcy cases (collectively, the “Debtors”), on the one hand, and BlueMountain Capital Management, LLC, BlueMountain Guadalupe Peak Fund L.P., BlueMountain Summit Opportunities Fund II (US) L.P., BMSB L.P., BlueMountain Foinaven Master Fund L.P., BlueMountain Logan Opportunities Master Fund L.P., and BlueMountain Monteners Master Fund SCA SICAV-SIF (collectively, “BlueMountain” and, together with the Debtors, the “Parties”), on the other hand. The Parties hereby stipulate as follows:

RECITALS

A. On August 31, 2018 (the “Petition Date”), the Debtors each filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”).¹ The Debtors’ chapter 11 cases (the “Bankruptcy Cases”) are jointly administered under the case captioned *In re Verity Health System of California, Inc.*, Case No. 2:18-bk-20151-ER, which is currently pending before the United States Bankruptcy Court for the Central District of California (the “Bankruptcy Court”).

B. As of the Effective Date of this Stipulation, the Debtors have advised BlueMountain that they believe they may have or may desire to assert certain claims, demands, actions and/or causes of action against BlueMountain that the Debtors may assert on behalf of themselves and their respective bankruptcy estates (the “Estates”) pursuant to §§ 544, 545, 547, 548, or 553, including claims arising under applicable nonbankruptcy law pertaining to the avoidance of a transfer of an interest of the Debtors in property or any obligation incurred by the Debtors that is voidable under applicable law (collectively, the “Claims”).

C. On August 14, 2020, the Bankruptcy Court entered an order [Docket No. 5504] (the “Confirmation Order”) confirming the *Modified Second Amended Joint Chapter 11 Plan of*

¹ All references to “§” herein are to sections of the Bankruptcy Code, 11 U.S.C. §§101, *et seq.* unless otherwise noted.

1 *Liquidation (Dated July 2, 2020) of the Debtors, the Prepetition Secured Creditors, and the*
2 *Committee [Docket No. 5466] (the “Plan”), which, inter alia, provides for the transfer of certain*
3 *causes of action, including the Claims, to a liquidating trust (the “Liquidating Trust”) to be*
4 *administered by a trustee (the “Liquidating Trustee”) for the benefit of the Estates.*

5 D. The Parties deem it to be in their mutual interests to enter into the agreement
6 below.

7 **AGREEMENT**

8 In consideration of the mutual agreements hereinafter set forth, and for other good and
9 valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties
10 hereby covenant and agree as follows:

- 11 1. As used in this Stipulation, the following terms shall have the following meanings:
- 12 a. “Tolling Period” shall mean the period from and including the Effective
13 Date of this Stipulation until and including the Expiration Date (as that
14 term is defined below).
- 15 b. “Expiration Date” shall mean September 30, 2020.
- 16 c. “Timing Defenses” shall mean, but shall not be limited to, any affirmative
17 defenses to the Claims that BlueMountain has, may have, or may claim to
18 have as of the Effective Date based upon: (i) any statute of limitations; (ii)
19 laches; (iii) any failure to institute or commence litigation or other legal
20 proceedings within some specified period, before a specified date, on or
21 before the happening of a specified event; or (iv) any other defense that is
22 based, in whole or in part, upon the passage of time.

23 2. The Parties stipulate, covenant and agree that any Claims which, if filed on or
24 before the Effective Date, would have been timely filed, shall be deemed timely filed if filed on
25 or before the Expiration Date. The Parties further stipulate, covenant and agree that any Timing
26 Defenses applicable to the Claims shall be tolled during the Tolling Period.

- 27 3. All of the Debtors’ and the Estates’ rights, duties, and obligations under this
28

1 Stipulation shall inure to the benefit of any successor-in-interest of the Debtors or their Estates,
2 including, but not limited to, the Liquidating Trust and any Liquidating Trustee related thereto.

3 4. The provisions of this Stipulation comprise all of the terms, conditions, agreements
4 and representations of the Parties respecting subject matter hereof. This Stipulation may not be
5 altered or amended except by written agreement executed by both Parties. The terms of this
6 Stipulation have not been changed, modified, or expanded by any oral agreements or
7 representations entered into or made by the either of the Parties prior to or at the execution of this
8 Stipulation.

9 5. The Parties further acknowledge that they have, individually or through their
10 respective counsel, participated in the preparation of this Stipulation, and no provision hereof
11 shall be construed against any Party by reason of said Party having drafted or prepared the
12 Stipulation.

13 6. Nothing in this Stipulation shall be construed as an admission by any of the Parties
14 as to the merits of any of the Claims or any defenses thereto. Further, nothing in this Stipulation
15 shall prevent the Debtors from filing litigation prior to the Expiration Date.

16 7. This Stipulation may be executed in one or more original or facsimile or email
17 counterparts, each of which shall be deemed an original, but also which together will constitute
18 one and the same instrument.

19 8. The Bankruptcy Court shall retain jurisdiction to interpret, implement, and enforce
20 the provisions of this Stipulation.

1 Dated: August 31, 2020

DENTONS US LLP

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3 By: /s/ Tania M. Moyron

Samuel R. Maizel

Tania M. Moyron

Nicholas A. Koffroth

5 Counsel to the Debtors and Debtors-in-Possession

6
7 Dated: August 31, 2020

**BLUEMOUNTAIN CAPITAL MANAGEMENT,
LLC, ON BEHALF OF ITSELF AND
INVESTMENT FUNDS IT MANAGES LISTED
BELOW**

9
10 By: Eric M. Albert

11 Counsel to BlueMountain Capital Management, LLC,
12 BlueMountain Guadalupe Peak Fund L.P., BlueMountain
13 Summit Opportunities Fund II (US) L.P., BMSB L.P.,
14 BlueMountain Foinaven Master Fund L.P., BlueMountain
Logan Opportunities Master Fund L.P., BlueMountain
Montenvers Master Fund SCA SICAV-SIF

1 Dated: August 31, 2020

DENTONS US LLP

2
3 By: _____

Samuel R. Maizel

Tania M. Moyron

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5 Counsel to the Debtors and Debtors-in-Possession

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LLC, ON BEHALF OF ITSELF AND
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BELOW**

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9
10 By:  _____

Eric M. Albert

11 Counsel to BlueMountain Capital Management, LLC,
12 BlueMountain Guadalupe Peak Fund L.P., BlueMountain
13 Summit Opportunities Fund II (US) L.P., BMSB L.P.,
14 BlueMountain Foinaven Master Fund L.P., BlueMountain
15 Logan Opportunities Master Fund L.P., BlueMountain
16 Monteners Master Fund SCA SICAV-SIF