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Debtors In Possession

FILED & ENTERED

NOV 18 2020

CLERK U.S. BANKRUPTCY COURT  
Central District of California  
BY gonzalez DEPUTY CLERK

**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.

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

Hon. Judge Ernest M. Robles

**ORDER GRANTING DEBTORS' NINTH OMNIBUS  
MOTION TO REJECT, PURSUANT TO 11 U.S.C. §  
365(A), CERTAIN TRANSITION EXECUTORY  
CONTRACTS AND UNEXPIRED LEASES**

**[RELATED DOCKET NO. 6037, 6102, 6103, 6134]**

Hearing:

Date: October 7, 2020

Time: 10:00 a.m.

Place: Courtroom 1568

Roybal Federal Building  
255 East Temple Street  
Los Angeles, CA 90012

☒ 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.

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This matter came before the Court on the *Debtors' Ninth Omnibus Motion to Reject, Pursuant to 11 U.S.C. § 365(a), Certain Transition Executory Contracts and Unexpired Leases* [Docket No. 6037] (the "Motion")<sup>1</sup> filed by Verity Health System Of California, Inc. ("VHS") and the above-referenced affiliated post-effective date debtors in the above captioned chapter 11 bankruptcy cases (collectively, the "Debtors") for the entry of an order, pursuant to 11 U.S.C. § 365(a), authorizing the Debtors to reject the contracts and leases listed on Exhibit "A" to the Motion and all ancillary documents thereto, including exhibits, schedules, attachments and amendments (collectively, the "Agreements"), to which Seton Medical Center ("Seton"), St. Francis Medical Center ("SFMC"), St. Vincent Medical Center ("SVMC"), or VHS, as applicable, are a party.

The Court, having review the Motion and the accompanying Declaration of Richard G. Adcock; the *Response and Reservation of Rights of Infor (US), Inc. to the Debtors' Ninth Omnibus Motion to Reject, Pursuant to 11 U.S.C. § 365(a), Certain Transition Executory Contracts and Unexpired Leases* [Dkt. No. 6037] [Docket No. 6102] (the "Infor Objection") filed by Infor (US), Inc. ("Infor"), the *Limited Objection of Cerner Corporation to Debtors' Ninth Omnibus Motion to Reject, Pursuant to 11 U.S.C. § 365(a), Certain Transition Executory Contracts and Unexpired Leases*; [Dkt. No. 6037] [Docket No. 6103] (the "Cerner Objection") filed by Cerner Corporation, on behalf of itself and its affiliates (collectively, "Cerner"), and the informal objection (the "Equinix Objection") asserted by Equinix LLC ("Equinix"); the *Debtors' Omnibus Reply in Support of Ninth and Tenth Omnibus Motions to Reject, Pursuant to 11 U.S.C. § 365(a), Certain Transition Executory Contracts and Unexpired Leases* [Docket No. 6134] (the "Reply"); and the statements, arguments, and representations of the parties made at the hearing on the Motion; the entire record of these cases; for the reasons set forth in the Court's tentative ruling issued on October 6, 2020, which the Court adopts as its final ruling and incorporates herein by this reference, except as otherwise set forth herein; any objections to the Motion having been

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<sup>1</sup> Capitalized terms not otherwise defined herein have the definitions set forth in the Motion.

1 withdrawn, continued, overruled, or settled as set forth herein; and after due deliberation and  
2 sufficient good cause appearing therefor:

3 IT IS HEREBY ORDERED as follows:

4 1. The Motion is GRANTED in its entirety, except as otherwise set forth herein.  
5 2. Except as otherwise set forth herein, each of the Agreements listed on Exhibit "A"  
6 to the Motion (the "Rejected Agreements") is deemed rejected pursuant to § 365(a) as of October  
7 30, 2020.

8 3. The Infor Objection shall be resolved as follows:

9 With respect to the Master Software License Agreement (as  
10 amended, the "MSLA") by and between VHS, as licensee, and  
11 Infor, as licensor, the Rejection Date shall be December 31, 2020,  
12 or such other date as may be agreed by the parties. VHS or its  
13 successor, as applicable, shall cause an officer or other authorized  
14 representative to certify in writing to Infor by no later than  
15 December 31, 2020, or such other date as may be agreed by the  
16 parties, that all copies of the Infor Software and other Confidential  
Information (each, as defined in the MSLA) (i) have been deleted  
and removed from any computer systems and storage devices under  
the control of VHS or its successor; (ii) are no longer in use by the  
Debtors; and (iii) either have been returned to Infor or destroyed.

17 4. The Cerner Objection shall be resolved as follows:

18 a. That certain agreement dated March 27, 2002, as amended, by and between  
19 VHS and Cerner Health Services, Inc., and, for the sake of clarity, including those  
20 agreements/amendments between Cerner and St. Vincent Medical Center, Saint Francis, and  
21 Seton Medical Center respectively (the "Cerner Agreement") shall be rejected as of the Rejection  
22 Date. The Debtors shall pay all outstanding post-petition invoices for services through the  
23 Rejection Date and actually provided by Cerner to the Debtors under the Cerner Agreement no  
24 later than November 30, 2020.

25 b. The Debtor or its successor, as applicable, shall cause an officer or other  
26 authorized representative to certify in writing to Cerner by no later than December 31, 2020, or  
27 such other date as may be agreed by the parties, that all copies of the Cerner software subject to  
28 the Cerner Agreement (i) ~~has~~ have been deleted and removed from any computer systems and

1 storage devices under the control of VHS or its successor; (ii) are no longer in use by the Debtors;  
2 and (iii) either have been returned to Cerner or destroyed. The Debtors shall not, without the  
3 prior written consent of Cerner, as applicable, transfer or assign the Debtors' rights under the  
4 Cerner Agreement.

5 c. Within seven (7) days of the entry of this Order, the Debtors and Cerner  
6 shall file a stipulation dismissing the adversary proceeding captioned *Verity Health System of*  
7 *California, Inc. v. Cerner Health Services Inc.*, Adv. Proc. No. 2:20-ap-01238-ER, pursuant to  
8 FED. R. CIV. P. 41(a)(1)(A)(ii).

9 5. The Equinix Objection shall be resolved as follows:

10 Any and all master services agreements, master country  
11 agreements, global terms and conditions or similar governing  
12 agreement between Equinix LLC and the Debtors, and any  
13 individual orders relating to such agreements shall be rejected as of  
14 the Rejection Date. Further, any property owned or leased by the  
Debtors located at any of Equinix's data centers is deemed  
abandoned as of the Rejection Date.

15 6. The last day for each counterparty to a Rejected Agreement to file a claim arising  
16 from the rejection of such agreement under Bankruptcy Rule 3002(c)(4) shall be 60 days  
17 subsequent to the rejection date applicable to such Rejected Agreement (the "Rule 3002(c)(4)  
18 Claims Bar Date"). The Debtors shall provide notice of the Rule 3002(c)(4) Claims Bar Date by  
19 service of this Order so that it is actually received by each counterparty to a Rejected Agreement  
20 no later than November 20, 2020. The Debtors shall file a proof of service of such notice by no  
21 later than November 27, 2020.

22 7. Any lessor of equipment under a Rejected Agreement (that is not subject to a new  
23 or restated lease with the applicable hospital buyer) shall (a) in the case of equipment leased to  
24 SFMC, contact Terri Pasion (Terripasion@verity.org), or (b) in the case of equipment leased to  
25 Seton, contact Mark Feltt (MarkFeltt@verity.org), to make arrangements to retrieve its leased  
26 equipment by no later than December 4, 2020 (the "Retrieval Deadline"). The Debtors shall  
27 provide notice of the Retrieval Deadline by service of this Order so that it is actually received by  
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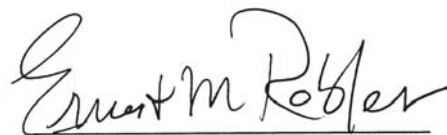
1 the equipment lessors by no later than November 20, 2020. The Debtors shall file a proof of  
2 service of such notice by no later than November 27, 2020. Any leased equipment that is not  
3 retrieved by the Retrieval Deadline shall be deemed abandoned to the estates.

4 8. The Court shall retain jurisdiction to hear and determine all matters arising from or  
5 relating to this Order.

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7 **IT IS SO ORDERED.**

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24 Date: November 18, 2020



Ernest M. Robles  
United States Bankruptcy Judge