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

[RELATED DOCKET NO. 6038, 6105, 6109, 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' Tenth Omnibus Motion to Reject, Pursuant to 11 U.S.C. § 365(a), Certain Transition Executory Contracts and Unexpired Leases* [Docket No. 6038] (the "Motion")¹ 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; *Sunquest Information Systems, Inc.'s Limited Objection to Debtors Notice of Motion and Tenth Omnibus Motion to Reject Certain Transition Executory Contracts and Unexpired Leases and Reservation of Rights* [Docket No. 6015] (the "Sunquest Objection") filed by Sunquest Information Systems, Inc. ("Sunquest") and *NTT DATA Services, LLC's Limited Objection and Reservation of Rights Regarding Debtors' Notice of Motion and Tenth Omnibus Motion to Reject, Pursuant to 11 U.S.C. § 365(a), Certain Executory Contracts and Unexpired Leases* [Docket No. 6109] (the "NTT Objection") filed by NTT DATA Services, LLC ("NTT"); 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 withdrawn, continued, overruled, or settled as set forth herein; and after due deliberation and sufficient good cause appearing therefor:

¹ Capitalized terms not otherwise defined herein have the definitions set forth in the Motion.

1 IT IS HEREBY ORDERED as follows:

2 1. The Motion is GRANTED in its entirety, except as otherwise set forth herein.

3 2. Except as otherwise set forth herein, each of the Agreements listed on Exhibit "A"
4 to the Motion (the "Rejected Agreements") is deemed rejected pursuant to § 365(a) as of October
5 30, 2020.

6 3. The Sunquest Objection shall be resolved as follows:

7 With respect to the Master System Acquisition Agreement,
8 Supplement #1 to the Master System Acquisition Agreement and
9 the Software Maintenance Agreement, all dated March 14, 2002,
10 and all amendments and addenda thereto (the "MSAA") by and
11 between Debtor VHS, as licensee, and Sunquest, as licensor, the
12 Rejection Date shall be December 31, 2020, or such other date as
13 may be agreed by the parties. VHS shall cause an officer or other
14 authorized representative to certify in writing to Sunquest by no
15 later than December 31, 2020, or such other date as may be agreed
16 by the parties, that all copies of the Sunquest and Affiliate Software,
17 Third Party Software and other Confidential Information (each, as
18 defined in the MSAA) (i) have been deleted and removed from any
computer systems and storage devices under the control of the
Debtors; (ii) are no longer in use by the Debtor; and (iii) either have
been returned to Sunquest or destroyed. The Debtors shall not,
without the prior written consent of Sunquest or its affiliates, as
applicable, transfer or assign the Debtors' rights under the MSAA,
and its Supplements and Addenda, as amended, by and between
VHS and Sunquest.

19 4. The NTT Objection shall be resolved as follows:

20 a. That certain agreement Termination Assistance Services Letter Agreement,
21 as amended, by and between VHS and NTT Data, shall be further amended as set forth in that
22 certain *Amendment to January 26, 2018 Termination Assistance Services Letter Agreement* by
23 and between the parties dated October 22, 2020 (the "NTT Agreement"), as may be further
24 amended by agreement among the parties.

25 b. The Debtors shall not, without the prior written consent of NTT, as
26 applicable, transfer or assign the Debtors' rights under the NTT Agreement.

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1 c. Within seven (7) days of the entry of this Order, the Debtors and Cerner
2 shall file a stipulation dismissing with prejudice the adversary proceeding captioned *Verity Health*
3 *System of California, Inc. v. NTT DATA Services, LLC*, Adv. Proc. No. 2:20-ap-01361-ER,
4 pursuant to FED. R. CIV. P. 41(a)(1)(A)(ii).

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

12 6. Any lessor of equipment under a Rejected Agreement (that is not subject to a new
13 or restated lease with the applicable hospital buyer) shall (a) in the case of equipment leased to
14 SFMC, contact Terri Pasion (Terripasion@verity.org), or (b) in the case of equipment leased to
15 Seton, contact Mark Feltt (MarkFeltt@verity.org), to make arrangements to retrieve its leased
16 equipment by no later than December 4, 2020 (the “Retrieval Deadline”). The Debtors shall
17 provide notice of the Retrieval Deadline by service of this Order so that it is actually received by
18 the equipment lessors by no later than November 20, 2020. The Debtors shall file a proof of
19 service of such notice by no later than November 27, 2020. Any leased equipment that is not
20 retrieved by the Retrieval Deadline shall be deemed abandoned to the estates.


21 7. The Court shall retain jurisdiction to hear and determine all matters arising from or
22 relating to this Order.

1 **IT IS SO ORDERED.**

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24 Date: November 18, 2020

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Ernest M. Robles
United States Bankruptcy Judge