

**United States Bankruptcy Court
Central District of California
Los Angeles
Judge Ernest Robles, Presiding
Courtroom 1568 Calendar**

Wednesday, October 6, 2021

Hearing Room 1568

10:00 AM

2:18-20151 Verity Health System of California, Inc.

Chapter 11

#5.00 Hearing
RE: [6642] Motion to Allow Claim 2874 /City of Daly Ctiy's Request for Allowance of Administrative Claim

fr. 10-5-21

Docket 6642

Matter Notes:

10/6/2021

The tentative ruling will be the order.

Party to lodge order: As set forth in the Tentative Ruling

POST PDF OF TENTATIVE OR AMENDED TENTATIVE RULING TO CIAO

Tentative Ruling:

10/5/2021

Note: Parties may appear at the hearing either in-person or by telephone. Parties electing to appear in-person shall comply with all requirements regarding social distancing, use of face masks, etc. which may be in effect at the time of the hearing. Parties electing to appear by telephone should contact CourtCall at 888-882-6878 no later than one hour before the hearing.

For the reasons set forth below, Daly City's Motion—which seeks allowance of an administrative claim in the amount of \$93,686.60 on account of water and garbage services—is **GRANTED**.

Pleadings Filed and Reviewed:

- 1) City of Daly City's Request for Allowance of Administrative Claims [Doc. No. 6642] (the "Motion")
- 2) Liquidating Trustee's Response to City of Daly City's Request for Allowance of



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CONT... **Verity Health System of California, Inc.**
Administrative Claims [Doc. No. 6642]

Chapter 11

I. Facts and Summary of Pleadings

On August 14, 2020, the Court entered an order confirming the *Modified Second Amended Joint Chapter 11 Plan (Dated July 2, 2020) of the Debtors, the Committee, and the Prepetition Secured Creditors* [Doc. No. 5468, Ex. A] (the "Plan"). *See* Doc. No. 5504 (the "Confirmation Order"). Howard Grobstein has been appointed as the Liquidating Trustee responsible for administering the Plan.

On July 7, 2021, the Court issued a Memorandum of Decision [Doc. No. 6515] (the "Distribution Memorandum") and accompanying order [Doc. No. 6523] (the "Distribution Order") authorizing the Liquidating Trustee to implement a Final Distribution Program, under which administrative creditors would receive an interim payment of approximately 15% of the value of their claims, followed by a final payment to be made after the final amount of Allowed Administrative Claims has been determined.

The City of Daly City ("Daly City") moves for allowance of an administrative claim in the amount of \$93,686.60. *See* Doc. No. 6642 (the "Motion"). The claim is based upon water and garbage services that Daly City provided to Seton Medical Center.

The Liquidating Trustee does not oppose the Motion.

II. Findings of Fact and Conclusions of Law

Section 503(b) provides for the allowance of administrative expenses, including "the actual, necessary costs and expenses of preserving the estate." "Administrative status is allowed when a claim (1) is incurred postpetition, (2) directly and substantially benefits the estate, and (3) is an actual and necessary expense." *Gull Indus., Inc. v. Mitchell (In re Hanna)*, 168 B.R. 386, 388 (B.A.P. 9th Cir. 1994). "The burden of proving an administrative expense claim is on the claimant," and administrative claims are "construed narrowly" in order "to keep administrative costs to the estate at a minimum." *Microsoft Corp. v. DAK Indus., Inc. (In re DAK Indus., Inc.)*, 66 F.3d 1091, 1094 (9th Cir. 1995). A claimant "must prove by a preponderance of the evidence entitlement to the administrative expense." *Hanna*, 168 B.R. at 388.

The utility services that Daly City provided to Seton Medical Center directly and substantially benefitted the estates. Daly City is entitled to an administrative claim in the amount of \$93,686.60. The Liquidating Trustee is authorized to pay the administrative claim in accordance with the terms of the Final Distribution Program.

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Based upon the foregoing, the Motion is **GRANTED**. Within seven days of the hearing, Daly City shall submit an order incorporating this tentative ruling by reference. **[Note 1]**

No appearance is required if submitting on the court's tentative ruling. If you intend to submit on the tentative ruling, please contact Andrew Lockridge or Daniel Koontz at 213-894-1522. **If you intend to contest the tentative ruling and appear, please first contact opposing counsel to inform them of your intention to do so.** Should an opposing party file a late opposition or appear at the hearing, the court will determine whether further hearing is required. If you wish to make a telephonic appearance, contact Court Call at 888-882-6878, no later than one hour before the hearing.

[Note 1]

To ensure that the Liquidating Trustee has the opportunity to review Daly City's proposed order as to form, Daly City shall either (a) submit a *Notice of Lodgment* of the proposed order in accordance with the procedure set forth in Local Bankruptcy Rule 9021-1(b)(3)(A) or, in the alternative, shall (b) obtain the Liquidating Trustee's endorsement as to the form of the proposed order pursuant to the procedure set forth in Local Bankruptcy Rule 9021-1(b)(3)(C).

Party Information

Debtor(s):

Verity Health System of California,

Represented By

Samuel R Maizel

John A Moe II

Tania M Moyron

Claude D Montgomery

Sam J Alberts

Shirley Cho

Patrick Maxcy

Steven J Kahn

Nicholas A Koffroth

Kerry L Duffy

Brigette G McGrath

Gary D Underdahl

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Nicholas C Brown
Anna Kordas
Mary H Haas
Robert E Richards
Lawrence B Gill
Richard Reding

Trustee(s):

Howard Grobstein Liquidating

Represented By
James Cornell Behrens