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FILED & ENTERED

APR 09 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**

CHANGES MADE BY COURT

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

Hon. Judge Ernest M. Robles

**ORDER (A) AUTHORIZING THE SALE
OF CERTAIN OF THE DEBTORS'
ASSETS TO PRIME HEALTHCARE
SERVICES, INC. PURSUANT TO THE APA
ATTACHED HERETO FREE AND CLEAR OF
LIENS, CLAIMS, ENCUMBRANCES, AND
OTHER INTERESTS; (B) APPROVING THE
ASSUMPTION AND ASSIGNMENT OF
CERTAIN ASSIGNED CONTRACTS
RELATED THERETO; AND (C) GRANTING
RELATED RELIEF**

Hearing:

Date: April 9, 2020

Time: 10:00 a.m.

Location: Courtroom 1568

255 E. Temple St., Los Angeles, CA

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This matter came before the Court on 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"), filed by 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 (the "Debtors"), for the entry of an order, pursuant to §§ 105(a), 363, and 365 of title 11 of the United States Code (the "Bankruptcy Code"), Rules 2002, 6004, 6006, 9007, and 9014, and LBR 6004-1.¹ This Sale Order relates to the sale of certain assets used in the operation of the general acute care hospital known as "St. Francis Medical Center," which are owned, as applicable, by St. Francis Medical Center, a California nonprofit public benefit corporation ("SFMC"), VHS, and Verity Holdings LLC, a California limited liability company ("Holdings").

At the previous hearing on the Motion on February 26, 2020 (the "Bidding Procedures Hearing"), the Court granted the Motion [Docket No. 4165] (the "Bidding Procedures Order"). Any objections that were filed and overruled at the Bidding Procedures Hearing are not listed herein.

The Court, having reviewed the Memorandum [Docket No. 4471], the Declarations of Richard Adcock [Docket Nos. 8, 4132, 4471], James Moloney [Docket Nos. 4132 and 4471], and A. Joel Richlin [Docket No. 4471] in support thereof, the *Notice To Counterparties To Executory Contracts And Unexpired Leases Of The Debtors That May Be Assumed And Assigned* [Docket No. 4267] (the "Cure Notice"), the *Notice of Sale Procedures, Auction Date, and Sale Hearing* [Docket

¹ Unless specified otherwise, all chapter and section references are to the Bankruptcy Code, 11 U.S.C. §§ 101-1532, all "Rule" references are to the Federal Rules of Bankruptcy Procedure, and all "LBR" references are to the Local Bankruptcy Rules for the United States Bankruptcy Court for the Central District of California.

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No. 4167] (the “Auction Notice”), the objections filed by various counterparties to certain executory contracts and unexpired leases [Docket Nos. 4354, 4366, 4371, 4391, 4392, 4403, 4405, 4406, 4407, 4408, 4409, 4414, 4415, 4416, 4418, 4419, 4420, 4421, 4422, 4423, 4424, 4425, 4426, 4427, 4443] (the “Cure Objections”), the *SEIU-UHW’s Objection and Reservation of Rights to Debtors’ Motion for Sale of St. Francis Medical Center* [Docket No. 4495] (the “SEIU-UHW Objection”), the *Objection and Reservation of Rights by United Nurses Associations of California, to Debtors’ Motion [Dkt. 4069] and Memorandum [Dkt. 4471] in Support of Entry of an Order Authorizing the Sale of Saint Francis Medical Center and Related Assets* [Docket No. 4498] (the “UNAC Objection”), *Hooper Healthcare Consulting, LLC’s Limited Response to Sale Motion [Dkt. No. 4069], and Reservation of Rights* [Docket No. 4463] (the “Hooper Reservation”), and any objections set forth on the record at the Sale Hearing, and any withdrawals thereof, the statements, arguments and representations of the parties made at the Sale Hearing; and the entire record of these cases; and the Court, having determined that the relief sought in the Motion is in the best interests of the Debtors, their estates, their creditors, and that the legal and factual bases set forth in the Motion and presented at the Sale Hearing establish just cause for the relief granted herein and for the reasons set forth in the Court’s tentative ruling issued on April 9, 2020, which the Court adopts as its final ruling and which is incorporated herein by reference **[Docket No. 4507]**; and all objections to the Motion, if any, having been withdrawn, continued or overruled; and after due deliberation and sufficient good cause appearing therefor:

THE COURT HEREBY FINDS AND CONCLUDES THAT:²

A. Jurisdiction and Venue. This Court has jurisdiction to hear and determine the Motion pursuant to 28 U.S.C. §§ 157 and 1334. This matter relates to the administration of the Debtors’ bankruptcy estates and is accordingly a core proceeding pursuant to 28 U.S.C. § 157(b)

² The findings and conclusions set forth herein constitute the Court’s findings of fact and conclusions of law pursuant to Rule 7052, made applicable to this proceeding pursuant to Rule 9014. To the extent that any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent that any of the following conclusions of law constitute findings of fact, they are adopted as such.

(2) (A), (M), (N) and (O). Venue of these cases is proper in this District and in this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

B. Statutory Predicates. The statutory predicates for the relief requested in the Motion are (i) §§ 105(a), 363(b), (f), (k), (l) and (m), and 365, (ii) Rules 2002(a)(2), 2002(c)(1) and (d), 6004 (a), (b), (c), (e), (f) and (h), 6006(a), (c) and (d), 9006, 9007, 9013 and 9014, and (iii) LBR 6004-1 and 9013-1.

C. Notice. As evidenced by the affidavits of service previously filed with the Court, the Debtors have provided proper, timely, adequate and sufficient notice with respect to the following: (i) the Motion and the relief sought therein, including the entry of this Sale Order and the transfer and sale of the assets (the “Purchased Assets”), as set forth in the Asset Purchase Agreement, dated April 3, 2020, a copy of which is attached as Exhibit “B” to Docket No. 4471 (the “APA”); (ii) the Sale Hearing; (iii) the Auction Notice; and (iv) the assumption and assignment of the executory contracts and unexpired leases and proposed cure amounts owing under such executory contracts and unexpired leases (the “Cure Amounts”); and no further notice of the Motion, the relief requested therein or the Sale Hearing is required. The Debtors have also complied with all obligations to provide notice of the Auction, the Sale Hearing, the proposed sale and otherwise, as required by the Bidding Procedures Order. A reasonable opportunity to object and to be heard regarding the relief provided herein has been afforded to parties-in-interest.

D. Title in the Purchased Assets. The Purchased Assets constitute property of the Debtors’ estates and title thereto is vested in the Debtors’ estates within the meaning of § 541(a). The Debtors are the sole and lawful owner of the Purchased Assets.

E. Arm’s Length Transaction. The APA and other documents and instruments (the “Transaction Documents”) related to and connected with this transaction (the “Transaction”) and the consummation thereof were negotiated and entered into by the Debtors and Prime Healthcare Services, Inc. (“Prime”), as Purchaser under the APA without collusion, in good faith and through an arm’s length bargaining process. Neither Prime nor any of its affiliates or representatives is an “insider” of the Debtors, as that term is defined in § 101(31). None of the Debtors, Prime, or their respective representatives engaged in any conduct that would cause or permit the APA, any of the

1 other Transaction Documents or the Transaction to be avoided under § 363(n), or have acted in any
2 improper or collusive manner. The terms and conditions of the APA and the other Transaction
3 Documents, including, without limitation, the consideration provided in respect thereof, are fair
4 and reasonable, and are not avoidable and shall not be avoided, and no damages may be assessed
5 against Prime or any other party as set forth in § 363(n). The consideration provided by Prime is
6 fair, adequate and constitutes reasonably equivalent value and fair consideration under the
7 Bankruptcy Code and any other applicable laws of the United States or any of its jurisdictions or
8 subdivisions, including the State of California.

9 F. Good Faith Purchaser. Prime has proceeded in good faith and without collusion in
10 all respects in connection with the sale process, in that: (i) Prime, in proposing and proceeding with
11 the Transaction in accordance with the APA, recognized that the Debtors were free to deal with
12 other interested parties; (ii) Prime agreed to provisions in the APA that would enable the Debtors
13 to accept a higher and better offer; (iii) Prime complied with all of the provisions in the Bidding
14 Procedures Order applicable to Prime; (iv) all payments to be made by Prime and other agreements
15 entered into or to be entered into between Prime and the Debtors in connection with the Transaction
16 have been disclosed; (v) the negotiation and execution of the APA and related Transaction
17 Documents were conducted in good faith and constituted an arm's length transaction; (vi) Prime
18 did not induce or cause the chapter 11 filings by the Debtors; and (vii) the APA was not entered
19 into, and the Transaction being consummated pursuant to and in accordance with the APA is not
20 being consummated, for the purpose of hindering, delaying or defrauding creditors of the Debtors.
21 Prime is therefore entitled to all of the benefits and protections provided to a good-faith purchaser
22 under § 363(m) and any other applicable bankruptcy or non-bankruptcy law with respect to the sale
23 and assignment of the Purchased Assets and Assumed Contracts that Prime is acquiring pursuant
24 to the APA and the other terms thereof. Accordingly, the reversal or modification on appeal of the
25 authorization provided herein to consummate the Transaction shall not affect the validity of the
26 Transaction, any terms or conditions of the Transaction or Prime's status as a "good faith"
27 purchaser.
28

1 G. Justification for Relief. Good and sufficient reasons for approval of the APA and
2 the other Transaction Documents and the Transaction have been articulated to this Court in the
3 Motion and at the Sale Hearing, and the relief requested in the Motion and set forth in this Sale
4 Order is in the best interests of the Debtors, their estates, and their creditors. The Debtors have
5 demonstrated through the Motion and other evidence submitted at the Sale Hearing both (i) good,
6 sufficient and sound business purpose and justification and (ii) compelling circumstances for the
7 transfer and sale of the Purchased Assets as provided in the APA outside the ordinary course of
8 business, and (iii) such transfer and sale pursuant to the terms of the APA and this Order is an
9 appropriate exercise of the Debtors' business judgment and in the best interests of the Debtors, their
10 estates, and their creditors.

11 H. Free and Clear. In accordance with §§ 363(b) and 363(f), the consummation of the
12 Transaction pursuant to the Transaction Documents shall be a legal, valid, and effective transfer
13 and sale of the Purchased Assets and shall vest in Prime, through the consummation of the
14 Transaction, all of the Debtors' right, title, and interest in and to the Purchased Assets, free and
15 clear of all liens, claims, interests, rights of setoff, recoupment, netting and deductions, rights of
16 first offer, first refusal and any other similar contractual property, legal or equitable rights, and any
17 successor or successor-in-interest liability theories (collectively, the "Encumbrances"). The
18 Debtors have demonstrated that one or more of the standards set forth in § 363(f)(1)-(5) have been
19 satisfied. Those holders of Encumbrances who did not object, or who withdrew their objections, to
20 the sale or the Motion are deemed to have consented pursuant to § 363(f)(2). Those holders of
21 Encumbrances who did object fall within one or more of the other subsections of § 363(f). All
22 holders of the Encumbrances in the Purchased Assets are adequately protected by having their
23 respective Encumbrances attach to the Debtors' interests in the proceeds of the sale of the Purchased
24 Assets under the APA (subject to any Challenge within the meaning of that certain *Final Order (I)*
25 *Authorizing Postpetition Financing, (II) Authorizing Use of Cash Collateral, (III) Granting Liens*
26 *and Providing Superpriority Administrative Expense Status, (IV) Granting Adequate Protection,*
27 *(V) Modifying Automatic Stay, and (VI) Granting Related Relief* [Docket No. 409] (the "Final DIP
28 Order") that has been, or may be, timely filed), and any related documents or instruments delivered

1 in connection therewith, whenever and wherever received (the “Sale Proceeds”) to the extent and
2 manner provided herein, including, without limitation, in paragraphs 6, 7 and 16 hereunder. The
3 outcome of any Challenge (as defined in the Final DIP Order) does not affect the findings in this
4 paragraph as it relates to Purchaser.

5 I. Prompt Consummation. The Debtors have demonstrated good and sufficient cause
6 to waive the stay requirement under Rules 6004(h) and 6006(d). Time is of the essence in
7 consummating the Transaction, and it is in the best interests of the Debtors and their estates to
8 consummate the Transaction within the timeline set forth in the Motion and the APA. The Court
9 finds that there is no just reason for delay in the implementation of this Order, and expressly directs
10 entry of judgment as set forth in this Order.

11 J. Assumption of Executory Contracts and Unexpired Leases. The Debtors have
12 demonstrated that it is an exercise of their sound business judgment to assume and assign to Prime
13 the “Assigned Contracts” (as that term is defined in the APA), subject to Prime’s right to designate
14 any Assigned Contracts as “Rejected Contracts” (as that term is defined in the APA) pursuant to
15 the APA, in connection with the consummation of the Transaction, and the assumption and
16 assignment of the Assigned Contracts is in the best interests of the Debtors and their estates.

17 K. Cure/Adequate Assurance. In connection with the Closing, and pursuant to the APA,
18 unless otherwise ordered, any and all defaults existing on or prior to the Closing under any of the
19 Assigned Contracts will have been cured, within the meaning of § 365(b)(1)(A), by payment of the
20 amounts (the “Cure Amounts”) and in the manner set forth below, unless otherwise agreed by Prime
21 and the counterparty (each a “Counterparty”) or as ordered by the Court. Prime has provided
22 adequate assurance of future performance of and under the Assigned Contracts within the meaning
23 of § 365(b)(1)(C) and § 365(f)(2)(B), and shall have no further obligation to provide assurance of
24 performance to any Counterparty to an Assigned Contract. Pursuant to § 365(f), the Assigned
25 Contracts to be assumed by the Debtors (i.e., SFMC, VHS, and Holdings), and assigned to Prime
26 under the APA shall be assigned and transferred to, and remain in full force and effect for the
27 benefit of Prime, notwithstanding any provision in such Assigned Contracts prohibiting their
28 assignment or transfer. The Debtors have demonstrated that no other parties to any of the Assigned

1 Contracts has incurred any actual pecuniary loss resulting from a default on or prior to the Closing
2 under any of the Assigned Contracts within the meaning of § 365(b)(1)(B).

3 L. Rejection of Executory Contracts and Unexpired Leases. The Debtors will have
4 demonstrated that it is a reasonable and appropriate exercise of their sound business judgment for
5 SFMC to reject all of its executory contracts and unexpired leases, excluding (i) Assigned
6 Contracts, (ii) any prepetition multiparty contract affecting more than one Debtor in addition to
7 SFMC, (iii) any prepetition contract that is the subject of a Rule 9019 settlement motion prior to
8 Closing, and (vi) any collective bargaining agreement (a “CBA”), pension plan or health and
9 welfare plan providing collectively bargained benefits to which SFMC is a party or sponsor. The
10 Debtors shall file an appropriate motion to reject the contracts, covered by this paragraph K, prior
11 to Closing and shall request therein that the rejection be effective as of the Closing or as otherwise
12 appropriate.

13 M. Highest and Best Offer. The Debtors solicited offers and noticed the Auction in
14 accordance with the provisions of the Bidding Procedures Order. The Auction was duly noticed,
15 the sale process was conducted in a non-collusive manner and the Debtors afforded a full, fair and
16 reasonable opportunity for any person or entity to make a higher and better offer to purchase the
17 Purchased Assets. Commencing on January 3, 2020, the Debtors contacted all parties that had
18 executed a nondisclosure agreements (an “NDA”) in connection with the Debtors’ previous efforts
19 to market St. Francis and, following the receipt of executed NDAs, granted fifty three (53) parties
20 access to a secured diligence data site and received seven written indications of interest for the
21 potential acquisition of St. Francis by January 31, 2020. Other than Prime’s Bid, the Debtors
22 received no other Qualified Bids by the Bid Deadline (as such terms are defined by the Bidding
23 Procedures Order). The Debtors properly consulted with the Consultation Parties in selecting
24 Prime’s Bid as the highest and best bid pursuant to the Bidding Procedures Order. The transfer and
25 sale of the Purchased Assets to Prime on the terms set forth in the APA constitutes the highest and
26 best offer for the Purchased Assets and will provide a greater recovery for the Debtors’ estates than
27 would be provided by any other available alternative. The Debtors’ determination, in consultation
28

1 with the Consultation Parties (as defined in the Bidding Procedure Order), that the APA constitutes
2 the Winning Bid, constitutes a valid and sound exercise of the Debtors' business judgment.

3 N. No De Facto or Sub Rosa Plan of Reorganization. The sale of the Purchased Assets
4 does not constitute a *de facto* or *sub rosa* plan of reorganization or liquidation because it does not
5 propose to (i) impair or restructure existing debt of, or equity or membership interests in, the
6 Debtors, (ii) impair or circumvent voting rights with respect to any plan proposed by the Debtors,
7 (iii) circumvent chapter 11 safeguards, including those set forth in §§ 1125 and 1129, or (iv) classify
8 claims or equity or membership interests.

9 O. Legal and Factual Bases. The legal and factual bases set forth in the Motion and at
10 the Sale Hearing establish just cause for the relief granted herein.

11 **NOW THEREFORE, IT IS HEREBY ORDERED THAT:**

12 1. The relief requested in the Motion is GRANTED and APPROVED in all respects to
13 the extent provided herein.

14 2. The UNAC Objection is overruled as premature. The Hooper reservation is
15 preserved for adjudication at the hearing scheduled before this Court on April 29, 2020, at 10:00
16 a.m. All other objections with regard to the relief sought in the Motion that have not been
17 withdrawn, waived, settled, or provided for herein or in the Bidding Procedures Order, including
18 any reservation of rights included in such objections, are overruled on the merits with prejudice,
19 including, without limitation, the SEIU-UHW Objection. To the extent of any inconsistency
20 between this Sale Order and the Bidding Procedures Order, the terms of this Sale Order shall
21 prevail.

22 3. Notice of the Sale Motion, and the assumption and assignment of the Assumed
23 Contracts (including proposed Cure Amounts related thereto), the Auction, the Sale Hearing and
24 the Sale was fair and equitable under the circumstances and complied in all respects with the
25 Bidding Procedures, §§ 102(1), 363, and 365, and Rules 2002, 6004, 6006, 9006, and 9007.

26 4. Pursuant to §§ 105(a), 363(b), 363(f), and 365, the Transaction, including the
27 transfer and sale of the Purchased Assets to Prime on the terms set forth in the APA, is approved
28 in all respects, and the Debtors are authorized and directed to consummate the Transaction in

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1 accordance with the APA, including, without limitation, by executing all of the Transaction
2 Documents (and any ancillary documents or instruments that may be reasonably necessary or
3 desirable to implement the APA or the Transaction) and taking all actions necessary and appropriate
4 to effectuate and consummate the Transaction (including the transfer and sale of the Purchased
5 Assets) in consideration of the Purchase Price (as defined in § 1.1 of the APA) upon the terms set
6 forth in the APA, including, without limitation, assuming and assigning to Prime the Assigned
7 Contracts. The Debtors and Prime shall have the right to make any mutually agreeable, non-material
8 changes to the APA, which shall be in writing signed by both parties, without further order of the
9 Court provided, that after reasonable notice, the Official Committee of Unsecured Creditors (the
10 "Committee") and the Prepetition Secured Creditors (as defined in the Final DIP Order) do not
11 object to such changes. Any timely objection by the aforementioned parties to any agreed non-
12 material changes to the APA may be resolved by the Court on shortened notice.

13 5. As of the Closing, (i) the Transaction set forth in the APA shall effect a legal, valid,
14 enforceable and effective transfer and sale of the Purchased Assets to Prime free and clear of all
15 Encumbrances as further set forth in the APA and this Sale Order; and (ii) the APA, and the other
16 Transaction Documents, and the Transaction, shall be enforceable against and binding upon, and
17 not subject to rejection or avoidance by, the Debtors, any successor thereto including a trustee or
18 estate representative appointed in the Bankruptcy Cases, the Debtors' estates, all holders of any
19 Claim(s) (as defined in the Bankruptcy Code) against the Debtors, whether known or unknown,
20 any holders of Encumbrances on all or any portion of the Purchased Assets, all Counterparties to
21 the Assigned Contracts and all other persons and entities.

22 6. Encumbrances in and to Purchased Assets shall attach (subject to any Challenge
23 within the meaning of the Final DIP Order that has been, or may be, timely filed) to the Sale
24 Proceeds of such Purchased Assets with each such Encumbrance having the same force, extent,
25 effect, validity and priority as such Encumbrance had on the Purchased Assets giving rise to the
26 Sale Proceeds immediately prior to the Closing. For the avoidance of doubt, the foregoing force,
27 extent, effect, validity and priority of such Encumbrances of the Prepetition Secured Creditors that
28 attach to the Sale Proceeds shall: (i) reflect and include, without limitation, the security interests,

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liens (including any Prepetition Replacement Liens arising for diminution of value, if any) and rights, powers and authorities that have been granted to the Prepetition Secured Creditors, as applicable, pursuant to the Financing Orders,³ subject to (x) the results of the appeal from the Final DIP Order filed by the Committee on November 29, 2019 challenging the rights granted to the Prepetition Secured Creditors pursuant to the Final DIP Order with respect to Sections 506(c) and 552(b); and/or (ii) the results of any Challenge within the meaning of the Final DIP Order that has been, or may be, timely filed. In addition, the Intercreditor Agreement (as defined in the Final DIP Order) and the Final DIP Order shall apply with respect to the rights of the parties thereto in and to the Sale Proceeds and the Escrow Deposit Accounts, to the extent of and in accordance with its terms with all parties reserving all rights thereunder. Each of the Prepetition Secured Creditors opposes all existing Challenges and the appeal brought by the Committee, and nothing contained herein shall constitute an express or implicit admission by any of the Prepetition Secured Creditors in connection therewith, or shall be deemed to be a waiver of any rights in respect thereof. The outcome of any such Challenge does not affect the Transaction in any respect.

7. The Accounts Receivable shall be transferred from Debtors to Prime free and clear of all Encumbrances as further set forth in the APA and this Sale Order, subject only to the A/R Accounting set forth in the APA. Subject to the fulfillment of the terms and conditions of the APA, this Sale Order shall, as of the Closing, be considered and constitute for all purposes a full and complete general assignment, conveyance, and transfer of the Purchased Assets and/or a bill of sale transferring all of the Debtors' rights, title and interest in and to the Purchased Assets to Prime free

³ The "Financing Orders" refer, collectively, to (i) the Final DIP Order; (ii) the *Final Order (A) Authorizing Continued Use of Cash Collateral, (B) Granting Adequate Protection, (C) Modifying the Automatic Stay, and (D) Granting Related Relief* [Docket No. 3022]; (iii) the *Final Order Approving Stipulation Between the Prepetition Secured Creditors and the Debtors to (A) Amend Cash Collateral Order, Authorize Continued Use of Cash Collateral, Grant Adequate Protection, (D) Modify Automatic Stay, and (E) Grant Related Relief* [Docket No. 3883]; (iv) the *Final Order Approving Stipulation to (A) Amend the First Amended Supplemental Cash Collateral Order, Authorize Continued Use of Cash Collateral, Grant Adequate Protection, (D) Modify Automatic Stay, and (E) Grant Related Relief* [Docket No. 4028]; and (v) the *Final Order Approving Stipulation to (A) Amend the Second Amended Supplemental Cash Collateral Order, Authorize Continued Use of Cash Collateral, Grant Adequate Protection, (D) Modify Automatic Stay, and (E) Grant Related Relief* [Docket No. 4187].

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1 and clear of the Encumbrances. Consistent with, but not in limitation of the foregoing, each and
2 every federal, state, and local governmental agency or department, except as stated herein, is hereby
3 authorized and directed to accept all documents and instruments necessary and appropriate to
4 consummate the transactions contemplated by the APA and approved in this Sale Order. A certified
5 copy of this Order may be filed with the appropriate clerk and/or recorded with the appropriate
6 recorder to cancel any Encumbrances of record.

7 8. Any person or entity that is currently, or on the Closing Date may be, in possession
8 of some or all of the Purchased Assets is hereby directed to surrender possession of such Purchased
9 Assets either to (a) the Debtors before the Closing or (b) to Prime or its designee upon the Closing,
10 and to cooperate with the Debtors and Prime in the Debtors' and Prime's fulfillment of their
11 obligations hereunder and pursuant to the APA.

12 9. The transfer of the Purchased Assets pursuant to the Transaction Documents shall
13 be a legal, valid, and effective transfer and shall, in accordance with §§ 105(a) and 363(f), and upon
14 consummation of the Transaction, including, without limitation, payment of the Purchase Price to
15 the Debtors, vest Prime with all right, title, and interest in the Purchased Assets, free and clear of
16 all Encumbrances. Upon closing of the Transaction, Prime shall take title to and possession of the
17 Purchased Assets as set forth in the APA, provided that notwithstanding any other provision of this
18 Order or the APA to the contrary, Purchased Assets shall not include any Accounts Receivable (as
19 that term is defined in the APA) for which UnitedHealthcare Insurance Company is an account
20 debtor. The transfer of the Purchased Assets from the Debtors to Prime constitutes a transfer in
21 good faith and for reasonable equivalent value and fair consideration under the Bankruptcy Code
22 and the laws of the State of California.

23 10. Following the Closing, no holder of any Encumbrance against the Debtors or upon
24 the Purchased Assets shall interfere with Prime's respective rights in, title to or use and enjoyment
25 of the Purchased Assets. All persons and entities are hereby forever prohibited and enjoined from
26 taking any action that would adversely affect or interfere with the ability of the Debtors to sell and
27 transfer the Purchased Assets to Prime, including the assumption and assignment of the Assigned
28 Contracts.

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11. Prime is a good faith purchaser of the Purchased Assets and is hereby granted and entitled to all of the protections provided to a good faith purchaser under § 363(m). Pursuant to § 363(m), if any or all of the provisions of this Sale Order are hereafter reversed, modified, or vacated by a subsequent order of the Bankruptcy Court or any other court (including modification of the terms of the APA), such reversal, modification, or vacatur shall not affect the validity and enforceability of the Transaction, any sale, transfer, or assignment under the APA or obligation or right granted pursuant to the terms of this Sale Order, and, notwithstanding any reversal, modification, or vacatur, the original provisions of this Sale Order and the APA, as the case may be, shall apply with respect to the Transaction.

12. The Sale approved by this Sale Order is not subject to avoidance or any recovery or damages pursuant to § 363(n) or any other section of the Bankruptcy Code or otherwise, except for any rights of the parties to enforce the terms of the APA.

13. Prime shall not be deemed, as a result of any action taken in connection with, or as a result of the Transaction (including the transfer and sale of the Purchased Assets), to the maximum extent permitted by law by reason of any theory of law or equity with respect to any claims or liens against Sellers or the Assets, to: (i) be a successor, continuation or alter ego (or other such similarly situated party) to or of the Debtors or their estates by reason of any theory of law or equity, including, without limitation, any bulk sales law, doctrine or theory of successor liability, or any theory or basis of liability, regardless of source of origin; or (ii) have, *de facto* or otherwise, merged with or into the Debtors; or (iii) be a mere continuation, *alter ego*, or substantial continuation of the Debtors. Prime is not assuming any of the Debtors' debts.

14. This Sale Order (i) shall be effective as a determination that, on Closing, all Encumbrances existing against the Purchased Assets before the Closing have been unconditionally released, discharged and terminated, except to the extent provided in paragraph 6 above, and that the transfers and conveyances described herein have been effected, and (ii) shall be binding upon and shall govern the acts of all persons and entities. If, following a reasonable written request made by the Debtors, any person or entity that has filed financing statements or other documents or agreements evidencing any Encumbrances against the Purchased Assets shall not have delivered to

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the Debtors for use at or in connection with Closing, in proper form for filing and executed by the appropriate parties, termination statements, instruments of satisfaction, releases of all Encumbrances which the person or entity has with respect to the Purchased Assets, then Prime and/or the Debtors are hereby authorized to execute and file such statements, instruments, releases and other documents on behalf of the person or entity with respect to such Purchased Assets. For the avoidance of doubt, such statements, instruments, releases and other documents shall not impair Encumbrances that attach (subject to any Challenge within the meaning of the Final DIP Order that has been, or may be, timely filed, which shall not affect the enforceability of this Sale Order as to Prime) to the Sale Proceeds by the terms of this Order, including, but not limited to paragraphs 6, 7 and 16 hereof.

15. In accordance with the APA, concurrently with the Closing, Prime shall pay that portion of the Purchase Price due at Closing, by wire transfer of immediately available funds, to Debtors' Escrow Deposit Accounts (defined below), subject to the adjustments set forth in the APA. Any direct expenses of the Sale shall be disclosed by Debtors to the Prepetition Secured Creditors and the Committee in advance of the Closing.

16. The terms and conditions of the Financing Orders shall apply with respect to the Sale Proceeds and Escrow Deposit Accounts (defined herein), except as expressly modified hereby. Without limiting the foregoing, the Debtors shall comply with paragraph 4 of the Final DIP Order in the following manner:

a. the Debtors shall direct Prime, pursuant to the terms of the APA, to remit to Chicago Title Insurance Company as closing escrow agent (the "Closing Escrow Agent") all Sale Proceeds for the separate account of each selling Debtor. Upon closing, the Closing Escrow Agent shall remit the Sale Proceeds to the separate accounts for each selling Debtor (each such account hereafter referred to as "Escrow Deposit Account").

b. in giving direction to Prime pursuant to sub-paragraph (a), above, the Debtors shall exercise their reasonable business judgment, in good faith, and allocate the Sale Proceeds among the Escrow Deposit Accounts on the basis of the value of each Debtor's Purchased Assets as of the Closing which allocation, for the avoidance of doubt, shall be subject to the

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1 reservations of rights in paragraph 4 of the Final DIP Order; provided that nothing in this paragraph
2 shall waive or limit any rights the Committee or the Prepetition Secured Creditors may have in
3 connection with the confirmation of a proposed chapter 11 plan for any of the Debtors' cases
4 (including the right to seek to reallocate estate values and the Sale Proceeds at any time);

5 c. no funds held in any Escrow Deposit Account shall be (i) commingled with
6 any other funds of the applicable Debtor or any of the other Debtors or (ii) used by the Debtors for
7 any purpose, except as provided by paragraphs 17, 19, 20, and 22 of this Order with respect to Cure
8 Costs, and to fund any Purchase Price adjustment in favor of Prime under the APA, in each case,
9 without first obtaining the consent of the Prepetition Secured Creditors or obtaining an order of the
10 Court pursuant to § 363 after reasonable notice under the circumstances to the Prepetition Secured
11 Creditors and to the Committee and, if necessary, a hearing thereon;

12 d. establishment of an Escrow Deposit Account shall not require execution by
13 the Debtors of a deposit account control agreement in favor of the Prepetition Secured Creditors to
14 establish their perfected lien rights over the Escrow Deposit Account balances as collateral or
15 proceeds of collateral (which lien rights shall be deemed automatically granted and perfected by
16 the terms of the Financing Orders and this Order); and

17 e. for the avoidance of doubt, the rights of the Debtors, the Committee, and the
18 Prepetition Secured Creditors as to the Sale Proceeds and any funds held in any Escrow Deposit
19 Accounts shall be, except as set forth herein, as contemplated by Paragraph 4 of the Final DIP Order
20 and the terms of the Financing Orders, and nothing in this Order shall be construed as altering,
21 amending, waiving, or affecting in any way such rights or any rights under the Intercreditor
22 Agreement, to the extent applicable.

23 17. Concurrently with the Closing or as soon thereafter as is possible, and in accordance
24 with the APA, the Debtors shall pay out of the Sale Proceeds to the Counterparties to the Assigned
25 Contracts the Cure Amounts either as (i) set forth in the Cure Notice, (ii) otherwise agreed to by
26 the Debtors, Prime, and the applicable Counterparties thereto, or (iii) ordered by this Court after a
27 hearing on any objection to the Cure Amount set forth in the Cure Notice. Prime has the right under
28

1 the APA to remove any contracts from the list of Assigned Contracts up to thirty (30) days prior to
2 Closing.

3 18. Any executory contracts and/or unexpired leases, which give rise to Cure Costs and
4 are designated as Assigned Contracts and are not timely removed from the Assigned Contracts list
5 by Prime under the APA shall be deemed Assigned Contracts at the Closing, subject to the
6 provisions of the APA and this Sale Order. The Court shall resolve any and all disputes which may
7 arise between the Debtors, Prime, and any applicable Counterparty concerning (i) whether a
8 particular Assigned Contract is an executory contract or unexpired lease or (ii) whether a
9 Counterparty to an Assigned Contract is entitled to an allowed claim against the Debtors which
10 exceeds the Cure Amount set forth in the Cure Notice (an “Assumption Dispute”).

11 19. All of the Assigned Contracts, to the extent they are executory contracts or
12 unexpired leases and are not subsequently and timely removed by Prime under the APA, or deemed
13 a rejected contract within the meaning of § 1.11 of the APA, shall be part of the Assigned Contracts
14 that will be assumed by the Debtors and assigned to Prime at the Closing, subject to the provisions
15 of the APA. All Assigned Contracts shall be assumed by the Debtors and assigned to Prime at the
16 Closing, with Prime to be obligated to pay all Cure Costs owing to such Assigned Contract Counter-
17 Parties concurrently with the Closing, as set forth in the APA, or as otherwise agreed to by the
18 Debtors, Prime and the applicable counter-parties thereto, or ordered by the Court (the “Additional
19 Cure Costs”), so long as such amount as ordered by the Court is no greater than the amount agreed
20 upon by Prime; and in the event the Additional Cure Costs is greater than the amount agreed upon
21 by Prime, and Prime is not willing to pay the Additional Cure Costs, the Debtors shall not be
22 required to pay the Additional Cure Cost(s) and the Assigned Contract(s) shall be deemed a rejected
23 contract within the meaning of § 1.11 of the APA and this Sale Order, and funds in an amount equal
24 to the Cure Amount for such Rejected Contract shall be returned to Prime within seven (7) business
25 days of such contract being deemed a rejected contract pursuant to the APA; provided, and for the
26 avoidance of doubt, except as provided in Section 4.9 of the APA, no collective bargaining
27 agreement, pension plan or health and welfare plan providing collectively bargained benefits to
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1 which the Hospital is a party or sponsor constitutes an Assigned Contract for which Prime or the
2 Debtors may be obligated to pay any cure amount.

3 20. In the event the Court determines that a Counterparty has an allowed cure claim
4 against the Debtors which exceeds the Cure Cost agreed to between the Debtors and Prime (the
5 “Excess Cure Amount”) with respect to an Assigned Contract, the difference will be paid by Prime
6 as an increase to the Cure Pool and the Purchase Price and shall not be the responsibility of the
7 Debtors as more specifically set forth below; provided, however, that an Assigned Contract subject
8 to an Assumption Dispute shall be deemed a “Rejected Contract” within the meaning of § 1.11 of
9 the APA if the Assumption Dispute is not resolved by the later of (i) three days following entry of
10 an order, or (ii) removal of the Assigned Contract from the list of Assigned Contracts on or before
11 thirty (30) days prior to Closing, unless the Debtor, Prime, and the applicable Counterparty agree
12 otherwise. To the extent an Assumption Dispute relates solely to the Cure Amount, the Debtors
13 may, with Prime’s consent, assume and assign the applicable executory contract or unexpired lease
14 at Closing and prior to the resolution of the Assumption Dispute by the Bankruptcy Court, provided,
15 that the Bankruptcy Court has estimated the maximum cure payment, pursuant to § 502(c) and
16 Prime includes such amount in the Cure Pool to be held by the Debtors in the Sale Proceeds Account
17 for the relevant Debtor(s). The Debtors shall pay and hereby are authorized to pay disputed Cure
18 Amounts from the relevant Sales Proceeds Account(s) upon entry of a final and non-appealable
19 order by this Court to the extent Prime remitted to Sellers the amount required by this paragraph of
20 the Order.

21 21. Prime shall have the right to designate any contracts on the Assigned Contract list
22 as a Rejected Contract until the later of (i) three business days following entry of an order resolving
23 any Assumption Dispute or (ii) 5:00 p.m. (Pacific Time) on the day that is thirty (30) days prior to
24 Closing Date, provided further that the Debtors shall have the absolute right to remove any
25 Evaluated Contract from the list of Assigned Contracts in order to preserve avoidance claims.

26 22. Upon the Closing or as otherwise provided herein or under the APA, the Debtors are
27 authorized and directed to assume, assign and/or transfer each of the Assigned Contracts to Prime. At
28 the Closing, Prime shall pay out of the Sale Proceeds, which shall include the “Cure Pool” (as defined

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1 in the APA), the Cure Amounts identified pursuant to paragraph 17 above. Notwithstanding anything
2 in this Order to the contrary, and with the exception of Cure Amounts subject to Assumption Disputes
3 on the Closing Date (which shall be paid upon resolution of such Assumption Dispute), the Debtors shall
4 pay to the Counterparties of Assigned Contracts the applicable Cure Amount (including, any Excess
5 Cure Amount) from the Cure Pool upon the Closing or as soon thereafter as is reasonably practicable.
6 The Debtors' payment of such Cure Amounts are deemed the necessary and sufficient amounts to "cure"
7 all "defaults" with respect to all such Assigned Contracts under § 365(b). The foregoing payment shall
8 (i) effect a cure of all defaults existing under all such Assigned Contracts, and (ii) compensate all such
9 Counterparties for any actual pecuniary loss resulting from any such default. The Debtors shall then
10 have assumed and assigned to Prime, effective as of the Closing, subject to the provisions of the APA
11 and this Sale Order, all of the Assigned Contracts, and, pursuant to § 365(f), the assignment by the
12 Debtors of all such Assigned Contracts to Prime shall not be a default thereunder. After the payment of
13 the Cure Amounts, neither the Debtors nor Prime shall have any further liabilities to any Counterparties,
14 other than Prime's obligations under the Assigned Contracts that accrue and become due and payable
15 after the Closing Date, except as provided in Section 4.9 of the APA, are attributable solely to post-
16 Closing events or activities. In addition, adequate assurance of future performance has been
17 demonstrated by or on behalf of Prime with respect to all of the Assigned Contracts within the meaning
18 of §§ 365(b)(1)(c), 365(b)(3) (to the extent applicable) and 365(f)(2)(B). For the avoidance of doubt,
19 Prime shall not be liable for the payment of any liabilities or obligations, including but not limited to the
20 obligation to provide assurance of future performance, arising from or related to (a) any Rejected
21 Contracts, (b) any prepetition multiparty contract affecting more than one Debtor in addition to SFMC,
22 or (c) any CBA, pension plan, or health and welfare plan providing for collectively bargained for benefits
23 to which SFMC is a party or a sponsor, unless expressly assumed and assigned with Prime's consent or
24 as otherwise set forth in this Sale Order.

25 23. The Debtors intend, and are hereby authorized, to (A) reject, pursuant to § 365(a), all
26 executory contracts to which SFMC is a party, excluding (i) Assigned Contracts, and (ii) any
27 prepetition multiparty contract affecting more than one Debtor in addition to SFMC, and, (B) reject
28 and terminate, to the extent separately authorized by this Court, pursuant to §§ 1113, 1114, and any

1 other applicable provision of the Bankruptcy Code, any CBA, pension plan or health and welfare
2 plan providing collectively bargained benefits to which SFMC is a party or sponsor.

3 24. All of the Counterparties are forever barred, estopped, and permanently enjoined from
4 (i) raising or asserting against the Debtors or Prime, or any of their property, any assignment fee,
5 acceleration, default, breach, or claim of pecuniary loss, or condition to assignment, arising under or
6 related to the Assigned Contracts, existing as of the Closing, or arising by reason of the consummation
7 of the Transaction contemplated by the APA, including, without limitation, the Transaction and the
8 assumption and assignment of the Assigned Contracts, including any asserted breach relating to or
9 arising out of the change-in-control provisions in such Assigned Contracts, or any purported written or
10 oral modification to the Assigned Contracts and (ii) asserting against Prime any claim, counterclaim,
11 breach, or condition asserted or assertable against the Debtors existing as of the Closing or arising by
12 reason of the transfer of the Purchased Assets.

13 25. Any provisions in any Assigned Contracts that prohibit or condition the assignment of
14 such Assigned Contract or allow the counterparty to such Assigned Contract to terminate, recapture,
15 impose any penalty, condition on renewal or extension or modify any term or condition upon the
16 assignment of such Assigned Contract constitute unenforceable anti-assignment provisions that are void
17 and of no force and effect with respect to the Debtors' assumption and assignment of such Assigned
18 Contract to Prime in accordance with the APA, pursuant to § 363(f).

19 26. The terms and provisions of this Sale Order, as well as the rights granted under the
20 Transaction Documents, shall continue in full force and effect and are binding upon any successor,
21 reorganized Debtors, or chapter 7 or chapter 11 trustee applicable to the Debtors, notwithstanding entry
22 of any order of conversion or dismissal. Nothing contained in any chapter 11 plan confirmed in the
23 Debtors' cases or in any order confirming such a plan, nor any order dismissing the cases or converting
24 the cases to a case under chapter 7, shall conflict with or derogate from the provisions of the APA, any
25 documents or instruments executed in connection therewith, or the terms of this Sale Order, provided
26 however, that in the event of a conflict between this Sale Order and an express or implied provision of
27 the APA, this Sale Order shall govern. The provisions of this Sale Order and any actions taken pursuant
28 hereto shall survive any conversion or dismissal of the cases and the entry of any other order that may

1 be entered in the cases, including any order (i) confirming any plan of reorganization; (ii) converting the
2 cases from chapter 11 to chapter 7; (iii) appointing a trustee or examiner in the cases; or (iv) dismissing
3 the cases.

4 27. The Transaction contemplated by the APA and other Transaction Documents are
5 undertaken without collusion and in “good faith,” as that term is defined in § 363(m). Prime is a good
6 faith purchaser within the meaning of § 363(m) and, as such, is entitled to the full protections of § 363(m).
7 Accordingly, the reversal or modification on appeal of the authorization provided herein by this Sale
8 Order to consummate the Transaction shall not affect the validity of the sale of the Purchased Assets to
9 Prime or the terms thereof. The APA and the Transactions contemplated thereby cannot be avoided
10 under § 363(n).

11 28. The failure to specifically include any particular provision of the APA or the other
12 Transaction Documents in this Sale Order shall not diminish or impair the effectiveness of such
13 provisions, it being the intent of the Bankruptcy Court that the Transaction, the APA and the other
14 Transaction Documents be authorized and approved in their entirety. Likewise, all of the provisions of
15 this Sale Order are non-severable and mutually dependent.

16 29. This Order constitutes a final and appealable order within the meaning of 28 U.S.C.
17 § 158(a). Notwithstanding Rules 6004(h), 6006(d), 7062, or 9014, if applicable, or any other LBR or
18 otherwise, this Sale Order shall not be stayed for 14-days after the entry hereof, but shall be effective and
19 enforceable immediately upon entry pursuant to Rule 6004(h) and 6006(d). Time is of the essence in
20 approving the Transaction (including the transfer and the sale of the Purchased Assets).

21 30. The automatic stay in effect pursuant to § 362 is hereby lifted with respect to the Debtors
22 to the extent necessary, without further order of this Court, to (i) allow Prime to deliver any notice
23 provided for in the APA and Transaction Documents and (ii) allow Prime to take any and all actions
24 permitted under the APA and Transaction Documents in accordance with the terms and conditions
25 thereof.

26 31. Unless otherwise provided in this Sale Order, to the extent any inconsistency exists
27 between the provisions of the APA and this Sale Order, the provisions contained in this Sale Order shall
28 govern.

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32. This Court shall retain exclusive jurisdiction to interpret, construe, and enforce the provisions of the APA and this Sale Order in all respects, and further, including, without limitation, to (i) hear and determine all disputes between the Debtors and/or Prime, as the case may be, and any other non-Debtor party to, among other things, the Assigned Contracts concerning, among other things, assignment thereof by the Debtors to Prime and any dispute between Prime and the Debtors as to their respective obligations with respect to any asset, liability, or claim arising hereunder; (ii) compel delivery of the Purchased Assets to Prime free and clear of Encumbrances; (iii) compel the delivery of the Purchase Price or performance of other obligations owed to the Debtors; (iv) interpret, implement, and enforce the provisions of this Sale Order; and (v) protect Prime against (A) claims made related to any of the Excluded Liabilities (as defined in the APA), (B) any claims of successor or vicarious liability (or similar claims or theories) related to the Purchased Assets or the Assigned Contracts, or (C) any Encumbrances asserted on or against Prime or the Purchased Assets.

33. Following the date of entry of this Sale Order, the Debtors and Prime are authorized to make changes to the APA and/or execute supplemental agreements implementing the transactions contemplated by the APA without the need for any further order of the Court provided that all such changes have been approved in writing by the Debtors, Prime, the Committee, and Prepetition Secured Creditors. Any other proposed changes to the APA or this Sale Order shall require a further order of the Court, after reasonable notice under the circumstances and a hearing.

34. Notwithstanding any other provision of this Sale Order or any other Order of this Court, no sale, transfer or assignment of any rights and interests of a regulated entity in any federal license or authorization issued by the FCC shall take place prior to the issuance of FCC regulatory approval for such sale, transfer or assignment pursuant to the Communications Act of 1934, as amended, and the rules and regulations promulgated thereunder. The FCC's rights and powers to take any action pursuant to its regulatory authority, including, but not limited to, imposing any regulatory conditions on such sales, transfers and assignments and setting any regulatory fines or forfeitures, are fully preserved, and nothing herein shall proscribe or constrain the FCC's exercise of such power or authority to the extent not inconsistent with the applicable provisions of the Bankruptcy Code.

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35. Debtors shall make commercially reasonable efforts to enter into settlement agreements with the Centers for Medicare and Medicaid Services (“CMS”), with respect to the Medicare Provider Agreement, and the California Department of Health Care Services (“DHCS”), with respect to the Medi-Cal Provider Agreement or, alternatively, obtain Bankruptcy Court rulings and pursue possible appeals that the Medicare Provider Agreement and/or the Medi-Cal Provider Agreement may be transferred without the consent of CMS or DHCS, as applicable, and without successor liability, and free and clear of all Encumbrances, to enable such agreements to be assigned to Prime. Between the Closing Date and the Licensure Date, Prime may bill and collect for patient services under Debtors’ health plan agreements, pursuant to the terms of the IMA and Leaseback Agreement (as those terms are defined in the APA).

36. For the avoidance of doubt, no pension plans are being assumed pursuant to the APA or this Sale Order.

37. Notwithstanding anything to the contrary in this Sale Order, nothing in this Sale Order constitutes a finding or determination on (a) any Cure Objection or (b) on the ability of the Debtors to assume and assign to Prime any contract or lease held by a Counterparty subject to any order extending the deadlines related to such Cure Objections (the “Extended Contracts”). All Cure Objections, and any objections related to assumption and assignment of the Extended Contracts, are preserved until resolved either by agreement between the Debtors and the Counterparty or further order of the Court.

38. The California Attorney General, the Debtors, the Consultation Parties (as defined in the Bidding Procedures Order) and Prime, 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.

39. Notwithstanding anything to the contrary in the Motion, the Bidding Procedures, the Bidding Procedures Order, any Cure Notice or assumption notice, any purchase agreement, or this

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1 Sale Order (i) none of the insurance policies or any related agreements (collectively, the “Chubb
2 Insurance Contracts”) issued at any time by Federal Insurance Company, ACE American Insurance
3 Company, Illinois Union Insurance Company and each of their affiliates and successors
4 (collectively, “Chubb”), or any rights, benefits, claims, rights to payments and/or recoveries under
5 the Chubb Insurance Contracts shall be sold, assigned or otherwise transferred to the Buyer in
6 connection with the Sale; (ii) nothing shall alter, modify or otherwise amend the terms or conditions
7 of the Chubb Insurance Contracts; and (iii) for the avoidance of doubt, the Winning Bidder is not,
8 and shall not be deemed to be, an insured under any of the Chubb Insurance Contracts; *provided,*
9 *however,* that to the extent any claim with respect to any Purchased Assets arises that is covered by
10 the Chubb Insurance Contracts and the proceeds of the applicable Chubb Insurance Contract would
11 be payable to the Debtors (as opposed to a third party claimant), the Debtors may pursue such claim
12 in accordance with the terms of the Chubb Insurance Contracts, and, if applicable, turn over to the
13 Winning Bidder any such insurance proceeds (each, a “Proceed Turnover”); *provided, further,*
14 *however,* that the Chubb Companies shall not have any duty to effectuate a Proceed Turnover or
15 liability related to a Proceed Turnover.

16 40. The conditions precedent to the Closing are as set forth in Articles 7 and 8 of the APA.

17 41. The Committee’s and the Prepetition Secured Creditors’ rights, and their ability to
18 participate and be heard at hearings concerning the Sale, are hereby reserved. To the extent that the
19 Prepetition Secured Creditors or the Committee desire to file pleadings related to such hearings, their
20 respective times for filing an objection or response shall be the same as granted to the Debtors pursuant
21 to the notice in each such instance.

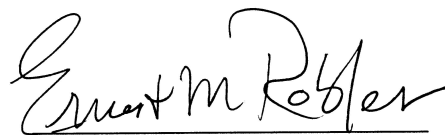
1 **IT IS SO ORDERED.**

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Date: April 9, 2020



Ernest M. Robles
United States Bankruptcy Judge