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FILED & ENTERED

APR 10 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.

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 THE CHAN SOON-SHIONG
FAMILY FOUNDATION OR ITS DESIGNEE(S)
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**

☒ 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.

Hearing:

Date: April 10, 2020

Time: 1:30 p.m.

Location: Courtroom 1568

255 E. Temple St., Los Angeles, CA

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This matter came before the Court on the *Debtors' Emergency Motion for the Entry of: (I) an Order (1) Approving Form of Asset Purchase Agreement; (2) Approving Auction Sale Format and Bidding Procedures; (3) Approving 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 and Assignment 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. 4365] (the "Motion"),¹ 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 6004-1.² This Sale Order relates to the sale of certain Purchased Assets (as defined below) related to the former general acute care hospital known as "St. Vincent Medical Center," which are owned, as applicable, by St. Vincent Medical Center, a California nonprofit public benefit corporation ("SVMC"), VHS, and Verity Holdings LLC, a California limited liability company ("Holdings").

At the previous hearing on the Motion on April 1, 2020 (the "Bidding Procedures Hearing"), the Court granted the Motion [Docket No. 4398] (the "Bidding Procedures Order"). Any objections that were filed and overruled at the Bidding Procedures Hearing are not listed herein. The Bidding Procedures Order further provides that any counterparty to an Assigned Contract that wishes to file any objection (an "Assumption Objection") to the assumption and assignment of Assigned Contracts (including as to the Cure Amount), such counterparty must file and serve the Assumption Objection so as to be actually received by the Notice Parties by no later than April 16, 2020, at 5:00 p.m. (Pacific Time). The Court will hold a hearing on the any

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

² 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.

1 Assumption Objections on April 29, 2020, at 10:00 a.m. (Pacific Time) (the “Assumption
2 Objection Hearing”).

3 The Court, having reviewed the Memorandum [Docket No. 4518], the Declarations of
4 Richard Adcock [Docket Nos. 8, 3906, 4365, 4518], James Moloney [Docket Nos. 3906, 4365,
5 4518], Douglas Reed Maughan [Docket No. 4521], and Hope Levy-Biehl [Docket No. 4526] in
6 support thereof, the *Notice To Counterparties To Executory Contracts And Unexpired Leases Of*
7 *The Debtors That May Be Assumed And Assigned* [Docket No. 4517] (the “Cure Notice”), the
8 *Notice of Sale Procedures, Auction Date, and Sale Hearing* [Docket No. 4399] (the “Auction
9 Notice”), *SEIU-UHW’s Response and Reservation of Rights to Debtors’ Motion for Entry of*
10 *Order Authorizing the Sale of St. Vincent (Doc. 4365)* [Docket No. 4456] (the “SEIU-UHW
11 Reservation of Rights”), the *Limited Opposition of Belfor USA Group, Inc., to Debtors’ Motion*
12 *for an Order Authorizing the Sale of St. Vincent Medical Center Free and Clear of All Claims,*
13 *Liens, and Encumbrances* [Docket No. 4365] [Docket No. 4462] (the “Belfor Objection”), the
14 *Objection of California Attorney General to Sale of St. Vincent Medical Center “Free and Clear”*
15 *of Attorney General’s Review and Consent or With a “Good Faith” Finding as to the Purchaser*
16 *[Doc. 4365; 4398; 4399]* [Docket No. 4474] (“Attorney General Objection”), and any
17 withdrawals thereof, the *Official Committee of Unsecured Creditors’ Joinder to Debtors’*
18 *Memorandum in Support of the Sale of St. Vincent Medical Center* [Docket No. 4519], the
19 *Purchaser’s Reply to Objection of Attorney General to Sale of St. Vincent Medical Center “Free*
20 *and Clear” of Attorney General’s Review and Consent or With a “Good Faith” Findings as to*
21 *the Purchaser* [Docket No. 4523], the Debtors’ reply to the SEIU-UHW Reservation of Rights
22 [Docket No. 4524], the statements, arguments and representations of the parties made at the Sale
23 Hearing; and the entire record of these cases; and the Court, having determined that the relief
24 sought in the Motion is in the best interests of the Debtors, their estates, their creditors, and that
25 the legal and factual bases set forth in the Motion and presented at the Sale Hearing establish just
26 cause for the relief granted herein ~~and for the reasons set forth in the Court’s tentative ruling~~
27 ~~issued on April 10, 2020, which the Court adopts as its final ruling and which is incorporated~~
28

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~~herein by reference~~; 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:³

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) (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 to all parties in interest (including any party holding, or purportedly holding, an Encumbrance (as defined below) with respect to Purchased Assets) 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 March 30, 2020, a copy of which is attached as Exhibit "A" to Docket No. 4379 (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

³ 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.

1 Bidding Procedures Order. A reasonable opportunity to object and to be heard regarding the
2 relief provided herein has been afforded to parties-in-interest.

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

6 E. Arm's Length Transaction. The APA and other documents and instruments (the
7 "Transaction Documents") related to and connected with this transaction (the "Transaction") and
8 the consummation thereof were negotiated and entered into by the Debtors and the Chan Soon-
9 Shiong Family Foundation (the "Foundation") and its permitted assignees, Patrick Soon-Shiong
10 IC, LLC, Patrick Soon-Shiong IC 2, LLC, and Patrick Soon-Shiong IC 3, LLC (the
11 "Purchasers"), as Purchasers under the APA without collusion, in good faith and through an
12 arm's length bargaining process. Neither the Purchasers nor any of their affiliates or
13 representatives are an "insider" of the Debtors, as that term is defined in § 101(31). None of the
14 Debtors, the Purchasers, or their respective representatives and advisors (i) engaged in any
15 conduct that would cause or permit the APA, any of the other Transaction Documents or the
16 Transaction to be avoided under § 363(n), or (ii) have acted in any improper or collusive manner.
17 The terms and conditions of the APA and the other Transaction Documents, including, without
18 limitation, the consideration provided in respect thereof, are fair and reasonable, and are not
19 avoidable and shall not be avoided, and no damages may be assessed against the Purchasers or
20 any other party as set forth in § 363(n). The consideration provided by the Purchasers is fair,
21 adequate and constitutes reasonably equivalent value and fair consideration under the Bankruptcy
22 Code and any other applicable laws of the United States or any of its jurisdictions or subdivisions,
23 including the State of California.

24 F. Good Faith Purchasers. The Purchasers have proceeded in good faith and without
25 collusion in all respects in connection with the sale process, in that: (i) the Purchasers, in
26 proposing and proceeding with the Transaction in accordance with the APA, recognized that the
27 Debtors were free to deal with other interested parties; (ii) the Purchasers agreed to provisions in
28 the APA that would enable the Debtors to accept a higher and better offer; (iii) the Purchasers

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1 complied with all of the provisions in the Bidding Procedures Order applicable to the Purchasers;
2 (iv) all payments to be made by the Purchasers and other agreements entered into or to be entered
3 into between the Purchasers and the Debtors in connection with the Transaction have been
4 disclosed; (v) the negotiation and execution of the APA and related Transaction Documents were
5 conducted in good faith and constituted an arm's length transaction; (vi) the Purchasers did not
6 induce or cause the chapter 11 filings by the Debtors; and (vii) the APA was not entered into, and
7 the Transaction being consummated pursuant to and in accordance with the APA is not being
8 consummated, for the purpose of hindering, delaying or defrauding creditors of the Debtors. The
9 Purchasers are therefore entitled to all of the benefits and protections provided to good-faith
10 purchasers under § 363(m). Accordingly, the reversal or modification on appeal of the
11 authorization provided herein to consummate the Transaction shall not affect the validity of the
12 Transaction, any terms or conditions of the Transaction or the Purchasers' status as "good faith"
13 purchasers under § 363(m) of the Bankruptcy Code.

14 G. Justification for Relief. Good and sufficient reasons for approval of the APA and
15 the other Transaction Documents and the Transaction have been articulated to this Court in the
16 Motion and at the Bidding Procedures Hearing and Sale Hearing, and the relief requested in the
17 Motion and set forth in this Sale Order is in the best interests of the Debtors, their estates, and
18 their creditors. The Debtors have demonstrated through the Motion and other evidence submitted
19 at the Sale Hearing that (i) good, sufficient and sound business purpose and justification and
20 compelling circumstances exist for the transfer and sale of the Purchased Assets as provided in
21 the APA outside the ordinary course of business, and (ii) such transfer and sale is an appropriate
22 exercise of the Debtors' business judgment and in the best interests of the Debtors, their estates,
23 and their creditors.

24 H. Free and Clear. In accordance with §§ 363(b) and 363(f), the consummation of the
25 Transaction pursuant to the Transaction Documents shall be a legal, valid, and effective transfer
26 and sale of the Purchased Assets and shall vest in the Purchasers, through the consummation of
27 the Transaction, all of the Debtors' right, title, and interest in and to the Purchased Assets, free
28 and clear of all liens (including, but not limited to, mechanics' liens), claims, encumbrances,

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interests, rights of setoff, recoupment, netting and deductions, rights of first offer, first refusal and any other similar contractual property, legal or equitable rights, and any successor or successor-in-interest liability theories (collectively, the “Encumbrances”). The Debtors have demonstrated that one or more of the standards set forth in § 363(f)(1)-(5) have been satisfied. Those holders of Encumbrances who did not object, or who withdrew their objections, to the sale or the Motion are deemed to have consented pursuant to § 363(f)(2). Those holders of Encumbrances who did object fall within one or more of the other subsections of § 363(f). All holders of the Encumbrances in the Purchased Assets are adequately protected by having their respective Encumbrances attach to the Debtors’ interests in the proceeds of the sale of the Purchased Assets under the APA (subject to any Challenge within the meaning of that certain *Final Order (I) Authorizing Postpetition Financing, (II) Authorizing Use of Cash Collateral, (III) Granting Liens and Providing Superpriority Administrative Expense Status, (IV) Granting Adequate Protection, (V) Modifying Automatic Stay, and (VI) Granting Related Relief* [Docket No. 409] (the “Final DIP Order”) that has been, or may be, timely filed), and any related documents or instruments delivered in connection therewith, whenever and wherever received (the “Sale Proceeds”) to the extent and manner herein provided. The outcome of any Challenge (as defined in the Final DIP Order) does not affect the findings in this paragraph as it relates to Purchasers.

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

J. Assumption of Executory Contracts and Unexpired Leases. The Debtors have demonstrated that it is an exercise of their sound business judgment to assume and assign to the Purchasers the “Assigned Contracts” (as that term is defined in the APA), subject to the Purchasers’ right to designate any Evaluated Contracts as “Rejected Contracts” (as that term is defined in the APA) pursuant to the APA and as modified by this Sale Order, in connection with

1 the consummation of the Transaction, and the assumption and assignment of the Assigned
2 Contracts is in the best interests of the Debtors and their estates.

3 K. 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 SVMC 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 SVMC, (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 SVMC 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
12 otherwise appropriate. The Court finds that the Purchasers have no liability with respect to any
13 contract or lease of the Debtors, with the exception of the Assigned Contracts following the
14 Effective Time (as defined in the APA) and following the payment of Cure Amounts, as set forth
15 and in accordance with the APA.

16 L. Highest and Best Offer. The Debtors solicited offers for the Purchased Assets and
17 noticed the Auction in accordance with the provisions of the Bidding Procedures Order. The
18 Auction was duly noticed, the sale process was conducted in a non-collusive manner and the
19 Debtors afforded a full, fair and reasonable opportunity for any person or entity to make a higher
20 and better offer to purchase the Purchased Assets. Other than the Purchasers’ Qualified Bid (as
21 defined in the Bidding Procedures Order), the Debtors received no other Qualified Bids by the
22 Bid Deadline (as defined in the Bidding Procedures Order). The Debtors properly consulted with
23 the Consultation Parties in selecting the Purchasers’ Bid as the highest and best bid pursuant to
24 the Bidding Procedures Order. The transfer and sale of the Purchased Assets to the Purchasers on
25 the terms set forth in the APA constitutes the highest and best offer for the Purchased Assets and
26 will provide a greater recovery for the Debtors’ estates than would be provided by any other
27 available alternative. The Debtors’ determination, in consultation with the Consultation Parties
28 (as defined in the Bidding Procedure Order), that the APA constitutes the highest and best offer

1 for the Purchased Assets constitutes a valid and sound exercise of the Debtors' business
2 judgment.

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

9 N. 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
13 to the extent provided herein.

14 2. All objections with regard to the relief sought in the Motion that have not been
15 withdrawn, waived, settled, or accounted for herein or in the Bidding Procedures Order, including
16 any reservation of rights included in such objections, are overruled on the merits with prejudice.
17 To the extent of any inconsistency between this Sale Order and the Bidding Procedures Order, the
18 terms of this Sale Order shall prevail.

19 3. Notice of the Sale Motion, the Auction, the Sale Hearing and the Sale was fair and
20 equitable under the circumstances and complied in all respects with the Bidding Procedures,
21 §§ 102(1), and 363, and Rules 2002, 6004, 6006, 9006, and 9007.

22 4. Pursuant to §§ 105(a), 363(b), and 363(f), the Transaction, including the transfer
23 and sale of the Purchased Assets to the Purchasers on the terms set forth in the APA, is approved
24 in all respects, and the Debtors are authorized and directed to consummate the Transaction in
25 accordance with the APA, including, without limitation, by executing all of the Transaction
26 Documents (and any ancillary documents, instruments or supplemental agreements that may be
27 reasonably necessary or desirable to implement the APA or the Transaction) and taking all
28 actions necessary and appropriate to effectuate and consummate the Transaction (including the

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

11 5. As of the Closing, (i) the Transaction set forth in the APA shall effect a legal,
12 valid, enforceable and effective transfer and sale of the Purchased Assets to the Purchasers free
13 and clear of all Encumbrances as further set forth in the APA and this Sale Order; and (ii) the
14 APA, and the other Transaction Documents, and the Transaction, shall be enforceable against and
15 binding upon, and not subject to rejection or avoidance by, the Debtors, any successor thereto,
16 including, without limitation, to a trustee or estate representative appointed in the Bankruptcy
17 Cases or a trustee appointed pursuant to a chapter 11 plan, the Debtors’ estates, all holders of any
18 Claim(s) (as defined in the Bankruptcy Code) against the Debtors, whether known or unknown,
19 any holders of Encumbrances on all or any portion of the Purchased Assets, all Counterparties to
20 the Assigned Contracts (subject to the Court’s ruling at the Assumption Objection Hearing, if
21 any), and all other persons and entities.

22 6. Encumbrances in and to Purchased Assets shall attach to the Sale Proceeds of such
23 Purchased Assets with each such Encumbrance having the same force, extent, effect, validity and
24 priority as such Encumbrance had on the Purchased Assets giving rise to the Sale Proceeds
25 immediately prior to the Closing. For the avoidance of doubt, the foregoing force, extent, effect,
26 validity and priority of such Encumbrances of the Prepetition Secured Creditors that attach to the
27 Sale Proceeds shall: (i) reflect and include, without limitation, the security interests, liens
28 (including any Prepetition Replacement Liens arising from diminution of value, if any) and rights,

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powers and authorities that have been granted to the Prepetition Secured Creditors, as applicable, pursuant to the Financing Orders,⁴ 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 §§ 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. 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 the Purchasers. Consistent with, but not in limitation of the foregoing, each and every federal, state, and local governmental agency or department, except as stated herein, is hereby authorized and directed to

⁴ 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] (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 accept all documents and instruments necessary and appropriate to consummate the transactions
2 contemplated by the APA and approved in this Sale Order. A certified copy of this Sale Order
3 may be filed with the appropriate clerk and/or recorded with the appropriate recorder to cancel
4 any Encumbrances of record.

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

10 9. The transfer of the Purchased Assets pursuant to the Transaction Documents shall
11 be a legal, valid, and effective transfer and shall, in accordance with §§ 105(a) and 363(f), and
12 upon consummation of the Transaction, including, without limitation, payment of the Purchase
13 Price to the Debtors, vest the Purchasers with all right, title, and interest in the Purchased Assets,
14 free and clear of all Encumbrances. Upon closing of the Transaction, the Purchasers shall take
15 title to and possession of the Purchased Assets as set forth in the APA. The transfer of the
16 Purchased Assets from the Debtors to the Purchasers constitutes a transfer for reasonable
17 equivalent value and fair consideration under the Bankruptcy Code and the laws of the State of
18 California.

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

25 11. The Purchasers shall not be deemed, as a result of any action taken in connection
26 with, or as a result of the Transaction (including the transfer and sale of the Purchased Assets), to
27 the maximum extent permitted by law by reason of any theory of law or equity with respect to
28 any claims or liens against Sellers or the Assets, to: (i) be a successor, continuation or alter ego

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(or other such similarly situated party) to 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. The Purchasers are not assuming any of the Debtors' liabilities, debts or obligations.

12. 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 with respect to Sale Proceeds, 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 or the Purchasers, any person or entity that has filed financing statements or other documents or agreements evidencing any Encumbrances against the Purchased Assets has not delivered to the Debtors or the Purchasers for use at or in connection with Closing or thereafter, 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 the Purchasers 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 the Purchasers) to the Sale Proceeds by the terms of this Sale Order.

13. In accordance with the APA, concurrently with the Closing, the Purchasers shall pay that portion of the Purchase Price due at Closing, by wire transfer of immediately available funds, to Chicago Title Insurance Company, 10 South LaSalle St. Suite 3100, Chicago, IL 60603 ("Closing Escrow Agent"), subject to the adjustments set forth in the APA. Any direct expenses

1 of the Sale shall be disclosed by Debtors to the Prepetition Secured Creditors and the Committee
2 in advance of the Closing.

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

6 a. the Debtors shall direct the Purchasers, pursuant to the terms of the APA,
7 to remit to the Closing Escrow Agent all Sale Proceeds for the separate account of each selling
8 Debtor. Upon closing, the Closing Escrow Agent shall remit the Sale Proceeds to the separate
9 accounts for each selling Debtor (each such account hereafter referred to as “Escrow Deposit
10 Account”);

11 b. in giving direction to the Purchasers pursuant to sub-paragraph (a), above,
12 the Debtors shall exercise their reasonable business judgment, in good faith, and allocate the Sale
13 Proceeds among the Escrow Deposit Accounts on the basis of the value of each Debtor’s
14 Purchased Assets as of the Closing (which allocation, for the avoidance of doubt, shall be subject
15 to the reservations of rights in paragraph 4 of the Final DIP Order; provided that nothing in this
16 paragraph shall waive or limit any rights the Committee or the Prepetition Secured Creditors may
17 have in connection with the confirmation of a proposed chapter 11 plan for any of the Debtors’
18 cases (including the right to seek to reallocate estate values and the Sale Proceeds at any time));

19 c. no funds held in any Escrow Deposit Account shall be (i) commingled with
20 any other funds of the applicable Debtor or any of the other Debtors or (ii) used by the Debtors
21 for any purpose, except as provided by paragraphs 16, 17, 18, and 19 of this Sale Order with
22 respect to Cure Amounts, and as may be required for any other transaction proration, fees, and
23 closing costs under § 1.6 of the APA, in each case, without first obtaining the consent of the
24 Prepetition Secured Creditors or obtaining an order of the Court pursuant to §§ 363 or 1129 after
25 reasonable notice under the circumstances to the Prepetition Secured Creditors and to the
26 Committee and, if necessary, a hearing thereon;

27 d. establishment of an Escrow Deposit Account shall not require execution by
28 the Debtors of a deposit account control agreement in favor of the Prepetition Secured Creditors

1 to establish their perfected lien rights in and to the Escrow Deposit Account balances as collateral
2 or proceeds of collateral (which lien rights shall be deemed automatically granted and perfected
3 by the terms of the Financing Orders and this Order); and

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

10 15. As set forth in the Bidding Procedures Order, the Court will hold an Assumption
11 Objection Hearing on **April 29, 2020, at 10:00 a.m. (Pacific Time)**. Nothing in this Sale Order
12 constitutes a finding or determination on any Assumption Objection or any other objection that may be
13 raised at the Assumption Objection Hearing. All Assumption Objections are preserved until resolved
14 either by agreement between the Debtors, the Purchasers and the Counterparty, or further order of the
15 Court.

16 16. Concurrently with the Closing or as soon thereafter as is possible, and in
17 accordance with the APA, the Debtors shall use an amount of the Sales Proceeds to fund the Cure
18 Pool as provided in paragraph 19 below from which to pay the Cure Amounts to the
19 Counterparties to the Assigned Contracts either as (i) set forth in the Cure Notice, (ii) otherwise
20 agreed to by the Debtors, the Purchasers, and the applicable Counterparties thereto, or (iii)
21 ordered by this Court after a hearing on any objection to the Cure Amount set forth in the Cure
22 Notice. The Purchasers have the right to remove any contracts or leases from the list of
23 Evaluated Contracts as set forth in the APA and this Sale Order.

24 17. Notwithstanding anything to the contrary in the APA or this Sale Order, the
25 Purchasers may designate any Evaluated Contracts (as defined in the APA) for assumption and
26 assignment by the Debtors to the Purchasers, in writing, by a date that is no later than April 12,
27 2020. All such Evaluated Contracts assumed and assigned to the Purchasers shall be deemed the
28 Assigned Contracts at Closing; provided that the State of California Lease (as defined in the

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1 APA) approved by the State Lease Order (as defined in the Bidding Procedures Order), by and
2 between SVMC and VHS, on the one hand, and the State of California (the “State”) by and
3 through its agency, the Department of Public Health, on the other hand, shall be deemed an
4 Assigned Contract and the Purchasers shall perform their obligations in all respects thereunder.
5 The Court shall resolve any and all disputes which may arise between the Debtors, the
6 Purchasers, and any applicable Counterparty concerning (i) whether a particular Assigned
7 Contract is an executory contract or unexpired lease or (ii) whether a Counterparty to an Assigned
8 Contract is entitled to an allowed claim against the Debtors which exceeds the Cure Amount set
9 forth in the Cure Notice (an “Assumption Dispute”).

10 18. In the event the Court determines that a Counterparty has an allowed cure claim
11 against the Debtors which exceeds the Cure Amount set forth in the Cure Notice (the “Excess
12 Cure Amount”) with respect to an Assigned Contract, the difference will be paid by the Debtors
13 as more specifically set forth below. To the extent an Assumption Dispute relates solely to the
14 Cure Amount, the Debtors may assume and assign the applicable executory contract or unexpired
15 lease at Closing and prior to the resolution of the Assumption Dispute by the Bankruptcy Court,
16 provided, that the Bankruptcy Court has estimated the maximum cure payment, pursuant to
17 § 502(c) and the Debtors include such amount in the Cure Pool to be held by the Debtors. The
18 Debtors shall pay and hereby are authorized to pay disputed Cure Amounts from the Cure Pool
19 upon entry of a final order by this Court.

20 19. Upon the Closing, the Debtors are authorized and directed to assume, assign and/or
21 transfer each of the Assigned Contracts to the Purchasers. Sellers shall pay or escrow from the Sale
22 Proceeds an amount equal to the Cure Amounts (the “Cure Pool”) to each Counterparty to an Assigned
23 Contract so that each such Assigned Contract may be assumed by Sellers and assigned to Purchasers in
24 accordance with the provisions of § 365. Notwithstanding anything in this Order to the contrary, and
25 with the exception of Cure Amounts subject to Assumption Disputes on the Closing Date (which shall
26 be paid upon resolution of such Assumption Dispute), the Debtors shall pay to the Counterparties of
27 Assigned Contracts the applicable Cure Amount (including, any Excess Cure Amount) from the Cure
28 Pool upon the Closing or as soon thereafter as is reasonably practicable. The Debtors’ payment of such

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Cure Amounts are deemed the necessary and sufficient amounts to “cure” all “defaults” with respect to all such Assigned Contracts under § 365(b). The foregoing payment shall (i) effect a cure of all defaults existing under all such Assigned Contracts, and (ii) compensate all such Counterparties for any actual pecuniary loss resulting from any such default. The Debtors shall then have assumed and assigned to the Purchasers, effective as of the Closing, all of the Assigned Contracts, and, pursuant to § 365(f), the assignment by the Debtors of all such Assigned Contracts to the Purchasers shall not be a default thereunder. After the payment of the Cure Amounts, neither the Debtors nor the Purchasers shall have any further liabilities to any Counterparties, other than the Purchasers’ obligations under the Assigned Contracts that accrue and become due and payable after the Effective Time (as defined in the APA). In addition, adequate assurance of future performance has been demonstrated by or on behalf of the Purchasers with respect to all of the Assigned Contracts within the meaning of §§ 365(b)(1)(c), 365(b)(3) (to the extent applicable) and 365(f)(2)(B). For the avoidance of doubt, the Purchasers shall not be liable for the payment of any liabilities or obligations arising from or related to (a) any Rejected Contracts, (b) any Assigned Contract prior to the Effective Time (including, for the avoidance of doubt, the Cure Amount, Excess Cure Amount or any other cure costs due thereunder), (c) any prepetition multiparty contract affecting more than one Debtor in addition to SVMC, or (d) any CBA, pension plan, or health and welfare plan providing for collectively bargained for benefits to which SVMC is a party or a sponsor, unless expressly assumed and assigned with the Purchasers’ consent.

20. The Debtors intend, and are hereby authorized, to (A) reject, pursuant to § 365(a), all executory contracts (including, without limitation, the Rejected Contracts) to which SVMC is a party, excluding (i) Assigned Contracts, and (ii) any prepetition multiparty contract affecting more than one Debtor in addition to SVMC, and, (B) reject and terminate, to the extent separately authorized by this Court, pursuant to §§ 1113, 1114, and any other applicable provision of the Bankruptcy Code, any CBA, pension plan or health and welfare plan providing collectively bargained benefits to which SVMC is a party or sponsor.

21. All of the Counterparties are forever barred, estopped, and permanently enjoined from (i) raising or asserting against the Debtors or the Purchasers, or any of their property, any assignment fee, acceleration, default, breach, or claim of pecuniary loss, or condition to assignment, arising under

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1 or related to the Assigned Contracts, existing as of the Closing, or arising by reason of the
2 consummation of the Transaction contemplated by the APA, including, without limitation, the
3 Transaction and the assumption and assignment of the Assigned Contracts, including any asserted
4 breach relating to or arising out of the change-in-control provisions in such Assigned Contracts, or any
5 purported written or oral modification to the Assigned Contracts and (ii) asserting against the
6 Purchasers any claim, counterclaim, breach, or condition asserted or assertable against the Debtors
7 existing as of the Closing or arising by reason of the transfer of the Purchased Assets.

8 22. Any provisions in any Assigned Contracts that prohibit or condition the assignment of
9 such Assigned Contract or allow the counterparty to such Assigned Contract to terminate, recapture,
10 impose any penalty, condition on renewal or extension or modify any term or condition upon the
11 assignment of such Assigned Contract constitute unenforceable anti-assignment provisions that are
12 void and of no force and effect with respect to the Debtors' assumption and assignment of such
13 Assigned Contract to the Purchasers in accordance with the APA, pursuant to § 363(f).

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

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24. The Transaction contemplated by the APA and other Transaction Documents are undertaken without collusion and in “good faith,” as that term is defined in § 363(m). The Purchasers are good faith purchasers of the Purchased Assets and are hereby granted and entitled to all of the protections provided to good faith purchasers 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. 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.

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

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

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

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

29. 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 the Purchasers, 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 the Purchasers and any dispute between the Purchasers 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 the Purchasers 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 the Purchasers 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 the Purchasers or the Purchased Assets.

30. Following the date of entry of this Sale Order, the Debtors and the Purchasers 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 either (a) comply with the provisions of paragraph 4 hereof or (b) have been approved in writing by the Debtors, the Purchasers, the Committee, and Prepetition Secured Creditors (such approval not to be unreasonably withheld). 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.

31. 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 Sale Order (i) none of the insurance policies or any related agreements (collectively, the “Chubb Insurance Contracts”) issued at any time by Federal Insurance Company, ACE American Insurance Company,

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1 Illinois Union Insurance Company and each of their affiliates and successors (collectively, “Chubb”),
2 or any rights, benefits, claims, rights to payments and/or recoveries under the Chubb Insurance
3 Contracts shall be sold, assigned or otherwise transferred to the Buyer in connection with the Sale;
4 (ii) nothing shall alter, modify or otherwise amend the terms or conditions of the Chubb Insurance
5 Contracts; and (iii) for the avoidance of doubt, the Purchasers are not, and shall not be deemed to be, an
6 insured under any of the Chubb Insurance Contracts; provided, however, that to the extent any claim
7 with respect to any Purchased Assets arises that is covered by the Chubb Insurance Contracts and the
8 proceeds of the applicable Chubb Insurance Contract would be payable to the Debtors (as opposed to a
9 third party claimant), the Debtors may pursue such claim in accordance with the terms of the Chubb
10 Insurance Contracts, and, if applicable, turn over to the Purchasers any such insurance proceeds (each,
11 a “Proceed Turnover”); provided, further, however, that the Chubb Companies shall not have any duty
12 to effectuate a Proceed Turnover or liability related to a Proceed Turnover.

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

18 33. The Purchasers are acquiring the Purchased Assets subject to the State of California
19 Lease, which will be assumed by the Debtors and assigned to the Purchasers. The free and clear
20 provisions of § 363(f) with respect to the Purchased Assets do not apply to the State of California
21 Lease. Nothing in this Order or the APA amends, modifies or supersedes the State Lease Order or the
22 rights conveyed to the State thereunder and under the State of California Lease. The State Lease Order
23 and the State of California Lease remain in full force and effect.

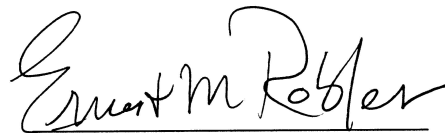
1 **IT IS SO ORDERED.**

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Date: April 10, 2020



Ernest M. Robles
United States Bankruptcy Judge