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8 Debtors In Possession

9 **UNITED STATES BANKRUPTCY COURT**
CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION

10 In re,
11 VERITY HEALTH SYSTEM OF
CALIFORNIA, INC., *et al.*,

12 Debtor and Debtor In
13 Possession.

- 14 Affects All Debtors
- 15 Affects Verity Health System of California, Inc.
- 16 Affects O'Connor Hospital
- 17 Affects Saint Louise Regional Hospital
- 18 Affects St. Francis Medical Center
- 19 Affects St. Vincent Medical Center
- 20 Affects Seton Medical Center
- 21 Affects O'Connor Hospital Foundation
- 22 Affects Saint Louise Regional Hospital Foundation
- 23 Affects St. Francis Medical Center of Lynwood Medical Foundation
- 24 Affects St. Vincent Foundation
- 25 Affects St. Vincent Dialysis Center, Inc.
- 26 Affects Seton Medical Center Foundation
- 27 Affects Verity Business Services
- 28 Affects Verity Medical Foundation
- Affects Verity Holdings, LLC
- Affects De Paul Ventures, LLC
- Affects De Paul Ventures - San Jose Dialysis, LLC

25 Debtors and Debtors In
26 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

Chapter 11 Cases

DEBTORS' EMERGENCY APPLICATION FOR AN ORDER (A) APPOINTING KURTZMAN CARSON CONSULTANTS LLC AS CLAIMS AND NOTICING AGENT AND (B) APPROVING THE FORM AND MANNER OF NOTICE OF CASE COMMENCEMENT; MEMORANDUM OF POINTS AND AUTHORITIES; DECLARATION OF EVAN GERSCHBEIN; MEGA CASE PROCEDURES CHECKLIST (FORM 5075); PROPOSED NOTICE OF CASE COMMENCEMENT

[Declaration of Richard G. Adcock In Support Of
Emergency Motions File Don August 3, 2018]

Emergency Hearing:

Date: September 5, 2018
Time: 10:00 a.m.
Place: Courtroom 1568

Hon Judge Ernest M. Robles

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1 **EMERGENCY APPLICATION**

2 Verity Health System of California, Inc., a California nonprofit public benefit corporation
3 (“VHS”), and the above-referenced affiliated debtors, debtors and debtors in possession in the
4 above-captioned case (collectively, the “Debtors”), request an order authorizing and approving
5 (a) the appointment of Kurtzman Carson Consultants LLC (“KCC”) as Claims and Noticing
6 Agent and (b) approving the form and manner of Notice of the commencement of these chapter
7 11 cases and the initial meeting of the Debtors’ creditors.

8 **SUMMARY OF REQUESTED RELIEF**

9 VHS, and the above-referenced affiliated debtors, debtors and debtors in possession in the
10 above-captioned case (collectively, the “Debtors”), request an order authorizing and approving
11 (a) the appointment of Kurtzman Carson Consultants LLC (“KCC”) as Claims and Noticing
12 Agent for the Court and the Clerk of the Bankruptcy Court (the “Clerk’s Office) pursuant to
13 section 156(c) of title 28 of the United States Code (the “Judicial Code”), section 341 of title 11
14 of the United States Code (the “Bankruptcy Code”),¹ Rule 2002 of the Federal Rules of
15 Bankruptcy Procedure (the “Bankruptcy Rules”) and Rule 5075-1 of the Local Bankruptcy Rules
16 of the United States Bankruptcy Court for the Central District of California (the “LBR”) and
17 (b) approving the form and manner of Notice of the commencement of these chapter 11 cases and
18 the initial meeting of the Debtors’ creditors.

19 **ADDITIONAL INFORMATION**

20 This Application is based on this Notice and Application, the Notice Of Emergency
21 Motions that will be filed and served after obtaining a hearing date for the Debtor’s “First Day
22 Motions,” the attached Memorandum Of Points And Authorities accompanying this Application,
23 the concurrently filed Declaration of Richard G Adcock filed August 31, 2018 in support of the
24 Emergency Motions, the arguments of counsel and other admissible evidence properly brought
25 before the Court at or before the hearing on this Application. In addition, the Debtors request that
26 the Court take judicial notice of all documents filed with the Court in this Case.

27
28 ¹ All references to “§” or “Section” herein are to section of the United States Bankruptcy Code,
11 U.S.C. §§ 101-1530, as amended.

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1 Counsel to the Debtors will serve this Motion, the attached Memorandum of Points and
2 Authorities, the Adcock Declaration and the Notice of First Day Motions on: (i) the Office of the
3 United States Trustee; (ii) the Lenders; (iii) the fifty (50) largest general unsecured creditors
4 appearing on the consolidated list filed in accordance with Rule 1007(d) of the Federal Rules of
5 Bankruptcy Procedure (the “Bankruptcy Rules”); (iv) the United States of America, and the State
6 of California; and (vi) parties that file with the Court and serve upon the Debtors requests for
7 notice of all matters in accordance with Bankruptcy Rule 2002(i). To the extent necessary, the
8 Debtors request that the Court waive compliance with LBR 9075-1(a)(6) and approve service (in
9 addition to the means of services set forth in such LBR) by overnight delivery. Among other
10 things, the Notice of Emergency Motions will provide that any opposition or objection to the
11 Motion may be presented at any time before or at the hearing regarding the Motion, but that
12 failure to timely object may be deemed by the Court to constitute consent to the relief requested
13 herein.

14 In the event that the Court grants the relief requested by the Motion, the Debtors shall
15 provide notice of the entry of the order granting such relief upon each of the foregoing parties and
16 any other parties in interest as the Court directs. The Debtors submit that such notice is sufficient
17 and that no other or further notice be given.

18 **WHEREFORE**, the Debtors respectfully request that this Court enter an Order:

- 19 (i) Appointing Kurtzman Carson Consultants LLC as Claims and Noticing Agent;
20 (ii) Approving the Form and manner of Notice of Case commitment; and,
21 (iii) Granting such other and further relief as is just and proper under the
22 circumstances.

23 Dated: August 31, 2018

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24 By /s/John A. Moe, II
25 JOHN A. MOE, II

26 Proposed Attorneys for Debtors
27
28

1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 **I.**

3 **INTRODUCTION**

4 Verity Health System of California, Inc., a California nonprofit public benefit corporation
5 (“VHS”), and the above-referenced affiliated debtors, debtors and debtors in possession
6 (collectively, the “Debtors”), seek entry of an Order approving Kurtzman Carson Consultants
7 LLC (“KCC”) as the Claims and Noticing Agent, on the terms and conditions set forth in that
8 certain KCC Agreement For Services, dated July 3, 2018 (the “KCC Agreement”) attached hereto
9 as Exhibit “A”.

10 **II.**

11 **JURISDICTION**

12 This Court has jurisdiction over this matter pursuant to 28 U.S.C. § 1334. Venue for this
13 Chapter 11 Case (the “Case”) and this Application is proper in this Court pursuant to 28 U.S.C.
14 §§ 1408 and 1409. This Application constitutes a core proceeding pursuant to 28 U.S.C. § 157(b).

15 **III.**

16 **VERITY GLOBAL FACTS**

17 **A. General Background.**

18 1. On August 31, 2018 (“Petition Date”), the Debtors in the above-captioned chapter
19 11 bankruptcy cases, each filed a voluntary petition for relief under chapter 11 of title 11 of the
20 United States Code (the “Bankruptcy Code”). Since the commencement of their cases, the
21 Debtors have been operating their businesses as debtors in possession pursuant to §§ 1107 and
22 1108 of the Bankruptcy Code.²

23 2. Debtor VHS, is the sole corporate member of the following five Debtor California
24 nonprofit public benefit corporations that operate six acute care hospitals, O’Connor Hospital,
25 Saint Louise Regional Hospital, St. Francis Medical Center, St. Vincent Medical Center, Seton
26 Medical Center, and Seton Medical Center Coastsides (collectively, the “Hospitals”) and other

27 _____
28 ² All references to “§” or “section” herein are to the Bankruptcy Code, 11 U.S.C. §§ 101, *et seq.*,
as amended.

1 facilities in the state of California. Seton Medical Center and Seton Medical Center Coastside
2 operate under one consolidated acute care license.

3 3. VHS, the Hospitals, and their affiliated entities (collectively, “Verity Health
4 System”) operate as a nonprofit health care system, with approximately 1,680 inpatient beds, six
5 active emergency rooms, a trauma center, eleven medical office buildings, and a host of medical
6 specialties, including tertiary and quaternary care.

7 4. The VHS affiliated entities, including the Debtors and non-debtor entities, are as
8 follows:

- 9 • O’Connor Hospital
- 10 • Saint Louise Regional Hospital
- 11 • St. Francis Medical Center
- 12 • St. Vincent Medical Center
- 13 • Seton Medical Center, including Seton Medical Center Coastside campus
- 14 • Verity Business Services
- 15 • Marillac Insurance Company, Ltd.
- 16 • O’Connor Hospital Foundation
- 17 • Saint Louise Regional Hospital Foundation
- 18 • St. Francis of Lynwood Medical Center Foundation
- 19 • St. Vincent Medical Center Foundation
- 20 • Seton Medical Center Foundation
- 21 • St. Vincent de Paul Ethics Corporation
- 22 • St. Vincent Dialysis Center
- 23 • De Paul Ventures, LLC
- 24 • De Paul Ventures - San Jose Dialysis, LLC
- 25 • De Paul Ventures - San Jose ASC, LLC
- 26 • Verity Medical Foundation
- 27 • Verity Holdings, LLC

28 5. Verity Medical Foundation (“VMF”), incorporated in 2011, is a medical
foundation, exempt from licensure under California Health & Safety Code § 1206(l). VMF
contracts with physicians and other healthcare professionals to provide high quality,
compassionate, patient-centered care to individuals and families throughout California. With
more than 100 primary care and specialty physicians, VMF offers medical, surgical and related
healthcare services for people of all ages at community-based, multi-specialty clinics
conveniently located in areas served by the Debtor Hospitals. VMF holds long-term professional

1 services agreements with the following medical groups: (a) Verity Medical Group; (b) All Care
2 Medical Group, Inc.; (c) CFL Children’s Medical Associates, Inc.; (d) Hunt Spine Institute, Inc.;
3 (e) San Jose Medical Clinic, Inc., D/B/A San Jose Medical Group; and (f) Sports, Orthopedic and
4 Rehabilitation Associates.

5 6. Verity Holdings, LLC (“Holdings”) is a direct subsidiary of its sole member VHS
6 and was created in 2016 to hold and finance VHS’ interests in four medical office buildings
7 whose tenants are primarily physicians, medical groups, healthcare providers, and certain of the
8 VHS Hospitals. Holdings’ real estate portfolio includes more than 15 properties. Holdings is the
9 borrower on approximately \$66 million of non-recourse financing secured by separate deeds of
10 trust and revenue and accounts pledges, including the rents on each medical office building.

11 7. O’Connor Hospital Foundation, Saint Louise Regional Hospital Foundation, St.
12 Francis of Lynwood Medical Center Foundation, St. Vincent Medical Center Foundation, and
13 Seton Medical Center Foundation handle fundraising and grant-making programs for each of their
14 respective Debtor Hospitals.

15 8. As of August 31, 2018, the Debtors have approximately 7,385 employees, of
16 whom 4,733 are full-time employees. Approximately 74% of these employees are represented by
17 collective bargaining units. A majority of the employees are represented by either the Service
18 Employees International Union (approximately 39% of employees) or California Nurses
19 Associations (approximately 22% of employees).

20 9. Each of the Debtors is exempt from federal income taxation as an organization
21 described in Section 501(c)(3) of the Internal Revenue Code of 1986, except for Verity Holdings,
22 LLC, DePaul Ventures, LLC, and DePaul Ventures - San Jose Dialysis, LLC.

23 10. To date, no official committee or examiner has been appointed by the Office of the
24 United States Trustee in these chapter 11 Cases.

25 **B. Historical Challenges.**

26 11. The Hospitals and VMF were originally owned and operated by the Daughters of
27 Charity of St. Vincent de Paul, Province of the West (the “Daughters of Charity”), to support the
28 mission of the Catholic Church through a commitment to the sick and poor. The Daughters of

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1 Charity began their healthcare mission in California in 1858 and they ministered to ill, poverty-
2 stricken individuals for more than 150 years. In March 1995, the Daughters of Charity merged
3 with Catholic Healthcare West (“CHW”). In June 2001, Daughters of Charity Health System
4 (“DCHS”) was formed, and in October 2001, the Daughters of Charity withdrew from CHW. In
5 2002, DCHS commenced operations and was the sole corporate member of the Hospitals, which
6 at that time were California nonprofit religious corporations.

7 12. Between 1995 and 2015, the Daughters of Charity and DCHS struggled to find a
8 solution to continuing operating losses, either through a sale of some or all of the hospitals or a
9 merger with a more financially sound partner. All these efforts failed. During these efforts,
10 however, the health system’s losses continued to mount, and the health system borrowed more
11 than \$500 million – including through a 2008 bond issuance (the “2008 Bonds”) – to fund
12 operations, acquire assets, fund needed capital improvements and/or refinance existing debt.

13 13. Despite continuous efforts to improve operations, operating losses continued to
14 plague the health system due to, among other things, mounting labor costs, low reimbursement
15 rates and the ever-changing healthcare landscape. In 2013, DCHS actively solicited offers for
16 O’Connor Hospital, St. Louise Regional Hospital, Seton Medical Center and Seton Medical
17 Center Coastside. In 2013, to avoid failing debt covenants, the Daughters of Charity Foundation,
18 an organization separate and distinct from DCHS, donated \$130 million to DCHS to allow it to
19 retire the 2008 Bonds in the total amount of \$143.7 million.

20 14. In early 2014, DCHS announced that they were beginning a process to evaluate
21 strategic alternatives for the health system. Throughout 2014, DCHS explored offers to sell their
22 health system and, in October of 2014, they entered into an agreement with Prime Healthcare
23 Services and Prime Healthcare Foundation (collectively, “Prime”) to sell the health
24 system. However, to keep the hospitals open, DCHS needed to borrow another \$125 million to
25 mitigate immediate cash needs during the sales process; in other words, to allow DCHS to
26 continue to operate until the sale could be consummated. In early 2015, the California Attorney
27 General consented to the sale to Prime, subject to conditions on that sale that were so onerous that
28 Prime terminated the transaction.

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1 15. In 2015, DCHS again marketed their health system for sale, and, again, focused on
2 offers that maintained the health system as a whole, and assumed all the obligations. In July
3 2015, the DCHS Board of Directors selected BlueMountain Capital Management LLC
4 (“BlueMountain”), a private investment firm, to recapitalize its operations and transition
5 leadership of the health system to the new Verity Health System (the “BlueMountain
6 Transaction”).

7 16. In connection with the BlueMountain Transaction, BlueMountain agreed to make a
8 capital infusion of \$100 million to the hospital system, arrange loans for another \$160 million to
9 the health system, and manage operations of the health system, with an option to buy the health
10 system at a future time. In addition, the parties entered into a System Restructuring and Support
11 Agreement (the “Restructuring Agreement”), DCHS’s name was changed to Verity Health
12 System, and Integrity Healthcare, LLC (“Integrity”) was formed to carry out the management
13 services under a new management agreement.

14 17. On December 3, 2015, the California Attorney General approved the
15 BlueMountain Transaction, subject to conditions. Despite BlueMountain’s infusion of cash and
16 retention of various consultants and experts to assist in improving cash flow and operations, the
17 health system did not prosper.

18 18. In July 2017, NantWorks, LLC (“NantWorks”) acquired a controlling stake in
19 Integrity. NantWorks brought in a new CEO, CFO, and COO. NantWorks loaned another \$148
20 million to the Debtors.

21 19. Despite the infusion of capital and new management, it became apparent that the
22 problems facing the Verity Health System were too large to solve without a formal court
23 supervised restructuring. Thus, despite VHS’ great efforts to revitalize its Hospitals and
24 improvements in performance and cash flow, the legacy burden of more than a billion dollars of
25 bond debt and unfunded pension liabilities, an inability to renegotiate collective bargaining
26 agreements or payor contracts, the continuing need for significant capital expenditures for seismic
27 obligations and aging infrastructure, and the general headwinds facing the hospital industry, make
28

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1 success impossible. Losses continue to amount to approximately \$175 million annually on a cash
2 flow basis.

3 20. Additional background facts on the Debtors, including an overview of the Debtors'
4 business, information on the Debtors' capital structure and additional events leading up to these
5 chapter 11 cases, are contained in the Declaration of Richard G. Adcock.

6 **C. Relevant Facts To Motion.**

7 As is evident from the facts set forth hereinabove and in the Declaration of Richard G.
8 Adcock filed in support of First Day Emergency Motions, the Debtors operate a *substantial*
9 nonprofit *healthcare system* in the state of California, with approximately 1,680 inpatient beds,
10 emergency rooms, a trauma center and a host of medical specialties. In 2017, the VHS healthcare
11 system served nearly 550,000 patients. The Debtors' consolidated unaudited financial statements
12 reflect total assets of approximately \$847 million and total liabilities of approximately
13 \$1,257.1 billion. The Debtors' \$1.278 billion in total unsecured debt, including disputed,
14 unliquidated and contingent claims, are comprised of claims made by vendors of goods and
15 services, cost report payables, management fees and incurred but not reported third party claims.
16 The Voluntary Petitions filed in this case and the Consolidated Master Mailing Matrix, identifies
17 approximately 20,000 creditors. Additionally, the Debtors have approximately 7,000 plus
18 employees serving in 17 companies.

19 When considering how to proceed, it became quickly apparent to the Debtor that they
20 were going to need a "claims and noticing agent," to take on the responsibilities set forth in
21 KCC's Agreement For Services with the Debtors. Debtors interviewed and got bids from three
22 claims agents and chose KCC.

23 **IV.**

24 **SERVICES TO BE PROVIDED BY KCC**

25 Pursuant to the KCC Agreement, the Debtors request that KCC be permitted to provide
26 the following services.

- 27 a. Prepare and serve required Notices in this chapter 11 case, including
28

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- 1 (i) a Notice of the commencement of the case and the initial meeting of
- 2 creditors under section 341(a) of the Bankruptcy Code;
- 3 (ii) a Notice of the claims bar date;
- 4 (iii) Notices of transfers of claims;
- 5 (iv) Notice of objections to claims;
- 6 (v) Notices of any hearings on a disclosure statement and confirmation of a
- 7 chapter 11 plan; and
- 8 (vi) Notice of the effective date of any chapter 11 plan;
- 9 (vii) such other miscellaneous Notices as the Debtors or the Court may deem
- 10 necessary or appropriate for an orderly administration of this case.
- 11 b. Maintain an official copy of the Debtors' schedules of assets and liabilities and
- 12 statement of financial affairs (collectively, the "Schedules"), listing the Debtors'
- 13 known creditors and the amounts owed thereto;
- 14 c. Maintain (1) a list of potential creditors and other parties-in-interest and (2) a
- 15 "core" mailing list consisting of all parties described in Bankruptcy Rule 2002 and
- 16 those parties that have filed a notice of appearance under Bankruptcy Rule 9010
- 17 (the Master Mailing Matrix); update said lists and make said lists available upon
- 18 request by a party-in-interest or the Clerk;
- 19 d. Within five (5) business days after the service of a particular Notice, file with the
- 20 Clerk's Office a declaration of service that includes (i) an alphabetical list of
- 21 persons on whom KCC served the Notice, along with their addresses, and (ii) the
- 22 date and manner of service;
- 23 e. Maintain a post office box or address for the purpose of receiving claims and
- 24 returned mail, and process all mail received;
- 25 f. Process all proofs of claim received, including those received by the Clerk's
- 26 office, check said processing for accuracy, and maintain the original proofs of
- 27 claim in a secure area;
- 28

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- 1 g. Maintain copies of all proofs of claim and proofs of interest filed in this case at a
2 location other than where the originals are maintained;
- 3 h. Maintain an official claims register for each debtor (the “Claims Register”) in this
4 case by docketing all proofs of claim and proofs of interest in a claims database
5 that includes the following information for each such claim or interest asserted:
- 6 (i) The name and address of the claimant or interest holder and any agent
7 thereof, if the proof of claim or proof of interest was filed by an agent, and
8 the entity against which such claim was filed;
- 9 (ii) The date that the proof of claim or proof of interest was received by KCC
10 and/or the Court;
- 11 (iii) The claim number assigned to the proof of claim or proof of interest; and
12 (iv) The asserted amount and classification of the claim.
- 13 i. Implement necessary security measures to ensure the completeness and integrity of
14 the claims register as approved by the Clerk of the Court;
- 15 j. Periodically audit the claims information to assure the Clerk’s Office that the
16 claims information is being appropriately and accurately recorded in the official
17 claims register;
- 18 k. Allow the Clerk’s Office to independently audit the claims information during
19 regular business hours;
- 20 l. Furnish a notice to all potential creditors of the last date for the filing of proofs of
21 claim and a form for the filing of a proof of claim, after such notice and form are
22 approved by the Court, and notify said potential creditors of the existence, amount,
23 and classification of their respective claims as set forth in the Schedules, which
24 may be effected by inclusion of such information (or the lack thereof, in cases
25 where the Schedules indicate no debt due to the subject party) on a customized
26 proof of claim form provided to potential creditors;
- 27 m. Transmit to the Clerk’s Office a copy of the claims register on a weekly basis or at
28 such other times as the Clerk’s Office may direct;

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- 1 n. Relocate, by messenger or overnight delivery, all of the court-filed proofs of claim
2 to the offices of KCC, not less than weekly;
- 3 o. Maintain an up-to-date mailing list for all entities that have filed proofs of claim or
4 proofs of interest and make such list available upon request to the Clerk's Office
5 or any party in interest;
- 6 p. Provide the public and the Clerk's Office access to copies of the proofs of claim or
7 proofs of interest filed in this chapter 11 case without charge during regular
8 business hours (9:00 a.m. - 4:00 p.m. Pacific Time) in a viewing area at the
9 following address: 2335 Alaska Avenue, El Segundo, California 90245 and on a
10 case-specific website maintained by KCC;
- 11 q. Allow the Clerk's Office to inspect KCC's premises at any time during regular
12 business hours;
- 13 r. Record all transfers of claims pursuant to Federal Bankruptcy Rule 3001(e) and
14 provide notice of such transfers as required by Federal Bankruptcy Rule 3001(e);
- 15 s. assist in the dissemination of information to the public and respond to requests for
16 administrative information regarding these chapter 11 cases, as directed by the
17 Debtors or the Court, including through the use of a case website and call center;
- 18 t. if the case is converted to chapter 7, contact the Clerk's Office within three (3)
19 days of the notice to KCC of entry of the order converting the case;
- 20 u. thirty (30) days prior to the close of these chapter 11 cases, to the extent
21 practicable, request that the Debtors submit to the Court a proposed order
22 dismissing KCC and terminating KCC's services of such agent upon completion
23 of its duties and responsibilities and upon the closing of these cases;
- 24 v. within seven (7) days of notice to KCC of the entry of an order closing these
25 chapter 11 cases, provide to the Court the final version of the Claims Registers as
26 of the date immediately before the close of the cases; and
- 27 w. at the close of these chapter 11 cases, box and transport all original documents, in
28 proper format, as provided by the Clerk's office, to (i) Riverside Federal Records

1 Center, 23123 Cajalco Road, Perris, CA 92570, or (ii) any other location requested
2 by the Clerk's office.

- 3 x. Comply with applicable federal, state, municipal and local statutes, ordinances,
4 rules, regulations, orders and other requirements;
5 y. Promptly comply with such further conditions and requirements as the Clerk's
6 Office or the Court may at any time prescribe; and
7 z. Provide such other claims processing, noticing, and related administrative services
8 as may be requested from time to time by the Debtors.

9 In addition to the foregoing, in accordance with the KCC Agreement and to the extent
10 requested by the Debtors, KCC shall assist the Debtors with, among other things, (a) data
11 collection and processing required for, among other things the reconciliation and resolution of
12 claims; (b) Schedules of Assets and Liabilities and Statements of Financial Affairs,
13 (c) maintenance of the Debtors' Master Mailing Matrix, and (d) the preparation, mailing and
14 tabulation of ballots for the purpose of voting to accept or reject a chapter 11 plan.

15 Notwithstanding the relief requested herein and the services proposed to be provided by
16 KCC, except for the Debtors, any party submitting a particular pleading or other document with
17 the Court shall be responsible for all noticing and service functions relevant to the particular
18 matters as may be required under applicable rules and shall file with the Clerk's Office a
19 declaration of service regarding such noticing and service. In addition, except for the Debtors'
20 attorneys, the attorney submitting a proposed order or judgment shall serve copies upon all parties
21 entitled to receive notice of entry of the order or judgment as soon as practicable and shall be
22 responsible for photocopying the conformed copies in order to relieve the Clerk's Office of the
23 large burden of photocopying these orders.

24 Notwithstanding the foregoing, KCC may, with the Debtors' consent, provide services to
25 any official committee, such as mailing or web site creation/maintenance.

26 **V.**

27 **KCC'S QUALIFICATIONS**

28 The Debtor's management after consulting with their legal and financial advisors,

1 determined that based on the size, scope, and geography of the case, KCC was the appropriate
2 choice. The Debtor was able to secure extremely competitive pricing from KCC for these
3 services.

4 KCC specializes in providing comprehensive chapter 11 administrative services, including
5 noticing, claims processing, balloting, and other related services critical to the effective
6 administration of chapter 11 cases. Indeed, KCC has developed efficient and cost-effective
7 methods to properly handle the voluminous mailings associated with the noticing, claims
8 processing, and balloting portions of chapter 11 cases to ensure the orderly and fair treatment of
9 creditors, equity security holders, and all other parties in interest. Further, KCC has experience
10 working with, and will continue to work with, the Clerk to ensure that the services provided
11 conform to all of the Court's procedures, the Local Rules, and the provisions of any orders
12 entered by the Court. Accordingly, the Debtors' estates and their creditors will benefit from
13 KCC's retention because KCC has developed efficient and cost-effective methods in this area of
14 expertise.

15 KCC has been retained as the official claims and noticing agent in many large and
16 complex cases filed in this Court as well as other courts across the country. *In re Woodside*
17 *Group, LLC, et al.*, Case No. 08-20682 (PC) (Docket No. 311) (Bankr. C.D. Cal. Aug. 20, 2008);
18 *In re Tintri, Inc.*, Case No. 18-11625 (KJC) (Docket No. 43) (Bankr. D. Del. Jul. 10, 2018); *In re*
19 *The Walking Company Holdings, Inc.*, Case No. 18-10474 (LSS) (Docket No. 73) (Bankr. D. Del.
20 Mar. 8, 2018); *In re Rand Logistics, Inc., et al.*, Case No. 18-10175 (BLS) (Docket No. 39)
21 (Bankr. D. Del. Jan. 29, 2018); *In re ExGen Texas Power, LLC*, Case No. 17-12377 (BLS)
22 (Docket No. 52) (Bankr. D. Del. Nov. 7, 2017); *In re TerraVia Holdings, Inc.*, Case No. 17-
23 11655 (CSS) (Docket No. 52) (Bankr. D. Del. Aug. 2, 2017); *In re Prospector Offshore Drilling*
24 *S.a r.l., et al.*, Case No. 17-11572 (CSS) (Docket No. 30) (Bankr. D. Del. Jul. 20, 2017); *In re*
25 *Keystone Tube Company, LLC (A.M. Castle & Co.)*, Case No. 17- 11330 (LSS) (Docket No. 61)
26 (Bankr. D. Del. Jun. 18, 2017).

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1 The Debtors have concluded, based on their business judgment, that they require a claims
2 agent and that KCC has the experience and expertise to render the necessary services in a
3 professional and efficient manner in accordance with the Bankruptcy Rules and LBR.

4 **VI.**

5 **KCC'S COMPENSATION**

6 The compensation to be provided by the Debtors to KCC for services rendered is set forth
7 in the fee schedule as part of Exhibit "A." The Debtors believe that such compensation is fair and
8 reasonable. The Debtors respectfully request that the undisputed fees and expenses incurred by
9 KCC in the performance of the above services be treated as administrative expenses of the
10 Debtors' chapter 11 estates pursuant to 28 U.S.C. § 156(c) and § 503(b)(1)(A) and be paid in the
11 ordinary course of business without further application to or order of the Court. KCC agrees to
12 maintain records of all services showing dates, categories of services, fees charged, and expenses
13 incurred, and to serve monthly invoices on the Debtors, the Office of the United States Trustee,
14 counsel for the Debtors, counsel for any official committee appointed in these chapter 11 cases,
15 and any party in interest who specifically requests service of the monthly invoices. If any dispute
16 arises relating to the KCC Agreement or monthly invoices, the parties shall meet and confer in an
17 attempt to resolve the dispute. If resolution is not achieved, the parties may seek resolution of the
18 matter from the Court. The court mandated form F 5075-1.1 *Declaration To Be Filed With*
19 *Motion Establishing Administrative Procedures re 28 U.S.C. § 156(c)*, together with the
20 completed Mega Case Procedures Checklist, are attached hereto as Exhibit "C."

21 Prior to the Petition Date, the Debtors provided KCC a retainer in the amount of \$30,000.
22 KCC seeks to first apply the retainer to all prepetition invoices, and thereafter, to have the retainer
23 replenished to the original retainer amount, and thereafter, to hold the retainer under the KCC
24 Agreement during the cases as security for the payment of fees and expenses incurred under the
25 KCC Agreement.

26 As part of the overall compensation payable to KCC under the terms of the KCC
27 Agreement, the Debtors have agreed to certain indemnification and contribution obligations as set
28 forth in the KCC Agreement, to the extent permitted by applicable law and as modified by the

1 Proposed Order.

2 The terms of the KCC Agreement and indemnification provisions included therein were
3 negotiated at arms' length between the Debtors and KCC, and the Debtors respectfully submit
4 that these provisions of the KCC Agreement are reasonable and in the best interests of the
5 Debtors, their estates, and their creditors.

6 **VII.**

7 **DISINTERESTEDNESS**

8 As set forth in the Declaration of Evan Gershbein (the "Gershbein Declaration"), attached
9 hereto as Exhibit "B," KCC represents, among other things, that:

- 10 a. KCC shall be under the supervision and control of the Clerk of Court but not be an
11 employee of the United States government, not consider itself employed by the
12 United States government and shall not seek any compensation from the United
13 States government in its capacity as the Claims and Noticing Agent in these
14 chapter 11 cases;
- 15 b. by accepting employment in these chapter 11 cases, KCC waives any rights to
16 receive compensation from the United States government in its capacity as Agent
17 in this case;
- 18 c. in its capacity as the Claims and Noticing Agent in these chapter 11 cases, KCC
19 will not be an agent of the United States government and will not act on behalf of
20 the United States; and
- 21 d. KCC will not employ any past or present employees of the Debtors in connection
22 with its work as the Claims and Noticing Agent in these chapter 11 cases unless
23 otherwise approved by the Clerk of Court.
- 24 e. it is a "disinterested person" as the term is defined in section 101(14) of the
25 Bankruptcy Code with respect to the matters upon which it is to be engaged;
- 26

27 The relief requested herein is necessary to relieve the Clerk of obligations which, given
28 the facts and circumstances of this case, would be burdensome to the Clerk if the Debtors did not

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1 undertake the obligations, and to establish orderly procedures for processing certain notices.
2 Pursuant to section 156(c) of the Judicial Code, the Court is empowered to utilize outside agents
3 and facilities for these purposes, provided that the Debtors' estates pay the cost of such services.³
4 The Debtors have identified tens of thousands of potential creditors. The Debtors believe that the
5 retention of KCC as the Claims and Noticing Agent is in the best interests of the Debtors, their
6 estates and creditors.

7 The Debtors have determined in the exercise of its business judgment to engage KCC for
8 the matters described herein. The Debtors' business judgment is entitled to substantial deference.
9 It is well established that courts accord great weight to the debtor-in-possession's business
10 judgment on matters that would be beneficial to its estate. *See NLRB v. Bildisco & Bildisco*, 465
11 U.S. 513, 523 (1984).

12 VIII.

13 THE PROPOSED FORM AND MANNER

14 OF THE CASE COMMENCEMENT NOTICE

15 As described above, one of KCC's responsibilities will be to prepare and serve a notice of
16 the commencement of these chapter 11 cases and the initial meeting of creditors (the "Case
17 Commencement Notice") under § 341(a) (the "Section 341 Meeting").

18 The Debtors propose that KCC serve the Case Commencement Notice, substantially in the
19 form annexed hereto as Exhibit "D," by regular mail, postage prepaid, on those entities entitled to
20 receive the Case Commencement Notice pursuant to Bankruptcy Rule 2002. The Debtors further
21 propose that service of the Case Commencement Notice take place not more than five business
22 days after the Debtors receive notice from the United States Trustee of the time and place of the
23 Section 341 Meeting. Finally, the Debtors propose to publish the Case Commencement Notice in

24 _____
25 ³ 28 U.S.C § 156(c) provides:

26 Any court may utilize facilities or services, either on or off the court's premises, which
27 pertain to the provision of notices, dockets, calendars, and other administrative
28 information to parties in case filed under the provisions of title 11, United States Code,
where the cost of such facilities or services are paid for out of the assets of the estate and
are not charged to the United States. The utilization of such facilities or services shall be
subject to such conditions and limitations as the pertinent circuit counsel may prescribe.

1 The Los Angeles Times, The San Francisco Chronicle and the Mercury Daily News within five
2 business days after the Case Commencement Notice is served. The Debtors submit that such
3 notice by publication will provide adequate notice of the commencement of these chapter 11
4 cases to unknown entities that may hold or be entitled to assert a claim against the Debtors.

5 The proposed form of the Case Commencement Notice should be approved. The form of
6 the Case Commencement Notice contains the required information regarding the commencement
7 of these chapter 11 cases, as well as important information specifically tailored to the Debtors and
8 these cases. The Debtors believe that service of the proposed form of the Case Commencement
9 Notice, supplemented by the publication of the Case Commencement Notice as described in this
10 Motion, will adequately inform parties in interest of the commencement of these cases and the
11 Section 341 Meeting. *See* Bankruptcy Rule 2002(1) (providing that the Court may order notice
12 by publication to supplement notice being given).

13 **IX.**

14 **CONCLUSION**

15 WHEREFORE the Debtors respectfully request that this Court enter an Order:

- 16 (i) Authorizing and approving (a) the appointment of KCC as Claims and Noticing
17 Agent for the Court, and (b) approving the form and manner of notice of the
18 commencement of these chapter 11 cases and the initial meeting of the
19 Debtors' creditors; and,
20 (ii) Granting the Debtors such other and further relief as is just.

21
22 Dated: August 31, 2018

23 **DENTONS US LLP**
24 **SAMUEL R. MAIZELL**
25 **JOHN A. MOE, II**
26 **TANIA M. MOYRON**

27 By: /s/John A. Moe, II
28 JOHN A. MOE, II

Proposed Attorneys for
Debtors and Debtors in Possession

EXHIBITS

- 1
- 2 A. Kurtzman Carson Consultants Agreement For Services, effective July 3, 2018
- 3 B. Declaration of Evan Gershbein In Support Of Debtors' Application For An Order
- 4 (A) Appointing Kurtzman Carson Consultants, LLC As Claims Agent, And
- 5 (B) Approving The Form And Manner Of Notice Of Case Commencement
- 6 C. Court Form F 5075-1.1 Declaration To Be Filed With Motion Establishing Administrative
- 7 Procedures Re 28 U.S.C. § 156(C), With Completed Mega Case Checklist
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- 11 D. Proposed Notice of Case Commencement
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EXHIBIT A



KCC AGREEMENT FOR SERVICES

This Agreement is entered into as of the 3rd day of July 2018, between Verity Health System of CA, Inc. (together with its affiliates and subsidiaries, the "Company"),¹ and Kurtzman Carson Consultants LLC (together with its affiliates and subcontractors, "KCC"). In consideration of the premises set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Terms and Conditions

I. SERVICES

A. KCC agrees to provide the Company with consulting services regarding noticing, claims management and reconciliation, plan solicitation, balloting, disbursements and any other services agreed upon by the parties or otherwise required by applicable law, government regulations or court rules or orders.

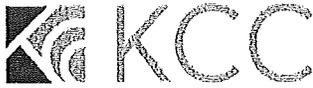
B. KCC further agrees to provide (i) computer software support and training in the use of the support software, (ii) KCC's standard reports as well as consulting and programming support for the Company requested reports, (iii) program modifications, (iv) data base modifications, and/or (v) other features and services in accordance with the fees outlined in a pricing schedule provided to the Company (the "KCC Fee Structure").

C. Without limiting the generality of the foregoing, KCC may, upon request by the Company, (i) provide a communications plan including, but not limited to, preparation of communications materials, dissemination of information and a call center staffed by KCC and/or (ii) provide confidential on-line workspaces or virtual data rooms and publish documents to such workspaces or data rooms (which publication shall not be deemed to violate the confidentiality provisions of this Agreement).

D. The price listed for each service in the KCC Fee Structure represents a bona fide proposal for such services, which may be accepted in whole or in part. Services will be provided when requested by the Company or required by applicable law, government regulations or court rules or orders. Services are mutually exclusive and are deemed delivered and accepted by the Company when provided by KCC.

E. The Company acknowledges and agrees that KCC will often take direction from the Company's representatives, employees, agents and/or professionals (collectively, the "Company Parties") with respect to the services being provided under this Agreement. The parties agree that KCC may rely upon, and the Company agrees to be bound by, any requests, advice or information provided by the Company Parties to the same extent as if such requests, advice or information were provided by the Company. The Company agrees and understands that KCC shall not provide the Company or any other party with any legal advice.

¹ The term Company shall include, to the extent applicable, the Company, as debtor and debtor in possession in its chapter 11 case, together with any affiliated debtors and debtors in possession whose chapter 11 cases are jointly administered with the Company's chapter 11 case.



KCC AGREEMENT FOR SERVICES

II. PRICES, CHARGES AND PAYMENT

A. KCC agrees to charge and the Company agrees to pay KCC for its services at the rates and prices set by KCC that are in effect as of the date of this Agreement and in accordance with the attached KCC Fee Structure. KCC's prices are generally adjusted periodically to reflect changes in the business and economic environment and are inclusive of all charges. KCC reserves the right to reasonably increase its prices, charges and rates; provided, however, that if any such increase exceeds 10%, KCC will give sixty (60) days written notice to the Company.

B. In addition to fees and charges for services, the Company agrees to pay KCC's reasonable transportation, lodging, and meal expenses incurred in connection with services provided under this Agreement if they are consistent with VHS' Travel and Expense Policy.

C. In addition to all fees for services and expenses hereunder, the Company shall pay to KCC (i) any fees and charges related to, arising out of, or as a result of any error or omission made by the Company or the Company Parties, as mutually determined by KCC and the Company, and (ii) all taxes that are applicable to this Agreement or that are measured by payments made under this Agreement and are required to be collected by KCC or paid by KCC to a taxing authority.

D. Where the Company requires services that are unusual or beyond the normal business practices of KCC, or are otherwise not provided for in the KCC Fee Structure, the cost of such services shall be charged to the Company at a competitive rate, but only after notice and prior approval by the Company.

E. KCC agrees to submit its invoices to the Company monthly and the Company agrees that the amount invoiced is due and payable upon the Company's receipt of the invoice. KCC's invoices will contain reasonably detailed descriptions of charges for both hourly (fees) and non-hourly (expenses) case specific charges. Where total invoice amounts are expected to exceed \$10,000 in any single month and KCC reasonably believes it will not be paid, KCC may require advance payment from the Company due and payable upon demand and prior to the performance of services hereunder. If any amount is unpaid as of thirty (30) days from the receipt of the invoice, the Company further agrees to pay a late charge, calculated as one percent (1%) of the total amount unpaid every thirty (30) days. In the case of a dispute in the invoice amount, the Company shall give written notice to KCC within thirty (30) days of receipt of the invoice by the Company. The undisputed portion of the invoice will remain due and payable immediately upon receipt of the invoice. Late charges shall not accrue on any amounts in dispute or any amounts unable to be paid due to Court order or applicable law. Unless otherwise agreed to in writing, the fees for print notice and media publication (including commissions) must be paid at least three (3) days in advance of those fees and expenses being incurred.

F. In the event that the Company files for protection pursuant to chapter 11 of the United States Bankruptcy Code (a "Chapter 11 Filing"), the parties intend that KCC shall be employed pursuant to 28 U.S.C. § 156(c) to the extent possible and otherwise in accordance with applicable Bankruptcy law and that all amounts due under this Agreement shall, to the extent possible, be paid as administrative expenses of the Company's chapter 11 estate. As soon as practicable following a Chapter 11 Filing (and otherwise in accordance with applicable law and rules and orders of the Bankruptcy Court), the Company shall cause pleadings to be filed with the



KCC AGREEMENT FOR SERVICES

Bankruptcy Court seeking entry of an order or orders approving this Agreement (the "Retention Order"). The form and substance of the pleadings and the Retention Order shall be reasonably acceptable to KCC. If any Company chapter 11 case converts to a case under chapter 7 of the Bankruptcy Code, KCC will continue to be paid for its services in accordance with the terms of this Agreement. The parties recognize and agree that if there is a conflict between the terms of this Agreement and the terms of the Retention Order, the terms of the Retention Order shall govern during the chapter 11 or other proceeding.

G. To the extent permitted by applicable law, KCC shall receive a retainer in the amount of \$30,000 (the "Retainer") that may be held by KCC as security for the Company's payment obligations under the Agreement. The Retainer is due upon execution of this Agreement. KCC shall be entitled to hold the Retainer until the termination of the Agreement. Following termination of the Agreement, KCC shall return to the Company any amount of the Retainer that remains following application of the Retainer to the payment of unpaid invoices.

III. RIGHTS OF OWNERSHIP

A. The parties understand that the software programs and other materials furnished by KCC pursuant to this Agreement and/or developed during the course of this Agreement by KCC are the sole property of KCC. The term "program" shall include, without limitation, data processing programs, specifications, applications, routines, and documentation. The Company agrees not to copy or permit others to copy the source code from the support software or any other programs or materials furnished pursuant to this Agreement.

B. The Company further agrees that any ideas, concepts, know-how or techniques relating to data processing or KCC's performance of its services developed or utilized during the term of this Agreement by KCC shall be the exclusive property of KCC. Fees and expenses paid by the Company do not vest in the Company any rights in such property, it being understood that such property is only being made available for the Company's use during and in connection with the services provided by KCC under this Agreement.

IV. NON-SOLICITATION

The Company agrees that neither it nor its subsidiaries or other affiliated companies shall directly or indirectly solicit for employment, employ or otherwise retain employees of KCC during the term of this Agreement and for a period of twelve (12) months after termination of this Agreement unless KCC provides prior written consent to such solicitation or retention.

V. CONFIDENTIALITY

Each of KCC and the Company, on behalf of themselves and their respective employees, agents, professionals and representatives, agrees to keep confidential all non-public records, systems, procedures, software and other information received from the other party in connection with the services provided under this Agreement; provided, however, that if either party reasonably believes that it is required to produce any such information by order of any governmental agency or other regulatory body it may, upon not less than thirty (30) business days' written notice to the other party to allow such party to seek a protective order for such information.



KCC AGREEMENT FOR SERVICES

VI. SUSPENSION OF SERVICE AND TERMINATION

A. This Agreement shall remain in force until terminated or suspended by either party (i) upon thirty (30) days' written notice to the other party or (ii) immediately upon written notice for Cause (defined herein). As used herein, the term "Cause" means (i) gross negligence, willful misconduct or bad faith of KCC that causes serious and material harm to the Company's reorganization under chapter 11 of the Bankruptcy Code, (ii) the failure of the Company to pay KCC invoices for more than sixty (60) days from the date of invoice, or (iii) the accrual of invoices or unpaid services in excess of the retainer held by KCC where KCC reasonably believes it will not be paid.

B. In the event that this contract is terminated, regardless of the reason for such termination, KCC shall coordinate with the Company and, to the extent applicable, the clerk of the Bankruptcy Court, to maintain an orderly transfer of record keeping functions and KCC shall provide all necessary staff, services and assistance required for an orderly transfer. The Company agrees to pay for such services in accordance with KCC's then existing prices for such services. If such termination occurs following entry of the Retention Order, the Company shall immediately seek entry of an order (in form and substance reasonably acceptable to KCC) that discharges KCC from service and responsibility in the Company's bankruptcy case.

C. Any data, programs, storage media or other materials furnished by the Company to KCC or received by KCC in connection with the services provided under the terms of this Agreement may be retained by KCC until the services provided are paid for, or until this Agreement is terminated with the services paid in full. The Company shall remain liable for all fees and expenses imposed under this Agreement as a result of data or physical media maintained or stored by KCC. KCC shall dispose of the data and media in the manner requested by the Company. The Company agrees to pay KCC for reasonable expenses incurred as a result of the disposition of data or media. If the Company has not utilized KCC's services under this Agreement for a period of at least ninety (90) days, KCC may dispose of the data or media, after giving the Company thirty (30) days' notice. Notwithstanding any term herein to the contrary, following entry of the Retention Order, the disposition of any data or media by KCC shall be in accordance with any applicable instructions from the clerk of the Bankruptcy Court, local Bankruptcy Court rules and orders of the Bankruptcy Court.

VII. SYSTEM IMPROVEMENTS

KCC strives to provide continuous improvements in the quality of service to its clients. KCC, therefore, reserves the right to make changes in operating procedure, operating systems, programming languages, general purpose library programs, application programs, time period of accessibility, types of terminal and other equipment and the KCC data center serving the Company, so long as any such changes do not materially interfere with ongoing services provided to the Company in connection with the Company's chapter 11 case.



KCC AGREEMENT FOR SERVICES

VIII. BANK ACCOUNTS

At the Company's request and subject to Court approval following any chapter 11 filing, KCC may be authorized to establish accounts with financial institutions in the name of and as agent for the Company. To the extent that certain financial products are provided to the Company pursuant to KCC's agreement with financial institutions, KCC may receive compensation from such financial institutions for the services KCC provides pursuant to such agreement.

IX. LIMITATIONS OF LIABILITY AND INDEMNIFICATION

A. The Company shall indemnify and hold KCC, its affiliates, members, directors, officers, employees, consultants, subcontractors and agents (collectively, the "Indemnified Parties") harmless, to the fullest extent permitted by applicable law, from and against any and all losses, claims, damages, judgments, liabilities and expenses (including reasonable counsel fees and expenses) (collectively, "Losses") resulting from, arising out of or related to KCC's performance under this Agreement. Such indemnification shall exclude Losses resulting from KCC's gross negligence, willful misconduct or bad faith. Without limiting the generality of the foregoing, Losses include any liabilities resulting from claims by any third-parties against any Indemnified Party. The Company shall notify KCC in writing promptly upon the assertion, threat or commencement of any claim, action, investigation or proceeding that the Company becomes aware of with respect to the services provided by KCC under this Agreement. The Company's indemnification obligations hereunder shall survive the termination of this Agreement. Notwithstanding the foregoing, the Indemnified Parties shall not be entitled to indemnification, contribution or reimbursement pursuant to the Agreement for services, unless such services and the indemnification, contribution or reimbursement are approved by the Court.

B. Except as provided herein, KCC's liability to the Company or any person making a claim through or under the Company for any Losses of any kind, even if KCC has been advised of the possibility of such Losses, whether direct or indirect and unless due to gross negligence, willful misconduct or bad faith of KCC, shall be limited to the total amount billed or billable to the Company for the portion of the particular work which gave rise to the alleged Loss. In no event shall KCC be liable for any indirect, special or consequential damages such as loss of anticipated profits or other economic loss in connection with or arising out of the services provided for in this Agreement. In no event shall KCC's liability to the Company for any Losses, whether direct or indirect, arising out of this Agreement exceed the total amount billed to the Company and actually paid to KCC for the services contemplated under the Agreement; provided, however, that this limitation shall not apply to the Company during any chapter 11 case in which the Company is a debtor.

C. The Company is responsible for the accuracy of the programs, data and information it or any Company Party submits for processing to KCC and for the output of such information. KCC does not verify information provided by the Company and, with respect to the preparation of schedules and statements, all decisions are at the sole discretion and direction of the Company. The Company reviews and approves all schedules and statements filed on behalf of, or by, the Company; KCC bears no responsibility for the accuracy or contents therein. The Company agrees to initiate and maintain backup files that would allow the Company to regenerate or duplicate all programs and data submitted by the Company to KCC.



KCC AGREEMENT FOR SERVICES

D. The Company agrees that except as expressly set forth herein, KCC makes no representations or warranties, express or implied, including, but not limited to, any implied or express warranty of merchantability, fitness or adequacy for a particular purpose or use, quality, productiveness or capacity.

X. FORCE MAJEURE

Whenever performance by KCC of any of its obligations hereunder is materially prevented or impacted by reason of any act of God, strike, lock-out or other industrial or transportation disturbance, fire, lack of materials, law, regulation or ordinance, war or war condition, or by reason of any other matter beyond KCC's reasonable control, then such performance shall be excused and this Agreement shall be deemed suspended during the continuation of such prevention and for a reasonable time thereafter.

XI. INDEPENDENT CONTRACTORS

The Company and KCC are and shall be independent contractors of each other and no agency, partnership, joint venture or employment relationship shall arise, directly or indirectly, as a result of this Agreement.

XII. NOTICES

All notices and requests in connection with this Agreement shall be given or made upon the respective parties in writing and shall be deemed as given as of the third day following the day it is deposited in the U.S. Mail, postage pre-paid or on the day it is given if sent by facsimile or electronic mail or on the day after the day it is sent if sent by overnight courier to the appropriate address set forth below:

Kurtzman Carson Consultants LLC
2335 Alaska Ave.
El Segundo, CA 90245
Attn: Drake D. Foster
Tel: (310) 823-9000
Fax: (310) 823-9133
E-Mail: dfoster@kccllc.com

Verity Health Systems ("VHS")
2040 E Mariposa Avenue
El Segundo, CA 90245
Attn: Elizabeth D. Paul
Tel: (424) 367-0733
Fax: To Be Provided
Email: ElspethPaul@verity.org

Or to such other address as the party to receive the notice or request so designates by written notice to the other.

XIII. APPLICABLE LAW

The validity, enforceability, and performance of this Agreement shall be governed by and construed in accordance with the laws of the State of California. In the event of a Chapter 11 Filing, the parties agree that any dispute, claim or controversy directly or indirectly relating to or arising out of this Agreement shall be resolved by the Bankruptcy Court.



KCC AGREEMENT FOR SERVICES

XIV. ENTIRE AGREEMENT/ MODIFICATIONS

Each party acknowledges that it has read this Agreement, understands it, and agrees to be bound by its terms and further agrees that it is the complete and exclusive statement of the agreement between the parties, which supersedes and merges all prior proposals, understandings, other agreements, and communications oral and written between the parties relating to the subject matter of this Agreement. The Company represents that it has the authority to enter into this Agreement, and the Agreement is non-dischargeable under any applicable statute or law. If any provision of this Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall in no way be affected or impaired thereby. This Agreement may be modified only by a written instrument duly executed by an authorized representative of the Company and an officer of KCC.

XV. COUNTERPARTS; EFFECTIVENESS

This Agreement may be executed in two or more counterparts, each of which will be deemed an original but all of which together will constitute one and the same instrument. This Agreement will become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties, which delivery may be made by exchange of copies of the signature page by facsimile or electronic mail.

XVI. ASSIGNMENT

This Agreement and the rights and duties hereunder shall not be assignable by the parties hereto except upon written consent of the other, with the exception that this Agreement can be assigned without written consent by KCC to a wholly-owned subsidiary or affiliate of KCC.

XVII. ATTORNEYS' FEES

In the event that any legal action, including an action for declaratory relief, is brought to enforce the performance or interpret the provisions of this Agreement, the parties agree to reimburse the prevailing party's reasonable attorneys' fees, court costs, and all other related expenses, which may be set by the court in the same action or in a separate action brought for that purpose, in addition to any other relief to which the prevailing party may be entitled.

[SIGNATURE PAGE FOLLOWS]



KCC AGREEMENT FOR SERVICES

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the first date mentioned above.

Kurtzman Carson Consultants LLC

A handwritten signature in black ink, appearing to read 'Evan J. Gershbein', written over a horizontal line.

BY: Evan J. Gershbein DATE: 07/03/2018
TITLE: SVP Restructuring

Verity Health System of CA, Inc.

A handwritten signature in black ink, appearing to read 'Rich Adcock', written over a horizontal line.

BY: Rich Adcock DATE: 07/03/2018
TITLE: Chief Executive Officer



FEE STRUCTURE

Consulting Services & Rates¹

Position

Hourly Rate

Analyst

\$27 - \$45

The Analyst processes incoming mail, including proofs of claim, ballots, creditor correspondence and returned mail. Also assists with the generation of mailing services.

Technology/Programming Consultant

\$31.50 - \$63

The Technology/Programming Consultant assists with complex system requests, including unique claim/ballot reporting and custom website updates.

Consultant/Senior Consultant/Director

\$58.50 - \$175.50

The Consultant is the day-to-day contact for mailings, including the preparation and filing of affidavits of service (a critical due process component). He/she also responds to creditor and counsel inquiries, maintains the public access website, identifies actionable pleadings (i.e., claims objections, notices of transfer, withdrawals, etc.) and updates the official claims register. KCC's Consultants average over six years of experience.

The Senior Consultant manages the various data collection processes required by the Chapter 11 process. This includes, among other things, compiling the creditor matrix and Schedules/SOFAs (and generating drafts of same for counsel and advisors), reviewing and processing claims, overseeing contract review, overseeing all mailings and generating custom claim and ballot reports. KCC's Senior Consultants average over seven years of experience.

The Director/Senior Managing Consultant is the primary contact for the company, counsel and other professionals and oversees and supports the entirety of an engagement. KCC's Directors and SMCs average over twelve years of experience and are generally former practitioners.

Senior Executive Vice President

Waived

The Senior Executive Vice President oversees and manages KCC's Restructuring group. Alby Kass, former restructuring attorney with over 15 years of experience will also supervise this matter at no charge.

Weekend, holidays and overtime

Waived

¹ Please note that additional professional services not covered by this proposal will be charged at hourly rates, including any outsourced services performed under our supervision and control.



FEE STRUCTURE

Position	Hourly Rate
<i>Securities Director/Solicitation Consultant²</i>	<i>\$175.50</i>

The Securities Director/Solicitation Consultant is the day-to-day contact and acts as advisor on transactions including balloting with treatment election, rights offers, exchange offers and complex plan distributions. This position handles service of related materials to banks, brokers and agents and manages tabulation and audit processes, preparing detailed reporting of results. In addition, the Solicitation Consultant provides support on all voting, tabulation, Schedule and SOFA services.

<i>Securities Senior Director/Solicitation Lead</i>	<i>\$193.50</i>
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The Solicitation Lead/Securities Director oversees all activities of the group and provides counsel with respect to solicitation and noticing events ensuring that processes employed are effective and practical for securities depositories, bank, brokers, nominees and their agents. In addition, the Solicitation Lead provides counsel on all voting, tabulation, Schedule and SOFA services.

Printing Services & Noticing Services

Printing	\$0.09 per image (volume discounts apply)
Labels	Waived
Document folding and inserting	Waived
Envelopes	Varies by size
E-mail noticing	Waived ³
Fax noticing	\$0.06 per page
Claim Acknowledgement Card	Waived
Insert creditor information into customized documents	Waived
Newspaper and legal notice publishing	Quote prior to publishing

Claims Administration & Management Expenses

License fee and data storage	\$0.07 per creditor per month
Database and system access (unlimited users)	Waived
Custom client reports	Waived
Access to KCC CaseView (secure, password protected)	Waived

- Proprietary, secured, password protected portal for unlimited users
- Comprehensive case data, including extensive real time analytics on claim, solicitation and processing information
- Functionality to run or request customized reports summarizing case analytics

² Certain events fees may be applicable.

³ A set-up fee for email services larger than 500 parties may apply. This set-up fee varies depending on the total number of parties.



FEE STRUCTURE

KCC eServices

Case website set up & hosting	Waived
Automated updates of case docket and claims register	Waived
Online claims filing (ePOC)	Waived

Document Management/Imaging

Electronic imaging (scanning & bar coding)	\$0.08 per imaged page
Virtual Data Room	Quote prior to VDR set-up
CD-ROMS (mass document storage)	Varies upon requirements

Call Center Support Services

Case-specific voice-mail box for creditors	Waived
Interactive Voice Response ("IVR")	Set-up and per minute fee waived
Monthly maintenance charge	Waived
Management of Call Center	Standard hourly rates

Disbursements

Check issuance	Quote prior to printing
W-9 mailing and maintenance of TIN database	See hourly rates and noticing charges

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EXHIBIT B

1 SAMUEL R. MAIZEL (Bar No. 189301)
samuel.maizel@dentons.com
2 JOHN A. MOE, II (Bar No. 066893)
john.moe@dentons.com
3 TANIA M. MOYRON (Bar No. 235736)
tania.moyron@dentons.com
4 DENTONS US LLP
601 South Figueroa Street, Suite 2500
5 Los Angeles, California 90017-5704
Tel: (213) 623-9300 / Fax: (213) 623-9924

6 Proposed Attorneys for the Chapter 11 Debtors and
7 Debtors In Possession

8 **UNITED STATES BANKRUPTCY COURT**
9 **CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION**

11 In re,
12 VERITY HEALTH SYSTEM OF
CALIFORNIA, INC., *et al.*,
13 Debtor and Debtor In
14 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

- 15 Affects All Debtors
- 16 Affects Verity Health System of California,
Inc.
- 17 Affects O'Connor Hospital
- 18 Affects Saint Louise Regional Hospital
- 19 Affects St. Francis Medical Center
- 20 Affects St. Vincent Medical Center
- 21 Affects Seton Medical Center
- 22 Affects O'Connor Hospital Foundation
- 23 Affects Saint Louise Regional Hospital
Foundation
- 24 Affects St. Francis Medical Center of Lynwood
Medical Foundation
- 25 Affects St. Vincent Foundation
- 26 Affects St. Vincent Dialysis Center, Inc.
- 27 Affects Seton Medical Center Foundation
- 28 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

Chapter 11 Cases

**DECLARATION OF EVAN GERSHBEIN IN
SUPPORT OF DEBTORS' APPLICATION
FOR AN ORDER (A) APPOINTING
KURTZMAN CARSON CONSULTANTS LLC
AS CLAIMS AND NOTICING AGENT, AND
(B) APPROVING THE FORM AND MANNER
OF NOTICE OF CASE COMMENCEMENT**

[Declaration of Richard G. Adcock In Support Of
Emergency Motions File Don August 3, 2018]

Emergency Hearing:

Date: September 5, 2018
Time: 10:00 a.m.
Place: Courtroom 1568

Debtors and Debtors In Possession.

Hon Judge Ernest M. Robles

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LOS ANGELES, CALIFORNIA 90017-5704
(213) 623-9300

1 I, Evan Gershbein, being duly sworn, state the following under penalty of perjury and that
2 the following is true to the best of my knowledge, information and belief:

3 1. I am the Senior Vice President, Corporate Restructuring Services of Kurtzman
4 Carson Consultants LLC (“KCC”). I submit this declaration in support of the application (the
5 “Application”) by the above-captioned debtors and debtors in possession for an order authorizing
6 and approving (i) the appointment of Kurtzman Carson Consultants LLC as claims and noticing
7 agent for the Court and the Clerk of the Bankruptcy Court (the “Clerk’s Office”) and
8 (ii) approving the form and manner of notice of the commencement of these chapter 11 cases and
9 the initial meeting of the Debtors’ creditors.

10 2. KCC specializes in providing comprehensive chapter 11 administrative services,
11 including noticing, claims processing, balloting, and other related services critical to the effective
12 administration of chapter 11 cases. Indeed, KCC has developed efficient and cost-effective
13 methods to properly handle the voluminous mailings associated with the noticing, claims
14 processing, and balloting portions of chapter 11 cases to ensure the orderly and fair treatment of
15 creditors, equity security holders, and all other parties in interest. Further, KCC has experience
16 working with, and will continue to work with, the Clerk’s office to ensure that the services
17 provided conform with all of the Court’s procedures, the Local Rules, and the provisions of any
18 orders entered by the Court.

19 3. The Debtors’ estates and their creditors will benefit from KCC’s retention because
20 KCC has developed efficient and cost-effective methods in this area of expertise. KCC is fully
21 equipped to handle the volume of mailing involved in properly sending the required notices to
22 and processing the claims of creditors in these chapter 11 cases. KCC is one of the country’s
23 leading chapter 11 administrators, with experience in noticing, claims administration, solicitation,
24 balloting, and facilitating other administrative aspects of chapter 11 cases.

25 4. KCC has been retained as the official claims and noticing agent in many large and
26 complex cases filed in this Court as well as other courts across the country. *In re Woodside*
27 *Group, LLC, et al.*, Case No. 08-20682 (PC) (Docket No. 311) (Bankr. C.D. Cal. Aug. 20, 2008);
28 *In re Tintri, Inc.*, Case No. 18-11625 (KJC) (Docket No. 43) (Bankr. D. Del. Jul. 10, 2018); *In re*

1 *The Walking Company Holdings, Inc.*, Case No. 18-10474 (LSS) (Docket No. 73) (Bankr. D. Del.
2 Mar. 8, 2018); *In re Rand Logistics, Inc., et al.*, Case No. 18-10175 (BLS) (Docket No. 39)
3 (Bankr. D. Del. Jan. 29, 2018); *In re ExGen Texas Power, LLC*, Case No. 17-12377 (BLS)
4 (Docket No. 52) (Bankr. D. Del. Nov. 7, 2017); *In re TerraVia Holdings, Inc.*, Case No. 17-
5 11655 (CSS) (Docket No. 52) (Bankr. D. Del. Aug. 2, 2017); *In re Prospector Offshore Drilling*
6 *S.a r.l., et al.*, Case No. 17-11572 (CSS) (Docket No. 30) (Bankr. D. Del. Jul. 20, 2017); *In re*
7 *Keystone Tube Company, LLC (A.M. Castle & Co.)*, Case No. 17- 11330 (LSS) (Docket No. 61)
8 (Bankr. D. Del. Jun. 18, 2017).

9 5. The Debtors propose to employ KCC on the terms set forth in that certain
10 agreement for services by and between the Debtors and KCC, entered into as of July 3, 2018 (the
11 “KCC Agreement”), a copy of which is attached to the Application as Exhibit “A.” The proposed
12 terms and conditions of KCC’s engagement as set forth in the KCC Agreement are consistent
13 with, and typical of, other claims and noticing engagements in chapter 11 cases approved in this
14 and other districts.

15 6. The services to be performed by KCC as claims and noticing agent are described
16 in the Application. In addition, at the Debtors’ request, KCC will perform such other noticing,
17 claims, balloting, technical, and support services specified in the Application.

18 7. Subject to the Court’s approval, the Debtors have agreed to compensate KCC for
19 professional services rendered in connection with these chapter 11 cases pursuant to the KCC
20 Agreement. KCC believes that the rates for its claims and noticing processing services are
21 comparable to the rates charged by its competitors for similar services.

22 8. KCC respectfully submits that the fees and expenses incurred by KCC are
23 administrative in nature and should not be subject to the standard fee application procedures for
24 professionals. Specifically, KCC requests authorization to be compensated on a monthly basis (in
25 the ordinary course of business and in accordance with the terms and conditions set forth in the
26 KCC Agreement). KCC agrees to maintain records of all services showing dates, categories of
27 services, fees charged and expenses incurred, and to serve monthly invoices on the Debtors, the
28

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1 U.S. Trustee, counsel for the Debtors, counsel for any official committee, and any party in
2 interest who specifically requests service of the monthly invoices.

3 9. If any dispute arises relating to the KCC Agreement or KCC's monthly invoices,
4 the parties will meet in an attempt to resolve the dispute. If a resolution is not achieved, the
5 parties will seek resolution of the matter from the Court.

6 10. Before the Petition Date, KCC received a retainer from the Debtors in the amount of
7 \$30,000. KCC seeks to first apply the retainer to all pre-petition invoices, and thereafter, to have
8 the retainer replenished to the original retainer amount, and thereafter, to hold the retainer under
9 the KCC Agreement during the cases as security for the payment of fees and expenses incurred
10 under the KCC Agreement.

11 11. To the best of my knowledge, neither KCC, nor any of its professional personnel,
12 has any relationship with the Debtors, or any potential party in interest, that would impair KCC's
13 ability to serve as the official claims and noticing agent. The Debtors have many creditors, and
14 accordingly, KCC may have rendered and may continue to render services to certain of these
15 creditors. KCC has not and will not represent the separate interests of any such creditor in these
16 cases. Additionally, KCC employees may, in the ordinary course of their personal affairs, have
17 relationships with certain creditors of the Debtors. For example, one or more of KCC's
18 employees may have obligations outstanding with financial institutions that are creditors of the
19 Debtors or may have used the Debtors' services.

20 12. KCC may also have relationships with other professionals to be retained by the
21 Debtors.

22 13. KCC is an indirect subsidiary of Computershare Limited. Computershare Limited
23 is a financial services and technologies provider for the global securities industry. Within the
24 Computershare corporate structure, KCC operates as a separate, segregated business unit. As
25 such, any relationships that Computershare Limited and its affiliates maintain do not create an
26 interest of KCC that is materially adverse to the Debtors' estates or any class of creditors or
27 equity security holders.

28

1 14. To the best of my knowledge and except as disclosed herein, KCC neither holds
2 nor represents any interest materially adverse to the Debtors' estates in connection with any
3 matter on which it would be employed and is a "disinterested person" within the meaning of
4 section 101(14) of the Bankruptcy Code, as would be required by section 327(a) of the
5 Bankruptcy Code. KCC will supplement its disclosure to the Court if any facts or circumstances
6 are discovered that would require disclosure.

7 15. KCC represents:

8 a) KCC shall be under the supervision and control of the Clerk of
9 Court but not be an employee of the United States government, not
10 consider itself employed by the United States government and shall not
11 seek any compensation from the United States government in its capacity
12 as the Claims and Noticing Agent in these chapter 11 cases;

13 b) by accepting employment in these chapter 11 cases, KCC waives
14 any rights to receive compensation from the United States government in
15 its capacity as Agent-in this case;

16 c) in its capacity as the Claims and Noticing Agent in these chapter 11
17 cases, KCC will not be an agent of the United States government and will
18 not act on behalf of the United States; and

19 d) KCC will not employ any past or present employees of the Debtors
20 in connection with its work as the Claims and Noticing Agent in these
21 chapter 11 cases unless otherwise approved by the Clerk of Court.

22 16. Although the Debtors do not propose to retain KCC under section 327 of the
23 Bankruptcy Code, KCC believes that it is a "disinterested person," as that term is defined in 11
24 U.S.C. § 101(14), in that KCC, its management and staff:

25 a. are not creditors, equity security holders or insiders of the Debtor:

26 b. are not and were not, within two (2) years before the date of the filing of
27 the Debtor's chapter 11 petition, directors, officers or employees of the
28 Debtors; and

29 c. do not hold or represent an interest materially adverse to the interest of the
30 Debtor's estate or any class of creditors or equity security holders, by
31 reason of any direct or indirect relationship to, connection with, or interest
32 in, the Debtors.

33 17. KCC has not been retained to assist any entity or person other than the Debtors on
34 matters relating to, or in connection with, these chapter 11 cases. If this Court approves KCC's
35 proposed retention, KCC will not accept any engagement or perform any service for any entity or

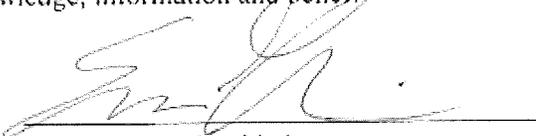
1 person other than the Debtors in this chapter 11 case. KCC may, however, provide services to
2 entities or persons that may be creditors or parties in interest in these chapter 11 cases, provided
3 that such services do not relate to, or have any direct connection with, these chapter 11 cases or
4 the Debtors.

5 18. As part of the overall compensation payable to KCC under the terms of the KCC
6 Agreement, KCC is entitled to certain indemnification obligations, which are described in detail
7 in the KCC Agreement. Specifically, the KCC Agreement provides that the Debtors will
8 indemnify and hold harmless KCC, its subcontractors, and their respective personnel under
9 certain circumstances specified in the KCC Agreement.

10 19. The terms of the KCC Agreement and indemnification provisions were negotiated
11 between KCC and the Debtors at arm's length, and I believe that these indemnification
12 provisions, the Debtors' proposed modifications thereto, and the KCC Agreement are reasonable.

13 I declare under penalty of perjury under the laws of the United States of America that the
14 foregoing is true and correct to the best of my knowledge, information and belief.

15 Executed this 30th day of August, 2018.

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17 Name: Evan Gershbein
18 Title: Senior Vice President, Corporate
19 Restructuring Services
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EXHIBIT C
[Form 5075]

Attorney or Party Name, Address, Telephone & FAX Numbers, and California State Bar Number SAMUEL R. MAIZEL (Bar No. 189301) samuel.maizel@dentons.com JOHN A. MOE, II (Bar No. 066893) john.moe@dentons.com TANIA M. MOYRON (Bar No. 235736) tania.moyron@dentons.com DENTONS US LLP 601 S. Figueroa Street, Suite 2500 Los Angeles, California 90017-5740 Tel: 213.623.9300 // Fax: 213.623.9924	CHAPTER: 11 CASE NO.: 2:18-bk-20151-ER
<p style="text-align: center;">UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA</p>	CASE NAME: In re Verity Health System of California, Inc.

MEGA CASE PROCEDURES CHECKLIST

Estimate of:		
Number of Creditors	<u>14,592</u>	Assets <u>\$847 million</u>
Number of Claims to be filed	<u>1,000</u>	
Number of Pleadings to be filed	<u>1,000+</u>	
Number of Adversary Proceedings to be filed	<u>24+</u>	
It is proposed the following will be employed by the estate (<i>check all that apply</i>):		
Noticing Agent/Claims Processor <input checked="" type="checkbox"/> Estate Clerk <input type="checkbox"/> Independent Printer <input type="checkbox"/> Other <input type="checkbox"/>		

Instructions: Mark either the "YES" or "NO" box for each question listed in this declaration. For each question that a "NO" box is marked (other than question 1, 20 or 30), an explanation must be provided on the "COMMENTS" page.

I. Noticing Agent/Claims Processor

Delegation of Noticing/Claims Service Functions - The noticing/claims agent ("Agent") maintains the claims docket for the Court and performs all claims functions required by statute. The noticing/claims agent also maintains a database of all creditors in the case and sends notices to these creditors, as requested by the Court.

YES NO

- 1. Are you proposing the estate hire a Noticing Agent/Claims Processor? (*If no, skip to Section II.*)
- 2. Is the price list attached to the motion and are the service charges fair and reasonable?
- 3. Does the motion state the Debtor has surveyed or solicited bids from different claims processing and noticing agents before designating a proposed agent?
 3a. If no, what criteria was used to select the agent? _____

- 4. Does the motion state the Agent is not a creditor in the case?
- 5. Does the motion state the Agent shall be subject to the consent and approval of the Clerk of Court?
- 6. Does the motion state the Agent shall be at the expense of the estate and be paid directly by the Debtor?

YES NO

7. Does the motion state the Agent shall be under the supervision and control of the Clerk of Court but not be an employee of the United States government?
8. Does the motion state the Agent shall waive any rights to receive compensation from the United States government in its capacity as Agent in this case?
9. Does the motion state the Agent shall not employ any past or present employees of the Debtor in connection with its work as the Agent in this case unless otherwise approved by the Clerk of Court?
10. Does the motion state the Agent shall maintain copies of all proofs of claim or interest at a location other than where the originals are maintained?
11. Does the motion state the Agent shall implement security measures to ensure the completeness and integrity of the claims registers as approved by the Clerk of Court?
12. Does the motion state the Agent shall transmit to the Clerk of Court a copy of the claims registers every week or as frequently as requested by the Clerk of Court?
13. Does the motion state the Agent shall provide a proof of claim viewing area **without charge** during normal business hours (9:00 a.m.-4:00 p.m. Pacific Time)?
- 13a. In what city is the viewing area located? (*provide address*) 2335 Alaska Avenue, El Segundo, California 90245
14. Does the motion state the Clerk of Court shall be entitled to inspect the Agent's premises at anytime?
15. Does the motion state the Agent shall audit the claims information periodically to satisfy the Clerk of Court that the claims information is being appropriately and accurately recorded in the Court's claims register?
16. Does the motion state the Clerk of Court shall be able to independently audit the claims information at anytime?

II. Motions and Other Pleadings

17. Does the motion state the party submitting a particular pleading or other document with the Court shall be responsible for all noticing and service functions relevant to the particular matter as may be required under applicable rules and shall file with the Clerk of Court a declaration of service regarding such noticing and service?

III. Notice of Entry of Order or Judgment

18. Does the motion state the attorney for the party submitting the proposed order or judgment shall serve copies upon all parties entitled to receive notice of the entry of the order or judgment as soon as practicable?
19. Does the motion state the attorney shall be responsible for photocopying the conformed copies in order to relieve the Clerk's Office from the large burden of photocopying these orders?

IV. Employment of Special Employees of the Estate (Estate Clerk)

YES NO

20. Does the motion state the Debtor shall furnish one or more employees to assist the Clerk's Office in the administration of this case as the Clerk of Court deems necessary. **(If no, skip to Section V.)**
21. The employee shall not be designated as a part-time employee in the motion or order?
22. Does the motion state the employee of the Estate shall be subject to the consent and approval of the Clerk of Court?
23. Does the motion state the employee of the Estate shall be at the expense of the estate and be paid directly by the Debtor?
24. Does the motion state the employee of the Estate shall be under the supervision and control of the Clerk of Court but not be an employee of the United States government?
25. Does the motion state an employee of the Estate shall waive any rights to receive compensation from the United States government in its capacity as an employee in this case?
26. Does the motion state an employee of the Estate shall not be a past or present employee of the Debtor unless otherwise approved by the Clerk of Court?
27. Does the motion state an employee of the Estate may perform non-estate functions as the Clerk of Court deems necessary in exchange for Clerk's Office employees performing court-related docketing functions for the Estate?

V. Additional Space and Equipment

28. Does the motion state the Debtor shall be directly responsible for the cost of any additional space or equipment such as designated telephone lines and automation equipment, etc., if necessary?
29. Does the motion state the Debtor shall be responsible for payment for the designated post office boxes retained for receiving filings in this case?

VI. Independent Printer

Delegation of Printer Functions - At an offsite location near the Court, the independent printer ("Printer") maintains copies of all orders, pleadings and other documents filed in the case for inspection by the public during business hours. The printer also provides copies of these documents and case dockets to the public for a fee.

30. Are you proposing the estate hire a Printer? **(If no, skip to the signature section VII.)**
31. Is the Printer located off the Court's premises but in close proximity to the appropriate divisional office of the Court?
32. Is the price list attached to the motion and are the service charges fair and reasonable?
33. Does the motion state the service charges cannot be changed without prior approval from the Clerk of Court?

YES NO

34. Does the motion state the Debtor has surveyed or solicited bids from different printing services before designating a proposed printer?
- 34a. If no, what criteria was used to select the proposed Printer? _____

35. Does the motion state the Printer shall not be a creditor in the case?
36. Does the motion state the Printer shall be subject to the consent and approval of the Clerk of Court?
37. Does the motion state the Printer shall be at the expense of the estate and be paid directly by the Debtor?
38. Does the motion state the Printer shall be under the supervision and control of the Clerk of Court but not be an employee of the United States government?
39. Does the motion state the Printer shall waive any rights to receive compensation from the United States government in its capacity as Printer in this case?
40. Does the motion state the Printer shall not employ any past or present employees of the Debtor in connection with its work as the Printer in this case unless otherwise approved by the Clerk of Court?
41. Does the motion state the Printer shall provide a proof of claim viewing area **without charge** during normal business hours (9:00 a.m.-4:00 p.m. Pacific Time)?
- 41a. In what city is the viewing area located? (*provide address*) _____

42. Does the motion state the Printer shall provide the Clerk of Court copies of any document filed in this case without charge?
43. Does the motion state the Printer shall implement security measures to ensure the completeness and integrity of the set of pleadings as approved by the Clerk of Court?
44. Does the motion state the Clerk of Court shall be entitled to inspect the Printer's premises at anytime?

COMMENTS: If you need additional space, please attach an additional piece of paper.	
Item # _____	Comment: _____ _____ _____ _____

COMMENTS OF THE CLERK'S OFFICE

- The Clerk's Office has no objection.
- The Clerk's Office objects as set forth below.
- Other:

Dated: _____

By: _____

Signature

Print Name and Title

DENTONS US LLP
601 SOUTH FIGUEROA STREET, SUITE 2500
LOS ANGELES, CALIFORNIA 90017-5704
(213) 623-9300

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EXHIBIT D

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6

7 Proposed Attorneys for the Chapter 11 Debtors and
8 Debtors In Possession

9 **UNITED STATES BANKRUPTCY COURT**
10 **CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION**

11 In re
12 VERITY HEALTH SYSTEM OF
13 CALIFORNIA, INC., *et al.*,
14 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

- 15 Affects All Debtors
16 Affects Verity Health System of California, Inc.
17 Affects O'Connor Hospital
 Affects Saint Louise Regional Hospital
 Affects St. Francis Medical Center
18 Affects St. Vincent Medical Center
 Affects Seton Medical Center
19 Affects O'Connor Hospital Foundation
 Affects Saint Louise Regional Hospital
20 Foundation
 Affects St. Francis Medical Center of Lynwood
21 Foundation
 Affects St. Vincent Foundation
22 Affects St. Vincent Dialysis Center, Inc.
 Affects Seton Medical Center Foundation
23 Affects Verity Business Services
 Affects Verity Medical Foundation
24 Affects Verity Holdings, LLC
 Affects De Paul Ventures, LLC
25 Affects De Paul Ventures - San Jose Dialysis,
26 LLC

Chapter 11 Cases

**NOTICE OF CASE COMMENCEMENT
OF CHAPTER 11 CASES AND MEETING
OF CREDITORS PURSUANT TO
SECTION 341 OF THE BANKRUPTCY
CODE**

Emergency Hearing:

Date: September 5, 2018
Time: 10:00 a.m.
Place: Courtroom 1568

27 Debtors and Debtors In Possession.
28

Hon Judge Ernest M. Robles

DENTONS US LLP
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1 TO ALL INTERESTED PARTIES:

2 COMMENCEMENT OF CASES: On August 31, 2018, the entities listed below (collectively,
3 the “Debtors”) filed voluntary petitions for relief under chapter 11 of title 11 of the United States
4 Code, 11 U.S.C. § § 101-1330 (the “Bankruptcy Code”), with the United States Bankruptcy
5 Court for the Central District of California (Los Angeles Division) (the “Court”), and an order
6 for relief has been entered. The Debtors’ chapter 11 cases are being jointly administered under
7 Case No. 2:18-bk-20151-ER. You may be a creditor of one of the Debtors. THIS NOTICE
8 LISTS IMPORTANT DEADLINES. You may want to consult an attorney to protect your
9 rights. All documents filed in this case may be inspected at the Office of the Claims and
10 Noticing Agent at the address listed below.

Debtor	Address	Case No.	Tax ID No.
Verity Health System of California, Inc.	2040 East Mariposa Ave. El Segundo, CA	2:18-BK-20151-ER	91-2145484
O’Connor Hospital	2105 Forrest Ave. San Jose, CA 95128	2:18-BK-20168-ER	91-2154436
Saint Louise Regional Hospital	9400 No Name Uno Gilroy, CA 95020	2:18-BK-20162-ER	91-2154437
St. Francis Medical Center	3630 East Imperial Hwy Lynwood, CA 90262	2:18-BK-20165-ER	91-2154439
St. Vincent Medical Center	2131 West Third Street Los Angeles, CA 90057	2:18-BK-20164-ER	91-2154438
Seton Medical Center	1900 Sullivan Ave. Daly City, CA 94105	2:18-BK-20167-ER	91-2154441
O’Connor Hospital Foundation	2105 Forrest Ave. San Jose, CA 95128	2:18-BK-20179-ER	770006295
Saint Louise Regional Hospital Foundation	9400 No Name Uno Gilroy, CA 95020	2:18-BK-20172-ER	56-2384735
St. Francis Medical Center of Lynwood Foundation	3630 East Imperial Hwy Lynwood, CA 90262	2:18-BK-20178-ER	95-3190773
St. Vincent Foundation	2131 West Third Street Los Angeles, CA 90057	2:18-BK-20180-ER	95-3922511
St. Vincent Dialysis Center, Inc.	201 South Alvarado, Suite 220 Los Angeles, CA 90057	2:18-BK-20181-ER	953749293
Seton Medical Center Foundation	1900 Sullivan Ave. Daly City, CA 94105	2:18-BK-20167-ER	94-2824033

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1 claims are not scheduled or whose claims are listed as disputed, contingent or unliquidated as to amount and who desire to
2 participate in these cases or share in any distribution must file their proofs of claim. A creditor who desires to rely on the
schedules of creditors has the responsibility for determining that the claim is listed accurately.

3 A proof of claim may be filed at any time prior to the deadline established by the Court. No deadline has yet been
4 established in these cases. When a deadline is established, all known creditors will received notice of the deadline, along
with a proof of claim form indicating how their claim is scheduled and instructions for completing and filing a proof of
5 claim. Proof of claim forms are also available in the office of the clerk of the court of any bankruptcy court. Kurtzman
Carson Consultants LLC is the claims agent in these cases. The place to request a proof of claim form from the Claims
6 Agent is 2335 Alaska Avenue, El Segundo, California 90245. You will be notified by separate notice when and where to
file a proof of claim.

7 **PLEASE DO NOT FILE OR MAIL ANY PROOFS OF CLAIM OR OTHER DOCUMENTATION, INCLUDING**
8 **CORRESPONDENCE CONCERNING A CLAIM, WITH OR TO ANYONE, INCLUDING THE BANKRUPTCY**
9 **COURT, THE UNITED STATES TRUSTEE AND/OR THE UNDERSIGNED COUNSEL, UNTIL YOU ARE**
10 **INSTRUCTED WHEN AND WHERE TO FILE A PROOF OF CLAIM**

11 **DISCHARGE OF DEBTS:** Confirmation of a chapter 11 plan may result in a discharge of debts, which may include all or
12 part of your claim. See section 1141(d) of the Bankruptcy Code. A discharge means that you may never try to collect your
claim from any of the Debtors, except as provided in the plan.

13 **NOTICE:** You will not receive notice of all documents filed in these cases. All documents filed with the Court, including
14 schedules of the Debtors' property and debts, will be available for inspection at the office of the clerk of the court. Since
this case is governed by the Local Bankruptcy Rules regarding electronic means of filing, signing and verifying documents,
15 the Court's docket sheet and documents filed electronically are also accessible at the Court's Internet site,
www.nysb.uscourts.gov, through an account obtained from Pacer Service Center by dialing 1-800-676-6856 (from the US)
16 or (210) 301-6440 (from outside the US).

17 **FURTHER INFORMATION:** Further information concerning these chapter 11 cases may be obtained by calling
18 (888.249.2741). The Claims Agent will also maintain a website, www.kccllc.net/verityhealth, specifically for the Debtors'
19 bankruptcy cases from which anyone may download the claims register and obtain other relevant information and
documents pertaining to the Debtors' cases at no extra charge.

20 **LEGAL ADVICE:** The staff of the bankruptcy clerk's office cannot give legal advice. Consult a lawyer to determine your
21 rights in this case.

22 Dated: September __, 2018

23 **DENTONS US LLP**
24 **JOHN A MOE, II**
25 **SAMUEL R. MAIZEL**
26 **TANIA M. MOYRON**

27 By: _____
28 **JOHN A. MOE, II**

Proposed Attorneys for
Debtors and Debtors in Possession

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