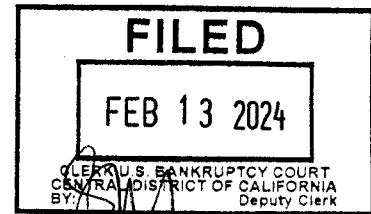


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Attorneys for Defendant,
ST. FRANCIS MEDICAL CENTER (DOE 1, HOSPITAL)

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA – LOS ANGELES DIVISION

In re:

VERITY HEALTH SYSTEM OF CALIFORNIA,
INC., et al.,

Debtors and Debtors in
Possession.

- ☐ Affects All Debtors
- ☐ Affects Verity Health System of California, Inc.
- ☐ Affects O'Connor Hospital
- ☐ Affects Saint Louise Regional Hospital
- ☒ Affects St. Francis Medical Center
- ☐ Affects St. Vincent Medical Center
- ☐ Affects Seton Medical Center
- ☐ Affects O'Connor Hospital Foundation
- ☐ Affects Saint Louise Regional Hospital Foundation
- ☐ Affects St. Francis Medical Center of Lynwood Foundation
- ☐ Affects St. Vincent Foundation
- ☐ Affects St. Vincent Dialysis Center, Inc.
- ☐ Affects Seton Medical Center Foundation
- ☐ Affects Verity Business Services
- ☐ Affects Verity Medical Foundation
- ☐ Affects Verity Holdings, LLC
- ☐ Affects De Paul Ventures, LLC
- ☐ Affects De Paul Ventures - San Jose Dialysis, LLC Debtors and Debtors In Possession.

LEAD CASE NO.: 2:18-bk-20151-BB

Jointly Administered With:

CASE NO.: 2:18-bk-20162-ER
CASE NO.: 2:18-bk-20163-ER
CASE NO.: 2:18-bk-20164-ER
CASE NO.: 2:18-bk-20165-ER
CASE NO.: 2:18-bk-20167-ER
CASE NO.: 2:18-bk-20168-ER
CASE NO.: 2:18-bk-20169-ER
CASE NO.: 2:18-bk-20171-ER
CASE NO.: 2:18-bk-20172-ER
CASE NO.: 2:18-bk-20173-ER
CASE NO.: 2:18-bk-20175-ER
CASE NO.: 2:18-bk-20176-ER
CASE NO.: 2:18-bk-20178-ER
CASE NO.: 2:18-bk-20179-ER
CASE NO.: 2:18-bk-20180-ER
CASE NO.: 2:18-bk-20181-ER

Hon. Judge Sheri Bluebond

**DECLARATION OF LORRAINE K. HALL
TO LIMITED OPPOSITION TO THIRD
PARTY PLAINTIFF CINDY CAMPBELL'S
MOTION FOR RELIEF FROM STAY AND
PLAN INJUNCTIONS**

DATE: February 27, 2024

TIME: 10:00 a.m.

PLACE: Courtroom 1539

15th Floor

Edward R. Roybal Federal
Building and Courthouse



182015124021500000000002

DECLARATION OF LORRAINE K. HALL

I, Lorraine K. Hall, declare:

1. I am an attorney duly licensed to practice law in the State of California and am admitted to practice in the United States Federal Court, Central District of California. I am an associate of the Law Offices of Michael D. Gonzalez, attorneys of record for Defendant ST. FRANCIS MEDICAL CENTER in a Los Angeles Superior Court case captioned *Campbell v. Doe I*, et al., Los Angeles Sup. Ct. Case No. 22STCV32742, filed Oct. 6, 2022. If called upon to do so, I could and would testify of my own personal knowledge, information, and belief to the following:

1. Attached hereto as Exhibit A, is a true and correct copy of Plaintiff's Complaint, filed on October 6, 2022.

2. Attached hereto as Exhibit B, is a true and correct copy of the Order (A) Authorizing the Sale of Certain of the Debtors' Assets to Prime Healthcare Services, Inc. Pursuant to the APA Attached Hereto Free and Clear of Liens, Claims, Encumbrances, and Other Interests; etc, approved on April 9, 2020.

3. Attached hereto as Exhibit C, is a true and correct copy of Modified Second Amended Joint Chapter 11 Plan of Liquidation (Date July 2, 2020) of the Debtors, the Prepetition Secured Creditors, and the Committee filed on August 12, 2020.

4. Attached hereto as Exhibit D, is a true and correct copy of the Disclosure Statement Describing the Second Amended Joint Chapter 11 Plan of Liquidation (Dated July 2, 2020) of the Debtors, the Prepetition Secured Creditors and the Committee filed on July 2, 2020.

5. Attached hereto as Exhibit E, is a true and correct copy of Order Establishing Bar Date for Filing Proofs of Claim, filed on February 11, 2019.

6. Attached hereto as Exhibit F, is a true and correct copy of Exhibit C to the Plan Supplement filed on September 4, 2020.

//

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//

1 I declare under penalty of perjury under the laws of the United States and the State of California
2 that the foregoing is true and correct to the best of my knowledge.

3

4 Date: February 13, 2024


LORRAINE K. HALL, ESQ.

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LAW OFFICES OF MICHAEL D. GONZALEZ

EXHIBIT “A”

Electronically FILED by Superior Court of California, County of Los Angeles on 10/06/2022 09:58 AM Sherri R. Carter, Executive Officer/Clerk of Court, by S. Ruiz, Deputy Clerk
22STCV32742

Assigned for all purposes to: Spring Street Courthouse, Judicial Officer: Jill Feeney

DEVIN M. STOREY, ESQ. (#234271)
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Attorneys for Plaintiff

**SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES**

CINDY CAMPBELL, individually

Plaintiff,

v.

DOE 1, Hospital; and DOES 2, through 100,
inclusive,

Defendants

CASE NO.: 22STCV32742

1. NEGLIGENCE

COMPLAINT FOR DAMAGES

1 Based upon information and belief available to Plaintiff, Cindy Campbell, a minor at the
2 time of the events giving rise to the facts contained herein, makes the following allegations:

3 PARTIES

- 4 1. Plaintiff, Cindy Campbell, is an adult female. Plaintiff was a minor at the time of the
5 sexual abuse alleged herein. At the time the sexual abuse began, Plaintiff was only 12
6 years old.
- 7 2. The perpetrator of the sexual abuse at issue in this action is Donald Howard, born
8 December 8, 1955.
- 9 3. DEFENDANT DOE 1, ("HOSPITAL") is a medical care facility located at 3630 E
10 Imperial Hwy, Lynwood, California 90262.
- 11 4. DEFENDANT HOSPITAL was at all times relevant operating and doing business in the
12 State of California and within the County of Los Angeles.
- 13 5. DEFENDANT DOES 2 through 100, inclusive, and each of them, are employees and/or
14 agents of DEFENDANT HOSPITAL, who had the responsibility of supervising patients,
15 including Plaintiff, and/or who had a duty to supervise and/or control the conduct of the
16 perpetrator of the sexual abuse and misconduct alleged herein. Each of them owed a legal
17 duty of care to Plaintiff and/or had a duty to control and/or supervise the perpetrator.
- 18 6. The true names and capacities of each DEFENDANT designated herein as DOES 2
19 through 100, whether an individual, business, public entity or some other entity, are
20 presently unknown to Plaintiff, who therefore sues said DEFENDANTS by such
21 fictitious names, pursuant to *Code of Civil Procedure* § 474.
- 22 7. Plaintiff is informed and believes, and thereon alleges, that at all times herein mentioned,
23 each of the DEFENDANTS sued herein as DOES 2 through 100, inclusive, was the agent
24 and employee of each of the remaining DEFENDANTS and was at all times acting
25 within the course and scope of such agency and employment with the full knowledge,
26 consent, authority, ratification, and/or permission of each of the remaining
27 DEFENDANTS.
28

BACKGROUND FACTS APPLICABLE TO ALL COUNTS

8. Plaintiff was born on May 19, 1976 and is a resident of the state of California.
9. In approximately 1989, when Plaintiff was 12 years old, she was admitted to the psychiatric ward at DEFENDANT DOE 1, a Hospital in Lynwood (referred to herein as "the Hospital"), CA as a result of an attempted suicide.
10. Plaintiff was informed she would be held overnight for observation.
11. Plaintiff was informed the children's psychiatric ward and adult women's wards were full. As a result, Plaintiff was placed in the adult men's ward. Plaintiff went to sleep for the night.
12. During the night, Plaintiff was awakened by Perpetrator, who was unclothed, and forcibly digitally penetrating Plaintiff. Plaintiff tried to fight Perpetrator off and scream for help, but she was unable to overcome Perpetrator's size and strength.
13. Plaintiff continued to scream and fight until finally being able to strike Perpetrator with a ceramic peg, at which point he stopped beating and digitally penetrating her. A short time later, hospital staff entered the room and removed Perpetrator.
14. In the aftermath of Plaintiff's sexual assault, Plaintiff learned the nurse's station during the time of her assault had been left empty.
15. Police were contacted and arrived to investigate.
16. Plaintiff was an individual who accepted for treatment through DEFENDANTS and received healthcare services from DEFENDANTS.
17. DEFENDANTS had a duty to provide safe care and professional services to Plaintiff by physicians and other health care professionals, including nurses. Plaintiff was a minor at the time DEFENDANTS undertook care of Plaintiff, and, as such, DEFENDANTS owed Plaintiff a special duty of care.
18. DEFENDANTS held out any employee of Doe 1 as a competent and skilled individual who would care for and treat Plaintiff as required by the standards which are generally and customarily accepted within the medical community.

- 1 19. DEFENDANTS indicated that Doe 1 physicians, nurses, nurse practitioners, and other
2 support personnel would all participate actively in the safe delivery of health care.
- 3 20. Plaintiff is informed and believes, and on that basis alleges, that at the time of the assault
4 Perpetrator was an adult male admitted to the Hospital and was being treated in the adult
5 men's psychiatric ward where Plaintiff was assigned. As such, DEFENDANTS had a
6 duty to supervise Perpetrator. It was foreseeable to DEFENDANTS that failure to
7 reasonably supervise Plaintiff and/or Perpetrator would likely result in harm to Plaintiff.
- 8 21. Plaintiff is informed and believes, and on that basis alleges, police were contacted and
9 investigated the sexual assault she suffered in approximately 1989.
- 10 22. Plaintiff is informed and believes, and on that basis alleges, Perpetrator was convicted in
11 2005 for sexually molesting a three-year-old-girl. Perpetrator served six years in prison
12 and was required to register as a sex offender.
- 13 23. As a result of the above-described conduct, Plaintiff has suffered, and continues to suffer,
14 physical injury, great pain of mind and body, shock, emotional distress, physical
15 manifestations of emotional distress, insomnia, embarrassment, loss of self-esteem,
16 disgrace, humiliation, and loss of enjoyment of life. Plaintiff has developed trust issues
17 and struggles with self-love, intimacy, and relationships. Plaintiff was prevented and will
18 continue to be prevented from performing Plaintiff's daily activities and obtaining the full
19 enjoyment of life and/or has incurred and continue to incur expenses for medical and
20 psychological treatment, therapy, and counseling.

22 **PLAINTIFF'S LAWSUIT IS TIMELY PURSUANT TO CODE OF CIVIL**

23 **PROCEDURE § 340.1**

- 24 24. Plaintiff was a victim of childhood sexual assault by Perpetrator. Plaintiff's lawsuit is
25 timely pursuant to the provision of *Code of Civil Procedure* § 340.1, which provides an
26 extended period of time for victims of childhood sexual assault to pursue their civil
27 claims. The amendment provides for a three-year revival window beginning on January
28 1, 2020 for "expired" claims.

FIRST CAUSE OF ACTION

NEGLIGENCE

(Against all Defendants)

25. Plaintiff incorporates all paragraphs of this Complaint as if fully set forth herein.
26. DEFENDANTS, by and through their agents, servants and employees, took custody of Plaintiff when she was admitted to the Hospital. Defendants had care and custody of Plaintiff when she was placed in the adult mens ward of the Hospital for supervision. This custody of Plaintiff was under circumstances that deprived Plaintiff of normal power of self-protection and subjected her to association with persons likely to harm her, such as Perpetrator, who was being held in the adult men's psychiatric ward.
27. DEFENDANTS were responsible for the care, custody, control, supervision, and protection of minor patients entrusted to them, including Plaintiff. Thus, DEFENDANTS had a duty to adequately and properly supervise, monitor, and protect Plaintiff from knowable dangers, such as assault by another inpatient at the psychiatric ward. Moreover, because Plaintiff was a minor, DEFENDANTS owed her a special duty of care.
28. DEFENDANTS also had a duty to adequately and properly supervise and monitor other patients in their care, including Perpetrator.
29. DEFENDANTS had a duty to exercise reasonable care to control the conduct of Perpetrator and prevent him from intentionally harming Plaintiff. DEFENDANTS created an unreasonable risk of harm to Plaintiff, as they (1) knew or had reason to know that they had the ability to control the conduct of Perpetrator, and (2) knew or should have known of the necessity and opportunity for exercising such control.
30. DEFENDANTS breached their duty to properly and adequately supervise, monitor, and protect Plaintiff, by in part, placing her, at 12 years old, in the adult men's psychiatric ward with insufficient supervision. Further, DEFENDANTS breached their duty by leaving the nurses' station unattended at night, knowing that Plaintiff was in a room by

1 herself, and ignoring the dangers posed by unsupervised adult males admitted to the
2 men's psychiatric ward.

3 31. DEFENDANTS knew or had reason to know that Plaintiff, a 12-year-old heavily
4 medicated girl, was at risk of assault in the adult men's psychiatric ward at the Hospital.
5 DEFENDANTS failed to give effective protection, or exercise reasonable vigilance over
6 Plaintiff while she was in their care. DEFENDANTS placed the minor Plaintiff in the
7 adult mens ward under the guise she would be safe because of her proximity to the
8 nurse's station. However, DEFENDANTS left that station unattended, during which time
9 Plaintiff was attacked. Not only did Perpetrator gain initial access to Plaintiff in her room,
10 but he remained there for several minutes while carrying out the violent assault on
11 Plaintiff, who was screaming for help and trying to fight off her attacker. Only after
12 nurses returned to the station did the assault cease.

13 32. Had DEFENDANTS adequately and properly supervised, monitored, and protected
14 Plaintiff, she would not have been harmed.

15 33. DEFENDANTS also recklessly and negligently failed to implement and/or enforce
16 policies and procedures that were aimed at preventing or detecting sexual abuse of their
17 patients, including Plaintiff.

18 34. As a direct and proximate result of the acts and omissions of DEFENDANTS, and each
19 of them, as alleged herein, Plaintiff has suffered, and continues to suffer, physical injury,
20 great pain of mind and body, shock, emotional distress, physical manifestations of
21 emotional distress, insomnia, embarrassment, loss of self-esteem, disgrace, humiliation,
22 and loss of enjoyment of life. Plaintiff has developed trust issues and struggles with self-
23 love, intimacy, and relationships. Plaintiff was prevented and will continue to be
24 prevented from performing Plaintiff's daily activities and obtaining the full enjoyment of
25 life and/or has incurred and continue to incur expenses for medical and psychological
26 treatment, therapy, and counseling.
27
28

PRAYER

WHEREFORE, Plaintiff prays for judgment against DEFENDANTS, and each of them, as follows: for damages; for past, present, and future non-economic damages in an amount to be determined at trial; for past, present, and future special damages, including but not limited to past, present, and future lost earnings, economic damages and others, in an amount to be determined at trial; for costs of suit; for statutory/civil penalties according to law; for attorney's fees as allowable by law; and for such other and further relief as the Court may deem proper.

JURY DEMAND

Plaintiff demands a jury trial on all issues so triable.

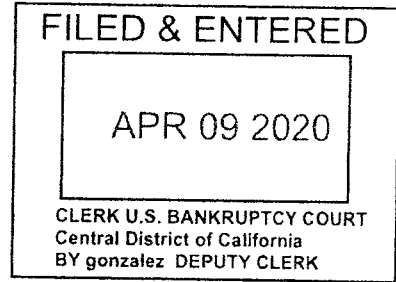
THE ZALKIN LAW FIRM, P.C.

Dated: 9-8-2022

By: Daniel L. Varon
Daniel L. Varon
Attorneys for Plaintiff

EXHIBIT “B”

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Attorneys for the Chapter 11 Debtors and
Debtors In Possession



CHANGES MADE BY COURT
UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION

In re

VERITY HEALTH SYSTEM OF
CALIFORNIA, INC., *et al.*,

Debtors and Debtors In
Possession.

☒ Affects All Debtors

☐ Affects Verity Health System of
California, Inc.

☐ Affects O'Connor Hospital

☐ Affects Saint Louise Regional Hospital

☐ Affects St. Francis Medical Center

☐ Affects St. Vincent Medical Center

☐ Affects Seton Medical Center

☐ Affects O'Connor Hospital Foundation

☐ Affects Saint Louise Regional Hospital
Foundation

☐ Affects St. Francis Medical Center of
Lynwood Foundation

☐ Affects St. Vincent Foundation

☐ Affects St. Vincent Dialysis Center, Inc.

☐ Affects Seton Medical Center Foundation

☐ Affects Verity Business Services

☐ Affects Verity Medical Foundation

☐ Affects Verity Holdings, LLC

☐ Affects De Paul Ventures, LLC

☐ Affects De Paul Ventures - San Jose
Dialysis, LLC

Debtors and Debtors In
Possession.

Lead Case No. 2:18-bk-20151-ER

Jointly Administered With:

Case No. 2:18-bk-20162-ER

Case No. 2:18-bk-20163-ER

Case No. 2:18-bk-20164-ER

Case No. 2:18-bk-20165-ER

Case No. 2:18-bk-20167-ER

Case No. 2:18-bk-20168-ER

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Case No. 2:18-bk-20176-ER

Case No. 2:18-bk-20178-ER

Case No. 2:18-bk-20179-ER

Case No. 2:18-bk-20180-ER

Case No. 2:18-bk-20181-ER

Hon. Judge Ernest M. Robles

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

Hearing:

Date: April 9, 2020

Time: 10:00 a.m.

Location: Courtroom 1568

255 E. Temple St., Los Angeles, CA

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



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

This matter came before the Court on the *Debtors' Notice of Motion and Motion for the Entry of (I) an Order (1) Approving Form of Asset Purchase Agreement; (2) Approving Auction and Sale Format and Bidding Procedures; (3) Approving Process for Discretionary Selection of Stalking Horse Bidder and Bid Protections; (4) Approving Form of Notice to be Provided to Interested Parties; (5) Scheduling a Court Hearing to Consider Approval of the Sale to the Highest and Best Bidder; and (6) Approving Procedures Related to the Assumption of Certain Executory Contracts and Unexpired Leases; and (II) An Order Authorizing the Sale of Property Free and Clear of All Claims Liens and Encumbrances* [Docket No. 4069] (the "Motion"), filed by Verity Health System of California, Inc. ("VHS"), and the above-referenced affiliated debtors and debtors in possession in the above-captioned chapter 11 bankruptcy cases (the "Debtors"), for the entry of an order, pursuant to §§ 105(a), 363, and 365 of title 11 of the United States Code (the "Bankruptcy Code"), Rules 2002, 6004, 6006, 9007, and 9014, and LBR 6004-1.¹ This Sale Order relates to the sale of certain assets used in the operation of the general acute care hospital known as "St. Francis Medical Center," which are owned, as applicable, by St. Francis Medical Center, a California nonprofit public benefit corporation ("SFMC"), VHS, and Verity Holdings LLC, a California limited liability company ("Holdings").

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

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

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

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

THE COURT HEREBY FINDS AND CONCLUDES THAT:²

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 liens (including any Prepetition Replacement Liens arising for diminution of value, if any) and
2 rights, powers and authorities that have been granted to the Prepetition Secured Creditors, as
3 applicable, pursuant to the Financing Orders,³ subject to (x) the results of the appeal from the Final
4 DIP Order filed by the Committee on November 29, 2019 challenging the rights granted to the
5 Prepetition Secured Creditors pursuant to the Final DIP Order with respect to Sections 506(c) and
6 552(b); and/or (ii) the results of any Challenge within the meaning of the Final DIP Order that has
7 been, or may be, timely filed. In addition, the Intercreditor Agreement (as defined in the Final DIP
8 Order) and the Final DIP Order shall apply with respect to the rights of the parties thereto in and to
9 the Sale Proceeds and the Escrow Deposit Accounts, to the extent of and in accordance with its
10 terms with all parties reserving all rights thereunder. Each of the Prepetition Secured Creditors
11 opposes all existing Challenges and the appeal brought by the Committee, and nothing contained
12 herein shall constitute an express or implicit admission by any of the Prepetition Secured Creditors
13 in connection therewith, or shall be deemed to be a waiver of any rights in respect thereof. The
14 outcome of any such Challenge does not affect the Transaction in any respect.

15 7. The Accounts Receivable shall be transferred from Debtors to Prime free and clear
16 of all Encumbrances as further set forth in the APA and this Sale Order, subject only to the A/R
17 Accounting set forth in the APA. Subject to the fulfillment of the terms and conditions of the APA,
18 this Sale Order shall, as of the Closing, be considered and constitute for all purposes a full and
19 complete general assignment, conveyance, and transfer of the Purchased Assets and/or a bill of sale
20 transferring all of the Debtors' rights, title and interest in and to the Purchased Assets to Prime free
21

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

19. All of the Assigned Contracts, to the extent they are executory contracts or unexpired leases and are not subsequently and timely removed by Prime under the APA, or deemed a rejected contract within the meaning of § 1.11 of the APA, shall be part of the Assigned Contracts that will be assumed by the Debtors and assigned to Prime at the Closing, subject to the provisions of the APA. All Assigned Contracts shall be assumed by the Debtors and assigned to Prime at the Closing, with Prime to be obligated to pay all Cure Costs owing to such Assigned Contract Counterparties concurrently with the Closing, as set forth in the APA, or as otherwise agreed to by the Debtors, Prime and the applicable counter-parties thereto, or ordered by the Court (the "Additional Cure Costs"), so long as such amount as ordered by the Court is no greater than the amount agreed upon by Prime; and in the event the Additional Cure Costs is greater than the amount agreed upon by Prime, and Prime is not willing to pay the Additional Cure Costs, the Debtors shall not be required to pay the Additional Cure Cost(s) and the Assigned Contract(s) shall be deemed a rejected contract within the meaning of § 1.11 of the APA and this Sale Order, and funds in an amount equal to the Cure Amount for such Rejected Contract shall be returned to Prime within seven (7) business days of such contract being deemed a rejected contract pursuant to the APA; provided, and for the avoidance of doubt, except as provided in Section 4.9 of the APA, no collective bargaining agreement, pension plan or health and welfare plan providing collectively bargained benefits to

1 which the Hospital is a party or sponsor constitutes an Assigned Contract for which Prime or the
2 Debtors may be obligated to pay any cure amount.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

38. The California Attorney General, the Debtors, the Consultation Parties (as defined in the Bidding Procedures Order) and Prime, reserve all rights, arguments and defenses concerning the California Attorney General's authority, if any, to review the sale under California Corporations Code §§ 5914-5924 and California Code of Regulations on Nonprofit Hospital Transactions—Title 11, Chapter 15, § 999.5, and any conditions issued thereto. Notwithstanding any provision to the contrary in the APA or the Sale Order, nothing in the APA or this Sale Order shall limit or be construed as a waiver of the Attorney General's statutory or regulatory authority or other rights or defenses, or a waiver of the Debtors' statutory or other rights or defenses.

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

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

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

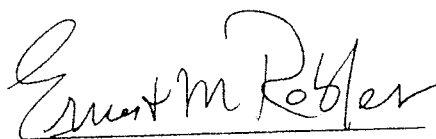
17 41. The Committee’s and the Prepetition Secured Creditors’ rights, and their ability to
18 participate and be heard at hearings concerning the Sale, are hereby reserved. To the extent that the
19 Prepetition Secured Creditors or the Committee desire to file pleadings related to such hearings, their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

601 SOUTH FIGUEROA STREET, SUITE 4200
LOS ANGELES, CALIFORNIA 90017-5704
(213) 623-9300

1 IT IS SO ORDERED.

2 ###

24 Date: April 9, 2020

23 

Ernest M. Robles
United States Bankruptcy Judge

EXHIBIT “C”

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

In re

VERITY HEALTH SYSTEM OF
CALIFORNIA, INC., *et al.*,

Debtors and Debtors In Possession.

- ☒ Affects All Debtors
☐ Affects Verity Health System of California, Inc.
☐ Affects O'Connor Hospital
☐ Affects Saint Louise Regional Hospital
☐ Affects St. Francis Medical Center
☐ Affects St. Vincent Medical Center
☐ Affects Seton Medical Center
☐ Affects O'Connor Hospital Foundation
☐ Affects Saint Louise Regional Hospital Foundation
☐ Affects St. Francis Medical Center of Lynwood Foundation
☐ Affects St. Vincent Foundation
☐ Affects St. Vincent Dialysis Center, Inc.
☐ Affects Seton Medical Center Foundation
☐ Affects Verity Business Services
☐ Affects Verity Medical Foundation
☐ Affects Verity Holdings, LLC
☐ Affects De Paul Ventures, LLC
☐ Affects De Paul Ventures - San Jose ASC, LLC

Debtors and Debtors In Possession.

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

Hon. Judge Ernest M. Robles

**MODIFIED SECOND AMENDED JOINT
CHAPTER 11 PLAN OF LIQUIDATION
(DATED JULY 2, 2020) OF THE
DEBTORS, THE PREPETITION
SECURED CREDITORS, AND THE
COMMITTEE**

Plan Confirmation Hearing:

Date: August 12, 2020
Time: 10:00 a.m. (Pacific Time)
Place: Courtroom 1568
255 E. Temple Street
Los Angeles, CA 90012

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Table of Contents

SECTION 1.	DEFINITIONS AND INTERPRETATION.....	2
A.	Definitions	2
B.	Interpretation and Rules of Construction	21
C.	Controlling Document.....	22
SECTION 2.	ADMINISTRATIVE EXPENSE AND PRIORITY CLAIMS.	22
2.1	<i>Administrative Claims</i>	22
2.2	<i>Professional Claims</i>	22
2.3	<i>Statutory Fees</i>	23
2.4	<i>Priority Tax Claims</i>	23
SECTION 3.	CLASSIFICATION OF CLAIMS.....	23
3.1	<i>Classification in General</i>	23
3.2	<i>Grouping of Debtors for Deemed Substantive Consolidation</i>	23
3.3	<i>Summary of Classification</i>	24
3.4	<i>Special Provision Governing Unimpaired Claims</i>	24
3.5	<i>Elimination of Vacant Classes</i>	24
SECTION 4.	TREATMENT OF CLAIMS.....	25
4.1	<i>Class 1A: Priority Non-Tax Claims</i>	25
4.2	<i>Class 1B: Secured PACE Tax Financing Claims</i>	25
4.3	<i>Class 2: Secured 2017 Revenue Notes Claims</i>	25
4.4	<i>Class 3: Secured 2015 Revenue Notes Claims</i>	26
4.5	<i>Class 4: Secured 2005 Revenue Bond Claims</i>	26
4.6	<i>Class 5: Secured MOB I Financing Claims</i>	27
4.7	<i>Class 6: Secured MOB II Financing Claims</i>	28
4.8	<i>Class 7: Secured Mechanics Lien Claims</i>	28
4.9	<i>Class 8: General Unsecured Claims</i>	28
4.10	<i>Class 9: Insured Claims</i>	28
4.11	<i>Class 10: 2016 Data Breach Claims</i>	30
4.12	<i>Class 11: Subordinated General Unsecured Claims</i>	30
4.13	<i>Class 12: Interests</i>	30
SECTION 5.	POST-EFFECTIVE DATE GOVERNANCE.....	30

1	5.1	<i>Dissolution of Certain Debtors</i>	30
2	5.2	<i>Dissolution of Certain Non-Debtor Affiliates</i>	30
3	5.3	<i>Dissolution of Sale-Leaseback Debtor Foundations</i>	31
4	5.4	<i>Dissolution of the SCC Debtor Foundations</i>	31
5	5.5	<i>Dissolution of St. Vincent Foundation</i>	31
6	5.6	<i>Dissolution of VMF</i>	31
7	5.7	<i>Disposition of Marillac</i>	31
8	5.8	<i>Continued Existence of Post-Effective Date Debtors After the Effective Date</i>	32
9	5.9	<i>Post-Effective Date Board of Directors</i>	34
10	5.10	<i>Document Preservation</i>	35
11	SECTION 6.	THE LIQUIDATING TRUST	35
12	6.1	<i>Creation</i>	35
13	6.2	<i>Purposes of the Liquidating Trust</i>	35
14	6.3	<i>The Liquidating Trust Agreement</i>	36
15	6.4	<i>Operations of the Liquidating Trust</i>	36
16	6.5	<i>Liquidating Trustee</i>	36
17	6.6	<i>Books and Records</i>	40
18	6.7	<i>Payment of Trust Expenses</i>	40
19	6.8	<i>Employment and Compensation of Professionals</i>	40
20	6.9	<i>Limitation of Liability of the Liquidating Trustee and the Post-Effective Date Committee</i>	41
21	6.10	<i>Termination of the Trust</i>	41
22	SECTION 7.	MEANS FOR IMPLEMENTATION OF THE PLAN	42
23	7.1	<i>Creditor Settlement Agreements</i>	42
24	7.2	<i>Deemed Substantive Consolidation</i>	45
25	7.3	<i>Cancellation of Existing Indentures and Related Securities</i>	46
26	7.4	<i>Funding for Distributions</i>	46
27	7.5	<i>No Further Court Authorization</i>	46
28	7.6	<i>Operating Accounts for the Post-Effective Date Debtors</i>	47
	7.7	<i>Transfer of Certain Funds Into the Liquidating Trust</i>	47
	7.8	<i>Funding of the Liquidating Trust Administration Accounts</i>	49
	7.9	<i>Liquidating Trust Reserves</i>	49

1	7.10 <i>Plan Fund</i>	50
2	7.11 <i>Post-Effective Date Committee</i>	51
3	7.12 <i>Coordination Between Post-Effective Date Debtors and the</i> <i>Liquidating Trust</i>	52
4	7.13 <i>Destruction and Abandonment of Books and Records</i>	52
5	7.14 <i>Preservation of Insurance</i>	53
6	7.15 <i>Mutuality preserved</i>	53
7	SECTION 8. DISTRIBUTIONS	53
8	8.1 <i>Party Responsible for Making Distributions</i>	53
9	8.2 <i>Appointment of Disbursing Agent</i>	53
10	8.3 <i>Timing of Distributions</i>	53
11	8.4 <i>Withholding of Distributions</i>	53
12	8.5 <i>Delivery of Distributions and Undeliverable Distributions</i>	54
13	8.6 <i>Setoffs</i>	54
14	8.7 <i>De Minimis Distributions</i>	55
15	8.8 <i>Allocation of Plan Distribution Between Principal and Interest</i>	55
16	8.9 <i>Entry of Final Decree in Chapter 11 Cases</i>	55
17	SECTION 9. TRUST BENEFICIARIES	55
18	9.1 <i>Identification of Trust Beneficiaries</i>	55
19	9.2 <i>Beneficial Interests Only</i>	55
20	9.3 <i>Ownership of Beneficial Interests Hereunder</i>	56
21	9.4 <i>Evidence of Beneficial Interests</i>	56
22	9.5 <i>Conflicting Claims</i>	56
23	9.6 <i>Limitation on Transferability</i>	56
24	SECTION 10. PROCEDURES FOR TREATING AND RESOLVING DISPUTED CLAIMS	56
25	10.1 <i>Objection to Claims</i>	56
26	10.2 <i>Disallowed Claims</i>	57
27	10.3 <i>No Distribution Pending Allowance</i>	57
28	10.4 <i>Distributions After Allowance</i>	57
	10.5 <i>Disputed Claims</i>	57
	10.6 <i>Cumulative Effect</i>	58
	SECTION 11. EXECUTORY AGREEMENTS	58

1	11.1 <i>General Treatment</i>	58
2	11.2 <i>Bar Date for Rejection Damages</i>	59
3	11.3 <i>Insurance Policies</i>	59
4	SECTION 12. CONDITIONS PRECEDENT TO EFFECTIVE DATE.....	60
5	12.1 <i>Conditions Precedent to Confirmation of Plan</i>	60
6	12.2 <i>Conditions to Effective Date</i>	60
7	12.3 <i>Waiver of Conditions</i>	60
8	SECTION 13. EFFECT OF CONFIRMATION	60
9	13.1 <i>Vesting of Assets</i>	60
10	13.2 <i>No Discharge</i>	61
11	13.3 <i>Settlement of Causes of Action Relating to Claims</i>	61
12	13.4 <i>Extension of Existing Injunctions and Stays</i>	61
13	13.5 <i>Releases</i>	61
14	13.6 <i>Injunctions</i>	62
15	13.7 <i>Exculpation</i>	63
16	13.8 <i>No Recourse</i>	64
17	13.9 <i>Preservation of Causes of Action</i>	64
18	13.10 <i>Termination of Responsibilities of the Patient Care Ombudsman</i>	66
19	13.11 <i>SGM Action</i>	66
20	SECTION 14. RETENTION OF JURISDICTION.....	66
21	14.1 <i>Bankruptcy Court Jurisdiction</i>	66
22	SECTION 15. MISCELLANEOUS PROVISIONS	68
23	15.1 <i>Termination of All Employee, Retiree and Workers' Compensation Benefits</i>	68
24	15.2 <i>Termination of Collective Bargaining Agreements</i>	69
25	15.3 <i>Administrative Claims Bar Date</i>	69
26	15.4 <i>Exemption from Transfer Taxes</i>	69
27	15.5 <i>Amendments</i>	69
28	15.6 <i>Revocation or Withdrawal of Plan</i>	70
	15.7 <i>Severability</i>	70
	15.8 <i>Request for Expedited Determination of Taxes</i>	70
	15.9 <i>U.S. Trustee Quarterly Fees and Post-Confirmation Status Reports</i>	70

1	15.10 <i>Courts of Competent Jurisdiction</i>	70
2	15.11 <i>Governing Law</i>	71
3	15.12 <i>Continuing Effect of the Bankruptcy Court Orders and Settlement</i>	
4	<i>Stipulations</i>	71
5	15.13 <i>Time</i>	71
6	15.14 <i>Business Day Transactions</i>	71
7	15.15 <i>Headings</i>	71
8	15.16 <i>Exhibits</i>	71
9	15.17 <i>Notices</i>	71
10	15.18 <i>Post-Effective Date Notices</i>	73
11	15.19 <i>Conflict of Terms</i>	73

INTRODUCTION¹

The Debtors, the Prepetition Secured Creditors, and the Committee propose the following amended chapter 11 plan (as further defined below, the “**Plan**”), pursuant to § 1121(a) of the Bankruptcy Code.² Creditors should refer to the Disclosure Statement filed or to be filed in connection with this Plan, including the exhibits thereto, for a discussion of the Debtors’ history, business, properties, results of operations, and future projections and risk factors, together with a summary and analysis of this Plan.

The Plan proposes to pay Allowed Secured Claims and Allowed Administrative Claims in full on the Effective Date except for the 2005 Bonds Diminution Claim, payment of which will be deferred post-Effective Date to allow for the payment of the foregoing Claims in exchange for, among other things, (i) the dismissal of certain litigation commenced by the Committee, and (ii) the waiver of challenge claims preserved against Verity MOB Financing LLC and Verity MOB Financing II LLC under the Final DIP Order and the Cash Collateral Orders. The Plan also proposes the resolution of certain other Claims and the distribution of proceeds to Holders of Allowed Claims. Claims against the Debtors—other than Unclassified Claims—are classified in Section 3 and treated in accordance with Section 4 hereof.³ The Plan provides that a Liquidating Trustee will continue the wind-down and liquidation of the Debtors after the Effective Date, and will oversee the operations of the Post-Effective Date Debtors during the Sale Leaseback Period in accordance with the Interim Agreements and the Transition Services Agreements.

The Plan requests the Bankruptcy Court approve and implement the terms of (i) the Creditor Settlement Agreements, including the Plan Settlement, and (ii) all documents necessary to effectuate the Plan. To the extent that there are any inconsistencies between the terms of the Creditor Settlement Agreements, the Interim Agreements, the Transition Services Agreements and/or the Plan or Confirmation Order, unless otherwise expressly provided for in such Creditor Settlement Agreements, Interim Agreements, Transition Services Agreements and/or the Plan, the terms of this Plan shall govern. In the event of a conflict between the Plan and Confirmation Order, the Confirmation Order shall govern.

NO SOLICITATION MATERIALS, OTHER THAN THE DISCLOSURE STATEMENT AND RELATED MATERIALS TRANSMITTED THEREWITH AND APPROVED BY THE COURT, HAVE BEEN AUTHORIZED BY THE COURT FOR USE IN SOLICITING ACCEPTANCES OR REJECTION OF THIS PLAN. ALL HOLDERS OF CLAIMS ARE ENCOURAGED TO READ THE PLAN AND DISCLOSURE STATEMENT IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN.

¹ Capitalized terms not otherwise defined in this Introduction have the definitions set forth in Section 1 of this Plan.

² All references to “§” herein are to the Bankruptcy Code, unless otherwise noted.

³ All references to “Article” and “Section” herein are to the articles and sections of this Plan unless otherwise noted.

1 **SECTION 1. DEFINITIONS AND INTERPRETATION**

2 **A. Definitions.** The following terms used herein shall have the respective meanings
3 defined below (such meanings to be equally applicable to both the singular and plural):

4 1.1 **2005 Revenue Bonds Diminution Claim** means that portion of the Secured 2005
5 Revenue Bonds Claim (as more fully described and calculated in accordance with Section 4.5(b)
6 below) which remains unpaid after payment on the Effective Date of (i) an amount equal to the
7 Initial Secured 2005 Revenue Bonds Claims Payment, plus (ii) the amounts applied by the 2005
8 Revenue Bonds Trustee to the Secured 2005 Revenue Bonds Claim which are held in a
9 (1) principal or revenue account, (2) debt service or redemption reserve, or (3) an escrow or
10 expense reserve account, plus (iii)(a) accrued, but unpaid postpetition interest, if any, at the rate
11 specified in the 2005 Revenue Bond Indentures through and including the Effective Date,
12 excluding any interest at the default rate or the Tax Rate, or any applicable redemption or other
13 premium, and (b) any accrued, but unpaid reasonable, necessary out-of-pocket fees and expenses
14 of the 2005 Revenue Bonds Trustee and the Master Trustee pursuant to the Final DIP Order and
15 Cash Collateral Orders through and including the Effective Date. The 2005 Revenue Bonds
16 Diminution Claim shall be in an amount no greater than \$135,245,000.00, plus interest, to be paid
17 after the Effective Date, pursuant to Section 4.5 hereof and the Plan Settlement.

18 1.2 **2005 Revenue Bonds Trustee** means Wells Fargo Bank, National Association, as
19 trustee for those certain bonds issued pursuant to the 2005 Revenue Bonds Indentures.

20 1.3 **2005 Series A, G and H Revenue Bonds** means those series of outstanding bonds
21 issued by the CSCDA, pursuant to the terms of the 2005 Revenue Bonds Indentures.

22 1.4 **2005 Revenue Bonds Indentures** means those certain bond indentures, dated as of
23 February 1, 2005, as amended and supplemented, between the CSCDA and the 2005 Revenue
24 Bonds Trustee, supported by the Obligations arising in connection with those certain Loan
25 Agreements, dated February 1, 2005, between the Daughters of Charity Health System and
26 CSCDA, and secured by the collateral pledged to the Master Trustee for the benefit of the Series
27 A, G and H Revenue Bonds.

28 1.5 **2015 Notes Trustee** means U.S. Bank, National Association, solely in its capacity
as trustee for those certain notes issued pursuant to the 2015 Revenue Notes Indentures.

1.6 **2015 Revenue Notes** means those outstanding Series A, B, C and D notes issued
by the CPFA, pursuant to the terms of the 2015 Revenue Notes Indentures.

1.7 **2015 Revenue Notes Indentures** means those certain note indentures, dated as of
December 1, 2015, between the CPFA and the 2015 Notes Trustee, supported by the Obligations
arising in connection with those certain Loan Agreements, dated as of December 1, 2015, between
VHS and CPFA, and secured by the collateral pledged to the Master Trustee for the benefit of the
2015 Revenue Notes.

1.8 **2016 Data Breach Claims** means all timely filed Claims for damages asserted by
any individual whose personally identifiable information was disclosed, in the data breach

1 occurring on April 27, 2016, and subject to the extended Bar Date set forth in the Bankruptcy
2 Court's order [Docket No. 2434].

3 1.9 **2017 Notes Trustee** means U.S. Bank, National Association, solely in its capacity,
4 as trustee for those certain notes issues pursuant to the 2017 Revenue Notes Indentures, dated as
of December 1, 2017, pursuant to the 2017 Revenue Notes Indentures.

5 1.10 **2017 Revenue Notes** means those outstanding Series A, B, C and D notes issued
6 by the CPFA, pursuant to the terms of the 2017 Revenue Notes Indentures.

7 1.11 **2017 Revenue Notes Indentures** means those certain note indentures, dated as of
8 December 1, 2017, between the CPFA and the 2017 Notes Trustee, supported by the Obligations
9 arising in connection with those certain Loan Agreements, dated as of December 1, 2017, between
VHS and CPFA and secured by the collateral pledged to the Master Trustee for the benefit of the
2017 Revenue Notes.

10 1.12 **Adequate Protection Payments** means any and all payments made by the Debtors
11 prior to the Effective Date to or for the benefit of the Prepetition Secured Creditors pursuant to the
section 5(b) of Final DIP Order and/or the Cash Collateral Orders.

12 1.13 **Administrative Claim** means a Request for Payment of an administrative expense
13 of a kind specified in § 503(b) and entitled to priority pursuant to § 507(a)(2), including, but not
14 limited to, the actual, necessary costs and expenses, incurred on or after the Petition Date, of
preserving the Estates and operating the business of the Debtors, including wages, salaries, or
15 commissions for services rendered after the commencement of the Chapter 11 Cases, Section
503(b)(9) Claims, and Allowed Claims that are entitled to be treated as Administrative Claims
16 pursuant to a Final Order of the Bankruptcy Court (under § 546(c)(2)(A) or otherwise), but
excluding Professional Claims, and Statutory Fees, which are separately defined below.

17 1.14 **Administrative Claims Bar Date** means the deadline set by an order of the
18 Bankruptcy Court by which holders of Administrative Claims, other than Administrative Claims
19 arising in the ordinary course of business for the Debtors, must assert Administrative Claims or be
forever barred, which shall be not less than 14 days prior to the date of the Confirmation Hearing.

20 1.15 **Administrative Claims Reserve** means Cash to be set aside by the Debtors on the
21 Effective Date in an aggregate amount sufficient to fund a reserve for the payment of all unpaid
22 Allowed Administrative Claims that will be paid after the Effective Date and all Administrative
23 Claims that are not yet Allowed as of the Effective Date. The amount of such reserve shall be
determined and approved by the Bankruptcy Court at the Confirmation Hearing in accordance with
the procedures established in Section 15.3.

24 1.16 **AHMC** means AHMC Healthcare Inc., or its designee under the Seton Asset
25 Purchase Agreement.

26 1.17 **Allowed** means for distribution purposes, a Claim, or any portion thereof, or a
27 particular Class of Claims (a) that is Allowed by a Final Order of the Bankruptcy Court (or such
other court as provided by the Plan or as the Liquidating Trustee and the Holder of such Claim
28 agree may adjudicate such Claim and objections thereto), (b) that is Allowed by this Plan and/or

Confirmation Order, (c) which is not the subject of a Proof of Claim timely filed with the Bankruptcy Court and is Scheduled as liquidated and noncontingent (other than a Claim that is Scheduled at zero, in an unknown amount, or as disputed), but only to the extent such Claim is Scheduled as liquidated and noncontingent, (d) for which a Proof of Claim in a liquidated amount has been timely filed with the Bankruptcy Court pursuant to the Bankruptcy Code or deemed timely filed by any Final Order of the Bankruptcy Court or other applicable bankruptcy law, and as to which (i) no objection to its allowance has been filed within the periods of limitation fixed by the Plan, the Bankruptcy Code, or by any order of the Bankruptcy Court, (ii) any objection to its allowance has been settled or withdrawn, or has been denied by a Final Order of the Bankruptcy Court, or, (iii) following the Effective Date, with respect to General Unsecured Claims, as otherwise may be determined by the Liquidating Trust in accordance with the Plan and the Liquidating Trust Agreement, or (d) that is expressly allowed in a liquidated amount pursuant to this Plan.

1.18 **Assets** means all legal or equitable interests of the Estates in any and all (a) property of every kind, nature, character and description, whether real, personal, or mixed, whether tangible or intangible (including contract rights), wherever situated and by whomever possessed, and any goodwill related thereto, including any real estate, buildings, structures, improvements, privileges, rights, easements, leases, subleases, goods, materials, supplies, furniture, fixtures, equipment, work in process, accounts, chattel paper, cash (including, but not limited to, cash of the Foundations that is not properly donor-restricted), deposit accounts, reserves, deposits, contractual rights, intellectual property rights, claims, Causes of Action, securities, investments and any other general intangibles, and (b) the proceeds, products, offspring, rents or profits thereof, including all assets of any of the Debtors constituting "property of the estate" as described in § 541.

1.19 **Avoidance Actions** means any Causes of Action arising under any section of chapter 5 of the Bankruptcy Code, including, without limitation, §§ 502, 510, 541, 542, 543, 544, 545, 547, 548, 549, 550, 551, and 553 or under similar or related state or federal statutes and common law, including state fraudulent transfer laws.

1.20 **Ballot Deadline** means the date all Ballots must be properly executed, completed and delivered by First Class Mail, overnight courier, or hand delivery, to KCC, at 222 N. Pacific Coast Highway, 3rd Floor, El Segundo, CA 90245, so as to be actually received by KCC no later than 4:00 p.m. (Pacific Time), on the date set by the Bankruptcy Court in the Disclosure Statement Order.

1.21 **Bankruptcy Code** means title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.*, as amended.

1.22 **Bankruptcy Court** means the United States Bankruptcy Court for the Central District of California, except to the extent the jurisdictional reference of the Bankruptcy Court has been withdrawn to the United States District Court for the Central District of California, pursuant to section 157(d) of title 28 of the United States Code.

1.23 **Bankruptcy Rules** means the Federal Rules of Bankruptcy Procedure as promulgated by the United States Supreme Court under section 2075 of title 28 of the United States Code, as may be amended from time to time.

1.24 **Bar Date** means the applicable deadlines by which a Proof of Claim or Request for Payment must be, or must have been, filed in these Chapter 11 Cases, as established by either an order of the Bankruptcy Court or this Plan, including without limitation, (a) the April 1, 2019, deadline to file Proofs of Claim relating to prepetition Claims, (b) the September 30, 2019 extended deadline for 2016 Data Breach Claims, (c) the October 11, 2019 extended deadline for certain wage and hour claims pursuant to the *Order Approving Notice of Extended Bar Date re Certain Wage and Hour Claims* [Docket No. 2692], and (d) the Administrative Claims Bar Date..

1.25 **Bar Date Order** means any order of the Bankruptcy Court establishing Bar Dates for filing Proofs of Claim or Requests for Payment in these Chapter 11 Cases, as the same may be amended, modified or supplemented including, but not limited to, those orders at Docket Nos. 1528, 2434, 2435, 2436, 2537, and 2692.

1.26 **Bond and Notes Trustee(s)** means all or any of the 2005 Revenue Bonds Trustee, the 2015 Notes Trustee and the 2017 Revenue Notes Trustee, as the context requires.

1.27 **Business Day** means any day other than a Saturday, a Sunday, or any other day on which banking institutions in the State of California are required or authorized to close by law or executive order.

1.28 **Cash** means the legal tender of the United States of America and its equivalent.

1.29 **Cash Collateral Orders** means, collectively, the orders authorizing use of cash collateral entered under Docket Nos. 3022, 3883, 4028, 4187, and 4670, and any subsequent orders authorizing the use of cash collateral, the terms of which may be agreed to between the Debtors and the Prepetition Secured Creditors.

1.30 **Causes of Action** means any and all present or future claims, rights, legal and equitable defenses, offsets, recoupments, actions in law or equity or otherwise, choses in action, obligation, guaranty, controversy, demand, action suits, damages, judgments, third-party claims, counter-claims, cross-claims against any Person, whether known or unknown, liquidated or unliquidated, foreseen or unforeseen, existing or hereafter arising, whether based on legal or equitable relief, whether arising under the Bankruptcy Code or federal, state, common, or other law or equity, whether or not the subject of a pending litigation or proceedings on the Effective Date or thereafter, including without limitation: (a) all Avoidance Actions; (b) all other claims in avoidance, recovery, and/or subordination; (c) all SGM Claims; (d) all claims against Integrity Healthcare, LLC and BlueMountain Capital Management LLC; and (e) all other actions described in the Disclosure Statement, the Confirmation Order, the Schedules, or the Plan; provided, however, (x) any claims arising under the Interim Agreements and (y) any claims or other litigation compromised as part of a Creditor Settlement Agreement, are, in each case, excluded.

1.31 **CDPH** means the California Department of Public Health.

1.32 **Chapter 11 Cases** means the voluntary cases commenced by each of the Debtors under chapter 11 of the Bankruptcy Code on the Petition Date and administered jointly under caption, *In re Verity Health System of California, Inc., et al.*, Lead Case No. 2:18-bk-20151-ER, which are currently pending before the Bankruptcy Court. Unless otherwise noted, all references to a docket or docket entry herein refer to the docket of the Lead Case.

1.33 **Claim** has the meaning set forth in § 101(5).

1.34 **Claims Objection Deadline** means the first Business Day that is the later of (a) two hundred ten (210) days after the Effective Date, or (b) such other later date as the Bankruptcy Court may establish upon a motion by the Liquidating Trustee in accordance with the Plan.

1.35 **Class** means a class of Claims established pursuant to Section 4 herein.

1.36 **CMS** means Centers for Medicare and Medicaid Services.

1.37 **Committee** means the Official Committee of Unsecured Creditors appointed on September 17, 2018, by the U.S. Trustee in these Chapter 11 Cases pursuant to § 1102 [Docket No. 197].

1.38 **Confirmation Date** means the date on which the Clerk of the Bankruptcy Court enters the Confirmation Order on the docket of the Lead Case.

1.39 **Confirmation Hearing** means the hearing to be held by the Bankruptcy Court to consider confirmation of the Plan, as such hearing may be adjourned or continued from time to time.

1.40 **Confirmation Order** means the order of the Bankruptcy Court confirming this Plan pursuant to § 1129.

1.41 **Consent** means consent of a party that is not to be unreasonably withheld or delayed.

1.42 **CPFA** means the California Public Financing Authority.

1.43 **Creditor Settlement Agreements** mean, collectively, any settlements that the Debtors enter into with creditors to resolve Causes of Action, claims, and/or litigation in connection with or relating to the Plan, which shall be filed seven (7) days prior to the Ballot Deadline, if not earlier, as a Plan Supplement, unless such deadline shall otherwise be extended with the consent of the Plan Proponents, which shall not be unreasonably withheld or delayed.

1.44 **Creditor Settlement Parties** means, collectively, parties to Creditor Settlement Agreements.

1.45 **CSCDA** means the California Statewide Communities Development Authority.

1.46 **Debtors** means, collectively, VHS and its sixteen affiliates, listed on Schedule 1.41 hereto, in their capacity as debtors and debtors in possession in these Chapter 11 Cases.

1.47 **Defined Contribution Plans** means, collectively, the qualified and non-qualified 401(a), 401(k), 403(b), and 457(b) defined contribution plans maintained by certain Debtors.

1.48 **DePaul Ventures** means DePaul Ventures, LLC, a debtor and debtor in possession.

1.49 **DePaul - San Jose ASC** means De Paul Ventures - San Jose ASC, LLC, a Non-Debtor Affiliate.

1.50 **DePaul - San Jose Dialysis** means DePaul Ventures - San Jose Dialysis, LLC, a debtor and debtor in possession.

1.51 **DHC** means California Department of Health Care Service.

1.52 **DHHS** means the United States Department of Health and Human Services.

1.53 **Disallowed** means, with respect to any Claim or Interest, any Claim or Interest (i) proof of which was required to be filed by the Bankruptcy Code or an order of the Bankruptcy Court, but as to which no proof of Claim or Interest was timely or properly filed, (ii) which has been withdrawn in whole or in part, by an agreement between the Debtors or the Trust and the Holder thereof or unilaterally by the Holder thereof, or (iii) which has been disallowed, in whole or in part, by a Final Order or pursuant to this Plan. In the event that a Claim is disallowed in part, then the Claim may be an Allowed Claim with respect to amounts asserted under the Claim which have not been disallowed.

1.54 **District Court** means the United States District Court for the Central District of California.

1.55 **Disclosure Statement** means the disclosure statement filed with the Bankruptcy Court by the Debtors, pursuant to § 1125, with respect to the Plan, including all exhibits and schedules thereto, which was approved by the Bankruptcy Court pursuant to § 1125, as it may be amended, modified or supplemented from time to time.

1.56 **Disbursing Agent** means KCC in its capacity as a disbursing agent under Section 8 hereof.

1.57 **Disputed** means, with respect to any Claim:

(a) if no Proof of Claim has been filed by the applicable Bar Date, a Claim that is:

(i) listed on the Schedules as either disputed, contingent, or unliquidated; or

(ii) subject to an objection or a request for estimation that has been filed by the Claims Objection Deadline and has not been withdrawn or determined by a Final Order; or

(b) if a Proof of Claim has been filed by the applicable Bar Date, a Claim as to which:

(i) no corresponding Claim is listed on the Schedules;

(ii) a corresponding Claim is listed on the Schedules as disputed, contingent, or unliquidated;

(iii) a corresponding Claim is listed on the Schedules not as disputed, contingent, or unliquidated, but the nature or amount of the Claim as asserted in the Proof of Claim varies from the nature and amount of such Claim as listed on the Schedules; or

(iv) an objection or a request for estimation has been interposed by the Claims Objection Deadline that, in either instance, has not been withdrawn or determined pursuant to a Final Order.

1.58 ***Disputed Unclassified Claims*** means Unclassified Claims that are Disputed.

1.59 ***Disputed Unsecured Claims Reserve*** means the reserve for Disputed General Unsecured Claims established under Section 7.9(c) hereof.

1.60 ***Effective Date*** means a day, as determined by the Plan Proponents, that is a Business Day as soon as reasonably practicable after all conditions to the Effective Date specified in Section 12.2 hereof have been satisfied or waived.

1.61 ***Effective Date Professional Claim Reserves***. Cash to be set aside by the Liquidating Trustee on the Effective Date sufficient in the aggregate to fund a reserve on account of Professional Claims not yet fixed and allowed by the Bankruptcy Court prior to or on the Effective Date.

1.62 ***ERISA*** means Title IV of the Employee Retirement Income Security Act of 1974, as amended.

1.63 ***Estates*** means, as to each Debtor, the estates created upon the Petition Date pursuant to § 541.

1.64 ***Executory Agreement*** means any executory contract or unexpired lease subject to § 365, excluding (a) the Debtors' collective bargaining agreements, and (b) any executory contract or unexpired lease entered into after the Petition Date and approved by an order of the Bankruptcy Court.

1.65 ***Foundations*** means collectively the following Debtor nonprofit public benefit corporations that are responsible for fundraising and grant-making programs for each of their respective Debtor hospitals: O'Connor Hospital Foundation, Saint Louise Regional Hospital Foundation, St. Francis Medical Center of Lynwood Foundation, St. Vincent Foundation, and Seton Medical Center Foundation.

1.66 ***Final DIP Order*** means the *Final Order (I) Authorizing Postpetition Financing, (II) Authorizing Use of Cash Collateral, (III) Granting Liens and Providing Superpriority Administrative Expense Status, (IV) Granting Adequate Protection, (V) Modifying Automatic Stay, and (VI) Granting Related Relief* [Docket No. 409] entered by the Bankruptcy Court on October 5, 2018.

1.67 ***Final Order*** means an order or judgment, the operation or effect of which has not been reversed, stayed, modified, or amended, is in full force and effect, and as to which order or

1 judgment (or any reversal, stay, modification, or amendment thereof) (a) the time to appeal, seek
2 *certiorari*, or request reargument, further review, or rehearing has expired and no appeal, petition
3 for *certiorari*, request for reargument or further review, or rehearing has been timely filed, or (b)
4 any appeal that has been or may be taken, or any petition for *certiorari* or request for reargument
5 or further review or rehearing that has been or may be filed, has been resolved by the highest court
6 to which the order or judgment was appealed, from which *certiorari* was sought, or to which the
7 request was made, and no further appeal, petition for *certiorari*, request for reargument, or further
8 review or rehearing has been or can be taken or granted; provided, however, that the possibility
9 that a motion under Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under
10 the Bankruptcy Rules, may be filed relating to such order shall not prevent such order from being
11 a Final Order; provided, further, that the Debtors or Liquidating Trustee, as applicable, reserve the
12 right to waive any appeal period for an order or judgment to become a Final Order.

1.68 ***First Priority Trust Beneficial Interests*** means the first priority Trust Beneficial
Interest in the Plan Fund provided to the Holders of the Secured 2005 Revenue Bonds Claims
which shall entitle such Holders to receive payment on the 2005 Revenue Bonds Diminution Claim
until fully satisfied and before any payment on account of Second Priority Trust Beneficial
Interests held by Holders of Allowed General Unsecured Claims.

1.69 ***General Unsecured Claim*** means (i) any unsecured claim that is not an Insured
Claim, 2016 Data Breach Claim, or Subordinated General Unsecured Claim, (ii) any Claim for
damages resulting from or based on the Debtors' rejection of an Executory Agreement, or (iii) any
Claim that is determined by the Bankruptcy Court to be a prepetition general unsecured claim that
is not entitled to priority or subject to subordination pursuant to this Plan.

1.70 ***Governmental Unit*** has the definition set forth in § 101(27).

1.71 ***Holder*** means a holder of a Claim against, or Interest in, the Debtors.

1.72 ***Holdings*** means Verity Holdings, LLC, as debtor and debtor in possession.

1.73 ***Hospital Licenses*** means licenses and permits issued by the CDPH and the
California State Board of Pharmacy.

1.74 ***Hospital Premises*** means all locations where SFMC and Seton provide hospital
services, including their primary locations at (i) 3630 East Imperial Highway, Lynwood, California
90262; (ii) 1900 Sullivan Avenue, Daly City, California 94015; (iii) 600 Marine Boulevard, Moss
Beach, California 94038, respectively; and such other locations where SFMC and Seton provide
hospital services.

1.75 ***Hospital Purchased Assets*** means the assets purchased by Prime and AHMC
pursuant to the SFMC Asset Purchase Agreement and Seton Asset Purchase Agreement,
respectively. For the avoidance of doubt, the Hospital Purchased Assets relate only to the
Hospitals subject to the SFMC Sale and Seton Sale.

1.76 ***Hospitals*** means the hospitals and related facilities operated by SFMC and Seton
subject to the SFMC Sale and Seton Sale.

1 1.77 **Impaired** means, with respect to a Class of Claims, that such Class is “impaired”
2 within the meaning of § 1124.

3 1.78 **Indenture Trustees** means, collectively, the Master Trustee, the 2005 Revenue
4 Bonds Trustee, the 2015 Notes Trustee and the 2017 Notes Trustee.

5 1.79 **Indemnification Claim** means any Claim for indemnification, subrogation,
6 contribution, or reimbursement for all liabilities, loss, damages, costs and expenses of whatever
7 kind, including attorneys’ fees.

8 1.80 **Initial Secured 2005 Revenue Bonds Claims Payment** means the Cash on hand of
9 the Debtors as of the Effective Date, net of the Cash (i) necessary to satisfy all Unclassified Claims
10 and Class 1A Claims that are Allowed on or prior to the Effective Date, (ii) necessary to satisfy all
11 Allowed Claims payable on the Effective Date to Classes 2, 3, 5, 6 and 7, and (iii) reserved under
12 the Liquidating Trust Agreement, but in no event shall such amount be less than \$98,200,000.00.

13 1.81 **Insurance Policy** means any insurance policy maintained by or for the benefit of
14 the Debtors, regardless of whether such Insurance Policy is set forth in a schedule to the Plan
15 Supplement.

16 1.82 **Insured Claims** means a Claim against any of the Debtors, their respective Estates,
17 Assets or properties arising from any incident or occurrence that is covered by an applicable and
18 available Insurance Policy.

19 1.83 **Insured Deficiency Claim** has the definition set forth in Section 4.10 hereof.

20 1.84 **Insurer** means any entity that issued an Insurance Policy, including any successors.

21 1.85 **Intercompany Claims** means any Claims held by a Debtor or a Non-Debtor
22 Affiliate against a Debtor or Non-Debtor Affiliate, including, without limitation, any
23 Indemnification Claim between and/or among the Debtors.

24 1.86 **Intercreditor Agreement** means the Second Amended and Restated Intercreditor
25 Agreement, dated as of December 1, 2017, by and among VHS, on behalf of itself, and each
26 Obligated Group Member, the 2015 Notes Trustee, the 2017 Notes Trustee and the Master Trustee.

27 1.87 **Interests** means any ownership interest in any of the Debtors, including but not
28 limited to, membership interests or other entitlement to participate in the organizational affairs of
a nonprofit entity organized under the laws of the State of California or equity interests in any for-
profit corporation, partnership or limited liability company organized under the laws of any
jurisdiction, including common stock, preferred stock, stock options and restricted stock awards.

1.88 **Interim Agreements** means, collectively, the Seton Interim Management
Agreement, the Seton Interim Leaseback Agreement, the SFMC Interim Management Agreement,
and the SFMC Interim Leaseback Agreement.

1.89 **Interim Leaseback Agreements** means, collectively, the Seton Interim Leaseback
Agreement and the SFMC Interim Leaseback Agreement.

1 1.90 **Interim Management Agreements** means, collectively, the Seton Interim
2 Management Agreement and the SFMC Interim Management Agreement.

3 1.91 **IRC** means the Internal Revenue Code of 1986, as amended, and any applicable
4 regulations (including temporary and proposed regulations) promulgated thereunder by the United
5 States Treasury Department.

6 1.92 **KCC** means Kurtzman Carson Consultants LLC.

7 1.93 **Lead Case** means *In re Verity Health System of California, Inc.*, Lead Case No.
8 2:18-bk-20151-ER, under which the Chapter 11 Cases are jointly administered, pursuant to
9 Bankruptcy Rule 1015(b), and the order entered by the Bankruptcy Court granting joint
10 administration [Docket No. 17].

11 1.94 **Liquidating Trust** means the liquidating trust created pursuant to Section 6 herein.

12 1.95 **Liquidating Trust Administration Accounts** means one or more deposit accounts
13 to be established pursuant to Section 7.8 of the Plan and maintained by the Liquidating Trustee to
14 pay any and all reasonable costs and expenses incurred in implementing the terms of the Plan, as
15 set forth in the Liquidating Trust Agreement.

16 1.96 **Liquidating Trust Agreement** means the Liquidating Trust Agreement, to be dated
17 on or prior to the Effective Date, between the Debtors and the Liquidating Trustee, governing the
18 disposition of the Liquidating Trust Assets, the distribution of the proceeds thereof in accordance
19 with the Plan, and setting forth the duties and obligations of the Liquidating Trustee.

20 1.97 **Liquidating Trust Assets** means any and all Assets of the Estates (other than the
21 Operating Assets, the Hospital Purchased Assets, the rights under the Interim Agreements and any
22 claim, litigation or Cause of Action compromised as part of a Creditor Settlement Agreement) of
23 every kind and character, wherever located, whether real or personal, tangible or intangible,
24 transferred to the Liquidating Trust pursuant to the Plan and the Liquidating Trust Agreement,
25 including, without limitation, to the extent not otherwise excluded by this definition:

26 (a) all Remaining Cash;

27 (b) all Causes of Action and the proceeds from the prosecution and/or
28 settlement thereof;

(c) all rights, claims and/or assets under any and all contracts, agreements, and
licenses (whether or not executory contracts, and whether or not rejected or assumed) of the
Debtors, including all rights and/or assets retained by any of the Debtors, as the sellers under their
respective asset sale agreements with third-party purchasers approved by the Bankruptcy Court
prior to the Effective Date, including without limitation, Quality Assurance Payments retained by
the Debtors, the accounts receivable arising out of the rendition of services or the sale of products
in the ordinary course of business by such Debtors prior to the closing date of their respective sales
and all other rights of the Debtors, as sellers, under such asset sale agreements;

(d) any proceeds of the foregoing; and

(e) all files, books and records relating to the Debtors' businesses or the administration of the Plan other than those required to be maintained by the Post-Effective Date Debtors for the administration of the Operating Assets.

1.98 **Liquidating Trust Reserves** means one or more accounts or reserves of Cash established by the Liquidating Trustee in accordance with Section 7.9.

1.99 **Liquidating Trustee** means such person selected pursuant to Section 6.5 of the Plan or any successor or replacement officer appointed under the terms of the Plan.

1.100 **Local Bankruptcy Rules** means the Local Rules of the United States Bankruptcy Court of the Central District of California, as amended from time to time.

1.101 **Marillac** means **Marillac Insurance Company, LTD.**, the wholly-owned subsidiary of VHS, incorporated in the Cayman Islands on December 9, 2003.

1.102 **Master Trustee** means UMB Bank, N.A., as trustee for Obligations issued under that certain Master Indenture of Trust, dated as of December 1, 2001, as amended and supplemented, among the Daughters of Charity Health System, as predecessor in interest to VHS.

1.103 **Medi-Cal** means the program administered by the State of California for medical assistance under title XIX of the Social Security Act.

1.104 **Medicare** means the federal health insurance program administered under title XVIII of the Social Security Act.

1.105 **Mechanics Lien Claims** means all Allowed Claims arising under California Civil Code §§ 8400, *et seq.*, with respect to any real property or personal property of a Debtor subject to a lien provided by such law.

1.106 **MOB I Loan Agreement** means that certain Term Loan Agreement, dated October 3, 2017, between Holdings and Verity MOB Financing LLC, in the amount of \$ 46,363,096, and secured by those certain Los Angeles and San Mateo Deeds of Trust, each dated October 3, 2017, and the other security documents entered into in connection therewith.

1.107 **MOB II Loan Agreements** mean those certain Term Loan Agreements, dated June 1, 2018 and July 26, 2018, each between Holdings and Verity MOB Financing II LLC, in the amount of \$20,000,000, and secured by those certain related Los Angeles, San Mateo, and Santa Clara Deeds of Trust, dated June 1, 2018, as thereafter modified, and the Los Angeles Deed of Trust, dated July 26, 2018, and the other security documents entered into in connection therewith.

1.108 **Non-Debtor Affiliates** means the following affiliates of the Debtors that did not file a Chapter 11 Case: DePaul - San Jose ASC, Marillac, O'Connor Health Center I, Sports Medical Management, Inc., St. Vincent De Paul Ethics Corporation, VHoldings, Robert F. Kennedy Medical Center, and Robert F. Kennedy Medical Center Foundation.

1.109 **Nonprofit Laws** means any and all federal, state, local and other laws and governmental regulations applicable to nonprofit corporations, including without limitation, any administrative and judicial interpretations thereof (as applicable).

1.110 **Nonprofit Status** means status as a nonprofit corporation under applicable Nonprofit Laws.

1.111 **Obligated Group Member** means each of the following Debtors: (i) VHS, (ii) O'Connor Hospital, (iii) Saint Louise Regional Hospital, (iv) Seton, (v) SFMC, and (vi) SVMC.

1.112 **Obligations** means those certain undertakings by Obligated Group Members arising from those certain Loan Agreements, dated December 1, 2001 and dated December 1, 2005, between CSCDA and the Daughters of Charity Health System as predecessor in interest to VHS, as amended and supplemented by those Loan Agreements dated December 1, 2015, and December 1, 2017, between CPFA and VHS.

1.113 **Operate** (and any such variations, such as "Operation") means to operate, oversee, manage, administer, coordinate, control, supervise and/or direct the business and operations of any and/or all of the Operating Assets, whether in the ordinary course of business or otherwise, and including undertaking or pursuing strategies, activities, or actions with the intent of furthering the objectives of, and otherwise to effectuate the Plan as contemplated by the provisions hereof, including any strategies, activities or actions aimed at retaining, renewing, amending, extending or Transferring any of the Operating Assets.

1.114 **Operating Account** means one or more deposit accounts of Cash established and/or maintained by the Liquidating Trustee as set forth in Section 7.6.

1.115 **Operating Assets** means, collectively,

- (a) the Hospitals;
- (b) the Hospital Purchased Assets; and
- (c) the Post-Effective Date Debtors' right to Quality Assurance Payments.

1.116 **Operating Budget** means the budget (as the same may be amended or modified from time to time) setting forth the projected costs and expenses associated with the Operating Assets (including without limitation, the cost of Operating the Operating Assets).

1.117 **Ordinary Course Professionals Order** means the order [Docket No. 693] entered by the Bankruptcy Court granting the Debtors' motion to retain and compensate professionals utilized by the Debtors in the ordinary course of business [Docket No. 364].

1.118 **Ordinary Course Professionals** means the professionals retained by the Debtors in the ordinary course of their business operations, pursuant to the Ordinary Course Professionals Order.

1 1.119 **Patient Care Ombudsman** means Dr. Jacob Nathan Rubin, MD, FACC, appointed
2 by the U.S. Trustee to serve as the patient care ombudsman in these Chapter 11 Cases, pursuant to
3 § 333(a), in accordance with the order [Docket No. 430] entered by the Bankruptcy Court on
October 9, 2018.

4 1.120 **PBGC** means the Pension Benefit Guaranty Corporation, a wholly owned United
5 States corporation, and agency of the United States, that administers the defined benefit pension
6 plan termination program under Title IV of the Employee Retirement Income Security Act of 1974,
as amended, 29 U.S.C. §§ 1301-1461 (2018).

7 1.121 **PBGC Claims** means the Claims that the PBGC has asserted, or is deemed to have
8 asserted, against the Debtors in relation to Verity Health System Retirement Plan A and Verity
9 Health System Retirement Plan B, including on account of alleged unfunded benefit liabilities,
10 minimum funding contributions, fixed and variable rate premiums, and termination premiums,
11 which are identified as (i) the Amended Proofs of Claim filed by PBGC in the Lead Case,
denominated as Proofs of Claim No. 7754, 7759, 7760, 7761, 7762, and 7763, and (ii) deemed to
12 have been filed in each of the Chapter 11 Cases identified in such Proofs of Claim, pursuant to that
13 certain stipulation [Docket No. 1772] approved by order of the Bankruptcy Court [Docket No.
1782].

14 1.122 **PBGC Settlement** means that certain Creditor Settlement Agreement described in
15 Section 7.1(b).

16 1.123 **Person** means an individual, partnership, corporation, limited liability company,
17 business trust, joint stock company, trust, unincorporated association, joint venture, governmental
18 authority, Governmental Unit or other entity of whatever nature.

19 1.124 **Petition Date** means August 31, 2018, which is the date that each Debtor filed a
20 voluntary chapter 11 petition.

21 1.125 **Pharmacy Assets** means the portions of the Hospital Purchased Assets constituting
22 drugs, dangerous devices, pharmacy systems, or other pharmacy assets, which will be purchased
23 by and transferred to Prime and AHMC, respectively, on the dates Prime and AHMC obtain their
24 required licenses, in accordance with the SFMC Asset Purchase Agreement and the Seton Asset
25 Purchase Agreement.

26 1.126 **Plan** means this plan of liquidation proposed by the Plan Proponents, including the
27 Plan Supplement and the exhibits hereto and thereto, as the same may be amended, modified or
28 supplemented from time to time in accordance with the provisions of the Bankruptcy Code and its
terms.

1.127 **Plan Fund** means one or more accounts or reserves of Cash established by the
Liquidating Trustee in accordance with Section 7.10 hereof for the payment of, on or after the
Effective Date, (i) the 2005 Revenue Bonds Diminution Claim, and (ii) Allowed General
Unsecured Claims.

1.128 **Plan Proponents** means the Debtors, the Master Trustee, the 2005 Revenue Bonds Trustee, the 2015 Notes Trustee, the 2017 Notes Trustee, Verity MOB Financing LLC, Verity MOB Financing II, LLC, and the Committee.

1.129 **Plan Settlement** means that certain Creditor Settlement Agreement described in Section 7.1(a).

1.130 **Plan Supplement** means a supplemental appendix to this Plan, as may be amended from time to time on or prior to the Effective Date, which will contain the following items:

- (a) the Schedule of Assumed Contracts;
- (b) the schedule of Insurance Policies;
- (c) the identity of the directors serving on the Post-Effective Date Board of Directors;
- (d) the Transition Services Agreement;
- (e) the initial Operating Budget;
- (f) the identity of the initial Liquidating Trustee;
- (g) the identity of the members of the Post-Effective Date Committee;
- (h) the form of Liquidating Trust Agreement; and
- (i) the Creditor Settlement Agreements, if any,

of which items (a) through (e) shall be filed prior to the Effective Date, items (f) through (h) shall be filed no later than fourteen (14) days before the Ballot Deadline, and item (i) shall be filed seven (7) days prior to the Ballot Deadline, if not earlier, in each case, unless otherwise extended with the consent of the Plan Proponents. Each of the foregoing documents may be filed separately. The Plan Supplement shall be in substance and form acceptable to the Plan Proponents.

1.131 **Post-Effective Date Board of Directors** means the three (3) member board of directors for VHS that shall be formed on the Effective Date in accordance with Section 5.9 hereof, which shall also serve as the members of the subsidiary boards and any other boards required to be in existence.

1.132 **Post-Effective Date Committee** means a committee that shall be formed on the Effective Date in accordance with Section 7.11 hereof, consisting of (i) three (3) members designated by the Committee, and (ii) until the First Priority Beneficial Trust Interests are paid in full, the Master Trustee, as ex officio and non-voting member.

1.133 **Post-Effective Date Debtors** means, collectively, the Sale-Leaseback Debtors, SVMC, St. Vincent Dialysis, the SCC Debtors, and VHS, which shall exist solely for the limited duration and purposes set forth in the Plan.

1.134 **Prepetition Secured Creditors** means, collectively, the Master Trustee, the 2005 Revenue Bonds Trustee, the 2015 Notes Trustee, the 2017 Notes Trustee, Verity MOB Financing LLC, and Verity MOB Financing II, LLC.

1.135 **Prime** means Prime Healthcare Services, Inc., or its designee under the SFMC Asset Purchase Agreement.

1.136 **Priority Benefit Plan Claims** means Claims entitled to priority under § 507(a)(5).

1.137 **Priority Non-Tax Claim** means any Claim entitled to priority in payment as specified in § 507(a)(4), (5), (6), (7) or (9) other than Administrative Claims and Priority Tax Claims.

1.138 **Priority Tax Claims** means Claims of any Governmental Unit entitled to priority under § 507(a)(8) and 507(c).

1.139 **Pro Rata Share** means, as applicable, the proportion that (i) an Allowed Claim in a particular Class bears to the aggregate amount of all Claims in such Class, or (ii) an Allowed Claim in a particular Class bears to the aggregate amount of all Claims in such Class and all Claims in any other Classes entitled to share in the same recovery. Such ratios shall be calculated as if all Claims in the particular Class asserted against all Debtors are Allowed Claims as of the Effective Date, unless specifically provided otherwise in the Plan.

1.140 **Professional** means any Person (a) retained in the Chapter 11 Cases by Final Order, pursuant to §§ 327, 363, and 1103 or otherwise; or (b) awarded compensation and reimbursement by the Bankruptcy Court, pursuant to § 503(b)(4); provided, however, that Professional does not include any Ordinary Course Professional.

1.141 **Professional Claim** means an administrative claim of a Professional for compensation for services rendered or reimbursement of costs, expenses, or other charges and disbursements incurred relating to services rendered or expenses incurred after the Petition Date and prior to and including the Effective Date.

1.142 **Proof of Claim** means a proof of claim, or a request for payment of an Administrative Claim, filed in these Chapter 11 Cases.

1.143 **Provider Agreements** means (i) the Medicare Health Insurance Benefits Agreements between any of the Debtors and DHHS, and (ii) the Medi-Cal Provider Agreements between any of the Debtors and DHCS.

1.144 **Quality Assurance Fees** means the Hospital Quality Assurance Fee originally imposed by SB 239 (Chapter 657, Statutes of 2013) on certain general acute care hospitals by California state law in order to make supplemental and grant payments and increased capitation payments to hospitals up to the aggregate upper payment limit and made permanent by the passage of Proposition 52 in November 2016.

1.145 **Quality Assurance Payments** means the supplemental and grant payments and increased capitation payments, to be funded out of the Hospital Quality Assurance Fee, to certain

1 general acute care hospitals as contemplated by SB 239 (Chapter 657, Statutes of 2013) up to the
2 aggregate upper payment limit and made permanent by the passage of Proposition 52 in November
2016.

3 1.146 **Records Retention Order** means one or more orders entered by the Bankruptcy
4 Court related to the retention and/or destruction of records.

5 1.147 **Released Party** means, individually and collectively, the Estates, the Debtors, the
6 Committee, the members of the Committee, the Indenture Trustees and their affiliates, and each
7 current and/or former member, manager, officer, director, employee, counsel, advisor, professional,
or agents of each of the foregoing who were employed or otherwise serving in such capacity before
or after the Petition Date.

8 1.148 **Remaining Cash** means the actual sum of Cash that constitutes Liquidating Trust
9 Assets after (i) the payment of Cash necessary to satisfy all Unclassified Claims and Class 1A
10 Claims that are Allowed on or prior to the Effective Date, (ii) the payment of all Allowed Claims
payable on the Effective Date as set forth in Classes 2, 3, 4, 5, 6, and 7, and (iii) the transfer into
11 or maintenance of funds in the Operating Accounts for the Post Effective Date Debtors on the
Effective Date in accordance with the Section 7.6.

12 1.149 **Request for Payment** means a request for payment of an Administrative Claim filed
13 in these Chapter 11 Cases.

14 1.150 **Sale-Leaseback Debtors** means, collectively, SFMC and Seton.

15 1.151 **Sale Order** means any Final Order of the Court entered pursuant to a request of, or
16 motion by, the Debtors for authority to sell assets of the Estates pursuant to § 363.

17 1.152 **SCC** means the County of Santa Clara, a political subdivision of the State of
California.

18 1.153 **SCC Debtors** means Saint Louise Regional Hospital and O'Connor Hospital,
19 collectively.

20 1.154 **SCC Sale** means the sale authorized by the order entered by the Bankruptcy Court
21 on December 27, 2018 [Docket No. 1153].

22 1.155 **Schedule of Assumed Contracts** means the schedule listing the Executory
Agreements to be assumed pursuant to the Plan.

23 1.156 **Scheduled** means, with respect to any Claim, the status, priority, and amount, if
24 any, of such Claim as set forth in the Schedules.

25 1.157 **Schedules** means the schedules of assets and liabilities and the statements of
26 financial affairs filed by the Debtors in the Chapter 11 Cases pursuant to § 521 and Bankruptcy
Rule 1007, which incorporate by reference the global notes and statement of limitations,
27 methodology, and disclaimer regarding the Debtors' schedules and statements, as such schedules
28

or statements have been or may be further modified, amended, or supplemented from time to time in accordance with Bankruptcy Rule 1009 or Final Orders of the Bankruptcy Court.

1.158 ***Second Priority Trust Beneficial Interests*** means the second priority Trust Beneficial Interests provided to the Holders of Allowed General Unsecured Claims in full and final satisfaction of such Holders' Allowed General Unsecured Claims, which Trust Beneficial Interests shall entitle such Holders, after payment in full to Holders of First Priority Trust Beneficial Interests held by the Holders of the 2005 Revenue Bonds Diminution Claim, to receive *pro rata* payment from all Funds in the Plan Fund until the Allowed General Unsecured Claims are fully satisfied.

1.159 ***Secured 2005 Revenue Bond Claims*** means all Allowed Secured Claims of the Master Trustee and the 2005 Revenue Bonds Trustee for, and on behalf of, the beneficial holders of Series 2005 A, G, and H Revenue Bonds issued by the CSCDA.

1.160 ***Secured 2015 Revenue Notes Claims*** means all Allowed Secured Claims of the Master Trustee and the 2015 Revenue Notes Trustee for, and on behalf of, the beneficial holders of the 2015 Revenue Notes issued by the CPFA.

1.161 ***Secured 2017 Revenue Notes Claims*** means all Allowed Secured Claims of the Master Trustee and the 2017 Notes Trustee for, and on behalf of, the beneficial holders of the 2017 Notes issued by the CPFA.

1.162 ***Secured Claim*** means a Claim that is (a) secured by a lien on any of the Assets, which lien is valid, perfected, and enforceable under applicable law or by reason of a Final Order, to the extent of the value of the claimant's interest in such Asset, or (b) entitled to setoff under § 553, to the extent of the amount subject to such setoff, as determined pursuant to § 506(a).

1.163 ***Secured Mechanics Lien Claims*** means all Allowed Secured Mechanics Lien Claims.

1.164 ***Secured MOB I Financing Claims*** means all Allowed Secured Claims of Verity MOB Financing LLC arising from the MOB I Loan Agreement.

1.165 ***Secured MOB II Financing Claims*** means all Allowed Secured Claims of Verity MOB Financing II LLC arising from the MOB II Loan Agreements.

1.166 ***Secured PACE Tax Financing Claims*** means those certain Agreements to Pay Assessment and Finance Improvements dated May 11, 2017 and May 18, 2017 under the CSCDA CaliforniaFirst Program, respectively the Clean Fund Agreement to Pay Assessment and Petros Agreement to Pay Assessment, each for the limited purpose of providing bond financing for certain renewable energy, energy efficiency, water efficiency and seismic improvements permanently affixed to real property owned by Seton Medical Center located in Daly City, California, the proceeds of which financings are being held as program funds for authorized improvements by Wilmington Trust N.A. as indenture trustee under two bond indentures with CSCDA also dated May 11, 2017 and May 18, 2017.

1.167 **Seton** means Seton Medical Center and Seton Medical Center Coastsides, collectively, as debtors and debtors-in-possession.

1.168 **Seton Asset Purchase Agreement** means that certain *Asset Purchase Agreement*, as may be amended from time to time, by and among VHS, Holdings, and Seton, on the one hand, and AHMC, on the other hand, as approved by the Bankruptcy Court pursuant to the Seton Sale Order.

1.169 **Seton Closing Date** means the date that the transactions contemplated by the Seton Asset Purchase Agreement are consummated.

1.170 **Seton Interim Leaseback Agreement** means that certain Sale Leaseback Agreement by and between Seton, on the one hand, and AHMC and its affiliates, on the other hand.

1.171 **Seton Interim Management Agreement** means that certain Interim Management Agreement by and between Seton, on the one hand, and AHMC and its affiliates, on the other hand.

1.172 **Seton Sale** means the sale authorized by the Seton Sale Order.

1.173 **Seton Sale Order** means that certain order [Docket No. 4634] approving the sale of certain assets of Seton, Holdings, and VHS to AHMC.

1.174 **Settlement Released Parties** means, collectively, the parties to the Plan Settlement and the PBGC Settlement who are the beneficiaries of a limited or general release under the Plan Settlement and the PBGC Settlement, respectively, solely to the extent of such limited or general release, as provided in this Plan.

1.175 **SFMC** means St. Francis Medical Center, as debtor and debtor in possession.

1.176 **SFMC Asset Purchase Agreement** means that certain *Asset Purchase Agreement*, as may be amended from time to time, by and among VHS, Holdings, and SFMC, on the one hand, and Prime, on the other hand, as approved by the Bankruptcy Court pursuant to the SFMC Sale Order.

1.177 **SFMC Closing Date** means the date that the transactions contemplated by the SFMC Asset Purchase Agreement are consummated.

1.178 **SFMC Interim Leaseback Agreement** means that certain Sale Leaseback Agreement by and between SFMC, on the one hand, and Prime and its affiliates, on the other hand.

1.179 **SFMC Interim Management Agreement** means that certain Interim Management Agreement by and between SFMC, on the one hand, and Prime and its affiliates, on the other hand.

1.180 **SFMC Sale** means the sale authorized by the SFMC Sale Order.

1.181 **SFMC Sale Order** means that certain order [Docket No. 4511] approving the sale of certain assets of SFMC, Holdings, and VHS to Prime.

1.182 **SGM** means Strategic Global Management, Inc.

1.183 **SGM Asset Purchase Agreement** means that certain *Asset Purchase Agreement*, dated January 8, 2019, as amended from time to time, by and among VHS, Holdings, SFMC, SVMC, St. Vincent Dialysis, and Seton, on the one hand, and SGM, on the other hand, as approved by the Bankruptcy Court, in connection with the SGM Sale [Docket No. 2305-1].

1.184 **SGM Claims** means all claims held by the Estates against SGM, its affiliates, and any other Person related thereto, including those related to the SGM Asset Purchase Agreement and the SGM Sale, including, but not limited to, (i) those claims asserted by the Debtors in *Verity Health System of California, Inc., et al. v. Strategic Global Management, Inc., et al. (In re Verity Health System of California, Inc.)*, Case No. 2:20-cv-00613-DSF, currently pending before the District Court, (ii) the consolidated appeals related to the SGM Asset Purchase Agreement and the SGM Sale captioned *Strategic Global Management, Inc. v. Verity Health System of California, Inc. (In re Verity Health System of California, Inc.)*, Consolidated Case No. 2:19-cv-10352-DSF, and currently pending before the District Court (the “**SGM Action**”), and (iii) any other claims which may be asserted against any Person by, among other parties, the Debtors, the Liquidating Trustee, the Committee, or any other Estate representative, arising from or related to the SGM Asset Purchase Agreement, the SGM Sale, or SGM’s participation in the Bankruptcy Cases.

1.185 **SGM Sale** means the sale authorized by the *Order (A) Authorizing the Sale of Certain of the Debtors’ Assets to Strategic Global Management, Inc. Free and Clear of Liens, Claims, Encumbrances, and Other Interests; (B) Approving the Assumption and Assignment of an Unexpired Lease Relating Thereto; and (C) Granting Related Relief*, entered by the Bankruptcy Court on May 2, 2019 [Docket No. 2306].

1.186 **Section 503(b)(9) Claims** means Allowed Claims pursuant to § 503(b)(9).

1.187 **St. Vincent Dialysis** means St. Vincent Dialysis Center, Inc., as debtor and debtor in possession.

1.188 **Statutory Fees** means the fees payable pursuant to section 1930 of title 28 of the United States Code that were incurred in connection with these Chapter 11 Cases.

1.189 **Subordinated General Unsecured Claims** means Allowed Claims that have been found to be subject to subordination pursuant to § 510 (b) or (c) pursuant to a Final Order.

1.190 **SVMC** means St. Vincent Medical Center, as debtor and debtor in possession.

1.191 **Tax Rate** means, with respect to the 2005 Revenue Bonds, the rate of interest utilized to calculate any “Taxable Rate Adjustment,” as that term is defined in the 2005 Revenue Bonds Indentures or the 2005 Revenue Bonds Obligated Bonds.

1.192 **Transfer** (and any variations such as “Transferring”) means to, directly or indirectly, sell, convey, assign, pledge, encumber, hypothecate, gift, contribute, subject to a joint venture, partnership, or similar arrangement, abandon, convey, or transfer or otherwise dispose of, either voluntarily or involuntarily, any Asset or enter into any contract for any Asset that will effectuate the foregoing whether or not the foregoing is subject to approvals or conditions.

1.193 **Transition Services Agreements** or **TSAs** means those certain transition services agreements entered into by and between (i) Prime, VHS, and the Liquidating Trust, and (ii) AHMC, VHS, and the Liquidating Trust, each relating to (a) the services, information systems, and vendor arrangements (if any) to be provided by VHS to Prime and AHMC, and (b) the services, personnel, information systems, and vendor arrangements (if any) to be provided by Prime (or an affiliate) and AHMC (or an affiliate) to VHS and/or the Liquidating Trust; provided, however, that the services, personnel, and intellectual property utilized under the Interim Agreements shall terminate pursuant to the terms of the Interim Agreements.

1.194 **Trust Beneficial Interests** mean, collectively, (i) the interests in the Liquidating Trust of the Holders of Allowed Claims in Class 4 and their concomitant entitlement to distributions to be made by the Liquidating Trust on account of the 2005 Revenue Bonds Diminution Claim as set forth in Sections 8, 9, and 10, and (ii) the pro rata interests in the Liquidating Trust of the Holders of Allowed Claims in Class 8 and their concomitant entitlement to distributions to be made by the Liquidating Trust on account of Allowed General Unsecured Claims as set forth in Sections 8, 9, and 10. The Trust Beneficial Interests shall be evidenced as set forth in Section 9.4 and shall not be transferable, except to the limited extent provided in Section 9.6 and related provisions of the Liquidating Trust Agreement.

1.195 **Trust Beneficiaries** means the holders of Trust Beneficial Interests, as of any point in time.

1.196 **Unclassified Claims** means, collectively, Administrative Claims, Professional Claims, Statutory Fees, and Priority Tax Claims.

1.197 **Unimpaired Claim** means a Claim that is not impaired because the Plan leaves unaltered the legal, equitable, and contractual rights to which such Claim entitles the Holder of such Claim, as set forth in § 1124(1).

1.198 **U.S. Trustee** means the Office of the United States Trustee for the Central District of California.

1.199 **VBS** means Verity Business Services, a nonprofit public benefit corporation, as debtor and debtor in possession.

1.200 **VHoldings** means VHoldings MOB, LLC, a Non-Debtor.

1.201 **VHS** means Verity Health System of California, Inc., as debtor and debtor in possession.

1.202 **VMF** means Verity Medical Foundation, as debtor and debtor in possession.

B. Interpretation and Rules of Construction.

Unless otherwise specified, all Section or exhibit references in the Plan are to the respective Section in, or exhibit to, the Plan, as the same may be amended, waived, or modified from time to time. The words “herein,” “hereof,” “hereto,” “hereunder,” and other words of similar import refer to the Plan as a whole and not to any particular Section, subsection, or clause contained therein.

The headings in the Plan are for convenience of reference only and shall not limit or otherwise affect the provisions hereof. For purposes herein: (1) in the appropriate context, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, feminine, and the neuter gender; (2) any reference herein to a contract, lease, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that the referenced document shall be substantially in that form or substantially on those terms and conditions; (3) unless otherwise specified, all references herein to "Sections" are references to Sections hereof or hereto; (4) the rules of construction set forth in § 102 shall apply; and (5) any term used in capitalized form herein that is not otherwise defined, but that is used in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning assigned to that term in the Bankruptcy Code or the Bankruptcy Rules, as the case may be.

C. Controlling Document.

The Plan (without reference to the Plan Supplement) shall govern and control in the event of an inconsistency between the terms and provisions in the Plan (without reference to the Plan Supplement) and the terms and provisions in the Disclosure Statement, the Plan Supplement, any other instrument or document created or executed pursuant to the Plan, or any order (other than the Confirmation Order) referenced in the Plan (or any exhibits, schedules, appendices, supplements or amendments to any of the foregoing); provided that, notwithstanding anything herein to the contrary, the Confirmation Order shall govern and control in all respects in the event of a conflict between the Confirmation Order and any provision of the Plan or the Plan Supplement.

SECTION 2. ADMINISTRATIVE EXPENSE AND PRIORITY CLAIMS.

In accordance with § 1123(a)(1), the following Claims are not classified and are excluded from the Classes set forth in Section 3 hereof and shall receive the treatment discussed below:

2.1 Administrative Claims. Except to the extent that the Debtors (or the Liquidating Trust) and the Holder of an Allowed Administrative Claim agree to less favorable treatment, a Holder of an Allowed Administrative Claim (other than a Professional Claim, which shall be subject to Section 2.2) shall receive, in full satisfaction, settlement, release, and discharge of, and in exchange for, such Administrative Claim, Cash equal to the unpaid portion of such Allowed Administrative Claim either (a) on the Effective Date, (b) if the Allowed Administrative Claim is based on liabilities incurred by the Debtors in the ordinary course of their businesses after the Petition Date, in the ordinary course of business in accordance with the terms and conditions of the particular transaction giving rise to such Allowed Administrative Claim, without any further action by the Holder of such Allowed Administrative Claim, (c) on such other date as agreed between the Debtors (or the Post-Effective Date Debtors) and such Holder of an Allowed Administrative Claim, or (d) to the extent the Allowed Administrative Claim had not yet been Allowed on the Effective Date, from the Administrative Claims Reserve pursuant to Sections 7.9(d) and 15.3 hereof.

2.2 Professional Claims. All Professionals seeking an award by the Bankruptcy Court of a Professional Claim (other than the Ordinary Course Professionals) shall file their respective final applications for allowance of compensation for services rendered and reimbursement of

1 expenses incurred by the date that is sixty (60) days after the Effective Date, and shall receive, in
2 full satisfaction of such Claim, Cash in an amount equal to 100% of such Allowed Professional
3 Claim promptly after entry of an order of the Bankruptcy Court allowing such Claim or upon such
4 other terms as may be mutually agreed-upon between the Holder of such Professional Claim and
5 the Debtors, which Cash shall be paid out of the Effective Date Professional Claim Reserve.
6 Objections to any final applications covering Professional Claims must be filed and served on the
7 Post-Effective Date Debtors, the Liquidating Trustee, and the requesting Professional no later than
8 ninety (90) days after the Effective Date (unless otherwise agreed by the requesting Professional).

9
10 2.3 **Statutory Fees.** All fees required to be paid by 28 U.S.C. § 1930(a)(6) and any
11 interest thereon ("**U.S. Trustee Fees**") shall be paid by the Liquidating Trustee in the ordinary
12 course of business until the closing, dismissal or conversion of these Chapter 11 Cases to another
13 chapter of the Bankruptcy Code. Any unpaid U.S. Trustee Fees that accrued before the Effective
14 Date shall be paid no later than thirty (30) days after the Effective Date.

15
16 2.4 **Priority Tax Claims.** Except to the extent that a Holder of an Allowed Priority Tax
17 Claim agrees to less favorable treatment, each Holder of an Allowed Priority Tax Claim shall
18 receive, in full and final satisfaction of such Allowed Priority Tax Claim, at the option of the Plan
19 Proponents or the Liquidating Trustee, as applicable: (a) Cash in an amount equal to such Allowed
20 Priority Tax Claim on, or as soon thereafter as is reasonably practicable, the later of (i) the
21 Effective Date, to the extent such Claim is an Allowed Priority Tax Claim on the Effective Date,
22 and (ii) the first Business Day after the date that is thirty (30) calendar days after the date such
23 Priority Tax Claim becomes an Allowed Priority Tax Claim; or (b) equal annual Cash payments
24 in an aggregate amount equal to the amount of such Allowed Priority Tax Claim, together with
25 interest at the applicable rate pursuant to § 511, over a period not exceeding five (5) years from
26 and after the Petition Date; provided, however, the Debtors and Liquidating Trustee, as applicable,
27 reserve the right to prepay all or a portion of any such amounts at any time under this option at the
28 discretion of the Plan Proponents and the Liquidating Trustee.

18 **SECTION 3. CLASSIFICATION OF CLAIMS**

19 3.1 **Classification in General.**

20 A Claim is placed in a particular Class for all purposes, including voting, confirmation, and
21 distribution under the Plan and under §§ 1122 and 1123(a)(1); provided that a Claim is placed in
22 a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent
23 that such Claim is an Allowed Claim in that Class and such Allowed Claim has not been satisfied,
24 released, or otherwise settled prior to the Effective Date.

25 3.2 **Grouping of Debtors for Deemed Substantive Consolidation.**

26 Consistent with the deemed substantive consolidation of the Debtors, as set forth more
27 fully in Section 7.1, the Plan groups the Debtors together for purposes of describing treatment
28 under the Plan, confirmation of the Plan, and making distributions in accordance with the Plan
with respect to Claims against and Interests in the Debtors under the Plan. Accordingly, pursuant
to the Plan, the Assets of the Debtors and their Estates, and the Claims against and Interests in the
Debtors, will be treated as if the Debtors and their Estates are substantively consolidated on the

Effective Date. Notwithstanding the foregoing, such groupings shall not affect any Debtor's status as a separate legal entity, change the organizational structure of the Debtors' business enterprise, constitute a change of control of any Debtor for any purpose, cause a merger or consolidation of any legal entities, or cause the transfer of any Assets. Except as otherwise provided by or permitted under the Plan, all Debtors shall continue to exist as separate legal entities after the Effective Date.

3.3 *Summary of Classification.*

The following table designates the Classes of Claims against each of the Debtors and specifies which of those Classes are (a) Not Impaired by the Plan, (b) Impaired by the Plan, and (c) entitled to vote to accept or reject the Plan in accordance with § 1126. In accordance with § 1123(a)(1), Administrative Claims, Professional Claims, Statutory Fees, and Priority Tax Claims, have not been classified. All of the potential Classes for the Debtors are set forth herein. Certain of the Debtors may not have holders of Claims in a particular Class or Classes, and such Classes shall be treated as set forth in Section 3.5.

<i>All Debtors</i>			
Class	Designation	Impairment	Entitled to Vote
1A	Priority Non-Tax Claims	Not Impaired	No (deemed to accept)
1B	Secured PACE Tax Financing Claims	Not Impaired	No (deemed to accept)
2	Secured 2017 Revenue Notes Claims	Impaired	Yes
3	Secured 2015 Revenue Notes Claims	Impaired	Yes
4	Secured 2005 Revenue Bond Claims	Impaired	Yes
5	Secured MOB I Financing Claims	Impaired	Yes
6	Secured MOB II Financing Claims	Impaired	Yes
7	Secured Mechanics Lien Claims	Impaired	Yes
8	General Unsecured Claims	Impaired	Yes
9	Insured Claims	Impaired	Yes
10	2016 Data Breach Claims	Impaired	Yes
11	Subordinated General Unsecured Claims	Impaired	No (deemed to reject)
12	Interests	Impaired	No (deemed to reject)

3.4 *Special Provision Governing Unimpaired Claims.*

Except as otherwise provided in the Plan, nothing under the Plan shall affect the rights of the Debtors or the Liquidating Trust with respect to Unimpaired Claims, including all legal and equitable defenses to, or setoffs or recoupments against, any such Unimpaired Claims.

3.5 *Elimination of Vacant Classes.*

Any Class of Claims, as of the commencement of the Confirmation Hearing, that does not have at least one (1) Holder of a Claim in an amount greater than zero for voting purposes shall be considered vacant, deemed eliminated from the Plan for purposes of voting to accept or reject the Plan, and disregarded for purposes of determining whether the Plan satisfies § 1129(a)(8) with respect to that Class.

SECTION 4. TREATMENT OF CLAIMS

In full and final satisfaction of all of the Claims against the Debtors (except with respect to Unclassified Claims that are satisfied in accordance with Section 2 above), the Claims shall receive the treatment described below. Except to the extent expressly provided in this Section 4, the timing of distributions is addressed in Section 8.3 hereof.

4.1 *Class 1A: Priority Non-Tax Claims.*

(a) *Classification.* Class 1A consists of Priority Non-Tax Claims.

(b) *Treatment.* Except to the extent that a Holder of an Priority Non-Tax Claim agrees to a less favorable treatment of such Claim, each such Holder shall receive payment in Cash in an amount equal to the amount of such Allowed Claim, payable on the later of the Effective Date and the date that is fourteen (14) Days after the date on which such Priority Non-Tax Claim becomes an Allowed Priority Non-Tax Claim, in each case, or as soon as reasonably practicable thereafter in accordance with the priority scheme set forth in the Bankruptcy Code.

(c) *Voting.* Class 1A is Unimpaired. Holders of Priority Non-Tax Claims are deemed to have accepted the Plan, pursuant to § 1126(f), and are not entitled to vote to accept or reject the Plan.

4.2 *Class 1B: Secured PACE Tax Financing Claims.*

(a) *Classification.* Class 1B consists of the Secured PACE Financing Claims.

(b) *Treatment.* Each Allowed Secured PACE Tax Financing Claim shall be paid in accordance with the *Order Approving Stipulation Resolving California Statewide Communities Development Authority Lien Release Pursuant to the Proposed Sale of Certain of the Debtors' Assets Related to Seton Medical Center* [Docket No. 4613].

(c) *Voting.* Class 1B is Unimpaired. Holders of Secured PACE Tax Financing Claims are deemed to have accepted the Plan, pursuant to § 1126(f), and are not entitled to vote to accept or reject the Plan.

4.3 *Class 2: Secured 2017 Revenue Notes Claims.*

(a) *Classification.* Class 2 consists of the Secured 2017 Revenue Notes Claims.

(b) *Treatment.* The Secured 2017 Revenue Notes Claims shall be paid in cash on the Effective Date by the Debtors to the 2017 Notes Trustee for distribution in accordance with the 2017 Revenue Notes Indentures in an amount equal to 100% of a single Allowed Claim in the aggregate amount of \$42,000,000, plus (i) any accrued, but unpaid postpetition interest, if any, at the rate specified in the 2017 Revenue Note Indentures, excluding any interest at a default rate, any make whole premium, any applicable redemption or other premium, and (ii) any accrued but unpaid reasonable, necessary out-of-pocket fees and expenses of the 2017 Notes Trustee and the Master Trustee pursuant to the Final DIP Order and Cash Collateral Orders through and including the Effective Date, less any amounts held by the 2017 Notes Trustee in a (x) principal or revenue

1 account, (y) debt service or redemption reserve, or (z) an escrow or expense reserve account. No
2 beneficial Holder of any Secured 2017 Revenue Notes Claims shall be entitled to receive any
3 distribution pursuant to the Plan, except as may be remitted to such holder by the 2017 Notes
Trustee in accordance with the 2017 Revenue Notes Indenture.

4 (c) *Subordination*: Following receipt of the distribution provided in
5 Section 4.3(b), all rights held by 2017 Revenue Bond Trustee and/or the Master Trustee under the
6 Intercreditor Agreement shall be deemed satisfied, waived or released by the treatment provided
in the Plan Settlement and the Plan.

7 (d) *Voting*. Class 2 is Impaired. The beneficial Holders of Secured 2017
8 Revenue Notes Claims are entitled to vote to accept or reject the Plan.

9 **4.4 Class 3: Secured 2015 Revenue Notes Claims.**

10 (a) *Classification*. Class 3 consists of the Secured 2015 Revenue Notes Claims.

11 (b) *Treatment*. The Secured 2015 Revenue Notes Claims shall be paid in cash
12 on the Effective Date by the Debtors to the 2015 Notes Trustee for distribution in accordance with
13 the 2015 Revenue Notes Indentures in an amount equal to 100% of a single Allowed Claim in the
14 aggregate amount of \$160,000,000, plus (i) accrued, but unpaid postpetition interest, if any, at the
15 rate specified in the 2015 Revenue Note Indentures for each of 2015 Revenue Notes Series A, B,
16 C and D, excluding any interest at a default rate, or any applicable redemption or other premium,
17 and (ii) any accrued, but unpaid reasonable, necessary out-of-pocket fees and expenses of the 2015
Notes Trustee and the Master Trustee, pursuant to the Final DIP Order and Cash Collateral Orders
through and including the Effective Date, less any amounts held by the 2015 Notes Trustee on
account of the 2015 Revenue Notes in a (x) principal or revenue account, (y) debt service or
redemption reserve, or (z) an escrow or expense reserve account. No beneficial Holder of any
Secured 2015 Revenue Notes Claims shall be entitled to receive any distribution pursuant to the
Plan, except as may be remitted to such holder by the 2015 Notes Trustee.

18 (c) *Subordination*: All rights held by 2015 Revenue Bond Trustee and/or the
19 Master Trustee under the Intercreditor Agreement shall be deemed satisfied, waived or released
20 by the treatment provided in the Plan Settlement and the Plan.

21 (d) *Voting*. Class 3 is Impaired, and the beneficial Holders of Secured 2015
22 Revenue Notes Claims are entitled to vote to accept or reject the Plan.

23 **4.5 Class 4: Secured 2005 Revenue Bond Claims.**

24 (a) *Classification*. Class 4 consists of the Secured 2005 Revenue Bonds Claims.

25 (b) *Treatment*. The Secured 2005 Revenue Bonds Claims shall be treated as a
26 single Allowed Claim in the aggregate amount of \$259,445,000 plus (i) accrued, but unpaid
27 postpetition interest, if any, at the rate specified in the 2005 Revenue Bond Indentures through and
28 including the Effective Date, excluding any interest at the default rate or the Tax Rate, or any
applicable redemption or other premium, and (ii) any accrued, but unpaid reasonable, necessary
out-of-pocket fees and expenses of the 2005 Revenue Bonds Trustee and the Master Trustee

pursuant to the Final DIP Order and Cash Collateral Orders through and including the Effective Date. The 2005 Revenue Bonds Claims shall be paid and satisfied as follows: (i) an amount equal to the Initial Secured 2005 Revenue Bonds Claims Payment plus (a) accrued, but unpaid postpetition interest, if any, at the rate specified in the 2005 Revenue Bond Indentures through and including the Effective Date, excluding any interest at the default rate or the Tax Rate, or any applicable redemption or other premium, and (b) any accrued, but unpaid reasonable, necessary out-of-pocket fees and expenses of the 2005 Revenue Bonds Trustee and the Master Trustee pursuant to the Final DIP Order and Cash Collateral Orders through and including the Effective Date, shall be paid in cash by the Debtors to the 2005 Revenue Bond Trustee on the Effective Date. In addition, (x) any amounts held by the 2005 Revenue Bonds Trustee in a (1) principal or revenue account, (2) debt service or redemption reserve, or (3) an escrow or expense reserve account shall be applied against the Secured 2005 Revenue Bonds Claim, and (y) the 2005 Revenue Bonds Trustee shall become the sole Trust Beneficiary and holder of all of the First Priority Trust Beneficial Interests in the amount of the 2005 Revenue Bonds Diminution Claim, including interest accruing after the Effective Date at the non-default rate provided for in the 2005 Revenue Bond Indentures. The foregoing payments and distributions shall be in full and final satisfaction of the Secured 2005 Revenue Bonds Claims as a single Allowed Claim. Notwithstanding distribution of First Priority Trust Beneficial Interests on account of the 2005 Secured Revenue Bonds Diminution Claim, the 2005 Revenue Bonds Trustee or the Master Trustee shall be entitled to retain and apply Adequate Protection Payments received during the course of these Cases on or on behalf of the 2005 Secured Revenue Bonds in the manner provided by the relevant indenture. No beneficial Holder of any Secured Series A, G and H Revenue Bonds Claims shall be entitled to receive any distribution pursuant to the Plan, except as may be remitted to such Holder by the 2005 Revenue Bonds Trustee.

(c) *Subordination.* All rights held by 2005 Revenue Bond Trustee and/or the Master Trustee under the Intercreditor Agreement shall be deemed satisfied, waived or released by the treatment provided in the Plan Settlement and the Plan.

(d) *Voting.* Class 4 is Impaired. The beneficial Holders of the Secured 2005 Series 2005 A, G and H Revenue Bond Claims are entitled to vote to accept or reject the Plan.

4.6 ***Class 5: Secured MOB I Financing Claims.***

(a) *Classification.* Class 5 consists of the MOB I Financing Claims.

(b) *Treatment.* The Secured MOB I Financing Claims shall be paid in cash on the Effective Date by the Debtors in an amount equal to 100% of a single Allowed Claim in the aggregate amount of \$46,363,095.90, plus (i) accrued but unpaid postpetition interest, if any, at the rate specified in the MOB I Loan Agreement, excluding any interest at the default rate, or make whole premium, and (ii) any accrued, but unpaid reasonable, necessary out-of-pocket fees and expenses of Verity MOB Financing LLC, pursuant to the Final DIP Order and Cash Collateral Orders through and including the Effective Date.

(c) *Voting.* Class 5 is Impaired. Holders of MOB I Financing Claims are entitled to vote to accept or reject the Plan.

4.7 ***Class 6: Secured MOB II Financing Claims.***

(a) *Classification.* Class 6 consists of the Secured MOB II Financing Claims.

(b) *Treatment.* The Secured MOB II Financing Claims shall be paid in cash on the Effective Date by the Debtors in an amount equal to 100% of a single Allowed Claim in the aggregate amount of \$20,061,919.48, plus (i) accrued, but unpaid postpetition interest, if any, at the rate specified in the MOB II Loan Agreements, excluding any interest at the default rate, or make whole premium, and (ii) any accrued but unpaid reasonable, necessary out-of-pocket fees and expenses of Verity MOB Financing II LLC, pursuant to the Final DIP Order and Cash Collateral Orders through and including the Effective Date.

(c) *Voting.* Class 6 is Impaired. Holders of Secured MOB II Financing Claims are entitled to vote to accept or reject the Plan.

4.8 ***Class 7: Secured Mechanics Lien Claims.***

(a) *Classification.* Class 7 consists of the Secured Mechanics Lien Claims.

(b) *Treatment.* Each Allowed Secured Mechanics Lien Claim shall be paid in cash on the Effective Date by the Debtors in an amount equal to 100% of the principal balance of such Allowed Secured Mechanics Lien Claim.

(c) *Voting.* Class 7 is Impaired. Holders of Secured Mechanics Lien Claims are entitled to vote to accept or reject the Plan.

4.9 ***Class 8: General Unsecured Claims.***

(a) *Classification.* Class 8 consists of the General Unsecured Claims against all Debtors.

(b) *Treatment.* As soon as practicable after the Effective Date or as soon thereafter as the claim shall have become an Allowed Claim, each holder of an Allowed General Unsecured Claim shall receive a Second Priority Trust Beneficial Interest and become a Trust Beneficiary in full and final satisfaction of its Allowed Class 8 Claim, except to the extent that such Holder agrees (a) to a less favorable treatment of such Claim, or (b) such Claim has been paid before the Effective Date.

(c) *Voting.* Class 8 is Impaired. Holders of General Unsecured Claims are entitled to vote to accept or reject the Plan.

4.10 ***Class 9: Insured Claims.***

(a) *Classification.* Class 9 consists of Allowed Insured Claims.

(b) *Treatment.* Each Insured Claim shall be deemed objected to and disputed and shall be resolved in accordance with this Section, notwithstanding any other Plan provision.

1 Except to the extent that a Holder of an Insured Claim agrees to different treatment, or
2 unless otherwise provided by an order of the Bankruptcy Court directing such Holder's
3 participation in any alternative dispute resolution process, on the Effective Date, or as soon
4 thereafter as is reasonably practicable, each Holder of an Insured Claim will have received or shall
5 receive on account of its Insured Claim relief from the automatic stay under § 362 and the
6 injunctions provided under this Plan for the sole and limited purpose of permitting such Holder to
7 seek recovery, if any, as determined and Allowed by an order or judgment by a court of competent
8 jurisdiction or under a settlement or compromise of such Holder's Insured Claim from the
9 applicable and available Insurance Policies maintained by or for the benefit of any of the Debtors.
A Holder's recovery of insurance proceeds under the applicable Insurance Policy(ies) shall be the
sole and exclusive recovery on an Insured Claim, subject to recovery of an Insured Deficiency
Claim, as described in the next paragraph. Any settlement of an Insured Claim within a self-insured
retention or deductible must be approved by the Liquidating Trustee; provided, however, that the
foregoing shall not apply to workers' compensation claims resolved by Old Republic Insurance
Company under its applicable workers' compensation insurance policies.

10 In the event the applicable Insurer denies the tender of defense or there are no applicable
11 or available insurance policies, or proceeds from applicable and available insurance policies have
12 been exhausted or are otherwise insufficient to pay in full a Holder's recovery, if any, as
13 determined by an order or judgment by a court of competent jurisdiction or under a settlement or
14 compromise of such Holder's Insured Claim, on account of its Insured Claim, then such Holder
15 shall be entitled to an Allowed Claim equal to the amount of the Allowed Insured Claim less the
16 amount of available proceeds paid such Allowed Insured Claim from the applicable and available
17 Insurance Policies (the "***Insured Deficiency Claim***"). Such Holders' Insured Deficiency Claim
18 shall be treated as an Allowed General Unsecured Claim in Class 8 of the Plan and shall be entitled
to receive its Pro Rata Share of the distributions from the Liquidating Trust Distributions as set
forth in the Plan in the same manner as other Holders of Allowed General Unsecured Claims in
Class 8 of the Plan. In no event shall any Holder of an Allowed Insured Deficiency Claim be
entitled to receive more than one hundred percent (100%) of the Allowed Amount of their
respective Allowed Insured Deficiency Claim.

19 Any amount of an Allowed Insurance Claim within a deductible or self-insured retention
20 shall be paid by the applicable insurance, in accordance with the applicable Insurance Policy, to
21 the Claim Holder and such Insurer shall have a General Unsecured Claim (or Secured Claim, if it
22 holds collateral) for the amount of the deductible or retention paid, provided that it has timely filed
23 an otherwise not objectionable proof of claim encompassing such amounts. For purposes of
24 retentions and deductibles in any Insurance Policy, including, but not limited to, an Insurance
25 Policy insuring officers, directors, consultants or others against claims based upon prepetition
26 occurrences, the Confirmation Order shall constitute a finding that the Debtors are insolvent and
27 unable to advance or indemnify Insured Claims, from Estate or Debtor Funds, for any loss, claim,
28 damage, settlement or judgment of Debtors within the applicable retention or deductible amount.
However, the foregoing sentence does not modify the Insurer's right to a claim described in the
first sentence of this paragraph or limit reimbursement due Old Republic Insurance Company for
deductibles from proceeds of other insurance. Notwithstanding any other provision of this Section,
Old Republic Insurance Company shall be entitled to all accommodations that it requested in
connection with renewal of Debtors' workers' compensation policy, as approved by order of the
Bankruptcy Court [Docket No. 2803].

(c) *Voting.* Class 9 is Impaired. Holders of Insured Claims are entitled to vote to accept or reject the Plan. Unless otherwise ordered by the Bankruptcy Court, each Holder of a Class 9 Insured Claim shall have a \$1.00 vote for each filed Insured Claim.

4.11 ***Class 10: 2016 Data Breach Claims.***

(a) *Classification.* Class 10 consists of Allowed 2016 Data Breach Claims.

(b) *Treatment.* Each holder of an Allowed 2016 Data Breach Claim shall receive access to credit monitoring services at the sole cost of the Debtors for a period of two (2) years following the Effective Date.

(c) *Voting.* Class 10 is Impaired. Holders of Allowed 2016 Data Breach Claims are entitled to vote to accept or reject the Plan.

4.12 ***Class 11: Subordinated General Unsecured Claims.***

(a) *Classification:* Class 11 Claims consists of Subordinated General Unsecured Claims.

(b) *Treatment:* Holders of Allowed Subordinated General Unsecured Claims shall not receive any recovery from the Debtors on or after the Effective Date.

(c) *Voting.* Class 11 is Impaired. Holders of Subordinated General Unsecured Claims are deemed to reject the Plan and are not entitled to vote.

4.13 ***Class 12: Interests.***

(a) *Classification:* Class 12 consists of Allowed Interests against any Debtor.

(b) *Treatment.* Holders of Allowed Interests shall not receive any recovery from the Debtors under the Plan.

(c) *Voting.* Class 12 is Impaired. The holders of Interests are deemed to reject the Plan and are not entitled to vote.

SECTION 5. POST-EFFECTIVE DATE GOVERNANCE

5.1 ***Dissolution of Certain Debtors.*** The following Debtors shall be dissolved, under applicable non-bankruptcy law on the Effective Date or shortly thereafter, as determined by the Liquidating Trustee, and each respective Debtor's interests and rights shall be vested, for all purposes in the Liquidating Trust, and all of the interests in such Debtors shall be cancelled and terminated without further order of the Bankruptcy Court: VBS; Holdings; De Paul Ventures; and De Paul - San Jose Dialysis.

5.2 ***Dissolution of Certain Non-Debtor Affiliates.*** On the Effective Date, the following Non-Debtor Affiliates shall be dissolved, under applicable non-bankruptcy law: DePaul - San Jose

1 ASC; St. Vincent De Paul Ethics Corporation; VHoldings; Robert F. Kennedy Medical Center;
2 Robert F. Kennedy Medical Center Foundation; and Sports Medical Management, Inc.

3 **5.3 *Dissolution of Sale-Leaseback Debtor Foundations.***

4 (a) Dissolution of St. Francis Medical Center of Lynwood Foundation. Until
5 the SFMC Closing Date, St. Francis Medical Center of Lynwood Foundation shall continue to
6 make distributions to SFMC in the ordinary course of business, with any properly donor-restricted
7 gifts distributed in accordance with the terms and conditions of such restricted gift. After the
8 SFMC Closing Date, the properly donor-restricted charitable assets of St. Francis Medical Center
9 of Lynwood Foundation shall be transferred pursuant to approvals to be received from the Attorney
10 General of California, pursuant to section 999.2(e) of title 11 of the California Code of Regulations
11 and related statutes and regulations. Thereafter, St. Francis Medical Center of Lynwood
12 Foundation shall be dissolved under applicable non-bankruptcy law.

13 (b) Dissolution of Seton Medical Center Foundation. Until the Seton Closing
14 Date, Seton Medical Center Foundation shall continue to make distributions to Seton in the
15 ordinary course of business, with any properly donor-restricted gifts distributed in accordance with
16 the terms and conditions of such restricted gift. After the Seton Closing Date, the properly donor-
17 restricted charitable assets of the Seton Medical Center Foundation shall be transferred pursuant
18 to approvals to be received from the Attorney General of California, pursuant to section 999.2(e)
19 of title 11 of the California Code of Regulations and related statutes and regulations. Thereafter,
20 Seton Medical Center Foundation shall be dissolved under applicable non-bankruptcy law.

21 **5.4 *Dissolution of the SCC Debtor Foundations.*** On the Effective Date or shortly
22 thereafter, the properly donor-restricted charitable assets of Saint Louise Regional Hospital
23 Foundation and O'Connor Hospital Foundation shall be transferred pursuant to approvals to be
24 received from the Attorney General of California, pursuant to section 999.2(e) of title 11 of the
25 California Code of Regulations and related statutes and regulations. Thereafter, each respective
26 Foundation shall be dissolved under applicable non-bankruptcy law.

27 **5.5 *Dissolution of St. Vincent Foundation.*** On the Effective Date or shortly thereafter,
28 the properly donor-restricted charitable assets of St. Vincent Foundation shall be transferred
pursuant to approvals to be received from the Attorney General of California, pursuant to section
999.2(e) of title 11 of the California Code of Regulations and related statutes and regulations.
Thereafter, St. Vincent Foundation shall be dissolved under applicable non-bankruptcy law.

5.6 *Dissolution of VMF.* VMF shall be dissolved, under applicable non-bankruptcy
law, as soon as practicable after completion of the claims process under VMF's capitation
agreements.

5.7 *Disposition of Marillac.* VHS, in its capacity as a Debtor and/or a Post-Effective
Date Debtor, and/or the Liquidating Trustee shall take such action as reasonably necessary and
advisable to effectuate the sale, disposition, or other administration of the issued and outstanding
equity interests in, or assets of, Marillac. The net Cash proceeds of such sale, disposition, or other
administration, if any, shall be used to pay Holders of Claims as set forth in this Plan or as
otherwise agreed pursuant to a Creditor Settlement Agreement.

5.8 *Continued Existence of Post-Effective Date Debtors After the Effective Date.*

(a) Continued Existence of Post-Effective Date Debtors. On and after the Effective Date, the Post-Effective Date Debtors shall continue in existence for the purposes set forth herein, and retain their Nonprofit Status to the same extent as such status existed immediately prior to the Petition Date. No party shall take any action to interfere with, alter, terminate or otherwise adversely affect the Nonprofit Status of the Post-Effective Date Debtors.

(b) Responsibilities of the Sale-Leaseback Debtors. The Sale-Leaseback Debtors shall continue in existence for the following limited purposes:

(i) to maintain their corporate existence and full rights as the licensees under the Hospital Licenses so Prime and AHMC may obtain their general acute care hospital licenses from the CDPH and their hospital pharmacy permits from the California State Board of Pharmacy pursuant to their respective Interim Management Agreements;

(ii) to retain statutory and regulatory authority and responsibility for the Hospitals and for oversight over Prime and AHMC, respectively;

(iii) to maintain a possessory interest in the Hospitals, and to lease from Prime and AHMC the Hospital Premises and the Hospital Purchased Assets, pursuant to the Interim Leaseback Agreements and to take such actions as appropriate, necessary, advisable or convenient to further the objectives of, and effectuate, the Interim Management Agreements as contemplated by the provisions of this Plan;

(iv) to maintain the Provider Agreements for Medi-Cal and Medicare, and participate in the Medi-Cal and Medicare programs, until the changes of ownership to Prime and AHMC, respectively, are approved, and collect or otherwise liquidate all amounts owing under the Provider Agreements until all payments due under such agreements have been received by the Post-Effective Date Debtors and, if appropriate, transferred to the Liquidating Trust;

(v) to process claims from providers under capitation agreements, if applicable;

(vi) in furtherance of implementation of the provisions of the Plan, to take any action necessary under applicable law that is consistent with the provisions of the Plan with respect to the Post-Effective Date Debtors and the Hospital Purchased Assets; and

(vii) to take such other actions as may be necessary or appropriate with respect to the affairs, businesses and/or operations of any of the Debtors which are not permitted to be undertaken by the Liquidating Trust under applicable law;

1 provided, however, that, notwithstanding the foregoing, Seton shall continue in existence
2 solely for the limited purposes set forth in Section 5.8(b) hereof in the event that (i) the transfer of
3 the Seton Pharmacy Assets, (ii) the expiration of the Seton Interim Leaseback Agreement, and (iii)
4 the expiration of the Seton Interim Management Agreement all occur prior to the Effective Date.

5 (c) Responsibilities of SVMC and St. Vincent Dialysis. SVMC and St. Vincent
6 Dialysis shall continue in existence for the following limited purposes:

7 (i) to maintain their corporate existence and full rights to receive any
8 payments, including, but not limited to, payments related to Medi-Cal,
9 Medicare, and the Quality Assurance Payments;

10 (ii) in furtherance of implementation of the provisions of the Plan, to
11 take any action necessary under applicable law that is consistent with the
12 provisions of the Plan; and

13 (iii) to take such other actions as may be necessary or appropriate with
14 respect to the affairs, businesses and/or operations of any of SVMC and St.
15 Vincent Dialysis which are not permitted to be undertaken by the
16 Liquidating Trust under applicable law.

17 (d) Responsibilities of the SCC Debtors. The SCC Debtors shall continue in
18 existence for the following limited purposes:

19 (i) to maintain their corporate existence and full rights to receive any
20 payments, including, but not limited to, payments related to Medi-Cal,
21 Medicare, and the Quality Assurance Payments;

22 (ii) in furtherance of implementation of the provisions of the Plan, to
23 take any action necessary under applicable law that is consistent with the
24 provisions of the Plan; and

25 (ii) to take such other actions as may be necessary or appropriate with
26 respect to the affairs, businesses and/or operations of any of the SCC
27 Debtors which are not permitted to be undertaken by the Liquidating Trust
28 under applicable law.

29 (e) Responsibilities of VHS. VHS shall continue in existence through the
30 expiration of the Interim Agreements and Transition Services Agreement, or as otherwise
31 determined by the Liquidating Trustee, for the following limited purposes: (i) perform support
32 services in accordance with the Interim Agreements and Transition Services Agreement and take
33 other actions as required under the Interim Agreements and Transition Services Agreement;
34 (ii) facilitate the payment of the Liquidating Trustee and its associated professionals;
35 (iii) effectuate the expeditious sale of the issued and outstanding equity interests in Marillac or
36 provide such other disposition that may be appropriate, to the extent such sale or other disposition
37 is not effectuated prior to the Effective Date; and (iv) perform all actions required of the Debtors
38 under any Executory Agreements set forth in the Schedule of Assumed Contracts.

(f) No Further Approvals Required. In performance of their duties hereunder, Post-Effective Date Debtors shall have the rights and powers of a debtor in possession under § 1107, and such other rights, powers, and duties necessary, appropriate, advisable or convenient to effectuate the provisions of the Plan. On and after the Effective Date, the Post-Effective Date Debtors shall not be required to obtain any approvals from the Bankruptcy Court, any court or Governmental Unit and/or provide any notices under the Nonprofit Laws to implement the terms of the Plan.

(g) Dissolution. The Liquidating Trustee will cause each Post-Effective Date Debtor to be dissolved for all purposes under applicable non-bankruptcy law, as follows:

(i) with respect to the Sale-Leaseback Debtors, after (x) the transfer of the Pharmacy Assets and the expiration of the Interim Agreements, (y) the filing of the final cost reports with CMS and DHCS, if the Sale-Leaseback Debtors are required to remain in existence to file such reports, and (z) after completion of the claims process under the capitation agreements, if required;

(ii) with respect to SVMC and St. Vincent Dialysis, after the receipt of all payments related to Medi-Cal and Medicare, including the Quality Assurance Payments;

(iii) with respect to the SCC Debtors, after the receipt of all payments related to Medi-Cal and Medicare, including the Quality Assurance Payments; and

(iv) with respect to VHS, after (x) the transfer of the Pharmacy Assets and the expiration of the Interim Agreements, and (y) performance of all actions required of the Debtors under any Executory Agreements under the Schedule of Assumed Contracts.

The Liquidating Trustee may dissolve a Post-Effective Date Debtor, earlier than as set forth above, if he or she determines that the continued existence of such Post-Effective Date Debtor is not necessary to satisfy the foregoing conditions. Such dissolution shall occur without the necessity for any other or further actions to be taken by or on behalf of the Post-Effective Debtors, or payment of any fees, charges, penalties or other amounts required by applicable non-bankruptcy law; provided, however, that the Liquidating Trustee may in its discretion file any certificates of cancellation as may be appropriate in connection with dissolution of the Post-Effective Date Debtors.

5.9 *Post-Effective Date Board of Directors.*

(a) Post-Effective Date Board of Directors of VHS. On the Effective Date, the board members of VHS shall resign and the Post-Effective Date Board of Directors of VHS will be appointed. The members that make up the Post-Effective Date Board of Directors of VHS shall also serve and remain as the members of the subsidiary boards and any other boards required to be in existence.

(b) Duties. The Post-Effective Date Board of Directors shall (i) fulfill its duties and obligations under the bylaws and state and federal law, and (ii) oversee the Liquidating Trustee in his/her capacity as president of the Post-Effective Date Debtors consistent with the terms of this Plan.

(c) Resignation. Any member of the Post-Effective Date Board of Directors may resign at any time upon not less than thirty (30) days' written notice to the Liquidating Trustee and the Post-Effective Date Committee; provided, that, the Liquidating Trustee may waive such notice period.

(d) Replacement. Notwithstanding anything in the bylaws to the contrary, in the event that a director serving on the Post-Effective Date Board of Directors resigns or is duly removed for cause, or in the event of the death of any such director or other occurrence rendering such director incapacitated or unavailable for a period of thirty (30) consecutive days, a replacement director shall be designated by the remaining members of the Post-Effective Date Board of Directors of VHS in consultation with the Liquidating Trustee.

(e) Termination. The terms of the Post-Effective Date Board of Directors shall expire upon the date they are no longer required under state law as to each Debtor, as applicable.

(f) Limitation of Liability of the Post-Effective Date Board of Directors. The liability of the Post-Effective Date Board of Directors shall be limited to the maximum extent permitted by law, including any exculpations under the articles of incorporation or bylaws of the Post-Effective Date Debtors.

5.10 ***Document Preservation.*** The Liquidating Trust shall comply the Document Retention Policy attached as Exhibit A to Docket No. 3355.

SECTION 6. THE LIQUIDATING TRUST

6.1 ***Creation.*** On the Effective Date, the Liquidating Trust shall be created and all of the Liquidating Trust Assets shall be transferred to the Liquidating Trust, pursuant to the terms of the Liquidating Trust Agreement. Nothing in this Plan, including the implementation of the Liquidating Trust, or actions or inactions by the Liquidating Trustee after the Effective Date, shall alter, terminate, or otherwise adversely affect the Nonprofit Status of the Post-Effective Date Debtors; provided, further, that the transfer of Causes of Action to the Liquidating Trust shall not impair any parties' rights, defenses, claims, or counterclaims that have been or could be asserted unless otherwise settled.

6.2 ***Purposes of the Liquidating Trust.*** The primary purpose of the Liquidating Trust shall be the liquidation and distribution of its assets, in accordance with 26 C.F.R. § 301.7701-4(d). The primary functions of the Liquidating Trust are as follows: (i) to liquidate, sell, or dispose of the Trust Assets; (ii) to cause all net proceeds of the Trust Assets, including proceeds of Causes of Action on behalf of the Liquidating Trust, to be deposited into the Liquidating Trust; (iii) to initiate actions to resolve any remaining issues regarding the allowance and payment of Claims including, as necessary, initiation and/or participation in proceedings before the Court; (iv) to take such actions as are necessary or useful to maximize the value of the Liquidating Trust; (v) to effectuate the wind-down of the Debtors as set forth in the Plan; and (vi) to make the payments

1 and distributions to Holders of Allowed Claims, including Trust Beneficiaries, as required by the
2 Plan.

3 6.3 ***The Liquidating Trust Agreement.*** The Liquidating Trust Agreement executed by
4 the parties thereto shall be filed not less than fourteen (14) days prior to the Ballot Deadline,
5 provided, that a copy of the Liquidating Trust Agreement in substantially final form shall be
6 included in the Disclosure Statement. The Liquidating Trust Agreement, including the designation
7 of the Liquidating Trustee thereunder, shall be approved by the Court, and the designated
8 Liquidating Trustee shall accept their duties thereunder on or before the Confirmation Date. The
9 Liquidating Trust Agreement shall, among other things, create the Liquidating Trust, identify the
10 Liquidating Trustee, identify the compensation of the Liquidating Trustee, and specify the
11 authorities and powers of the Liquidating Trustee and the Post-Effective Date Committee
12 consistent with this Plan. The Liquidating Trust Agreement may only be amended, modified
13 and/or supplemented by providing 5 business days written notice to the Plan Proponents, and if
14 any of the Plan Proponents shall object to such amendment, modification and/or supplement in
15 writing, subject to Bankruptcy Court approval, after notice and a hearing.

16 6.4 ***Operations of the Liquidating Trust.*** From and after the Effective Date, the
17 Liquidating Trust may use and dispose of Liquidating Trust Assets, and take any of the actions
18 consistent with this Plan and/or the Liquidating Trust Agreement without the approval of the Court
19 and free of the restrictions of the Bankruptcy Code, the Bankruptcy Rules, and the Local
20 Bankruptcy Rules, provided that the Liquidating Trust will be administered so that it qualifies as
21 a liquidating trust under 26 C.F.R. § 301.7701-4(d). The actions of the Liquidating Trust and the
22 Liquidating Trustee shall be governed by the provisions of the Liquidating Trust Agreement.

23 6.5 ***Liquidating Trustee.***

24 (a) **Appointment.** The Liquidating Trustee shall be selected by the Committee
25 with the consent of the Master Trustee, such consent not to be unreasonably withheld. The
26 Liquidating Trustee shall be deemed appointed on the Effective Date, without further motion,
27 application, notice, hearing, or other order of the Bankruptcy Court. The appointment, duties, and
28 powers of the Liquidating Trustee are as set forth in Article 3 of the Liquidating Trust Agreement.
The Liquidating Trustee shall also serve as the president of each Post-Effective Date Debtor in
accordance with the articles of incorporation or bylaws of the Post-Effective Date Debtors.

(b) **Duties.** After the Effective Date, without necessity of any further order of
the Bankruptcy Court and/or any federal or state court, the Liquidating Trustee shall have the
responsibilities set forth in (i) the Liquidating Trust Agreement, (ii) the articles of incorporation
or bylaws of the Post-Effective Date Debtors, and (iii) this Plan, which include, but are not limited
to, those set forth below:

- (i) implement this Plan and administer the Liquidating Trust;
- (ii) hold legal title to any and all rights of the Trust Beneficiaries in or
arising from the Liquidating Trust Assets, including, but not limited to,
collecting, receiving any and all money and other property belonging to the

Liquidating Trust and the right to vote any claim or interest in a case under the Bankruptcy Code and receive any distribution therein;

(iii) perform the duties, exercise the powers, and assert the rights of a trustee under §§ 704 and 1106, including, without limitation, commencing, prosecuting or settling Causes of Action, enforcing contracts, and asserting claims, defenses, offsets and privileges and shall be deemed substituted as plaintiff therein without need for any further order of the Bankruptcy Court and shall have all of the standing, rights, powers and obligations of the Debtors and the Non-Debtor Affiliates for all purposes with respect to the Liquidating Trust Assets;

(iv) be responsible for the following related to the Post-Effective Date Debtors:

(a) oversee the management and operations of the Hospital Purchased Assets pursuant to the Interim Agreements, including, without limitation, the administration of all obligations and claims, and the Transfer or other disposition of the Hospital Purchased Assets;

(b) oversee and implement the responsibilities and duties of the Sale-Leaseback Debtors;

(c) ensure compliance with the Interim Agreements;

(d) report to the respective board on a regular basis and provide such information and reports that may be reasonably requested by the Post-Effective Date Board of Directors;

(e) oversee SVMC's, St. Vincent Dialysis's, and the SCC Debtors' collection of Quality Assurance Payments and other accounts; and

(f) oversee and implement the responsibilities and duties of VHS, including, but not limited to, ensuring compliance with the Interim Agreements and the Transition Services Agreements;

(v) protect and enforce the rights to the Liquidating Trust Assets by any method deemed appropriate including, without limitation, by judicial proceedings or pursuant to any applicable bankruptcy, insolvency, moratorium or similar law and general principles of equity;

(vi) compromise, adjust, arbitrate, sue on or defend, pursue, prosecute, abandon, or otherwise deal with and settle, in accordance with the terms of the Liquidating Trust Agreement, the Causes of Action in favor of or against the Liquidating Trust as the Liquidating Trustee shall deem advisable;

(vii) avoid and recover transfers of the Debtors and Non-Debtor Affiliates' property as may be permitted by the Bankruptcy Code or applicable state law, including, without limitation, those identified in the Disclosure Statement;

(viii) determine and satisfy any and all liabilities created, incurred or assumed by the Liquidating Trust;

(ix) estimate, object to, defend against and otherwise administer Claims (except for Professional Claims, the 2005 Revenue Bonds Diminution Claim, and any Allowed Claims payable on or prior to the Effective Date) and Interests or requests for payment or allowance of an administrative expense;

(x) file, if necessary, any and all tax and information returns with respect to the Liquidating Trust, including the Liquidating Trust Reserves, and pay taxes properly payable by the Liquidating Trust, if any;

(xi) obtain insurance coverage with respect to the liabilities and obligations of the Liquidating Trustee under this Liquidating Trust Agreement (in the form of an errors and omissions policy or otherwise);

(xii) continue to ensure compliance with the terms of the Transition Services Agreements related to the SFMC Sale and the Seton Sale;

(xiii) serve as the president, or appoint an officer, of SVMC, St. Vincent Dialysis, and the SCC Debtors;

(xiv) report to the Post-Effective Date Committee;

(xv) enforce the terms of the Interim Agreements and the Transition Services Agreements;

(xvi) perform tasks necessary to effectuate termination of the Defined Contribution Plans, if any; and

(xvii) take any action required or permitted by the Plan.

(c) Oversight. The Liquidating Trustee shall keep the Master Trustee informed, from time to time, of the progress of the Liquidating Trust in collecting and liquidating the Liquidating Trust Assets, including all offers of compromise and settlement with respect to such assets. Unless and until the First Priority Trust Beneficial Interests are paid in full, any decisions of the Liquidating Trustee to settle, compromise, affect, waive or release any rights of the Liquidating Trust in any assets having a nominal value of \$50,000 or more (or such other minimum amount as may be agreed to by the Liquidating Trustee and the Master Trustee) shall require the consent of the Master Trustee, which consent may be withheld in its sole discretion. In the event that the Liquidating Trustee intends to decline an offer of compromise or settlement that would result in the payment in full of the First Priority Trust Beneficial Interests (any such offer, an "Exit

Offer”), such decision shall be made only if, in the reasonable determination of the Liquidating Trustee, there is a reasonable probability that a materially greater amount can be collected within a reasonable period of time. If the Master Trustee disagrees with the decision of the Liquidating Trustee to decline an Exit Offer, the Master Trustee may commence an expedited, confidential arbitration against the Liquidating Trustee and the Post-Effective Date Committee seeking a determination that the Liquidating Trustee has not acted reasonably in declining to accept such Exit Offer, and compelling the Liquidating Trustee to accept such Exit Offer.

(d) Resignation as Liquidating Trustee. The Liquidating Trustee may resign at any time upon not less than sixty (60) days’ written notice to the Post-Effective Date Committee and the Post-Effective Date Board of Directors (if in existence at that time); provided, that the Post-Effective Date Committee and the Post-Effective Date Board of Directors may waive such notice requirement.

(e) Term as President of Post-Effective Date Debtors. The term of the Liquidating Trustee as president of the Post-Effective Date Debtors expires on the earlier of (i) twelve (12) months following the Effective Date or (ii) the expiration of the Interim Agreements, unless the Liquidating Trustee, with the consent of the Post-Effective Date Board of Directors, requests that the Court extend such term. Prior to the expiration of the term of the Liquidating Trustee as president of the Post-Effective Date Debtors, the Post-Effective Date Board of Directors may, in consultation with the Post-Effective Date Committee, terminate the Liquidating Trustee as president for cause.

(f) Replacement of the Liquidating Trustee. In the event that the Liquidating Trustee resigns, or in the event of the death of the Liquidating Trustee or other occurrence rendering the Liquidating Trustee incapacitated or unavailable for an extended period of thirty (30) consecutive days, a replacement Liquidating Trustee shall be appointed. If such appointment occurs prior to full payment of the First Priority Trust Beneficial Interests, the Post-Effective Date Committee shall appoint a replacement Liquidating Trustee in consultation with the Post-Effective Date Board of Directors, if such Board has not been disbanded, and with the consent of the Master Trustee, such consent not to be unreasonably withheld. If such appointment occurs after full payment of the First Priority Trust Beneficial Interests, the Post-Effective Date Committee shall appoint a replacement Liquidating Trustee in consultation with the Post-Effective Date Board of Directors, if such Board has not been disbanded. A notice of the identity of the new Liquidating Trustee shall be filed with the Bankruptcy Court promptly after the new Liquidating Trustee is appointed.

(g) No Further Approvals Required/Transfer of Liquidating Trust Assets. In performance of its duties hereunder, the Liquidating Trustee shall have the rights and powers of a debtor in possession under § 1107, and such other rights, powers, and duties necessary, appropriate, advisable or convenient to effectuate the provisions of the Plan. On and after the Effective Date, the Liquidating Trustee shall not be required to obtain any approvals from the Bankruptcy Court, any court or Governmental Unit and/or provide any notices under any applicable laws, including under the Nonprofit Laws, to implement the terms of the Plan, including, without limitation, the Transfer of any Liquidating Trust Assets retained by the Liquidating Trust. As further set forth in the Liquidating Trust Agreement, without limitation of the foregoing, with the prior Consent of the Master Trustee (until the First Priority Beneficial Trust Interests are paid in full) and the Post-

Effective Date Committee, the Liquidating Trustee shall be authorized pursuant to this Plan to Transfer any or all of the Liquidating Trust Assets without necessity of any further notice or approval of the Bankruptcy Court and/or under any applicable state or federal law, including under the Nonprofit Laws. This provision shall be subject in its entirety to the Liquidating Trust Agreement.

(h) Operation of Hospital Purchased Assets. The Liquidating Trustee shall be authorized (i) to continue to Operate the Hospital Purchased Assets pursuant to the Interim Agreements without necessity of any further notice or approval by the Bankruptcy Court, (ii) to execute any agreement or other instrument necessary to implement the terms of the SFMC Asset Purchase Agreement, the Seton Asset Purchase Agreement, the Transition Services Agreements, and the Interim Agreements, and (iii) to enforce the terms of the Interim Agreements and the Transition Services Agreements.

(i) Compensation. The Liquidating Trustee shall be compensated and reimbursed for his/her out-of-pocket expenses incident to the performance of his/her duties under the Plan as set forth in the Liquidating Trust Agreement, without further motion, application, notice or other order of the Bankruptcy Court. The fees and expenses of the Liquidating Trustee shall be satisfied solely out of the Liquidating Trust Administration Accounts.

6.6 Books and Records. As more fully set forth in the Liquidating Trust Agreement, the Liquidating Trustee shall maintain, with respect to the Liquidating Trust and the Trust Beneficiaries, books and records relating to the Liquidating Trust Assets and income of the Liquidating Trust and the payment of expenses of, and liabilities of claims against or assumed by, the Liquidating Trust in such detail and for such period of time as may be necessary to enable it to make full and proper accounting in respect thereof. Such books and records shall be maintained on a modified cash or other comprehensive basis of accounting necessary to facilitate compliance with the tax reporting requirements of the Liquidating Trust. Except as provided in the Liquidating Trust Agreement and the Plan, nothing requires the Liquidating Trustee to file any accounting or seek approval of any court with respect to the administration of the Liquidating Trust, or as a condition for managing any payment or distribution out of the Liquidating Trust Assets.

6.7 Payment of Trust Expenses. As set forth below, the Liquidating Trust expenses shall be paid, or adequate reserves created therefor, from the Liquidating Trust Administration Accounts.

6.8 Employment and Compensation of Professionals. In accordance with the Liquidating Trust Agreement, the Liquidating Trust may employ such counsel (which may be the same counsel employed by either the Post-Effective Date Committee or the Post-Effective Date Debtors), advisors and other professionals selected by the Liquidating Trustee that the Liquidating Trustee reasonably requires to perform its responsibilities under the Plan without further order from the Bankruptcy Court. The Liquidating Trust's professionals shall be compensated as agreed to by the Liquidating Trustee and paid upon five (5) Business Days' notice to the Post-Effective Date Committee, without further motion, application, notice or other order of the Bankruptcy Court. The fees and expenses of the Liquidating Trust's professionals shall be satisfied solely out of the Liquidating Trust Administrative Accounts.

1 6.9 ***Limitation of Liability of the Liquidating Trustee and the Post-Effective Date***
2 ***Committee.*** The Liquidating Trustee and the Post-Effective Date Committee, and the Liquidating
3 Trustee's attorneys, accountants, consultants, employees, agents and assignees, shall have no
4 liability for any error of judgment, actions, or omissions made in good faith other than as a result
5 of gross negligence or willful misconduct. No provisions of this Plan shall require the Liquidating
6 Trustee or any of the members of the Post-Effective Date Committee to expend or risk his/her own
7 funds or otherwise incur personal financial liability in the performance of any of his/her duties
8 under this Plan or in the exercise of any of the Liquidating Trustee's and the Post-Effective Date
9 Committee's rights and powers. The Liquidating Trust shall indemnify and hold the Liquidating
10 Trustee and Post-Effective Date Committee harmless, from and against any damages, costs, claims
11 and other liabilities incurred by any of them in connection with their respective duties and
12 responsibilities hereunder, other than those damages, costs, claims and other liabilities that result
13 from such party's gross negligence or willful misconduct. Further, as provided in the Interim
14 Agreements, Prime and AHMC shall indemnify and hold the Liquidating Trustee harmless, from
15 and against any damages, costs, claims and other liabilities incurred by him/her in connection with
16 the respective duties and responsibilities hereunder, other than those damages, costs, claims and
17 other liabilities that result from the Liquidating Trustee's gross negligence or willful misconduct.
18 The Liquidating Trustee may purchase or extend existing insurance to cover potential liabilities
19 that may be incurred in the Chapter 11 Cases, and such cost shall be paid for by the Liquidating
20 Trust from the Liquidating Trust Administration Accounts..

21 6.10 ***Termination of the Trust.*** The Liquidating Trust will terminate on the
22 earlier of: (a) thirty (30) days after the final distribution of the Liquidating Trust Assets in
23 accordance with the terms of this Liquidating Trust Agreement and the Plan; and (b) the fifth (5th)
24 anniversary of the Effective Date. Notwithstanding the foregoing, multiple fixed term extensions
25 can be obtained so long as Bankruptcy Court approval is obtained within three (3) months before
26 the expiration of the term of the Liquidating Trust and each extended term. The aggregate of all
27 such extensions shall not exceed three (3) years, unless the Liquidating Trustee receives a
28 favorable ruling from the IRS that any further extension would not adversely affect the status of
29 the Liquidating Trust as a liquidating trust within the meaning of 26 C.F.R. § 301.7701-4(d) for
30 federal income tax purposes. The Liquidating Trustee shall not unduly prolong the duration of the
31 Liquidating Trust and shall at all times endeavor to resolve, settle or otherwise dispose of all claims
32 that constitute Liquidating Trust Assets and to effect the distribution of the Liquidating Trust
33 Assets to the Trust Beneficiaries in accordance with the terms hereof and terminate the Liquidating
34 Trust as soon as practicable. Prior to and upon termination of the Liquidating Trust, the
35 Liquidating Trust Assets will be distributed no less frequently than quarterly as set forth herein
36 first, to the holder of the First Priority Trust Beneficial Interests until such Trust Beneficial
37 Interests are paid in full, and second, to the holders, *pro rata*, of the Second Priority Trust
38 Beneficial Interests until paid in full. Such distributions shall otherwise be made pursuant to the
39 provisions set forth herein and in the Liquidating Trust Agreement. If any Liquidating Trust Assets
40 are not duly claimed, such Liquidating Trust Assets will be distributed pursuant to Section 8.5. If
41 there are still any Liquidating Trust Assets after a final distribution and payment of all expenses
42 associated with the Liquidating Trust, such Liquidating Trust Assets will be disposed of in
43 accordance with applicable law.

1 SECTION 7. MEANS FOR IMPLEMENTATION OF THE PLAN

2 7.1 *Creditor Settlement Agreements.*

3 (a) Plan Settlement. Pursuant to Bankruptcy Rule 9019 and § 1123(b)(3)(A),
4 the entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, as of the
5 Effective Date, of the Plan Settlement by and between the Debtors, the Prepetition Secured
6 Creditors, and the Committee. The primary terms of the Plan Settlement are as follows:

7 (i) the Holders of Secured 2005 Revenue Bond Claims shall
8 receive the treatment set forth in Section 4.5, including, but not
9 limited to, the receipt of the Initial Secured 2005 Revenue Bonds
10 Claims Payment and the First Priority Trust Beneficial Interests in
11 full and final satisfaction of the 2005 Revenue Bonds Diminution
12 Claim;

13 (ii) the Holders of Allowed General Unsecured Claims shall
14 receive the treatment set forth in Section 4.9, including, but not
15 limited to, the receipt of Second Priority Beneficial Trust Interests
16 in full and final satisfaction of all Allowed General Unsecured
17 Claims;

18 (iii) on the Effective Date, or as soon thereafter is reasonably
19 practicable, the following litigations and the claims asserted therein
20 shall be dismissed with prejudice: (a) the adversary proceeding
21 captioned *Official Committee of Unsecured Creditors of Verity*
22 *Health System of California, Inc., et al. v. U.S. Bank National*
23 *Association, as trustee*, Adv. Case No. 2:19-ap-01165-ER (Bankr.
24 C.D. Cal.); and (b) the adversary proceeding captioned *Official*
25 *Committee of Unsecured Creditors of Verity Health System of*
26 *California, Inc., et al. v. UMB Bank, National Association, as*
27 *trustee*, Adv. Case No. 2:19-ap-01166-ER (Bankr. C.D. Cal.);

28 (iv) any outstanding stipulation or other agreement tolling the
Committee's right to pursue claims against Verity MOB Financing,
LLC and Verity MOB Financing II, LLC pursuant to the Final DIP
Order and/or the Cash Collateral Orders shall be terminated and all
further rights of the Committee with respect to such claims shall be
waived, released, and terminated with prejudice;

(v) the Confirmation Order shall include, without limitation,
findings that: (a) the Prepetition Secured Creditors were oversecured
as of the Petition Date and are entitled to retain Adequate Protection
Payments as allowed postpetition interest and fees under § 506(a);
(b) the amount of the Prepetition Replacement Lien (as defined in
the Final DIP Order and the Cash Collateral Orders) that may be
asserted by the Master Trustee and the 2005 Revenue Bonds Trustee

1 is equal to or greater than the 2005 Revenue Bonds Diminution
2 Claim; (c) the 2005 Revenue Bonds Claim, including the 2005
3 Revenue Bonds Diminution Claim, constitutes an Allowed Secured
4 Claim for all purposes under the Plan and the Liquidating Trust
5 Agreement, and on and after the Effective Date shall not be subject
6 to any defense, reduction, setoff or counterclaim, including without
7 limitation, pursuant to any claims under §§ 506(c) and 552(b) of the
8 Bankruptcy Code; and (d) the Master Trustee and the 2005 Bonds
9 Trustee are authorized to enter into the Plan Settlement on behalf of
the holders of the 2005 Bonds Claims and such Trustees have
properly exercised their rights, powers and discretion pursuant to the
2005 Bonds Indenture and applicable law in entering into the Plan
Settlement, which shall be bind the Master Trustee, the 2005
Revenue Bonds Trustee and all holders of the 2005 Revenue Bonds
Claims;

10 (vi) the Debtors and the Prepetition Secured Creditors shall
11 waive any objection to the fees and expenses incurred by the
12 Committee's advisors which exceed the limitations for investigating
13 and prosecuting claims against the Prepetition Secured Creditors set
14 forth in the Final DIP Order, the Cash Collateral Orders, the related
15 budgets, and as set forth more fully in the Debtors' reservations of
rights [Docket Nos. 3896, 4287]; provided, however, nothing herein
shall be deemed a waiver of the rights of any party to object to the
reasonableness of fees and/or expenses of the Committee;

16 (vii) the Master Trustee and the 2005 Revenue Bonds Trustee
17 shall agree that, on the Effective Date, the Debtors shall pay, or
18 reserve for, all Allowed and allowable Administrative Claims not
19 otherwise paid in the ordinary course of the Debtors' operations
notwithstanding that, absent such agreement, such Administrative
Claims would not otherwise be entitled to any payment absent full
payment of the 2005 Revenue Bonds Claim;

20 (viii) the Indenture Trustees and their affiliates shall be Released
21 Parties under this Plan and shall be granted the benefit of the releases,
22 injunctions, and exculpations set forth herein pursuant to
§ 1123(b)(3)(A) and the Plan Settlement; and

23 (ix) the Plan Settlement shall be effective provided that (a) the
24 Confirmation Order is not subject to a stay of effectiveness on the
25 Effective Date, and (b) Effective Date occurs on or before
September 5, 2020.

26 The entry of the Confirmation Order shall constitute the Bankruptcy Court's finding that
27 (i) entering into the Plan Settlement is in the best interests of the Debtors, their Estates, and their
28

creditors, (ii) the Plan Settlement is fair, equitable and reasonable, and (iii) the Plan Settlement meets all the standards set forth in Bankruptcy Rule 9019 and § 1123(b)(3)(A).

(b) PBGC Settlement. Pursuant to Bankruptcy Rule 9019 and § 1123(b)(3)(A), the entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, as of the Effective Date, of the PBGC Settlement by and between the Debtors and the PBGC. The primary terms of the PBGC Settlement are as follows:

(i) the PBGC is granted a single, Allowed Administrative Claim against the Debtors in the total amount of \$3,000,000 to be paid on the Effective Date;

(ii) the PBGC is granted a single, Allowed General Unsecured Claim against the Debtors in the total amount of \$450,000,000;

(iii) the PBGC shall support confirmation of the Plan and entry of the Confirmation Order;

(iv) notwithstanding anything to the contrary in the Plan or Confirmation Order, any fiduciary breach claims held by the PBGC related to the Verity Health System Retirement Plan A and Verity Health System Retirement Plan B, shall not be not released, waived, or discharged under this Plan or the Confirmation Order;

(v) the PBGC Settlement shall be in full and final satisfaction of the PBGC Claims; and

(vi) the PBGC Settlement shall be null and void in the event that (A) the Plan is not confirmed or does not go into effect, or (B) the SFMC Sale or Seton Sale do not close.

The entry of the Confirmation Order shall constitute the Bankruptcy Court's finding that (i) entering into the PBGC Settlement is in the best interests of the Debtors, their Estates, and their creditors, (ii) the PBGC Settlement is fair, equitable and reasonable, and (iii) the PBGC Settlement meets all the standards set forth in Bankruptcy Rule 9019 and § 1123(b)(3)(A). Notwithstanding any provision in the Plan (including Section 13 hereof) or the Confirmation Order to the contrary, neither the Plan nor the Confirmation Order shall in any way be construed to discharge, release, limit, or relieve any party for a fiduciary breach related to the Verity Health System Retirement Plan A or Verity Health System Retirement Plan B. The PBGC, the Verity Health System Retirement Plan A, and the Verity Health System Retirement Plan B shall not be enjoined or precluded from enforcing such liability or responsibility by any of the provisions of the Plan or the Confirmation Order.

(c) Other Creditor Settlement Agreements. Pursuant to Bankruptcy Rule 9019 and § 1123(b)(3), the entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, as of the Effective Date, of each of the Creditor Settlement Agreements and the finding that (i) entering into each of the Creditor Settlement Agreements is in the best interests of the Debtors, their Estates, and their creditors, (ii) each of the Creditor Settlement Agreements is fair,

equitable and reasonable, and (iii) each of the Creditor Settlement Agreements meets all the standards set forth in Bankruptcy Rule 9019 and § 1123(b)(3). Notwithstanding anything to the contrary set forth herein, all distributions contemplated by each Creditor Settlement Agreement shall be made only in accordance with the terms of the respective Creditor Settlement Agreement.

7.2 ***Deemed Substantive Consolidation.*** The Plan contemplates, and is predicated on, the deemed substantive consolidation of the Debtors' Estates as follows:

(a) Entry of the Confirmation Order shall constitute the approval, pursuant to §§ 105(a), 541, 1123, and 1129, of the deemed substantive consolidation of the Debtors in the manner set forth herein. Notwithstanding such deemed substantive consolidation, however, fees payable, pursuant to 28 U.S.C. § 1930, shall be due and payable by each individual Debtor.

(b) The deemed substantive consolidation effected pursuant to the Plan shall not affect, without limitation, (i) the Debtors', the Post-Effective Date Debtors', or the Liquidating Trust's defenses to any Claim or Cause of Action, including the ability to assert any counterclaim, provided, that, the Liquidating Trust shall neither assert nor preserve Intercompany Claims, except to the extent necessary to preserve claims and defenses against any third parties other than the Debtors; (ii) the Debtors', the Post-Effective Date Debtors', or the Liquidating Trust's setoff or recoupment rights; (iii) requirements for any third party to establish mutuality prior to deemed substantive consolidation in order to assert a right of setoff against the Debtors, the Post-Effective Date Debtors, or the Liquidating Trust; (iv) distributions to the Debtors, the Estates, the Post-Effective Date Debtors, or the Liquidating Trust out of any Insurance Policies or proceeds of such policies; (v) distributions to the Debtors, the Estates, the Post-Effective Date Debtors, or the Liquidating Trust from any governmental programs, including, but not limited to, Medicare and Medi-Cal, including any fee for service payments and any Quality Assurance Payments; (vi) the applicability and enforceability of any government issued licenses, including, but not limited to, the Hospital Licenses, or (vii) any Avoidance Action or any other Cause of Action held by the Debtors arising under §§ 541 through 550, or state laws of similar effect, against any third party other than the other Debtors, except to the extent any such actions are expressly waived or settled pursuant to this Plan.

(c) The Disclosure Statement and the Plan shall be deemed to be a motion requesting that the Bankruptcy Court approve the deemed substantive consolidation contemplated by the Plan. Unless an objection to the proposed deemed substantive consolidation is made in writing by any creditor purportedly affected by such deemed substantive consolidation on or before the deadline to object to confirmation of the Plan, or such other date as may be fixed by the Bankruptcy Court, the deemed substantive consolidation contemplated by the Plan may be approved by the Bankruptcy Court at the Confirmation Hearing. In the event any such objections are timely filed, a hearing with respect thereto shall be scheduled by the Bankruptcy Court, which hearing may, but need not, be the Confirmation Hearing.

(d) If the Bankruptcy Court determines that deemed substantive consolidation of any given Debtors is not appropriate, then the Plan Proponents may request that the Bankruptcy Court otherwise confirm the Plan and approve the treatment of and Distributions to the different Classes under the Plan on an adjusted, Debtor-by-Debtor basis. Furthermore, the Debtors reserve their rights, with the consent of the Plan Proponents: (i) to seek confirmation of the Plan without

1 implementing deemed consolidation of any given Debtor, and, in the Debtors' reasonable
2 discretion, to request that the Bankruptcy Court approve the treatment of and Distributions to any
3 given Class under the Plan on an adjusted, Debtor-by-Debtor basis; and (ii) to seek deemed
4 consolidation of all Debtors whether or not all Impaired Classes entitled to vote on the Plan vote
5 to accept the Plan.

6
7 **7.3 Cancellation of Existing Indentures and Related Securities.** On the Effective
8 Date, and conditioned on the irrevocable receipt of all of the Plan payments to the respective Bond
9 and Notes Trustees on behalf of Classes 2, 3, and 4 due upon the Effective Date, and the
10 effectiveness of the releases and exculpations of each of the Indenture Trustees in accordance with
11 Sections 13.5(d) and 13.7 of the Plan, the Master Indenture of Trust, dated as of December 1, 2001,
12 as amended and supplemented, among the Daughters of Charity Health System, as predecessor in
13 interest to VHS, the 2005 Revenue Bonds Indentures, the 2015 Revenue Notes Indentures and the
14 2017 Revenue Notes Indentures (collectively, the "**Indentures**"), together with the related
15 Obligations of the Debtors, loan agreements and security documents to which the Debtors are party,
16 including the Intercreditor Agreement, and the respective notes, bonds, and securities issued under
17 each of the Indentures shall be deemed inoperative and unenforceable against the Debtors and the
18 Debtors shall have no continuing obligations thereunder, and the Indenture Trustees shall each be
19 discharged for all purposes, provided, however, that the foregoing Indentures shall continue in
20 effect solely to the extent necessary to (i) allow the respective Bond and Notes Trustees to receive
21 and make distributions under the Plan to their respective holders, and preserving the tax attributes
22 of such distributions under such Indentures and (ii) allow the respective Indenture Trustees to
23 enforce any obligations owed to them under the Plan or their respective Indentures (including
24 compensation and reimbursement for any reasonable and documented fees and expenses pursuant
25 to their respective charging liens as provided in the Indentures, as applicable). Without limiting
26 the foregoing, the Bond and Notes Trustees, as applicable, shall receive all distributions made
27 under the Plan on account of their respective Allowed Claims and shall distribute them in any
28 manner permitted by the applicable Indentures, including on a date selected by the respective Bond
and Notes Trustee on or after the Effective Date for surrender and cancellation of securities. The
Indenture Trustees shall be entitled to receive from the Liquidating Trust their reasonable fees and
expenses incurred in releasing any liens and making distributions, as applicable, in accordance
with the relevant Indentures, the Plan, and the Confirmation Order. Notwithstanding the foregoing,
if any claim is ever made upon the Indenture Trustees or any Prepetition Secured Creditor subject
to the Intercreditor Agreement, which results in the rescission, repayment, recovery or restoration
of any amounts received by the Indenture Trustees (or in the case of the Prepetition Secured
Creditors, as distributed from the Indenture Trustees to such Prepetition Secured Creditor)
pursuant to the Plan, the Intercreditor Agreement shall be reinstated in full force and effect, and
the prior termination of the Intercreditor Agreement pursuant to this Section 7.3 shall not diminish,
release, discharge, impair or otherwise affect the obligations of the parties to the Intercreditor
Agreement from such date of reinstatement.

25 **7.4 Funding for Distributions.** The distributions to holders of Allowed Claims and
Trust Beneficiaries contemplated under the Plan shall be funded as set forth herein.

26 **7.5 No Further Court Authorization.** Except as provided herein or the Confirmation
27 Order, the Liquidating Trustee will continue the orderly administration of the Liquidating Trust
Assets and otherwise implement the provisions of this Plan without necessity of any further order
28

of the Bankruptcy Court or approval or consent of any Governmental Unit, including under the Nonprofit Laws. Further, except as provided herein or the Confirmation Order, the Liquidating Trustee will continue his/her oversight and related responsibilities pursuant to the Plan and Interim Agreements without necessity of any further order of the Bankruptcy Court or other Governmental Unit, including under the Nonprofit Laws.

7.6 ***Operating Accounts for the Post-Effective Date Debtors.*** On the Effective Date, subject to the prior payment of the amounts required to be paid by the Debtors in cash on the Effective Date pursuant to this Plan, Operating Accounts for Post-Effective Date Debtors shall be established and funded in accordance with, or, if previously established, continued in accordance with, the Operating Budget. The Liquidating Trustee shall be authorized to use the funds in the Operating Accounts to preserve, administer, and continue the Operations of the Operating Assets, including paying all costs and expenses associated therewith, and collection of any amounts due under the Interim Agreements, each in accordance with the Operating Budget. After the Effective Date, all Cash or other proceeds generated by the Operating Assets and required to fund the Operating Accounts and/or Operate the Operating Assets shall not be included within the definition of the Remaining Cash under this Plan.

7.7 ***Transfer of Certain Funds Into the Liquidating Trust.*** Post-Effective Date, the Liquidating Trustee, subject to the prior payment of all amounts required to be paid by the Debtors in cash on the Effective Date pursuant to this Plan, shall transfer funds received on account of any Post-Effective Date Debtors to the Liquidating Trust except for funds that (i) constitute Hospital Purchased Assets, or (ii) are to be retained by the Post-Effective Date Debtors under the Interim Agreements and the Operating Budget. The aforementioned transfers to the Liquidating Trust shall be made as soon as practicable, but no less frequently than on a quarterly basis, with the first such transfer occurring as soon as practicable after the Effective Date. Further, the Liquidating Trustee shall transfer all funds held or received by SVMC, St. Vincent Dialysis, and the SCC Debtors on or after the Effective Date to the Liquidating Trust as soon as practicable, but no less frequently than on a quarterly basis, with the first such transfer occurring as soon as practicable after the Effective Date.

(a) **Liquidating Trust Tax Matters.** For all federal and applicable state and local income tax purposes:

(i) All parties must treat each transfer of Liquidating Trust Assets to the Liquidating Trust in accordance with the terms of the Plan and the Liquidating Trust Agreement.

(ii) All parties shall treat the Liquidating Trust as a grantor trust, of which the Trust Beneficiaries are the owners and grantors, and treat the Trust Beneficiaries as the direct owners of an undivided interest in Liquidating Trust Assets (other than any assets allocable to Liquidating Trust Reserves and the Liquidating Trust Administration Accounts), consistent with their economic interests therein.

(iii) Each transfer of Liquidating Trust Assets (other than any assets allocable to Liquidating Trust Reserves and the Liquidating Trust

Administration Accounts) to the Liquidating Trust shall be treated as a transfer of such assets directly to the holders of Trust Beneficial Interests in partial satisfaction of their Claims (with each Trust Beneficiary receiving an undivided interest in such assets in accord with their economic interests in such assets), followed by the transfer by the Trust Beneficiaries to the Liquidating Trust of such assets in exchange for the Trust Beneficial Interests.

(iv) The Liquidating Trustee will make a good faith valuation of the Liquidating Trust Assets. All parties must consistently use such valuation for all federal and applicable state and local income tax purposes.

(v) Allocations of the Liquidating Trust's taxable income (other than income attributable to assets in the Liquidating Trust Reserves and the Liquidating Trust Administration Accounts) among the beneficiaries of the Liquidating Trust shall be determined by reference to the manner in which an amount of Cash equal to such taxable income would be distributed (without regard to any restrictions on distributions) if, immediately prior to such deemed distribution, the Liquidating Trust had distributed all of its other assets (valued at their tax book value and other than assets allocable to Disputed Claims) to the Trust Beneficiaries, in each case up to the tax book value of the assets treated as contributed by such Trust Beneficiaries, adjusted for prior taxable income and loss and taking into account all prior and concurrent distributions from the Liquidating Trust. Similarly, taxable loss of the Liquidating Trust shall be allocated by reference to the manner in which an economic loss would be borne immediately after a liquidating distribution of the remaining Liquidating Trust Assets. The tax book value of the Liquidating Trust Assets for this purpose shall equal their fair market value on the date such assets are transferred to the Liquidating Trust, adjusted in accordance with tax accounting principles prescribed by the IRC, applicable Treasury Regulations, and other applicable administrative and judicial authorities and pronouncements.

(vi) The Liquidating Trustee shall file with the IRS returns for the Liquidating Trust as a grantor trust pursuant to 26 C.F.R. § 1.671-4(a). The Liquidating Trustee also shall annually send to each Trust Beneficiary a separate statement setting forth the Trust Beneficiary's share of items of income, gain, loss, deduction, or credit and shall instruct all of the Trust Beneficiaries to report such items on their federal income tax returns or to forward the appropriate information to such Trust Beneficiary's underlying beneficial holders with instructions to report such items on their federal income tax returns.

(vii) The Liquidating Trustee shall (x) treat the Liquidating Trust Reserves as "disputed ownership funds" governed by 26 C.F.R. § 1.468B-9 by timely making an election, and (y) to the extent permitted by applicable

law, report consistently with the foregoing for state and local income tax purposes.

(viii) The Liquidating Trustee shall be responsible for the payment, out of the Liquidating Trust, of any taxes imposed on the Liquidating Trust or the Liquidating Trust Assets, including the Liquidating Trust Reserves.

7.8 ***Funding of the Liquidating Trust Administration Accounts.*** On or prior to the Effective Date, the Liquidating Trustee shall have the authority, subject to the Liquidating Trust Agreement, to establish and maintain one or more Liquidating Trust Administration Accounts in the name of the Liquidating Trustee pursuant to the terms of this Plan and the Liquidating Trust Agreement. On the Effective Date, an amount of the Debtors' Cash on hand equal to an aggregate of \$3,500,000.00 shall be deposited in the Liquidating Trust Administration Accounts as designated by the Liquidating Trustee. The Liquidating Trustee shall have the authority, subject to the Liquidating Trust Agreement, to utilize the funds in the Liquidating Trust Administration Account to pay any and all reasonable costs and expenses incurred in implementing the terms of this Plan and the Liquidating Trust Agreement, including, but not limited to, the costs of collection and liquidation of the Liquidating Trust Assets. et. As assets are collected by the Liquidating Trust, at least 95% of the gross amount of such collections shall be deposited into the Plan Fund, to be paid to the Master Trustee for application against the First Priority Trust Beneficial Interests until the 2005 Revenue Bonds Diminution Claim is paid in full, and the remainder of such gross collections may be retained by the Liquidating Trust and deposited into the Liquidating Trust Administration Account; provided, that, if and when the aggregate of the deposits into the Liquidating Trust Administration Account, including the initial \$3,500,000.00 deposit, equals \$7,500,000.00, 100% of all subsequent gross collections shall be deposited into the Plan Fund, to be paid to the Master Trustee for application to the First Priority Trust Beneficial Interests until paid in full, and then shall be used to make payments to the Holders of the Second Priority Trust Beneficial Interests. Upon termination of the Liquidating Trust, if any of the 2005 Revenue Bonds Diminution Claim remains unpaid, any balance in the Liquidating Trust Administration Account shall be paid to the Master Trustee on account of the First Priority Trust Beneficial Interests until the 2005 Revenue Bonds Diminution Claim is paid in full, and any remaining balance in the Liquidating Trust Administration Account shall thereafter be paid to the Holders of the Second Priority Trust Beneficial Interests.

7.9 ***Liquidating Trust Reserves.*** The Liquidating Trustee shall have the authority to establish and maintain the Liquidating Trust Reserves, as follows:

(a) Disputed Unclassified Claims and Disputed Class 1A Claims Reserves.

(i) ***Establishment.*** On the Effective Date, the Liquidating Trustee shall set aside Cash sufficient in the aggregate to fund a reserve on account of any Disputed Unclassified Claims and Disputed Class 1A Claims. Once such Disputed Unclassified Claims and Disputed Class 1A Claims, if any, are resolved and become Allowed, Cash in such reserves shall be made available, on a quarterly basis, for distribution to the holders of such newly Allowed Claims in accordance with the Plan. If all Disputed Unclassified Claims and Disputed Class 1A Claims are either Allowed and satisfied or

Disallowed, any remaining funds in such reserve, on a quarterly basis, shall be used to first fund the Trust Administration Account (if necessary) and the remainder shall be deposited into the Plan Fund.

(ii) *Funding Amount.* The Liquidating Trustee may reserve on account of any Disputed Unclassified Claims and Disputed Class 1A Claims based on the face amount of the Disputed Claim Holder's Proof of Claim (or if no Proof of Claim was filed, the amount set forth in the Debtors' Schedules with respect to such Disputed Claim or application for payment, as applicable) or request that the Bankruptcy Court estimate the amount of any Disputed Claim pursuant to § 502(c), in which event the amount so estimated shall be deemed the amount of the Disputed Claim for purposes of funding the Disputed Claims Reserves.

(b) Effective Date Professional Claim Reserves. For the Professional Claims not yet fixed and Allowed by the Bankruptcy Court prior to or on the Effective Date, the Liquidating Trustee shall establish the Effective Date Professional Claim Reserve. If all Professional Claims are Allowed and satisfied, any funds remaining in the Effective Date Professional Claim Reserve shall be used to first fund the Trust Administration Account (if necessary) and the remainder shall be deposited into the Plan Fund.

(c) Disputed Unsecured Claims Reserve. As more fully set forth below in Section 7.10(b), and solely from the Plan Fund, the Liquidating Trustee shall reserve for Disputed General Unsecured Claims until such Claims are reconciled and either Allowed or Disallowed. Amounts held in the Disputed Unsecured Claims Reserve shall be transferred into the unreserved portion of the Plan Fund for distribution to Allowed General Unsecured Claims upon determination of the General Unsecured Claim's status as Allowed or Disallowed.

(d) Administrative Claims Reserve. As more fully set forth below in Section 15.3, on the Effective Date, the Debtors shall establish the Administrative Claims Reserve. Upon satisfaction of all Allowed Administrative Claims and resolution of any disputed Administrative Claims for which amounts were included in the Administrative Claims Reserve, any funds remaining in the Administrative Claims Reserve shall be deposited into the Plan Fund.

7.10 *Plan Fund.*

(a) Establishment of the Plan Fund. On the Effective Date or as soon as practicable thereafter, subject to the prior payment of all amounts required to be paid by the Debtors on the Effective Date pursuant to this Plan, the Liquidating Trustee shall fund the Plan Fund with the Remaining Cash after funding (i) the Liquidating Trust Reserves and (ii) Liquidating Trust Administration Accounts. The proceeds of the Plan Fund shall be used to make distributions as follows: (i) first, to pay the 2005 Revenue Bonds Diminution Claim, which shall have a First Priority Trust Beneficial Interest in the Plan Fund; and (ii) second, to pay Allowed General Unsecured Claims, which shall have Second Priority Trust Beneficial Interest in the Plan Fund. As Disputed General Unsecured Claims are resolved and become Allowed, Cash in the Disputed Unsecured Claims Reserve shall be transferred into the unreserved portion of the Plan Fund and

1 made available for distribution to the Holders of such newly Allowed General Unsecured Claims
2 in an amount of their Pro Rata Share in accordance with the Plan.

3 (b) Funding Amount. After full Payment of the First Priority Trust Beneficial
4 Interests, the Liquidating Trustee may either (i) reserve on account of Disputed General Unsecured
5 Claims an amount necessary to satisfy such claims once they are Allowed, which shall be based
6 upon the estimated distribution percentage for all Allowed General Unsecured Claims (using either
7 the face value of the Proofs of Claim, or if no Proof of Claim was required to be filed, the amount
8 reflected in the Schedules), (ii) reserve an amount as estimated by agreement between the Debtors
9 or the Liquidating Trustee and the Holder of such Disputed General Unsecured Claim, or (iii) in
10 the absence of such an agreement, reserve the amount estimated by the Bankruptcy Court under §
11 502(c).

12 (c) Restrictions on Use of Plan Fund. Funds in the Plan Fund shall be used
13 solely to make payments to the Holders of Trust Beneficial Interests from time to time as required
14 by the terms of the Plan and the Liquidating Trust Agreement, and no funds in the Plan Fund shall
15 be used for the costs of administration of the Liquidating Trust or for any other purpose, including
16 the costs of collection and liquidation of the Liquidating Trust Assets.

17 7.11 *Post-Effective Date Committee.*

18 (a) Dissolution of the Committee. On the Effective Date, the Committee shall
19 be dissolved (except with respect to any Professional compensation matters), and the members,
20 employees, agents, advisors, affiliates, and representatives (including, without limitation,
21 attorneys, financial advisors, and other professionals) of each thereof shall thereupon be released
22 from and discharged of and from all further authority, duties, responsibilities, and obligations
23 related to, arising from and in connection with or related to the Chapter 11 Cases; provided,
24 however, that obligations arising under confidentiality agreements, joint interest agreements, and
25 protective orders, if any, entered during the Chapter 11 Cases shall remain in full force and effect
26 according to their terms. The Liquidating Trust shall continue to compensate the Post-Effective
27 Date Committee's professionals, in the ordinary course of business and without the need for
28 Bankruptcy Court approval, for reasonable services provided in connection with any of the
foregoing post-Effective Date activities out of the Liquidating Trust Administration Accounts.

(b) Formation of the Post-Effective Date Committee. On the Effective Date,
the Post-Effective Date Committee shall be appointed. Other than the Master Trustee, which shall
be an ex officio and non-voting member of the Post-Effective Date Committee, the initial members
that shall serve on the Post-Effective Date Committee shall be selected by the Committee and shall
be disclosed in a Plan Supplement.

(c) Duties. The Post-Effective Date Committee shall have duties in accordance
with the Plan and the Liquidating Trust Agreement: (i) consult and coordinate with the Liquidating
Trustee as to the administration of the Liquidating Trust and the Liquidating Trust Assets,
including without limitation, consulting on the Operating Budget; and (ii) consult and coordinate
with the Liquidating Trustee as to the administration of the Post-Effective Date Debtors.

1 (d) Resignation. Any member of the Post-Effective Date Committee may
2 resign at any time upon not less than thirty (30) days' written notice to the Post-Effective Date
3 Committee with a copy of such notice to the Liquidating Trustee; provided, that, the Post-Effective
4 Date Committee may waive such notice period. Any member of the Post-Effective Date
Committee may be removed in accordance with any by-laws governing the actions of the Post-
Effective Date Committee.

5 (e) Replacement. In the event that a member of the Post-Effective Date
6 Committee resigns or is duly terminated or unable to serve as a member thereof, then a successor
7 member shall be selected by the remaining members of the Post-Effective Date Committee, in
8 consultation with Post-Effective Date Debtors; provided, however, that if no agreement on the
9 replacement member can be reached or if there are fewer than two (2) members remaining on the
Post-Effective Date Committee, the parties shall request that the Bankruptcy Court resolve such
dispute and/or appoint the replacement member(s).

10 (f) Termination of the Post-Effective Date Committee. The Post-Effective
11 Date Committee shall continue in existence until such time as either the Post-Effective Date
12 Committee deems it appropriate by a majority vote to dissolve itself or all members of the Post-
Effective Date Committee resign; provided, however, that the Post-Effective Date Committee shall
13 automatically dissolve upon the closing of the Chapter 11 Cases in accordance with the terms of
Section 8.9.

14 **7.12 *Coordination Between Post-Effective Date Debtors and the Liquidating Trust.***
15 Notwithstanding anything herein to the contrary, in furtherance of the purposes of the Liquidating
16 Trust, at the request of the Liquidating Trustee, the Post-Effective Date Debtors (including,
17 without limitation, the Post-Effective Date Debtors' employees, agents and/or professionals) shall
18 be authorized to provide assistance and services to, or otherwise act on behalf of, the Liquidating
19 Trustee in the performance of the Liquidating Trustee's duties under the Plan and the Liquidating
Trust Agreement. Without limitation on the foregoing, the Post-Effective Date Debtors shall be
authorized to assist in the reconciliation and administration of claims, and assist in the liquidation
and/or collection of Liquidating Trust Assets (including, without limitation, litigation claims). The
Liquidating Trustee shall oversee all such services provided on behalf of the Liquidating Trustee.

20 **7.13 *Destruction and Abandonment of Books and Records.*** Subject to the terms of the
21 Records Retention Order with respect to the records covered thereby, on or after the Effective Date,
22 pursuant to § 554(a), the Liquidating Trustee is each authorized, from time to time, without further
23 application to the Bankruptcy Court or notice to any party, to abandon or otherwise destroy
24 documents and records (whether in electronic or paper format) that he or she determine, in his/her
25 reasonable business judgment, are no longer necessary to the administration of either the Chapter
26 11 Cases or the Plan, notwithstanding any federal, state, or local law or requirement requiring the
27 retention of the applicable documents or records; provided, that, 60 days prior to any abandonment
28 or destruction, the Liquidating Trustee will give notice to any Insurer requesting notice prior to the
Confirmation Date and a general description of the documents to be abandoned or destroyed, and
the Insurer shall have 30 days thereafter to request, at its expense, copies of the documents relevant
to the defense or indemnity claims covered by that Insurer. The Insurer and the Liquidating
Trustee shall cooperate in limiting the request to document relevant to defense or indemnity of
claims covered by that Insurer. The Liquidating Trustee shall comply with and shall not modify

the Records Retention Order without (i) the prior consent of the Post-Effective Date Committee or (ii) upon motion to the Bankruptcy Court with notice and an opportunity to be heard.

7.14 ***Preservation of Insurance.*** Nothing in this Plan shall diminish, impair or otherwise affect payments from the proceeds or the enforceability of any Insurance Policies that may cover (a) Claims by any Debtor, or (b) Claims against any Debtor or covered Persons thereunder.

7.15 ***Mutuality preserved.*** Unless specifically agreed in writing by the Debtors or the Liquidating Trustee, as applicable, nothing in the Plan constitutes a waiver of the mutuality requirement for setoff under § 553 and each Debtor shall be treated independently for mutuality and setoff purposes.

SECTION 8. DISTRIBUTIONS

8.1 ***Party Responsible for Making Distributions.*** Subject to the prior payment of the amounts required to be paid by the Debtors in Cash on the Effective Date pursuant to this Plan, the Liquidating Trustee shall be charged with making distributions under the Plan with respect to all Allowed Claims as set forth herein.

8.2 ***Appointment of Disbursing Agent.*** A Disbursing Agent may be identified in the Disclosure Statement or appointed pursuant to the Confirmation Order.

8.3 ***Timing of Distributions.***

(a) Distributions on Account of All Claims Other Than the 2005 Revenue Bonds Diminution Claim and the General Unsecured Claims. Subject to Section 8.1 of this Plan, the Liquidating Trust shall make all payments and distributions required to be made under the Plan on account of Allowed Claims, which may be made by the Liquidating Trustee, or by the Disbursing Agent, if a Disbursing Agent has been appointed under the Plan. Unless otherwise provided herein, all distributions on account of Allowed Claims, other than the 2005 Revenue Bonds Diminution Claim and the General Unsecured Claims, shall be made as soon as practicable on or after the Effective Date. In each case, such payments or distributions shall be made no later than the later of (i) ten (10) days after the Effective Date, or (ii) the date on which the Liquidating Trustee determines that the Liquidating Trust holds sufficient Cash; provided, however, that for any employee continuing to provide services to the Liquidating Trustee, solely with respect to any Allowed Unclassified Claims for paid time off and severance, the "Effective Date" for purposes of making such distributions shall be deemed to mean each individual employee's last date of employment with the Liquidating Trustee.

(b) Distributions on Account of the 2005 Revenue Bonds Diminution Claim and the General Unsecured Claims. Distributions on account of Allowed Claims in Class 4 and Class 8 shall be made exclusively on account of Trust Beneficial Interests at least quarterly, provided, however, that distributions need not be made to the extent there is no Cash in the Plan Fund to distribute.

8.4 ***Withholding of Distributions.*** Other than amounts paid to the Indenture Trustees, all distributions under the Plan and all related agreements shall be subject to any applicable

1 withholding and reporting requirements. In addition to any other withholding authorized
2 hereunder, in the case of a Cash distribution that is subject to withholding, the Liquidating Trustee
3 may withhold from amounts distributable on account of Allowed Claims any and all amounts
4 determined in the Liquidating Trustee's sole discretion to be required by any law, regulation, rule,
5 ruling, directive or other governmental requirement. In the case of a non-Cash distribution that is
6 subject to withholding, the distributing party may withhold an appropriate portion of such
7 distributed property and sell such withheld property to generate Cash necessary to pay over the
8 withholding tax. Holders of Allowed Claims shall, as a condition to receiving distributions,
9 provide such information and take such steps as the Liquidating Trustee may reasonably require
10 to enable it to comply with the withholding and reporting requirements and to obtain certifications
11 and information as may be necessary or appropriate to satisfy the provisions of any tax law.
12 Notwithstanding the foregoing, each holder of an Allowed Claim that receives a distribution under
13 the Plan shall have the sole and exclusive responsibility for any taxes imposed by any
14 Governmental Unit, including income, withholding, and other taxes, on account of such
15 distribution.

16
17 8.5 *Delivery of Distributions and Undeliverable Distributions.* Other than
18 distributions made to the Indenture Trustees, which shall be by wire transfer in accordance with
19 instructions provided to the Liquidating Trustee, subject to Bankruptcy Rule 9010, all distributions
20 to any holder of an Allowed Claim shall be made at the address of such holder as set forth on either
21 the Schedules or the books and records of the Debtors, unless the Liquidating Trustee has otherwise
22 been notified by the holder in writing of a change of address, including, without limitation, by the
23 filing of a Proof of Claim by such holder that contains an address for such holder different from
24 the address reflected on either the Schedules or the books and records. In the event that any
25 distribution to any holder is returned as undeliverable, no further distributions to such holder shall
26 be made unless and until the Liquidating Trustee is notified of such holder's then-current address,
27 at which time all missed distributions shall be made to such holder, without interest. At the option
28 of the Liquidating Trustee, any Cash payment to be made hereunder may be made by a check or
wire transfer or as otherwise required or provided in applicable agreements. Checks issued by the
Liquidating Trustee in respect of Allowed Claims shall be null and void if not negotiated within
ninety (90) days after the date of issuance thereof. All demands for undeliverable distributions
(including requests for re-issuance of any voided check) shall be made to the Liquidating Trustee
on or before sixty (60) days after the expiration of the ninety (90) day period after the date such
undeliverable distribution was initially made or the check was originally issued, as applicable.
Thereafter, the amount represented by such undeliverable distribution (including a voided check)
shall be deemed forfeited, and any Claim in respect of such undeliverable distribution (including
a voided check) shall be Disallowed, discharged and forever barred from asserting any such Claim
against each Released Party, the Post-Effective Date Debtors, the Liquidating Trustee, the Post-
Effective Date Committee, and the Liquidating Trust. Any distributions that are forfeited or
otherwise cancelled shall be made available for re-distribution to other Trust Beneficiaries (other
than those whose distributions are deemed undeliverable hereunder) in accordance with the Plan,
and shall not be subject to the unclaimed property or escheat laws of any Governmental Unit.

26 8.6 *Setoffs.* For purposes of determining the Allowed amount of a Claim on which
27 distribution shall be made, the Liquidating Trustee may, but shall not be required to, setoff against
28 any respective Claim administered by it, any claims of any nature whatsoever that the Debtors may
have against the holder of such Claim, but neither the failure to do so nor the allowance of any

1 Claim hereunder shall constitute a waiver or release by the Liquidating Trustee of any such setoff
2 claim(s); provided, however, that the Secured 2017 Revenue Notes Claims, the Secured 2015
3 Revenue Notes Claims, the Secured 2005 Revenue Bond Claims, the Secured MOB I Financing
4 Claims, and the Secured MOB II Financing Claims shall be deemed to be Allowed Claims and
5 shall not be subject to any setoff.

6
7 8.7 ***De Minimis Distributions.*** No distribution is required to be made to a Holder of
8 an Allowed Claim if the amount of Cash to be distributed on any distribution date under the Plan
9 on account of such Claim is \$50 or less. Any Holder of an Allowed Claim on account of which
10 the amount of Cash to be distributed is \$50 or less will have its Claim for such distribution
11 discharged and will be forever barred from asserting any such Claim against each Released Party,
12 the Post-Effective Date Debtors, the Liquidating Trustee, the Post-Effective Date Committee, and
13 the Liquidating Trust. Any Cash not distributed pursuant to this Section will, in the Liquidating
14 Trustee's discretion, be included in the Liquidating Trust Reserves and/or the Plan Fund, free of
15 any restrictions thereon, and will be distributed in accordance with the Plan.

16 8.8 ***Allocation of Plan Distribution Between Principal and Interest.*** All distributions
17 by the Liquidating Trustee with respect to any Allowed Claim, with the exception of the Secured
18 2005 Revenue Bond Claim, shall be allocated first to the principal amount of such Allowed Claim,
19 as determined for federal income tax purposes, and thereafter, to the remaining portion of such
20 Allowed Claim (including the interest portion of the Allowed Claim), if any.

21 8.9 ***Entry of Final Decree in Chapter 11 Cases.*** Once all the Disputed Claims have
22 become Allowed Claims or have been disallowed by Final Order, and all distributions in respect
23 of Allowed Claims have been made in accordance with this Plan, or at such earlier time as the
24 Liquidating Trustee deems appropriate, the Liquidating Trustee (i) shall seek authority from the
25 Bankruptcy Court for entry of final decrees closing the Chapter 11 Cases in accordance with the
26 Bankruptcy Code and the Bankruptcy Rules and (ii) shall be authorized under the Plan to take any
27 necessary corporate action with respect to the Debtors' continued existence without the necessity
28 for approvals or notices under any applicable state or other law, including under the Nonprofit
Laws. Notwithstanding the foregoing, actions with respect to the Post-Effective Date Debtors
shall be taken by the Liquidating Trustee. The entry of final decrees closing these Chapter 11
Cases shall not affect the Nonprofit Status of the Post-Effective Date Debtors to the extent they
have not dissolved in accordance with the Plan.

21 SECTION 9. TRUST BENEFICIARIES

22 9.1 ***Identification of Trust Beneficiaries.*** Each of the Trust Beneficiaries shall be
23 recorded and set forth in a schedule maintained by the Liquidating Trustee expressly for such
24 purpose based upon its Allowed Claim in Class 4 or Class 8.

25 9.2 ***Beneficial Interests Only.*** The ownership of Trust Beneficial Interests shall not
26 entitle any Trust Beneficiary to any title in or to the Liquidating Trust Assets or to any right to call
27 for a partition or division of such Liquidating Trust Assets or to require an accounting, except as
28 may be specifically provided herein.

1 9.3 **Ownership of Beneficial Interests Hereunder.** Subject to the requirements and
2 limitations of this Plan, including the establishment of the Liquidating Trust Reserves and
3 Liquidating Trust Administration Accounts: (i) the Holder of the First Priority Trust Beneficial
4 Interest shall have an undivided first priority interest in the Liquidating Trust equal to the amount
5 of the 2005 Revenue Bonds Diminution Claim as of the Effective Date, provided however that the
6 amount of such First Priority Trust Beneficial Interest shall be limited, on any given measurement
7 date, to the lesser of (a) the value of the Plan Fund or (b) the unpaid balance of the 2005 Revenue
8 Bonds Diminution Claim, including accrued but unpaid interest thereon; and (ii) each Holder of a
9 Second Priority Trust Beneficial Interest shall own an undivided interest in the Liquidating Trust
10 equal in proportion to such Trust Beneficiary's Pro Rata Share of Allowed Claims in Class 8.

11 9.4 **Evidence of Beneficial Interests.** Ownership of a Trust Beneficial Interest (a) shall
12 be noted in the books and records of the Liquidating Trust and (b) shall not be evidenced by any
13 certificate, note, or receipt or in any other form or manner whatsoever, except as maintained on
14 the books and records of the Liquidating Trust by the Liquidating Trustee, including the Schedule.

15 9.5 **Conflicting Claims.** Except as otherwise provided in the Liquidating Trust
16 Agreement, if any conflicting claims or demands are made or asserted with respect to a beneficial
17 interest, the Liquidating Trustee shall be entitled, at its sole election, to refuse to comply with any
18 such conflicting claims or demands. In so refusing, the Liquidating Trustee may elect to make no
19 payment or distribution with respect to the beneficial interest represented by the claims or demands
20 involved, or any part thereof, and the Liquidating Trustee shall refer such conflicting claims or
21 demands to the Bankruptcy Court, which shall have exclusive jurisdiction over resolution of such
22 conflicting claims or demands. In so doing, the Liquidating Trustee shall not be or become liable
23 to any party for his/her refusal to comply with any of such conflicting claims or demands. The
24 Liquidating Trustee shall be entitled to refuse to act until either (a) the rights of the adverse
25 claimants have been adjudicated by a Final Order or (b) all differences have been resolved by a
26 written agreement among all of such parties and the Liquidating Trustee, which agreement shall
27 include a complete release of the Liquidating Trust and the Liquidating Trustee (the occurrence of
28 either (a) or (b) being referred to as a "Dispute Resolution" in this Section 9). Until a Dispute
Resolution is reached with respect to such conflicting claims or demands, the Liquidating Trustee
shall hold in a segregated interest-bearing account with a United States financial institution any
payments or distributions from the Liquidating Trust to be made with respect to the Beneficial
Interest at issue. Promptly after a Dispute Resolution is reached, the Liquidating Trustee shall
transfer the payments and distributions, if any, held in the segregated account, together with any
interest and income generated thereon, in accordance with the terms of such Dispute Resolution.

29 9.6 **Limitation on Transferability.** As set forth in more detail in the Liquidating
30 Trust Agreement, the Trust Beneficial Interests may not be transferred, sold, assigned,
31 hypothecated, or pledged, except as they may be assigned or transferred by will, intestate
32 succession, or operation of law.

33 **SECTION 10. PROCEDURES FOR TREATING AND RESOLVING DISPUTED** 34 **CLAIMS**

35 10.1 **Objection to Claims.** Unless otherwise ordered by the Bankruptcy Court after
36 notice and a hearing, and except as otherwise expressly provided herein, the Liquidating Trustee,
37
38

1 in consultation with the Post-Effective Date Committee, shall have the exclusive right to file,
2 prosecute, resolve and otherwise deal with objections to Claims other than Allowed Claims
3 pursuant to this Plan or a Final Order. The Liquidating Trustee shall serve a copy of each Claim
4 objection upon the holder of the Claim to which the objection is made. Claims objections with
5 respect to all Claims shall be made as soon as reasonably practical but in no event later than the
6 Claims Objection Deadline. If the Liquidating Trustee wishes to extend the Claims Objection
7 Deadline, it may do so pursuant to a motion, to be filed with the Bankruptcy Court, on notice to
8 the Post-Effective Date Committee, which may be approved without a hearing.

9
10 10.2 **Disallowed Claims.** The following Claims shall be automatically Disallowed and
11 expunged, without the need for filing any objections thereto, and shall not be entitled to any
12 distributions under the Plan: (a) Claims for which no Proof of Claim was filed by the applicable
13 Bar Date even though such Claims were listed on the Schedules as disputed, contingent, or
14 unliquidated; and (b) Claims covered by § 502(d) to the extent that the holder of such Claim has
15 not been paid the amount or turned over the property for which such holder is liable under §§ 522(i),
16 542, 543, 550, or 553, in accordance with § 502(d).

17 10.3 **No Distribution Pending Allowance.** Notwithstanding any other provision of this
18 Plan, if any portion of a Claim is Disputed, no payment or distribution provided hereunder shall
19 be made on account of such Claim unless and until such Disputed Claim becomes an Allowed
20 Claim.

21 10.4 **Distributions After Allowance.** Any Claim (or portion thereof) that is Disputed
22 and then subsequently Allowed, shall be an Allowed Claim, not a Disputed Claim, in such amount
23 and to the extent it is subsequently Allowed. Except as otherwise provided herein, if, on or after
24 the Effective Date, any Disputed Claim becomes an Allowed Claim, the Liquidating Trustee shall
25 distribute to the Holder of such Allowed Claim, from the applicable fund or reserve in accordance
26 with Sections 7.9, 7.10, and 8.3, the amount such holder would have received had its Claim been
27 Allowed on the Effective Date as determined by distributions actually made to other holders of
28 Allowed Claims.

10.5 **Disputed Claims.**

(a) Resolution of the Disputed Claims.

(i) From and after the Effective Date, the Liquidating Trust shall have the exclusive authority to compromise, resolve, and deem Allowed any Disputed Claim without the need to obtain approval from the Bankruptcy Court, and any agreement entered into by the Liquidating Trust with respect to the Allowance of any Claim shall be conclusive evidence and a final determination of the Allowance of such Claim, except as set forth below in (ii) of this Section 10.5(a);

(ii) The Liquidating Trustee shall notify the Post-Effective Date Committee prior to settling, compromising, or allowing any Disputed Claim in an liquidated amount in excess of \$250,000 for a General Unsecured Claim and \$100,000 for an Unclassified Claim, Secured Claim, or Priority

Non-Tax Claim. The Post-Effective Date Committee shall have three (3) Business Days after receipt of such notice to review the proposed settlement or compromise of such Claim. If such objection is made, the Liquidating Trustee shall not move forward with the matter absent Court approval after at least ten (10) Business Days' notice and opportunity to object to the Post-Effective Date Committee; and

(iii) If the Liquidating Trustee and the holder of a Disputed Claim are unable to reach settlement of the Disputed Claim, such Disputed Claim shall be submitted to the Bankruptcy Court for resolution. If it is determined that the Bankruptcy Court does not have jurisdiction to resolve any Disputed Claim, then the Disputed Claim shall be submitted to the District Court for resolution.

(b) Estimation of Disputed Claims. The Liquidating Trustee may at any time request that the Bankruptcy Court estimate any Disputed Claim pursuant to § 502(c) regardless of whether the Debtors or the Liquidating Trustee previously objected to such Claim, and the Bankruptcy Court shall retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including, without limitation, during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any Disputed Claim, the amount so estimated shall constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on the amount of such Claim, the Liquidating Trustee, as applicable, may pursue supplementary proceedings to object to the allowance of such Claim. On and after the Effective Date, Claims that have been estimated may be compromised, settled, withdrawn, or otherwise resolved, without further order of the Bankruptcy Court.

10.6 **Cumulative Effect.** All the objection, estimation, and resolution procedures set forth in this Section are intended to be cumulative (where possible) and not exclusive of one another.

SECTION 11. EXECUTORY AGREEMENTS

11.1 **General Treatment.** On the Effective Date, all Executory Agreements to which any Debtor is a party shall be deemed rejected as of the Effective Date, except for those Executory Agreements that (a) have been assumed or rejected pursuant to a Final Order of the Bankruptcy Court (including pursuant to any Sale Order), (b) are the subject of a separate motion to assume, assume and assign, or reject filed under § 365 on or before the Effective Date, or (c) are specifically designated as a contract or lease to be assumed on the Schedule of Assumed Contracts and no timely objection to the proposed assumption has been filed, provided, however, that the Debtors shall, no later than five (5) business days prior to the Confirmation Hearing, provide Cigna (as that term is defined in Docket No. 4927) with written notice of its irrevocable decision as to whether or not the Debtors propose to assume or reject each of the Cigna Contracts (as that term is defined in Docket No. 4927) as part of the Plan. If the party to an Executory Agreement listed to be assumed in the Schedule of Assumed Contracts wishes to object to the proposed assumption (including with respect to the cure amounts), it shall do so within thirty (30) days from the service of the Schedule of Assumed Contracts.

1 11.2 **Bar Date for Rejection Damages.** Claims arising out of the rejection of an
2 Executory Agreement pursuant to the Plan must be filed with the Bankruptcy Court (or as
3 otherwise provided for in the Debtors' notice of rejection) no later than thirty (30) days after the
4 Effective Date. Any Claims not filed within such time period will be forever barred from assertion
5 against the Debtors and/or their property and/or their Estates.

6 11.3 **Insurance Policies.** For the avoidance of doubt, the Debtors' rights with respect to
7 all Insurance Policies under which Debtors may be an insured beneficiary or assignee (including
8 all Insurance Policies that may have expired prior to the Petition Date, all Insurance Policies in
9 existence on the Petition Date, all Insurance Policies entered into by the Debtors after the Petition
10 Date, and all Insurance Policies under which the Debtors hold rights to make, amend, prosecute,
11 and benefit from claims) shall be transferred to the Liquidating Trust (including, without limitation,
12 for the Liquidating Trustee to pursue and prosecute any Causes of Action) on the Effective Date,
13 unless any such Insurance Policy is otherwise cancelled by the Liquidating Trustee in its discretion.
14 Notwithstanding any provision providing for the rejection of Executory Agreements, any
15 Insurance Policy that is deemed to be an Executory Agreement shall neither be rejected nor
16 assumed by operation of this Plan and shall be the subject of a specific motion by the Liquidating
17 Trust, which shall retain the right to assume or reject any such Executory Agreements pursuant to
18 and subject to the provisions of § 365 following the Effective Date, with all rights of the Insurers
19 to object or otherwise contest such assumption or rejection being expressly reserved provided, that,
20 the Liquidating Trustee may not reject (a) any extended reporting period (tail) coverage purchased
21 by the Debtors and (b) any Insurance Policies assumed by the Debtors pursuant to an order of the
22 Bankruptcy Court.

23 The Confirmation Order shall constitute a determination that no default by the Debtors
24 exists with respect to any of the Insurance Policies requiring a cure payment and that nothing in a
25 Sale Order, any underlying agreements or this Plan shall be construed or applied to modify, impair,
26 or otherwise affect the enforceability of the Insurance Policies or any coverage thereunder with
27 regard to any Claims or Causes of Action. Notwithstanding any other provision of this Section,
28 Old Republic Insurance Company is entitled to all accommodations that it requested in connection
29 with renewal of the Debtors' workers' compensation policy as approved by the Bankruptcy Court
30 [Docket No. 2803].

31 Notwithstanding anything to the contrary in the Confirmation Order or the Plan (including
32 any other provision that purports to be preemptory or supervening), nothing shall in any way
33 operate to impair, or have the effect of impairing the Insurers' legal, equitable or contractual rights,
34 if any, in respect of any Claims (as defined by § 101(5)), and the rights of Insurers shall be
35 determined under the Insurance Policies and under applicable nonbankruptcy law; provided that
36 any Claim by an Insurer against a Debtor or the Liquidating Trust shall also be determined under
37 applicable bankruptcy law, and Plan and Confirmation Order provisions.

38 Nothing in the Plan or in the Confirmation Order shall preclude any Person from asserting
39 in any proceeding any and all Claims, defenses, rights or causes of action that it has or may have
40 under or in connection with any Insurance Policy, and nothing in the Plan or the Confirmation
41 Order shall be deemed to waive any claims, defenses, rights or causes of action that any Person
42 (including any Insurer) has or may have under the provisions, terms, conditions, defenses and/or
43 exclusions contained in the subject Insurance Policies; provided that any Claims by an Insurer

1 against a Debtor or the Liquidating Trust shall also be determined under applicable bankruptcy
2 law, and Plan and Confirmation Order provisions.

3 **SECTION 12. CONDITIONS PRECEDENT TO EFFECTIVE DATE**

4 12.1 *Conditions Precedent to Confirmation of Plan.* The confirmation of the Plan shall
5 be conditioned upon the Bankruptcy Court entering the Confirmation Order in form and substance
6 satisfactory to the Plan Proponents.

7 12.2 *Conditions to Effective Date.* The following are conditions precedent to the
8 Effective Date:

9 (a) The Confirmation Order, including, without limitation, the approval of the
10 Plan Settlement pursuant to Bankruptcy Rule 9019 and § 1123(b)(3)(A), shall have been entered
11 by this Court in form and substance acceptable to the Plan Proponents, which Confirmation Order
12 shall not have been terminated, suspended, vacated or stayed, and shall not have been amended
13 except with the consent of the Plan Proponents;

14 (b) The SFMC Sale shall have closed;

15 (c) The Seton Sale shall have closed;

16 (d) The Debtors have sufficient Cash to satisfy the Debtors' obligations under
17 the Plan to pay or reserve for all Classes of Claims entitled to a Cash payment on, or as of, the
18 Effective Date;

19 (e) The Debtors have sufficient Cash to fund the Liquidating Trust Reserves;
20 and

21 (f) All documents, instruments and agreements provided for under or necessary
22 to implement this Plan (including without limitation, the Interim Agreements, the Transition
23 Services Agreements, the Plan Settlement, and the Liquidating Trust Agreement) shall have been
24 executed and delivered by the parties thereto, unless such execution or delivery shall have been
25 waived by the parties benefited thereby.

26 12.3 *Waiver of Conditions.* The Plan Proponents may waive the conditions to
27 effectiveness of this Plan, set forth in Section 12.2 hereof, except the condition of paying the
28 Secured Claims as set forth herein, without leave of the Bankruptcy Court and without any formal
action other than proceeding with confirmation of this Plan and filing a notice of confirmation with
the Bankruptcy Court. To the extent that the Debtors believe that they are unable to comply with
the conditions to the effectiveness of this Plan, set forth in Section 12.2 hereof, the Plan Proponents
reserve the right to amend the Plan at such time (in accordance with the terms hereof) to address
such inability.

29 **SECTION 13. EFFECT OF CONFIRMATION**

30 13.1 *Vesting of Assets.* Except as provided herein or in the Confirmation Order, upon
the Effective Date, pursuant to § 1141(b) and (c), (a) the Liquidating Trust Assets shall vest in the

Liquidating Trust and (b) the Operating Assets shall vest in the Post-Effective Date Debtors, in each case free and clear of all Claims, liens, encumbrances, charges and other interests, subject to the rights and obligations of the parties under this Plan and the Liquidating Trust.

13.2 **No Discharge.** Pursuant to § 1141(d), the Debtors will not receive a discharge under this Plan.

13.3 **Settlement of Causes of Action Relating to Claims.** Unless otherwise authorized by another order of the Bankruptcy Court, pursuant to § 1123(b)(3) and Bankruptcy Rule 9019, and in consideration for the distributions and other benefits provided under the Plan, the provisions of the Plan shall constitute a good faith compromise and settlement of all Causes of Actions relating to the rights that a holder of a Claim may have against the Debtors with respect to any Allowed Claim or any distribution to be made pursuant to the Plan on account of any Allowed Claim. Unless otherwise authorized, the entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, as of the Effective Date, of the compromise or settlement of all such Causes of Action and the Bankruptcy Court's finding that all such Causes of Action are in the best interests of the Debtors, their Estates, their respective property and Claim holders and are fair, equitable and reasonable.

13.4 **Extension of Existing Injunctions and Stays.** Unless otherwise provided herein, all injunctions or stays arising under §§ 105 or 362, any order entered during the Chapter 11 Cases under §§ 105 or 362 or otherwise, and in existence on the Effective Date, shall remain in full force and effect until the closing of the Chapter 11 Cases.

13.5 **Releases.**

(a) **Releases Of Debtors.** As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, to the maximum extent permitted by law, each Holder of any Claim shall be deemed to forever release, waive, and discharge all Claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, and liabilities whatsoever, against the Debtors arising from or related to the Debtors' pre- and/or post-petition actions, omissions or liabilities, transaction, occurrence, or other activity of any nature except for as provided in this Plan or the Confirmation Order.

(b) **Settlement Releases.** Pursuant to § 1123(b)(3)(A) and the Plan Settlement, as of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, to the maximum extent permitted by law, each Holder of any Claim shall be deemed to forever release, waive, and discharge all Claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, and liabilities whatsoever, against the Settlement Released Parties arising from or related to the Settlement Released Parties' pre- and/or post-petition actions, omissions or liabilities, transaction, occurrence, or other activity of any nature except for as provided in this Plan or the Confirmation Order.

(c) **Limitation Of Claims Against the Liquidating Trust.** As of the Effective Date, except as provided in this Plan or the Confirmation Order, all Persons shall be precluded from asserting against the Liquidating Trust any other or further Claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, and liabilities whatsoever, relating

1 to the Debtors or any Interest in the Debtors based upon any acts, omissions or liabilities,
2 transaction, occurrence, or other activity of any nature that occurred prior to the Effective Date.

3 (d) Debtors' Releases. Pursuant to § 1123(b), and except as otherwise
4 specifically provided in this Plan, for good and valuable consideration, including the service of the
5 Released Parties to facilitate the expeditious liquidation of the Debtors and the consummation of
6 the transactions contemplated by this Plan, on and after the Effective Date, the Released Parties
7 are deemed released and discharged by the Debtors and their Estates from any and all claims,
8 obligations, rights, suits, damages, Causes of Action, remedies, and liabilities whatsoever,
9 including any derivative claims asserted or assertable on behalf of the Debtors, whether known or
10 unknown, foreseen, or unforeseen, existing or herein after arising in law, equity, or otherwise, that
11 the Debtors or their Estates would have been legally entitled to assert in their own right (whether
12 individually or collectively) or on behalf of the Holder of any Claim or other Person, based on or
13 relating to, or in any manner arising from, in whole or in part, the operation of the Debtors prior
14 to or during the Chapter 11 Cases, the transactions or events giving rise to any Claim that is treated
15 in this Plan, the business or contractual arrangements between the Debtors and any Released Party,
16 the restructuring of Claims before or during the Chapter 11 Cases, the marketing and the sale of
17 Assets of the Debtors, the negotiation, formulation, or preparation of this Plan, the Disclosure
18 Statement, or any related agreements, instruments, or other documents, other than a Claim against
19 a Released Party arising out of the gross negligence or willful misconduct of any such person or
20 entity. Claims against any Released Party that are released pursuant to this Section 13.5(d) shall
21 be deemed waived and relinquished by this Plan for purposes of Section 13.9.

22 (e) **WAIVER OF LIMITATIONS ON RELEASES. THE LAWS OF SOME**
23 **STATES (FOR EXAMPLE, CALIFORNIA CIVIL CODE § 1542) PROVIDE, IN WORDS OR**
24 **SUBSTANCE, THAT A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH**
25 **THE RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS/HER**
26 **FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR**
27 **HER MUST HAVE MATERIALLY AFFECTED HIS/HER DECISION TO RELEASE. THE**
28 **RELEASING PARTIES IN SECTIONS 13.5 (a)-(c) OF THE PLAN ARE DEEMED TO HAVE**
WAIVED ANY RIGHTS THEY MAY HAVE UNDER SUCH STATE LAWS AS WELL AS
UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR
EFFECT.

29 13.6 Injunctions.

30 (a) General Injunction. Except as otherwise expressly provided herein, all
31 Persons that have held, currently hold or may hold a Claim against the Debtors are permanently
32 enjoined on and after the Effective Date from taking any action in furtherance of such Claim or
33 any other Cause of Action released and discharged under the Plan, including, without limitation,
34 the following actions against any Released Party: (a) commencing, conducting or continuing in
35 any manner, directly or indirectly, any action or other proceeding with respect to a Claim;
36 (b) enforcing, levying, attaching, collecting or otherwise recovering in any manner or by any
37 means, whether directly or indirectly, any judgment, award, decree or order with respect to a Claim;
38 (c) creating, perfecting or enforcing in any manner, directly or indirectly, any lien or encumbrance
39 of any kind with respect to a Claim; (d) asserting any setoff, right of subrogation or recoupment
40 of any kind, directly or indirectly, against any debt, liability or obligation due to the Debtors, the

1 Post-Effective Date Debtors or the Liquidating Trust with respect to a Claim; or (e) commencing,
2 conducting or continuing any proceeding that does not conform to or comply with or is
3 contradictory to the provisions of this Plan; provided, however, that nothing in this injunction shall
4 (i) limit the Holder of an Insured Claim from receiving the treatment set forth in Class 9; or
5 (ii) preclude the Holders of Claims against the Debtors from enforcing any obligations of the
6 Debtors, the Post-Effective Date Debtors, the Liquidating Trust, or the Liquidating Trustee under
7 this Plan and the contracts, instruments, releases and other agreements delivered in connection
8 herewith, including, without limitation, the Confirmation Order, or any other order of the
9 Bankruptcy Court in the Chapter 11 Cases. By accepting a distribution made pursuant to this Plan,
10 each Holder of an Allowed Claim shall be deemed to have specifically consented to the injunctions
11 set forth in this Section.

12 (b) **Other Injunctions.** *The Post-Effective Date Debtors, the Liquidating*
13 *Trustee, the Post-Effective Date Committee, the Post-Effective Date Board of Directors, or the*
14 *Liquidating Trust and their respective members, directors, officers, agents, attorneys, advisors*
15 *or employees shall not be liable for actions taken or omitted in its or their capacity as, or on*
16 *behalf of, the Post-Effective Date Debtors, the Post-Effective Date Board of Directors, the*
17 *Liquidating Trustee, the Post-Effective Date Committee, or the Liquidating Trust (as applicable),*
18 *except those acts found by Final Order to arise out of its or their willful misconduct, gross*
19 *negligence, fraud, and/or criminal conduct, and each shall be entitled to indemnification and*
20 *reimbursement for fees and expenses in defending any and all of its or their actions or inactions*
21 *in its or their capacity as, or on behalf of the Post-Effective Date Board of Directors, the Post-*
22 *Effective Date Debtors, the Liquidating Trustee, the Post-Effective Date Committee, or the*
23 *Liquidating Trust (as applicable), except for any actions or inactions found by Final Order to*
24 *involve willful misconduct, gross negligence, fraud, and/or criminal conduct. Any*
25 *indemnification claim of the Post-Effective Date Debtors, the Post-Effective Date Board of*
26 *Directors, the Liquidating Trustee, the Post-Effective Date Committee and the other parties*
27 *entitled to indemnification under this subsection shall be satisfied from either (i) the Liquidating*
28 *Trust Assets (with respect to all claims, other than those claims related to the Operating Assets),*
or (ii) the Operating Assets (with respect to all claims related to the Operating Assets). The
parties subject to this Section shall be entitled to rely, in good faith, on the advice of retained
professionals, if any.

20 13.7 **Exculpation.** To the maximum extent permitted by applicable law, each Released
21 Party shall not have or incur any liability for any act or omission in connection with, related to, or
22 arising out of the Chapter 11 Cases (including, without limitation, the filing of the Chapter 11
23 Cases), the marketing and the sale of Assets of the Debtors, the Plan and any related documents
24 (including, without limitation, the negotiation and consummation of the Plan, the pursuit of the
25 Effective Date, the administration of the Plan, or the property to be distributed under the Plan), or
26 each Released Party's exercise or discharge of any powers and duties set forth in the Plan, except
27 with respect to the actions found by Final Order to constitute willful misconduct, gross negligence,
28 fraud, or criminal conduct, and, in all respects, each Released Party shall be entitled to rely upon
the advice of counsel with respect to their duties and responsibilities under the Plan. Without
limitation of the foregoing, each such Released Party shall be released and exculpated from any
and all Causes of Action that any Person is entitled to assert in its own right or on behalf of any
other Person, based in whole or in part upon any act or omission, transaction, agreement, event or
other occurrence in any way relating to the subject matter of this Section.

1 13.8 **No Recourse.** If a Claim is Allowed in an amount for which after application of
2 the payment priorities established by this Plan (including, without limitation, in Sections 2 and 4
3 hereof) there is insufficient value to provide a recovery equal to that received by other Holders of
4 Allowed Claims in the respective Class, no Claim Holder shall have recourse for any such
5 deficiency against any of the Released Parties, the Post-Effective Date Debtors, the Post-Effective
6 Date Board of Directors, the Liquidating Trustee, the Post-Effective Date Committee, or the
7 Liquidating Trust. However, except as specifically stated otherwise in this Plan, nothing in this
8 Plan shall modify any right of a Holder of a Claim under § 502(j). The obligations under this Plan
9 of the Debtors' Estates shall (i) be contractual only and shall not create any fiduciary relationship
10 and (ii) be obligations of the Debtors' Estates only and no individual acting on behalf of the
11 Debtors, the Committee, the Post-Effective Date Debtors, the Post-Effective Date Board of
12 Directors, the Liquidating Trustee, the Post-Effective Date Committee, or otherwise, shall have
13 any personal or direct liability for these obligations. Approval of the Plan by the Confirmation
14 Order shall not in any way limit the foregoing.

10 13.9 **Preservation of Causes of Action.**

11 (a) Except as provided in Section 7.1 hereof, nothing contained in this Plan
12 shall be deemed a waiver or relinquishment of any claims or Causes of Action of the Debtors that
13 are not settled with respect to Allowed Claims or specifically waived or relinquished by this Plan,
14 which shall vest in the Liquidating Trust, subject to any existing valid and perfected security
15 interest or lien in such Causes of Action. The Causes of Action preserved hereunder include,
16 without limitation, claims, rights or other causes of action:

15 (i) against vendors, suppliers of goods or services (including attorneys,
16 accountants, consultants or other professional service providers), utilities,
17 contract counterparties, and other parties for, including but not limited to:
18 (A) services rendered; (B) over- and under-payments, back charges,
19 duplicate payments, improper holdbacks, deposits, warranties, guarantees,
20 indemnities, setoff or recoupment; (C) failure to fully perform or to
21 condition performance on additional requirements under contracts with any
22 one or more of the Debtors; (D) wrongful or improper termination,
23 suspension of services or supply of goods, or failure to meet other
24 contractual or regulatory obligations; (E) indemnification and/or warranty
25 claims; or (F) turnover causes of action arising under §§ 542 or 543;

22 (ii) against landlords or lessors, including, without limitation, for
23 erroneous charges, overpayments, returns of security deposits,
24 indemnification, or for environmental claims;

24 (iii) arising against current or former tenants or lessees, including,
25 without limitation, for non-payment of rent, damages, and holdover
26 proceedings;

26 (iv) arising from damage to Debtors' property;

(v) relating to claims, rights, or other causes of action the Debtors may have to interplead third parties in actions commenced against any of the Debtors;

(vi) for collection of a debt owed to any of the Debtors;

(vii) against insurance carriers, reinsurance carriers, underwriters or surety bond issuers relating to coverage, indemnity, contribution, reimbursement or other matters;

(viii) relating to pending litigation, including, without limitation, litigation related to the SGM Claims and any other claims or causes of action related thereto, and the suits, administrative proceedings, executions, garnishments, and attachments listed in Attachment 4a to each of the Debtors' Statements of Financial Affairs;

(ix) arising from claims against health plans;

(x) that constitute Avoidance Actions;

(xi) arising under or relating to any and/or all asset purchase agreements and related sale documents (including, without limitation, any leases) entered into during these Chapter 11 Cases, including, but not limited to, enforcement of such agreements by the Debtors' Estates and/or breaches of any and/or all such agreements by the applicable non-Debtor parties (including, without limitation, the purchasers of the Debtors' assets under such agreements and any and all principals and/or guarantors of the obligations under or relating to such agreements);

(xii) all claims against Integrity Healthcare, LLC and BlueMountain Capital Management LLC; and

(xiii) relating to the Operating Assets.

The Liquidating Trustee, the Post-Effective Date Committee, and the Post-Effective Date Debtors shall have, retain, reserve and be entitled to assert all such claims, rights of setoff and other legal or equitable defenses that the Debtors had immediately prior to the Petition Date as fully as if the Chapter 11 Cases had not been commenced, and all of the Debtors' legal and equitable rights respecting any claim that is not specifically waived or relinquished by this Plan may be asserted by the Liquidating Trustee and the Post-Effective Date Committee on their behalf after the Effective Date to the same extent as if the Chapter 11 Cases had not been commenced.

(b) On and after the Effective Date, in accordance with § 1123(b) and the terms of this Plan and the Liquidating Trust Agreement, the Liquidating Trustee shall retain and have the exclusive right to prosecute, abandon, settle or release any or all Causes of Action without the need to obtain approval or further relief from the Bankruptcy Court.

1 13.10 **Termination of Responsibilities of the Patient Care Ombudsman.** On the latter of
2 the SFMC Sale Closing Date or the Seton Sale Closing Date, the duties and responsibilities of the
3 Patient Care Ombudsman shall be terminated and the Patient Care Ombudsman shall be discharged
4 from his duties as Patient Care Ombudsman and shall not be required to file any further reports or
5 perform any additional duties as Patient Care Ombudsman. No person or entity may seek
6 discovery in any form, including but not limited to by motion, subpoena, notice of deposition or
7 request or demand for production of documents, from the Patient Care Ombudsman or his agents,
8 professionals, employees, other representatives, designees or assigns (collectively, with the Patient
9 Care Ombudsman, the “**Ombudsman Parties**”) with respect to any matters arising from or relating
10 in any way to the performance of the duties of the Patient Care Ombudsman in these Chapter 11
11 Cases, including, but not limited to, pleadings, reports or other writings filed by the Patient Care
Ombudsman in connection with these Chapter 11 Cases. Nothing herein shall in any way limit or
otherwise affect the obligations of the Patient Care Ombudsman under confidentiality agreements,
if any, between the Patient Care Ombudsman and any other person or entity or shall in any way
limit or otherwise affect the Patient Care Ombudsman’s obligation, under §§ 332(c) and 333(c)(1)
or other applicable law or Bankruptcy Court Orders, to maintain patient information, including
patient records, as confidential, and no such information shall be released by the Patient Care
Ombudsman without further order of the Bankruptcy Court.

12 13.11 **SGM Action.** In the SGM Action, SGM disputes the Debtors’ claim to the deposit
13 set forth in the SGM Asset Purchase Agreement (the “**Nonrefundable Deposit**”), and SGM
14 contends that the Nonrefundable Deposit must be returned to SGM. The Debtors and the Plan
15 Proponents dispute the contentions and claims of SGM to the Nonrefundable Deposit, and contend
16 that the Nonrefundable Deposit is an asset of the Debtors’ estates, free and clear of any rights or
17 claims of SGM, and should be distributed in accordance with the Plan. On the Effective Date, in
18 accordance with Section 13.1 hereof, all rights of the Debtors against SGM, including, without
19 limitation, all rights to recover the Nonrefundable Deposit, are being transferred to the Liquidating
20 Trust. The Liquidating Trust shall not distribute the Nonrefundable Deposit to creditors in
21 accordance with the Plan or take any other action which would reduce or dissipate the
22 Nonrefundable Deposit, unless permitted by a judgment or an order entered by the District Court
having jurisdiction over the SGM Action, and such judgment or order has not been stayed. In the
event an appeal is taken from any such judgment or order, the party taking the appeal shall have
the right to seek a stay pursuant to the applicable Federal Rules of Civil Procedure and Federal
Rules of Appellate Procedure. Nothing contained herein or the Disclosure Statement shall modify,
alter or change the rights of the Debtors and the Liquidating Trust, on the one hand, and SGM, on
the other hand, to any claim or rights to the Nonrefundable Deposit. All such claims and rights
are expressly reserved and preserved.

23 **SECTION 14. RETENTION OF JURISDICTION**

24 14.1 **Bankruptcy Court Jurisdiction.** Unless otherwise provided herein or in the
25 Confirmation Order, on and after the Effective Date, the Bankruptcy Court shall retain jurisdiction
26 over all matters arising in, arising under, or related to the Chapter 11 Cases. Without limiting the
foregoing, the Bankruptcy Court shall retain jurisdiction to:

27 (a) allow, disallow determine, liquidate, classify, estimate, or establish the
28 priority or secured or unsecured status of any Claim, including the resolution of any request for

1 payment of any Administrative Claim or Professional Claim and the resolution of any objections
2 to the allowance or priority of Claims, and the resolution of any claim objections brought by the
Debtors or by the Liquidating Trustee on behalf of the Liquidating Trust;

3 (b) resolve any matters related to the assumption, assumption and assignment,
4 or rejection of any Executory Agreement to which a Debtor(s) is a party and to hear, determine
5 and, if necessary, liquidate, any Claims arising from, or cure amounts related to, such assumption
or rejection;

6 (c) determine any motion, adversary proceeding, application, contested matter,
7 and other litigated matter pending on or commenced after the Effective Date, including, without
8 limitation, any and all Causes of Action preserved under the Plan commenced prior to, on, or after
the Effective Date;

9 (d) ensure that distributions to holders of Allowed Claims are accomplished in
10 accordance with the Plan;

11 (e) hear and determine matters relating to claims with respect to the Debtors'
director and officer insurance;

12 (f) enter, implement or enforce such orders as may be appropriate in the event
13 that the Confirmation Order is for any reason stayed, reversed, revoked, modified, or vacated;

14 (g) issue injunctions, enter and implement other orders, and take such other
15 actions as may be necessary or appropriate to restrain interference by any Person with the
16 consummation, implementation or enforcement of this Plan, the Confirmation Order or any other
order of the Bankruptcy Court, including, without limitation, any actions relating to the Nonprofit
Status of the Post-Effective Date Debtors;

17 (h) resolve a dispute with respect to and/or otherwise appoint a replacement of
18 the Liquidating Trustee, or replacement members of the Post-Effective Date Committee;

19 (i) hear and determine any application to modify this Plan in accordance with
20 § 1127, to remedy any defect or omission or reconcile any inconsistency in this Plan, the Disclosure
Statement, any contract, instrument, release, or other agreement or document created in connection
21 therewith, or any order of the Bankruptcy Court, including the Confirmation Order, in such a
manner as may be necessary to carry out the purposes and effects thereof;

22 (j) hear and determine all applications under §§ 330, 331, and 503(b) for
23 awards of compensation for services rendered and reimbursement of expenses incurred prior to the
Effective Date;

24 (k) hear and determine disputes arising in connection with the interpretation,
25 implementation, obligation or enforcement of this Plan, the Confirmation Order, any transactions
26 or payments contemplated in the Plan, or any agreement, instrument, or other document governing
or relating to any of the foregoing;

1 (l) take any action and issue such orders as may be necessary to construe,
2 enforce, implement, execute and consummate this Plan, including all contracts, instruments,
3 releases, and other agreements or documents created in connection therewith, or to maintain the
4 integrity of this Plan following consummation;

5 (m) determine such other matters and for such other purposes as may be
6 provided in the Plan and/or the Confirmation Order;

7 (n) hear and determine matters concerning state, local, and federal taxes in
8 accordance with §§ 346, 505, and 1146, including without limitation, (i) any requests for expedited
9 determinations under § 505(b) filed, or to be filed, with respect to tax returns for any and all taxable
10 periods ending after the Petition Date through, and including, the date of final distribution under
11 the Plan, and (ii) any other matters relating to the Nonprofit Status of the Post-Effective Date
12 Debtors;

13 (o) hear and determine any other matters related hereto and not inconsistent
14 with the Bankruptcy Code and Title 28 of the United States Code;

15 (p) authorize recovery of all assets of any of the Debtors and property of the
16 applicable Debtor's Estate, wherever located;

17 (q) consider any and all claims against each Released Party involving or
18 relating to the administration of the Chapter 11 Cases, any rulings, orders, or decisions in the
19 Chapter 11 Cases or any aspects of the Debtors' Chapter 11 Cases and the events leading up to the
20 commencement of the Chapter 11 Cases, including the decision to commence the Chapter 11 Cases,
21 the development and implementation of the Plan, the decisions and actions taken prior to or during
22 the Chapter 11 Cases and any asserted claims based upon or related to prepetition obligations of
23 the Debtors for the purpose of determining whether such claims belong to the Estates or third
24 parties. In the event it is determined that any such claims belong to third parties, then, subject to
25 any applicable subject matter jurisdiction limitations, the Bankruptcy Court shall have exclusive
26 jurisdiction with respect to any such litigation, subject to any determination by the Bankruptcy
27 Court to abstain and consider whether such litigation should more appropriately proceed in another
28 forum;

(r) hear and resolve any disputes regarding the reserves required hereunder,
including without limitation, disputes regarding the amounts of such reserves or the amount,
allocation and timing of any releases of such reserved funds; and

(s) enter final decrees closing the Chapter 11 Cases.

SECTION 15. MISCELLANEOUS PROVISIONS

15.1 *Termination of All Employee, Retiree and Workers' Compensation Benefits.* All
existing employee benefits (including, without limitation, workers' compensation benefits, health
care plans, disability plans, severance benefit plans, incentive plans, and life insurance plans) and
retiree benefits (as such term is defined under § 1114(a)) not previously terminated by the Debtors,
or assumed by the Debtors in the Schedule of Assumed Contracts, shall be terminated on or before
the Effective Date.

1 15.2 **Termination of Collective Bargaining Agreements.** Prior to the Effective Date,
2 the Debtors expect to receive approval for either the consensual or, pursuant to § 1113, the
nonconsensual modification, assignment and/or termination of collective bargaining agreements.

3 15.3 **Administrative Claims Bar Date.** All Requests for Payment of an Administrative
4 Claim must be filed with the Bankruptcy Court and served on the Debtors no later than the
Administrative Claims Bar Date. Such Requests for Payment may include estimates of amounts
5 through the Effective Date. The Administrative Claims Reserve shall be established on the
Effective Date in an amount determined by the Bankruptcy Court in order to satisfy all
6 Administrative Claims that have not been Allowed as of the Effective Date and all Allowed
Administrative Claims that will be paid after the Effective Date. In the event that the Debtors, the
7 Liquidating Trustee or the Master Trustee objects to an Administrative Claim, the Bankruptcy
8 Court shall determine the Allowed amount of such Administrative Claim. Notwithstanding the
foregoing: (a) no Request for Payment need be filed with respect to an undisputed postpetition
9 obligation which was paid or is payable by the Debtors in the ordinary course of business; provided,
10 however, that in no event shall a postpetition obligation that is contingent or disputed and subject
to liquidation through pending or prospective litigation, including, but not limited to, alleged
11 obligations arising from personal injury, property damage, products liability, consumer complaints,
employment law (excluding claims arising under workers' compensation law), secondary payor
12 liability, or any other disputed legal or equitable claim based on tort, statute, contract, equity, or
common law, be considered to be an obligation which is payable in the ordinary course of business;
13 (b) no Request for Payment need be filed with respect to a cure amount owing under an Executory
Agreement if (i) the amount of the cure is fixed or proposed to be fixed by the Confirmation Order
14 or other order of the Bankruptcy Court either pursuant to the Plan or pursuant to a motion to assume
and fix the amount of Cure filed by the Debtors, and (ii) a timely objection asserting an increased
15 amount of the cure has been filed by the non-Debtors party to the subject contract or lease; and (c)
no Request for Payment need be filed with respect to fees payable pursuant to 28 U.S.C. § 1930.
16 All Administrative Claims that become Allowed after the Effective Date shall be paid solely from
the Administrative Claims Reserve, and shall not constitute a claim against the Liquidating Trust,
17 the Liquidating Trustee, or any of the Liquidating Trust Assets. No Holder of an Administrative
Claim shall have recourse for any deficiency in the payment of its Administrative Claim against
18 any of the Released Parties, the Post-Effective Date Debtors, the Post-Effective Date Board of
Directors, the Liquidating Trustee, the Post-Effective Date Committee, or the Liquidating Trust..
19

20 15.4 **Exemption from Transfer Taxes.** Pursuant to § 1146(c), the assignment or
21 surrender of any lease or sublease, or the delivery of any deed or other instrument of transfer under,
in furtherance of, or in connection with, this Plan, including any deeds, bills of sale or assignments
22 executed in connection with any disposition of assets contemplated by this Plan, whether real or
personal property, shall not be subject to any stamp, real estate transfer, mortgage recording, sales,
23 use or other similar tax.

24 15.5 **Amendments.** The Plan Proponents reserve the right, in accordance with the
25 Bankruptcy Code and the Bankruptcy Rules, to amend or modify this Plan at any time prior to the
entry of the Confirmation Order. After the entry of the Confirmation Order, the Plan Proponents
26 may, upon order of the Bankruptcy Court, amend or modify this Plan, in accordance with § 1127(b),
or remedy any defect or omission or reconcile any inconsistency in this Plan in such manner as
27 may be necessary to carry out the purpose and intent of this Plan. A holder of an Allowed Claim
28

1 that is deemed to have accepted this Plan shall be deemed to have accepted this Plan as modified
2 if the proposed modification does not materially and adversely change the treatment of the Claim
of such holder.

3 **15.6 Revocation or Withdrawal of Plan.** The Plan Proponents may withdraw or revoke
4 this Plan at any time prior to the Effective Date. If the Plan Proponents revoke or withdraw this
5 Plan prior to the Effective Date, or if the Effective Date does not occur, then this Plan shall be
6 deemed null and void. In such event, nothing contained herein shall be deemed to constitute a
7 waiver or release of any Claim by or against the respective Debtor or any other Person or to
prejudice in any manner the rights of the respective Debtor or any other Person in any further
proceedings involving the respective Debtor.

8 **15.7 Severability.** In the event that the Bankruptcy Court determines, prior to the
9 Effective Date, that any provision of this Plan is invalid, void or unenforceable, the Bankruptcy
10 Court shall, with the Consent of the Plan Proponents, have the power to alter and interpret such
11 term or provision to make it valid or enforceable to the maximum extent practicable, consistently
12 with the original purpose of the term or provision held to be invalid, void or unenforceable, and
13 such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such
14 holding, alteration or interpretation, the remainder of the terms and provisions of this Plan shall
remain in full force and effect and shall in no way be affected, impaired or invalidated by such
holding, alteration or interpretation. The Confirmation Order shall constitute a judicial
determination and shall provide that each term and provision of this Plan, as it may have been
altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its
terms.

15 **15.8 Request for Expedited Determination of Taxes.** The Plan Proponents or the
16 Liquidating Trustee, as applicable, shall have the right to request an expedited determination under
17 § 505(b) with respect to tax returns filed, or to be filed, for any and all taxable periods ending after
the Petition Date through and including the date of final distribution under the Plan.

18 **15.9 U.S. Trustee Quarterly Fees and Post-Confirmation Status Reports.** All fees
19 payable under 28 U.S.C. § 1930(a)(6) shall be paid by each Debtor in the amounts and at the times
20 such fees may become due up to and including the Effective Date. The Liquidating Trust shall
21 pay all fees payable by each Debtor under 28 U.S.C. § 1930(a)(6) until the Chapter 11 Cases are
22 closed, dismissed or converted; provided, however, that the Sale-Leaseback Debtors shall pay all
23 fees payable under 28 U.S.C. § 1930(a)(6) in their respective Chapter 11 Cases until the expiration
24 of their respective Interim Management Agreements and Interim Leaseback Agreements. Upon
the Effective Date, the Liquidating Trust and the Post-Effective Date Debtors shall be relieved
from the duty to make the reports and summaries required under Bankruptcy Rule 2015(a).
Notwithstanding the foregoing, the Liquidating Trust and Post-Effective Date Debtors shall File
and serve the status reports required by Local Bankruptcy Rule 3020-1(b) at such times and for
such period as may be set forth in the Confirmation Order.

25 **15.10 Courts of Competent Jurisdiction.** If the Bankruptcy Court abstains from
26 exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter
27 arising out of this Plan, such abstention, refusal or failure of jurisdiction shall have no effect upon
28

1 and shall not control, prohibit or limit the exercise of jurisdiction by any other court having
2 competent jurisdiction with respect to such matter.

3 15.11 **Governing Law.** Except to the extent that the Bankruptcy Code or Bankruptcy
4 Rules are applicable, the rights, duties and obligations arising under this Plan shall be governed
5 by, and construed and enforced in accordance with, the laws of the State of California, without
6 giving effect to the principles of conflict of laws thereof.

7 15.12 **Continuing Effect of the Bankruptcy Court Orders and Settlement Stipulations.**
8 Unless otherwise set forth in the Plan or the Confirmation Order or otherwise ordered by the
9 Bankruptcy Court, the orders of the Bankruptcy Court and any other settlement stipulations entered
10 into by the Debtors (including without limitation, agreements to lift the automatic stay, resolve
11 litigation claims and limit recoveries to available insurance proceeds) shall not be modified,
12 limited or amended by the Plan and shall remain in full force and effect. To the extent of any
13 direct conflict between the terms of this Plan and any settlement agreements, the conflicting
14 provisions of such settlement agreements shall govern with respect to the treatment of Allowed
15 Claims as provided for therein.

16 15.13 **Time.** In computing any period of time prescribed or allowed by this Plan, unless
17 otherwise set forth herein or determined by the Bankruptcy Court, the provisions of Bankruptcy
18 Rule 9006 shall apply. Any reference to “day” or “days” shall mean calendar days, unless
19 otherwise specified herein.

20 15.14 **Business Day Transactions.** In the event that any payment or act under this Plan
21 is required to be made or performed on a date that is not a Business Day, then the making of such
22 payment or the performance of such act may be completed on or as soon as reasonably practicable
23 on the next succeeding Business Day, but shall be deemed to have been completed as of the initial
24 due date.

25 15.15 **Headings.** Headings are used in this Plan for convenience and reference only and
26 shall not constitute a part of this Plan for any other purpose.

27 15.16 **Exhibits.** All Exhibits and schedules to this Plan are incorporated into and are a
28 part of this Plan as if set forth in full herein.

15.17 **Notices.** Any notices to or requests by parties in interest under or in connection
with this Plan shall be in writing and served either by (i) certified mail, return receipt requested,
postage prepaid, (ii) hand delivery or (iii) reputable overnight delivery service, all charges prepaid,
and shall be deemed to have been given when received by the following parties:

If to the Debtors:

Verity Health System of California, Inc.
601 South Figueroa Street
Suite 4050
Los Angeles, California 90017
Attn: Peter C. Chadwick

with copies to:

Dentons US LLP
Attorneys for the Debtors and Debtors-In-Possession
601 South Figueroa Street
Suite 2500
Los Angeles, California 90017
(213) 623-9300
Attn: Samuel R. Maizel
Tania M. Moyron
Nicholas A. Koffroth

If to the Liquidating Trustee:

[]

If to the Master Trustee:

Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.
One Financial Center
Boston, Massachusetts 02111
(617) 542-6000
Attn: Daniel S. Bleck
Paul J. Ricotta

If to the Committee:

Milbank LLP
2029 Century Park East
33rd Floor
Los Angeles, California 90067
(424) 386-4000
Attn: Mark Shinderman

If to Verity MOB Financing LLC and
Verity MOB Financing II LLC:

Jones Day
250 Vesey Street
New York, New York 10281
(212) 326-3939
Attn: Bruce Bennett
Benjamin Rosenblum
Peter Saba

1 15.18 **Post-Effective Date Notices.** Following the Effective Date, except as otherwise
2 provided herein, notices shall only be served on the Post-Effective Date Debtors, the Liquidating
3 Trustee, the U.S. Trustee, and those Persons who File with the Court and serve upon the
4 Liquidating Trust a request, which includes such Person's name, contact person, address,
5 telephone number, facsimile number, and email, that such Person receive notice of post-Effective
Date matters. Persons who had previously filed with the Court requests for special notice of the
proceedings and other filings in the Chapter 11 Case shall not receive notice of post-Effective Date
matters unless such Persons File a new request in accordance with this Section.

6 15.19 **Conflict of Terms.** In the event of a conflict between the terms of this Plan and the
7 Disclosure Statement, the terms of this Plan shall control.

8 Dated: Los Angeles, California
9 As of July 2, 2020

EXHIBIT “D”

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

In re

VERITY HEALTH SYSTEM OF
CALIFORNIA, INC., *et al.*,

Debtors and Debtors In Possession.

Lead Case No. 2:18-bk-20151-ER

Jointly Administered With:

CASE NO.: 2:18-bk-20162-ER
CASE NO.: 2:18-bk-20163-ER
CASE NO.: 2:18-bk-20164-ER
CASE NO.: 2:18-bk-20165-ER
CASE NO.: 2:18-bk-20167-ER
CASE NO.: 2:18-bk-20168-ER
CASE NO.: 2:18-bk-20169-ER
CASE NO.: 2:18-bk-20171-ER
CASE NO.: 2:18-bk-20172-ER
CASE NO.: 2:18-bk-20173-ER
CASE NO.: 2:18-bk-20175-ER
CASE NO.: 2:18-bk-20176-ER
CASE NO.: 2:18-bk-20178-ER
CASE NO.: 2:18-bk-20179-ER
CASE NO.: 2:18-bk-20180-ER
CASE NO.: 2:18-bk-20181-ER

Chapter 11 Cases

Hon. Judge Ernest M. Robles

**DISCLOSURE STATEMENT DESCRIBING
SECOND AMENDED JOINT CHAPTER 11
PLAN OF LIQUIDATION (DATED JULY 2,
2020) OF THE DEBTORS, THE
PREPETITION SECURED CREDITORS,
AND THE COMMITTEE**

Disclosure Statement Hearing:

Date: July 2, 2020

Time: 10:00 a.m. (Pacific Time)

Plan Confirmation Hearing:

Date: August 12, 2020

Time: 10:00 a.m. (Pacific Time)

Place: Courtroom 1568

255 E. Temple Street

Los Angeles, CA 90012

☒ Affects All Debtors

☐ Affects Verity Health System of California,
Inc.

☐ Affects O'Connor Hospital

☐ Affects Saint Louise Regional Hospital

☐ Affects St. Francis Medical Center

☐ Affects St. Vincent Medical Center

☐ Affects Seton Medical Center

☐ Affects O'Connor Hospital Foundation

☐ Affects Saint Louise Regional Hospital
Foundation

☐ Affects St. Francis Medical Center of
Lynwood Foundation

☐ Affects St. Vincent Foundation

☐ Affects St. Vincent Dialysis Center, Inc.

☐ Affects Seton Medical Center Foundation

☐ Affects Verity Business Services

☐ Affects Verity Medical Foundation

☐ Affects Verity Holdings, LLC

☐ Affects De Paul Ventures, LLC

☐ Affects De Paul Ventures - San Jose ASC,
LLC

Debtors and Debtors In Possession.

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

Professional Claims, and Priority Tax Claims, which are not required to be classified, all Claims and Interests are divided into Classes under the Plan, as follows.³

The Plan classifies the following Claims as unimpaired and deemed to have accepted the Plan (and thus not entitled to vote on the Plan): Classes 1A (Priority Non-Tax Claims) and 1B (Secured PACE Financing Claims). These Classes are anticipated to recover 100% of their Allowed Claims.

The Plan classifies the following Claims as impaired and entitled to vote on the Plan: Classes 2 (Secured 2017 Revenue Notes Claims), 3 (Secured 2015 Notes Revenue Claims), 4 (Secured 2005 Revenue Bond Claims), 5 (Secured MOB Financing Claims), 6 (Secured MOB II Financing Claims), 7 (Secured Mechanics Lien Claims), 8 (General Unsecured Claims), 9 (Insured Claims), and 10 (2016 Data Breach Claim). Classes 2, 3, 4, 5, 6, and 7 are anticipated to recover 100% of their Allowed Claims, with the recovery by Class 4 to be realized, in part, on the Effective Date of the Plan, and the remainder to be realized over time as the Debtors' assets are liquidated by the Liquidating Trust.

The Plan classifies the following Claims as impaired and deemed to have rejected the Plan (and thus not entitled to vote on the Plan): Classes 11 (Subordinated General Unsecured Claims) and 12 (Interests). These Claims and Interests are anticipated not to receive any recovery from the Debtors under the Plan.

III.

OVERVIEW OF THE DEBTORS AND THE NON-DEBTOR AFFILIATES

A. The Debtors

Debtor VHS, a California nonprofit public benefit corporation, is the sole corporate member of the following five Debtor California nonprofit public benefit corporations that, on the Petition Date, operated six acute care hospitals: O'Connor Hospital ("OCH"), Saint Louise Regional Hospital ("SLRH"), St. Francis Medical Center ("SFMC"), St. Vincent Medical Center ("SVMC"), Seton Medical Center ("SMC"), and Seton Medical Center Coastsides ("Seton Coastsides" and,

³ Section VI.C of this Disclosure Statement further describes the specific treatment of these Claims and Interests under the Plan.

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1 together with OCH, SLRH, SFMC, and SVMC, the “Hospitals”). SMC and Seton Coastside
2 (collectively, “Seton”) operated under one consolidated acute care hospital license. All of the
3 Hospitals were licensed as general acute care hospitals by the California Department of Public
4 Health.

5 As of the Petition Date, VHS, the Hospitals, and their affiliated entities (collectively,
6 “Verity Health System”) operated as a nonprofit health care system in California, with
7 approximately 1,680 inpatient beds, six active emergency rooms, a trauma center, and a host of
8 medical specialties, including tertiary and quaternary care. The scope of the services provided by
9 the Verity Health System is exemplified by the fact that, in 2017, the Hospitals provided medical
10 services to over 50,000 inpatients and approximately 480,000 outpatients. The Hospitals were
11 certified to participate in the Medicare and Medi-Cal programs. In furtherance of its mission to
12 serve the community, Verity Health System provided care to patients even though they lacked
13 adequate insurance or participated in programs that did not pay full charges. Further information
14 concerning each Debtor’s operations is available in the *Declaration of Richard G. Adcock in*
15 *Support of Emergency First-Day Motions* [Docket No. 8] (the “First-Day Declaration”).

16 The Debtors are as follows:

- 17 • Verity Health System of California, Inc.
- 18 • O’Connor Hospital
- 19 • Saint Louise Regional Hospital
- 20 • St. Francis Medical Center
- 21 • St. Vincent Medical Center
- 22 • Seton Medical Center (which includes Seton Medical Center Coastside
23 campus)
- 24 • Verity Business Services
- 25 • O’Connor Hospital Foundation
- 26 • Saint Louise Regional Hospital Foundation
- 27 • St. Francis Medical Center of Lynwood Foundation
- 28 • St. Vincent Medical Center Foundation
- Seton Medical Center Foundation
- Verity Medical Foundation
- Verity Holdings, LLC
- De Paul Ventures, LLC
- De Paul Ventures - San Jose Dialysis, LLC
- St. Vincent Dialysis Center

26 The Debtors employed approximately 7,385 employees (the “Employees”) in the aggregate.
27 Almost three-quarters of the Debtors’ Employees, approximately 5,500 people in total, were
28

represented by one of the following unions (the “Unions”) pursuant to collective bargaining agreements between the Unions and the respective Debtors: California Nurses Association (“CNA”); Service Employees International Union (“SEIU”); California Licensed Vocational Nurses’ Association (“CLVNA”); United Nurses Associations of California/Union of Health Care Professionals (“UNAC”); the American Federation of Labor and Congress of Industrial Organizations (“AFL-CIO”); International Operating Engineers, Stationary Engineers, Local No. 39 (“Local 39”); and the International Federation of Professional and Technical Engineers, Local 20 (“Local 20”).

B. The Non-Debtor Affiliates

Certain of the Debtors have interests in the entities listed below that did not file voluntary petitions for relief (collectively, the “Non-Debtor Affiliates”). The Non-Debtor Affiliates are as follows:

- De Paul Ventures - San Jose ASC, LLC
- Marillac Insurance Company, Ltd.
- O’Connor Health Center I
- Sports Medicine Management, Inc.
- St. Vincent de Paul Ethics Corporation
- VHoldings MOB, LLC
- Robert F. Kennedy Medical Center
- Robert F. Kennedy Medical Center Foundation

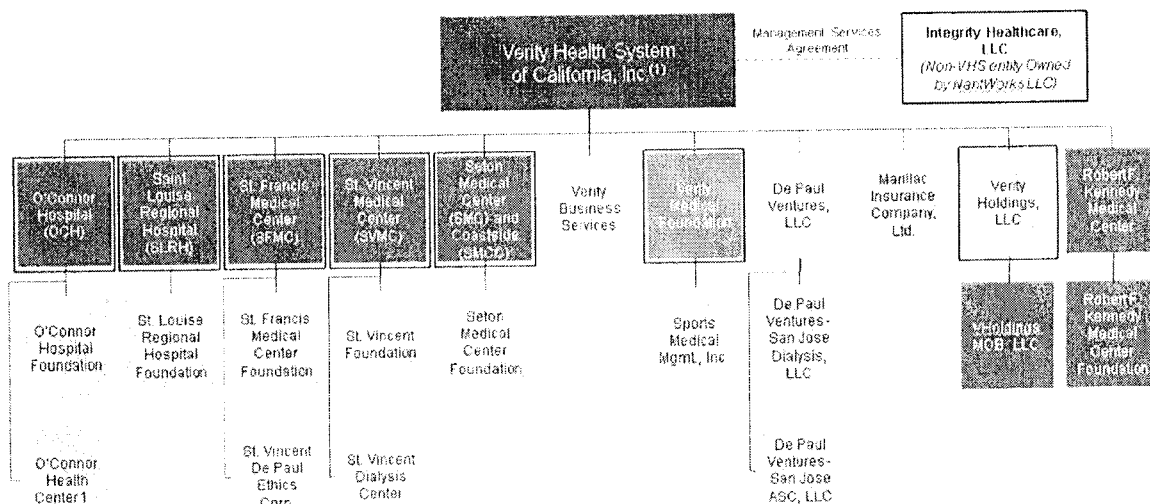
Further information concerning each of the Non-Debtor Affiliate’s operations is available in the First-Day Declaration. The Non-Debtor Affiliates do not have material assets or value except for Marillac Insurance Company, Ltd. (“Marillac”) and O’Connor Health Center I (“OCHI”).

Marillac, a wholly-owned subsidiary of VHS, provides insurance coverage to the Debtors. Marillac was incorporated in the Cayman Islands on December 9, 2003, and holds a Class B(i) Insurer’s License pursuant to the Cayman Islands Insurance Law, 2010. This class of licensure applies to insurers writing at least 95% of net premiums with their related business (in this case VHS). Marillac was granted a Class B(i) license effective April 2, 2015.

OCHI is a California limited partnership, formed in January 1996. OCH Forest 1, LP is the general partner in OCHI and OCH is a limited partner. OCHI owns certain real property at 455 O’Connor Drive, San Jose, California, which is leased by OCH.

C. Corporate Structure

The following graphic depicts the Debtors' prepetition organizational structure:



The Debtors' senior management is as follows:

Name	Position
Chief Executive Officer	Richard Adcock
Chief Financial Officer	Peter Chadwick
Chief Operating Officer	Anthony Armada
Chief Medical Officer	Tirso del Junco, Jr. M.D.

VHS is governed by the following seven-member board of directors:

Name	Position
Dr. Ernest Agatstein	Director
James Barber	Director
Terry Belmont	Secretary
Jack Krouskup	Chairman
Charles B. Patton	Director
Christobel Selecky	Director
Andrew Pines	Vice Chair

IV.

EVENTS LEADING TO THE COMMENCEMENT OF THESE CHAPTER 11 CASES

A. Overview of the Debtors' Prepetition Business Operations

The Daughters of Charity of St. Vincent de Paul, Province of the West, (the "Daughters of Charity") originally owned and operated the Hospitals and VMF. The Daughters of Charity began their healthcare mission in California in 1858 with the opening of Los Angeles Infirmary, now known as St. Vincent Medical Center. The Daughters of Charity expanded its hospitals to San Jose in 1889 and San Francisco in 1893. The Daughters of Charity ministered to the poor and sick for more than 150 years.

In March 1995, the Daughters of Charity merged with Catholic Healthcare West ("CHW"). In June 2001, the Daughters of Charity Health System was formed. In October 2001, the Daughters of Charity withdrew from CHW. In 2002, the Daughters of Charity Health System commenced operations and was the sole corporate member of the Hospitals, which at that time were California nonprofit religious corporations.

Between 1995 and 2015, the Daughters of Charity and Daughters of Charity Health System struggled to find a solution to continuing operating losses, either through a sale of some or all of the hospitals or a merger with a more financially-sound partner. All these efforts failed, and the health system's losses continued to mount. In 2005, Daughters of Charity Health System issued \$364 million in bonds to refinance existing debt and to fund future capital expenditures. Three years later, in 2008, they issued another \$143 million in bonds to refinance existing debt (the "2008 Bonds").

Between 2012 and 2014, Daughters of Charity Health System participated in an affiliation with Ascension Health Alliance ("Ascension") in an effort to create greater operating efficiencies. Previously, Ascension was the largest Catholic health system in the world and the largest non-profit health system in the United States with facilities in 23 states and the District of Columbia. The affiliation between Daughters of Charity Health System and Ascension failed.

Despite continuous efforts to improve operations, operating losses continued to plague the health system due to, among other things, mounting labor costs, low reimbursement rates and the

1 ever-changing healthcare landscape. In 2013, Daughters of Charity Health System actively
2 solicited offers for OCH, SLRH, and Seton. In 2013, to avoid failing debt covenants, the Daughters
3 of Charity Foundation, an organization separate and distinct from the Daughters of Charity Health
4 System, donated \$130 million to the health system to allow it to retire the 2008 Bonds in the total
5 amount of \$143.7 million.

6 In early 2014, Daughters of Charity Health System announced that they were beginning a
7 process to evaluate strategic alternatives for the health system. Throughout 2014, Daughters of
8 Charity Health System explored offers to sell the health system and, in October of 2014, they
9 entered into a purchase agreement with Prime Healthcare Services and Prime Healthcare
10 Foundation (collectively, "Prime"). However, to keep the Hospitals open during the sale process,
11 Daughters of Charity Health System borrowed another \$125 million to mitigate immediate cash
12 needs until the sale could be consummated. Notably, the goal of the transaction was to maintain
13 the status quo. The guiding principles for the sale included protecting existing pensions, repaying
14 all bond debt, continuation of all collective bargaining agreements, maintenance of existing
15 contracts for patient services, and obtaining promises for substantial capital expenditures. In early
16 2015, the Attorney General of California (the "Attorney General") consented to the sale to Prime,
17 subject to certain conditions. Prime terminated the transaction in light of the "onerous conditions"
18 on the continued operation of the Hospitals imposed by the Attorney General.

19 In 2015, Daughters of Charity Health System again marketed their health system for sale,
20 and, again, focused on offers that maintained the health system as a whole and assumed all the
21 health system's obligations. In July 2015, the Daughters of Charity Health System board of
22 directors selected BlueMountain Capital Management LLC ("BlueMountain"), a private
23 investment firm, to recapitalize operations and transition leadership of the health system to the new
24 Verity Health System (the "BlueMountain Transaction").

25 In connection with the BlueMountain Transaction, BlueMountain agreed to make a capital
26 infusion of \$100 million to the Verity Health System, arrange loans for another \$160 million to the
27 Verity Health System, and manage operations of the Verity Health System, with an option to buy
28 Verity Health System at a future time. In addition, the parties entered into a System Restructuring

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1 and Support Agreement (the “Restructuring Agreement”) that, among other things, changed the
2 Daughters of Charity Health System name to Verity Health System. The Restructuring Agreement
3 also provided that VHS and the Hospitals would be converted from religious corporations to
4 nonprofit public benefit corporations.

5 The Daughters of Charity Health System requested the Attorney General’s consent to enter
6 into the Restructuring Agreement and the BlueMountain Transaction. The Attorney General
7 retained MDS Consulting, an expert consulting firm, to prepare healthcare impact reports for the
8 Attorney General concerning the proposed transactions. According to the expert’s healthcare
9 impact reports, Daughters of Charity Health System outlined the following reasons why the
10 BlueMountain Transaction was either necessary or desirable:

- 11 • The current structure and sponsorship of Daughters of Charity Health System was no longer
12 possible as a result of cash flow projections and dire financial conditions.
- 13 • In July and August of 2014, Daughters of Charity Health System obtained a short-term
14 financing bridge loan in the amount of \$125 million to mitigate the immediate cash needs
15 for an estimated period of time long enough to allow for the transaction to close. Repayment
16 of the funds was due on December 15, 2015, at which time if the full amount was not repaid,
17 Daughters of Charity Health System would be at risk of defaulting on both their outstanding
2014 and 2005 revenue bonds.
- 18 • Without bankruptcy protection or additional financial support, Daughters of Charity Health
19 System could not continue hospital operations if there were a default.

20 On December 3, 2015, the Attorney General approved the BlueMountain Transaction,
21 subject to certain conditions (the “Conditions”). The Conditions were imposed for periods ranging
22 from 5 to 15 years and generally included: (1) limits on transfers of control; (2) maintenance of
23 specific health services and specific bed counts; (3) required participation in Medicare and Medi-
24 Cal programs; (4) required levels of community benefit programs; (5) required levels of charity
25 care; (6) maintenance of certain county payor contracts; (7) requirements for local governing
26 boards; (8) requirements for medical staff compliance; and (9) an annual attestation of compliance
27 with the Conditions.

28 In 2015, BlueMountain formed Integrity Healthcare, LLC (“Integrity”) to carry out
management services for Verity Health System. Integrity provided management services pursuant
to 15-year term Health System Management Agreement by and between Integrity and VHS (the

1 “Management Agreement”). Integrity received a monthly management fee pursuant to the
2 Management Agreement, which was calculated based on a specified percentage of trailing 12-
3 month operating revenues for VHS and provided that VHS could defer a portion of the fee payments
4 with such deferments subject to interest accruing at 2.82% per annum. Integrity was wholly owned
5 by BlueMountain through June 30, 2017.

6 Verity Health System did not prosper despite BlueMountain’s infusion of cash and retention
7 of various consultants and experts to assist in improving cash flow and operations.

8 In July 2017, NantWorks, LLC (“NantWorks”) acquired a controlling stake in Integrity.
9 NantWorks brought in new officers, and NantWorks loaned another \$148 million to the Debtors.
10 The NantWorks transaction did not result in significant changes to the terms of the Restructuring
11 Agreement or the Conditions.

12 Once again, Verity Health System did not achieve expected success despite the infusion of
13 capital and new management. Losses continued at approximately \$175 million annually on a cash
14 flow basis.

15 VHS’s great efforts to revitalize its Hospitals and improvements in performance and cash
16 flow proved insufficient to overcome the legacy burden of more than a billion dollars of bond debt
17 and unfunded pension liabilities, an inability to renegotiate collective bargaining agreements or
18 payor contracts, the continuing need for significant capital expenditures for seismic obligations and
19 aging infrastructure, and the general headwinds facing the hospital industry. It became apparent
20 that the problems facing the Verity Health System were too large to solve without a formal court-
21 supervised restructuring.

22 **B. The Debtors’ Prepetition Capital Structure**⁴

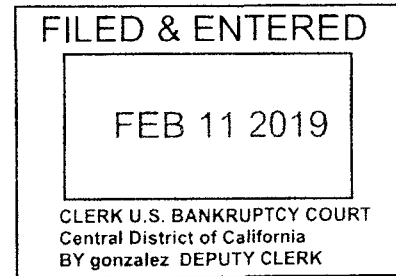
23 VHS, Verity Business Services (“VBS”), and the Hospitals are jointly obligated parties on
24 approximately \$461.4 million of outstanding secured debt consisting of: (a) \$259.4 million
25

26
27 ⁴ For additional information concerning the Debtors’ prepetition capital structure, the Debtors
28 refer to the *Declaration of Anita Chou, Chief Financial Officer, in Support of Motion Of
Debtors For Interim And Final Orders (A) Authorizing The Debtors To Obtain Post Petition
Financing (B) Authorizing The Debtors To Use Cash Collateral And (C) Granting Adequate*

EXHIBIT “E”

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Los Angeles, California 90017-5704
Tel: (213) 623-9300 / Fax: (213) 623-9924

Attorneys for the Chapter 11 Debtors and
Debtors In Possession



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

In re:

VERITY HEALTH SYSTEM OF
CALIFORNIA, INC., *et al.*,

Debtors and Debtors In
Possession.

- ☒ Affects All Debtors
☐ Affects Verity Health System of
California, Inc.
☐ Affects O'Connor Hospital
☐ Affects Saint Louise Regional Hospital
☐ Affects St. Francis Medical Center
☐ Affects St. Vincent Medical Center
☐ Affects Seton Medical Center
☐ Affects O'Connor Hospital Foundation
☐ Affects Saint Louise Regional Hospital
Foundation
☐ Affects St. Francis Medical Center of
Lynwood Foundation
☐ Affects St. Vincent Foundation
☐ Affects St. Vincent Dialysis Center, Inc.
☐ Affects Seton Medical Center
Foundation
☐ Affects Verity Business Services
☐ Affects Verity Medical Foundation
☐ Affects Verity Holdings, LLC
☐ Affects De Paul Ventures, LLC
☐ Affects De Paul Ventures - San Jose
Dialysis, LLC

Debtors and Debtors In Possession.

Lead Case No. 2:18-bk-20151-ER

Jointly Administered With:

CASE NO.: 2:18-bk-20162-ER
CASE NO.: 2:18-bk-20163-ER
CASE NO.: 2:18-bk-20164-ER
CASE NO.: 2:18-bk-20165-ER
CASE NO.: 2:18-bk-20167-ER
CASE NO.: 2:18-bk-20168-ER
CASE NO.: 2:18-bk-20169-ER
CASE NO.: 2:18-bk-20171-ER
CASE NO.: 2:18-bk-20172-ER
CASE NO.: 2:18-bk-20173-ER
CASE NO.: 2:18-bk-20175-ER
CASE NO.: 2:18-bk-20176-ER
CASE NO.: 2:18-bk-20178-ER
CASE NO.: 2:18-bk-20179-ER
CASE NO.: 2:18-bk-20180-ER
CASE NO.: 2:18-bk-20181-ER

Chapter 11 Cases

Hon. Judge Ernest M. Robles

**ORDER ESTABLISHING BAR DATE FOR FILING
PROOFS OF CLAIM**

[No Hearing Required Unless Requested - Local
Bankruptcy Rule 9013-1(o)]



1 The Court, having considered that certain *Notice Of Motion And Motion For An Order*
2 *Establishing Bar Date For Filing Proofs Of Claim* [Doc. No. 1236] (the “Motion”), filed by Verity
3 Health System of California, Inc. (“VHS”) and the above-referenced affiliated debtors, the debtors and
4 debtors in possession in the above-captioned chapter 11 bankruptcy cases (collectively, the
5 “Debtors”), and the memorandum of points and authorities, declaration of Richard G. Adcock (the
6 “Adcock Declaration”), the *Supplement to Debtors’ Notice of Motion and Motion For An Order*
7 *Establishing Bar Date For Filing Proofs of Claim* [Doc. No. 1348] (the “Initial Supplement”) and the
8 *Second Supplement to Debtors’ Notice of Motion and Motion For An Order Establishing Bar Date*
9 *For Filing Proofs of Claim* [Doc. No. 1461] (the “Second Supplement”) submitted by the Debtors in
10 support of the Motion, proper notice of the Motion having been provided, having received no
11 opposition to or request for hearing on the Motion, and other good cause appearing therefor, the Court
12 hereby orders as follows:
13

- 14 1. The Motion is granted in its entirety.
- 15 2. **April 1, 2019** is established as the bar date (the “Bar Date”) by which parties who wish
16 to assert pre-petition claims against, and interests in, the Debtors must file and serve proofs of claim
17 or proofs of interest.
18
- 19 3. Any party that fails to file a proof of claim and/or proof of interest with the Court by
20 the Bar Date is forever barred from thereafter asserting a pre-petition claim and/or interest against the
21 Debtors or the Debtors’ bankruptcy estates.
22
- 23 4. The revised form of notice of the Bar Date (the “Bar Date Notice”) that is attached as
24 **Exhibit A** hereto is approved.¹

25
26
27
28 ¹ The revised Bar Date Notice reflects the form of notice of the Bar Date attached as Exhibit A to the Initial Supplement and incorporates additional language pursuant to the Second Supplement.

1 5. The use of the modified proof of claim form attached as Exhibit A-1 to the Bar Date
2 Notice (the "Modified Proof of Claim Form") is approved.

3 6. The Debtors shall file the Bar Date Notice and the Modified Proof of Claim Form with
4 the Court. The Debtors shall serve the Bar Date Notice and the Modified Proof of Claim Form on all
5 parties in interest except patients of the Debtors that do not have a balance. These patients, instead,
6 shall receive service of the Bar Date Notice only and not the Modified Proof of Claim Form. Such
7 service shall be made no later than seven (7) days after the date of entry of this Order.

8 7. The Debtors shall publish the Bar Date Notice only in the *Los Angeles Times*, the *San*
9 *Jose Mercury News*, the *San Francisco Chronicle*, and *USA Today* at least twenty-eight (28) days prior
10 to the Bar Date.

11 8. Notwithstanding any other provision of this Order, any record or beneficial holder of
12 those certain California Statewide Communities Development Authority Revenue Bonds (Daughters
13 of Charity Health System) Series 2005 A, G and H, California Public Finance Authority Revenue
14 Notes (Verity Health System) Series 2015 A, B, C and D, California Public Finance Authority
15 Revenue Notes (Verity Health System) Series 2017 A and B, or any master indenture obligation issued
16 by the Debtors or any of them in connection with the foregoing (each an "Obligated Debt Security")
17 is not required to file any Proof of Claim for any claim that is (a) limited to the repayment of principal,
18 interest, and other applicable fees and charges on account of an Obligated Debt Security, and (b)
19 asserted against the Debtors O'Connor Hospital, St. Francis Medical Center, St. Vincent Medical
20 Center, Saint Louise Regional Hospital, Seton Medical Center, and/or Verity Health Systems of
21 California, Inc. (each a "Funded Debt Claim"). Notwithstanding the foregoing, (i) any record or
22 beneficial holder of an Obligated Debt Security wishing to assert any other claim, including any claim
23 other than a Funded Debt Claim is required to file Proof(s) of Claim in compliance with this Order,
24 unless another exception identified herein applies; and (ii) for the avoidance of doubt, the foregoing
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1 exclusion in this paragraph shall not apply to any indenture trustee or collateral agent described in the
2 documents that evidence or secure any Obligated Debt Security.

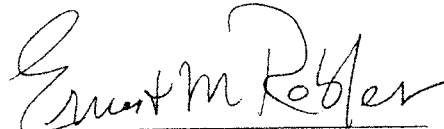
3 9. Notwithstanding any other provisions of this Order, any record or beneficial holder of
4 those certain California Statewide Communities Development Authority ("CSCDA") Bonds issued
5 pursuant to the CSCDA CaliforniaFirst Program dated May 11, 2017 or May 18, 2017, (each a
6 "Special Assessment Debt Security") is not required to file any Proof of Claim for any claim that is
7 (a) limited to the repayment of principal, interest, and other applicable fees and charges on account of
8 a Special Assessment Debt Security and (b) asserted against the Debtor Seton Medical Center (a
9 "Funded Assessment Claim"). Notwithstanding the foregoing, (i) any record or beneficial holder of
10 a Special Assessment Debt Security wishing to assert any other claim, including any claim other than
11 a Funded Assessment Claim is required to file Proof(s) of Claim in compliance with this Order, unless
12 another exception identified herein applies; and (ii) for the avoidance of doubt, the foregoing exclusion
13 in this paragraph shall not apply to any indenture trustee or collateral agent described in the documents
14 that evidence or secure any Special Assessment Debt Security.

15 10. Each indenture trustee or collateral agent for an Obligated Debt Security or a Special
16 Assessment Debt Security is authorized to file such proof(s) of claim on behalf of itself and the
17 beneficial and record holders of such Funded Debt Claims or Funded Assessment Claim against each
18 relevant Debtor in compliance with this Order and/or may in its sole discretion include or reference
19 such documents that evidence or secure any Obligated Debt Security or Special Assessment Debt
20 Security (and is excused from attaching copies of any referenced documents evidencing and/or
21 securing those claims, so long as those materials remain available on request).

1 **IT IS SO ORDERED.**

2 ###

24 Date: February 11, 2019

23 

25 Ernest M. Robles
26 United States Bankruptcy Judge

Official Form 410

Instructions for Proof of Claim

United States Bankruptcy Court

04/16

These instructions and definitions generally explain the law. In certain circumstances, such as bankruptcy cases that debtors do not file voluntarily, exceptions to these general rules may apply. You should consider obtaining the advice of an attorney, especially if you are unfamiliar with the bankruptcy process and privacy regulations.

A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both.


18 U.S.C. §§ 152, 157 and 3571


PLEASE SEND COMPLETED PROOF(S) OF CLAIM


TO:


Verity Claims Processing Center
c/o KCC
2335 Alaska Avenue
El Segundo, CA 90245

How to fill out this form


 Fill in all of the information about the claim as of the date the case was filed.


 Fill in the caption at the top of the form


 If the claim has been acquired from someone else, then state the identity of the last party who owned the claim or was the holder of the claim and who transferred it to you before the initial claim was filed.


 Attach any supporting documents to this form. Attach redacted copies of any documents that show that the debt exists, a lien secures the debt, or both. (See the definition of *redaction* on the next page.)

Also attach redacted copies of any documents that show perfection of any security interest or any assignments or transfers of the debt. In addition to the documents, a summary may be added. Federal Rule of Bankruptcy Procedure (called "Bankruptcy Rule") 3001(c) and (d).

 Do not attach original documents because attachments may be destroyed after scanning.

 If the claim is based on delivery health care goods or services, do not disclose confidential health care information. Leave out or redact confidential information both in the claim and in the attached documents.

 A *Proof of Claim* form and any attached documents must show only the last 4 digits of any social security number, individual's tax identification number, or financial account number, and only the year of any person's date of birth. See Bankruptcy Rule 9037.

 For a minor child, fill in only the child's initials and the full name and address of the child's parent or guardian. For example, write *A.B., a minor child (John Doe, parent, 123 Main St., City, State)*. See Bankruptcy Rule 9037.

Confirmation that the claim has been filed

To receive confirmation that the claim has been filed, either enclose a stamped self-addressed envelope and a copy of this form or you may view a list of filed claims in this case by visiting the Claims and Noticing and Agent's website at <http://www.kccllc.net/verityhealth>.

Understand the terms used in this form

Administrative expense: Generally, an expense that arises after a bankruptcy case is filed in connection with operating, liquidating, or distributing that bankruptcy estate.
11 U.S.C. § 503

Claim: A creditor's right to receive payment for a debt that the debtor owed on the date the debtor filed for bankruptcy. 11 U.S.C. § 101 (5). A claim may be secured or unsecured.

EXHIBIT A

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Tel: (213) 623-9300 / Fax: (213) 623-9924

Attorneys for the Chapter 11 Debtors and
Debtors In Possession

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

In re:

VERITY HEALTH SYSTEM OF
CALIFORNIA, INC., *et al.*,

Debtors and Debtors In
Possession.

- ☒ Affects All Debtors
☐ Affects Verity Health System of
California, Inc.
☐ Affects O'Connor Hospital
☐ Affects Saint Louise Regional Hospital
☐ Affects St. Francis Medical Center
☐ Affects St. Vincent Medical Center
☐ Affects Seton Medical Center
☐ Affects O'Connor Hospital Foundation
☐ Affects Saint Louise Regional Hospital
Foundation
☐ Affects St. Francis Medical Center of
Lynwood Foundation
☐ Affects St. Vincent Foundation
☐ Affects St. Vincent Dialysis Center, Inc.
☐ Affects Seton Medical Center
Foundation
☐ Affects Verity Business Services
☐ Affects Verity Medical Foundation
☐ Affects Verity Holdings, LLC
☐ Affects De Paul Ventures, LLC
☐ Affects De Paul Ventures - San Jose
Dialysis, LLC

Debtors and Debtors In Possession.

Lead Case No. 2:18-bk-20151-ER

Jointly Administered With:

CASE NO.: 2:18-bk-20162-ER
CASE NO.: 2:18-bk-20163-ER
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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

Hon. Judge Ernest M. Robles

**NOTICE OF BAR DATE FOR FILING PROOFS
OF CLAIMS AND INTERESTS**

BAR DATE: APRIL 1, 2019

1 TO ALL CREDITORS, EQUITY AND INTEREST HOLDERS, AND OTHER
2 PARTIES IN INTEREST:

3
4 **NOTICE OF CLAIMS BAR DATE**

5 The Bankruptcy Court has set a deadline of April 1, 2019 for creditors and holders of
6 ownership interests in Verity Health System of California, Inc., a California nonprofit benefit
7 corporation and the Debtor herein, and the above-referenced affiliated debtors, the debtors and debtors
8 in possession in the above-captioned chapter 11 bankruptcy cases (collectively, the "Debtors"), to file
9 proofs of claim against, or proofs of interest in, the Debtors' estates.

10 The exceptions to this deadline for filing proofs of claims or interest are: (1) claims arising
11 from rejection of executory contracts or unexpired leases, (2) claims of governmental units, and (3)
12 claims arising as the result of transfer avoidance pursuant to chapter 5 of the Bankruptcy Code.

13 Unless otherwise ordered by the Court, claims arising from (i) rejection of executory contracts
14 or unexpired leases pursuant to 11 U.S.C. § 365, (ii) rejection or modification of collective bargaining
15 agreements pursuant to 11 U.S.C. § 1113, (iii) voluntary termination of pension plans under the
16 Employee Retirement Income Security Act ("ERISA"), or (iv) withdrawal from a multiemployer
17 pension plan governed by ERISA, or (v) termination of retiree benefits, including as may be required
18 under 11 U.S.C. § 1114, the last day to file a proof of claim is: (a) 30 days after the date of entry of
19 the order authorizing such rejection, modification, voluntary termination or withdrawal; or (b) April
20 1, 2019, whichever is later.

21 For claims of "governmental units," as that term is defined in 11 U.S.C. § 101(27), the last day
22 to file a proof of claim is: (a) 180 days after the entry the order for relief in this case, or (b) April 1,
23 2019, whichever is later. 11 U.S.C. § 502(b)(9).

24 For administrative claims arising under Section 503(b)(9) of the Bankruptcy Code (a
25 "503(b)(9) Claim") on account of goods sold to the Debtors in the ordinary course of the Debtors'
26 business that were received by the Debtors within 20 days before the commencement of the Debtors'
27 cases, the last day to request allowance of such claims by filing a proof of claim and indicating that
28 the claim asserted is a 503(b)(9) Claim is the Bar Date, i.e. April 1, 2019.

For claims arising from the avoidance of a transfer under chapter 5 of the Bankruptcy Code,
the last day to file a proof of claim is: (a) 30 days after the entry of judgment avoiding the transfer, or
(b) April 1, 2019, whichever is later.

If you are listed on the Schedules of Assets and Liabilities of the Debtors and your claim or
interest is not scheduled as disputed, contingent, unliquidated or unknown, your claim or interest is
deemed filed in the amount set forth in the schedules, and filing of a proof of claim or interest is
unnecessary if you agree that the amount scheduled is correct and that the category in which your
claim or interest is scheduled (secured, unsecured, preferred stock, common stock, *etc.*) is correct. 11
U.S.C. § 1111(a).

If your claim or interest is not listed on the schedules or is scheduled as disputed, contingent,
unliquidated or unknown, or if you disagree with the amount or description scheduled for your claim
or interest, you must file a proof of claim or interest.

Notwithstanding any other provision of this Notice, any record or beneficial holder of those certain California Statewide Communities Development Authority Revenue Bonds (Daughters of Charity Health System) Series 2005 A, G and H, California Public Finance Authority Revenue Notes (Verity Health System) Series 2015 A, B, C and D, California Public Finance Authority Revenue Notes (Verity Health System) Series 2017 A and B, or any master indenture obligation issued by the Debtors or any of them in connection with the foregoing (each an "Obligated Debt Security") is not required to file any proof of claim for any claim that is (a) limited to the repayment of principal, interest, and other applicable fees and charges on account of an Obligated Debt Security, and (b) asserted against the Debtors O'Connor Hospital, St. Francis Medical Center, St. Vincent Medical Center, Saint Louise Regional Hospital, Seton Medical Center, and/or Verity Health Systems of California, Inc. (each a "Funded Debt Claim"). Notwithstanding the foregoing, (i) any record or beneficial holder of an Obligated Debt Security wishing to assert any other claim, including any claim other than a Funded Debt Claim is required to file proof(s) of claim in compliance with this Notice, unless another exception identified herein applies; and (ii) for the avoidance of doubt, the foregoing exclusion in this paragraph shall not apply to any indenture trustee or collateral agent described in the documents that evidence or secure any Obligated Debt Security.

Notwithstanding any other provisions of this Notice, any record or beneficial holder of those certain California Statewide Communities Development Authority ("CSCDA") Bonds issued pursuant to the CSCDA CaliforniaFirst Program dated May 11, 2017 or May 18, 2017, (each a "Special Assessment Debt Security") is not required to file any proof of claim for any claim that is (a) limited to the repayment of principal, interest, and other applicable fees and charges on account of a Special Assessment Debt Security and (b) asserted against the Debtor Seton Medical Center (a "Funded Assessment Claim"). Notwithstanding the foregoing, (i) any record or beneficial holder of a Special Assessment Debt Security wishing to assert any other claim, including any claim other than a Funded Assessment Claim is required to file proof(s) of claim in compliance with this Notice, unless another exception identified herein applies; and (ii) for the avoidance of doubt, the foregoing exclusion in this paragraph shall not apply to any indenture trustee or collateral agent described in the documents that evidence or secure any Special Assessment Debt Security.

Each indenture trustee or collateral agent for an Obligated Debt Security or a Special Assessment Debt Security is authorized to file such proof(s) of claim on behalf of itself and the beneficial and record holders of such Funded Debt Claims or Funded Assessment Claim against each relevant Debtor in compliance with this Notice and/or may in its sole discretion include or reference such documents that evidence or secure any Obligated Debt Security or Special Assessment Debt Security (and is excused from attaching copies of any referenced documents evidencing and/or securing those claims, so long as those materials remain available on request).

Failure of a creditor or interest holder to file timely a proof of claim or interest on or before the deadline may result in disallowance of the claim or interest or subordination under the terms of a plan of reorganization without further notice or hearing. 11 U.S.C. § 502(b)(9). Creditors and interest holders may wish to consult an attorney to protect their rights.

Dated: February ____, 2019

DENTONS US LLP

By: _____

Samuel R. Maizel

Tania M. Moyron

Attorneys for Chapter 11 Debtors and Debtors in
Possession

In re Verity Health System of California, Inc., et al.
(Case No. 2:18-bk-20151-ER)

Attached is a blank Proof of Claim form for the above-captioned case (with instructions). Proof of interest forms, and additional copies of proof of claim forms, may be obtained from the Debtors' Claims and Noticing Agent, Kurtzman, Carson Consultants LLC ("KCC"), located at 2335 Alaska Avenue, El Segundo, CA 90245, (888) 249-2741, or by visiting KCC's website at <http://www.kccllc.net/verityhealth>.

Please be advised that all Proofs of Claim and Proofs of Interest, with all supporting documentation, must be submitted to KCC via mail or courier no later than April 1, 2019 at 5:00 p.m. (Pacific Time), at the following address:

Verity Claims Processing Center
c/o KCC
2335 Alaska Avenue
El Segundo, CA 90245

Exhibit A1

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United States Bankruptcy Court for the Central District of California

Indicate Debtor against which you assert a claim by checking the appropriate box below. (Check only one Debtor per claim form.)

- | | |
|--|---|
| <input type="checkbox"/> Verity Health System of California (Case No. 18-20151) | <input type="checkbox"/> St. Francis Medical Center of Lynwood Foundation (Case No. 18-20178) |
| <input type="checkbox"/> De Paul Ventures – San Jose Dialysis, LLC (Case No. 18-20181) | <input type="checkbox"/> St. Louise Regional Hospital (Case No. 18-20162) |
| <input type="checkbox"/> De Paul Ventures, LLC (Case No. 18-20176) | <input type="checkbox"/> St. Vincent Dialysis Center, Inc. (Case No. 18-20171) |
| <input type="checkbox"/> O'Connor Hospital (Case No. 18-20168) | <input type="checkbox"/> St. Vincent Foundation (Case No. 18-20180) |
| <input type="checkbox"/> O'Connor Hospital Foundation (Case No. 18-20179) | <input type="checkbox"/> St. Vincent Medical Center (Case No. 18-20164) |
| <input type="checkbox"/> Saint Louise Regional Hospital Foundation (Case No. 18-20172) | <input type="checkbox"/> Verity Business Services (Case No. 18-20173) |
| <input type="checkbox"/> Seton Medical Center (Case No. 18-20167) | <input type="checkbox"/> Verity Holdings, LLC (Case No. 18-20163) |
| <input type="checkbox"/> Seton Medical Center Foundation (Case No. 18-20175) | <input type="checkbox"/> Verity Medical Foundation (Case No. 18-20169) |
| <input type="checkbox"/> St. Francis Medical Center (Case No. 18-20165) | |

Official Form 410 Proof of Claim

04/16

Read the instructions before filling out this form. This form is for making a claim for payment in a bankruptcy case. Do not use this form to make a request for payment of an administrative expense. Make such a request according to 11 U.S.C. § 503.

Filers must leave out or redact information that is entitled to privacy on this form or on any attached documents. Attach redacted copies or any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. Do not send original documents; they may be destroyed after scanning. If the documents are not available, explain in an attachment.

A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

Fill in all the information about the claim as of the date the case was filed.

Part 1: Identify the Claim

1. Who is the current creditor?

Name of the current creditor (the person or entity to be paid for this claim)

Other names the creditor used with the debtor

2. Has this claim been acquired from someone else?

☐ No

☐ Yes. From whom?

3. Where should notices and payments to the creditor be sent?

Where should notices to the creditor be sent?

Where should payments to the creditor be sent? (if different)

Name

Name

Number Street

Number Street

City State ZIP Code

City State ZIP Code

Country

Country

Contact phone

Contact phone

Contact email

Contact email

Uniform claim identifier for electronic payments in chapter 13 (if you use one):

4. Does this claim amend one already filed?

☐ No

☐ Yes. Claim number on court claims registry (if known)

Filed on MM / DD / YYYY

5. Do you know if anyone else has filed a proof of claim for this claim?

☐ No

☐ Yes. Who made the earlier filing?

Part 2: Give Information About the Claim as of the Date the Case Was Filed

6. Do you have any number you use to identify the debtor?	<input type="checkbox"/> No <input type="checkbox"/> Yes. Last 4 digits of the debtor's account or any number you use to identify the debtor: _____
7. How much is the claim? \$ _____	Does this amount include interest or other charges? <input type="checkbox"/> No <input type="checkbox"/> Yes. Attach statement itemizing interest, fees, expenses, or other charges required by Bankruptcy Rule 3001(c)(2)(A).
8. What is the basis of the claim?	Examples: Goods sold, money loaned, lease, services performed, personal injury or wrongful death, or credit card. Attach redacted copies of any documents supporting the claim required by Bankruptcy Rule 3001(c). Limit disclosing information that is entitled to privacy, such as health care information. _____
9. Is all or part of the claim secured?	<input type="checkbox"/> No <input type="checkbox"/> Yes. The claim is secured by a lien on property. Nature of property: <input type="checkbox"/> Real estate: If the claim is secured by the debtor's principal residence, file a <i>Mortgage Proof of Claim Attachment</i> (Official Form 410-A) with this <i>Proof of Claim</i> . <input type="checkbox"/> Motor vehicle <input type="checkbox"/> Other. Describe: _____ Basis for perfection: _____ Attach redacted copies of documents, if any, that show evidence of perfection of a security interest (for example, a mortgage, lien, certificate of title, financing statement, or other document that shows the lien has been filed or recorded.) Value of property: \$ _____ Amount of the claim that is secured: \$ _____ Amount of the claim that is unsecured: \$ _____ (The sum of the secured and unsecured amount should match the amount in line 7.) Amount necessary to cure any default as of the date of the petition: \$ _____ Annual Interest Rate (when case was filed) _____ % <input type="checkbox"/> Fixed <input type="checkbox"/> Variable
10. Is this claim based on a lease?	<input type="checkbox"/> No <input type="checkbox"/> Yes. Amount necessary to cure any default as of the date of the petition. \$ _____
11. Is this claim subject to a right of setoff?	<input type="checkbox"/> No <input type="checkbox"/> Yes. Identify the property: _____

12. Is all or part of the claim entitled to priority under 11 U.S.C. § 507(a)?

☐ No

☐ Yes. Check all that apply:

Amount entitled to priority

A claim may be partly priority and partly nonpriority. For example, in some categories, the law limits the amount entitled to priority.

☐ Domestic support obligations (including alimony and child support) under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B).

\$ _____

☐ Up to \$2,850* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use. 11 U.S.C. § 507(a)(7).

\$ _____

☐ Wages, salaries, or commissions (up to \$12,850*) earned within 180 days before the bankruptcy petition is filed or the debtor's business ends, whichever is earlier. 11 U.S.C. § 507(a)(4).

\$ _____

☐ Taxes or penalties owed to governmental units. 11 U.S.C. § 507(a)(8).

\$ _____

☐ Contributions to an employee benefit plan. 11 U.S.C. § 507(a)(5).

\$ _____

☐ Other. Specify subsection of 11 U.S.C. § 507(a)() that applies.

\$ _____

* Amounts are subject to adjustment on 4/01/19 and every 3 years after that for cases begun on or after the date of adjustment.

Part 3: Sign Below

The person completing this proof of claim must sign and date it. FRBP 9011(b).

If you file this claim electronically, FRBP 5005(a)(2) authorizes courts to establish local rules specifying what a signature is.

A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

Check the appropriate box:

☐ I am the creditor.

☐ I am the creditor's attorney or authorized agent.

☐ I am the trustee, or the debtor, or their authorized agent. Bankruptcy Rule 3004.

☐ I am a guarantor, surety, endorser, or other codebtor. Bankruptcy Rule 3005.

I understand that an authorized signature on this *Proof of Claim* serves as an acknowledgement that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

I have examined the information in this *Proof of Claim* and have reasonable belief that the information is true and correct.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on date

MM / DD / YYYY

Signature

Print the name of the person who is completing and signing this claim:

Name

First name

Middle name

Last name

Title

Company

Identify the corporate servicer as the company if the authorized agent is a servicer.

Address

Number

Street

City

State

ZIP Code

Country

Contact phone

Email

Creditor: A person, corporation, or other entity to whom a debtor owes a debt that was incurred on or before the date the debtor filed for bankruptcy. 11 U.S.C. §101 (10).

Debtor: A person, corporation, or other entity to who is in bankruptcy. Use the debtor's name and case number as shown in the bankruptcy notice you received. 11 U.S.C. §101 (13).

Evidence of perfection: Evidence of perfection of a security interest may include documents showing that a security interest has been filed or recorded, such as a mortgage, lien, certificate of title, or financing statement.

Information that is entitled to privacy: A *Proof of Claim* form and any attached documents must show only the last 4 digits of any social security number, an individual's tax identification number, or a financial account number, only the initials of a minor's name, and only the year of any person's date of birth. If a claim is based on delivering health care goods or services, limit the disclosure of the goods or services to avoid embarrassment or disclosure of confidential health care information. You may later be required to give more information if the trustee or someone else in interest objects to the claim.

Priority claim: A claim within a category of unsecured claims that is entitled to priority under 11 U.S.C. §507(a). These claims are paid from the available money or property in a bankruptcy case before other unsecured claims are paid. Common priority unsecured claims include alimony, child support, taxes, and certain unpaid wages.

Proof of claim: A form that shows the amount of debt the debtor owed to a creditor on the date of the bankruptcy filing. The form must be filed in the district where the case is pending.

Redaction of information: Masking, editing out, or deleting certain information to protect privacy. Filers must redact or leave out information entitled to **privacy** on the *Proof of Claim* form and any attached documents.

Secured claim under 11 U.S.C. §506(a): A claim backed by a lien on particular property of the debtor. A claim is secured to the extent that a creditor has the right to be paid from the property before other creditors are paid. The amount of a secured claim usually cannot be more than the value of the particular property on which the creditor has a lien. Any amount owed to a creditor that is more than the value of the property normally may be an unsecured claim. But exceptions exist; for example, see 11 U.S.C. § 1322(b) and the final sentence of 1325(a).

Examples of liens on property include a mortgage on real estate a security interest in a car. A lien may be voluntarily granted by a debtor or may be obtained through a court proceeding. In states, a court judgment may be a lien.

Setoff: Occurs when a creditor pays itself with money belonging to the debtor that it is holding, or by canceling a debt it owes to the debtor.

Uniform claim identifier: An optional 24-character identifier that some creditors use to facilitate electronic payment.

Unsecured claim: A claim that does not meet the requirements of a secured claim. A claim may be unsecured in part to the extent that the amount of the claim is more than the value of the property on which a creditor has a lien.

Offers to purchase a claim

Certain entities purchase claims for an amount that is less than the face value of the claims. These entities may contact creditors offering to purchase their claims. Some written communications from these entities may easily be confused with official court documentation or communications from the debtor. These entities do not represent the bankruptcy court, the bankruptcy trustee, or the debtor. A creditor has no obligation to sell its claim. However, if a creditor decides to sell its claim, any transfer of that claim is subject to Bankruptcy Rule 3001(e), any provisions of the Bankruptcy Code (11 U.S.C. § 101 et seq.) that apply, and any orders of the bankruptcy court that apply.

109842258\V-6

UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION

In re

VERITY HEALTH SYSTEM OF
CALIFORNIA, INC., *et al.*,

Debtor and Debtor 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

Chapter 11 Cases

Hon. Judge Ernest M. Robles

**AFFIDAVIT OF PUBLICATION OF THE
NOTICE OF BAR DATE FOR FILING
PROOFS OF CLAIMS AND INTERESTS IN
THE SAN FRANCISCO CHRONICLE**

[No Hearing Required]

☒ Affects All Debtors

☐ Affects Verity Health System of
California, Inc.

☐ Affects O'Connor Hospital

☐ Affects Saint Louise Regional Hospital

☐ Affects St. Francis Medical Center

☐ Affects St. Vincent Medical Center

☐ Affects Seton Medical Center

☐ Affects O'Connor Hospital Foundation

☐ Affects Saint Louise Regional Hospital
Foundation

☐ Affects St. Francis Medical Center of
Lynwood Foundation

☐ Affects St. Vincent Foundation

☐ Affects St. Vincent Dialysis Center, Inc.

☐ Affects Seton Medical Center Foundation

☐ Affects Verity Business Services

☐ Affects Verity Medical Foundation

☐ Affects Verity Holdings, LLC

☐ Affects De Paul Ventures, LLC

☐ Affects De Paul Ventures - San Jose
Dialysis, LLC

Debtors and Debtors In Possession



DECLARATION OF PUBLICITY OF SAN FRANCISCO CHRONICLE

FOR ANY INQUIRIES RELATED TO THE BELOW PUBLICATION, PLEASE CONTACT
KURTZMAN CARSON CONSULTANTS LLC AT (888) 249-2741.

UEL R. MAZEL (Bar No. 189301), samuel.mazel@demons.com, TAMIA M. MOYER (Bar No. 215738), tamia.moyers@demons.com, DEMONTS US LLP, 601 South Figueroa Street, Suite 2500, Los Angeles, California 90071-5704, (310) 623-9300 / Fax: (310) 623-9924, Attorneys for the Chapter 11 Debtors and Debtors in Possession

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

Verity Health System of California, Inc., et al.,
Debtors and Debtors in Possession
Verity All Debtors
Affects Verity Health System of California, Inc.
Affects O'Connor Hospital
Affects Saint Louis Regional Hospital
Affects St. Francis Medical Center
Affects St. Vincent Medical Center
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Affects De Paul Ventures - San Jose Dialysis, LLC
Debtors and Debtors in Possession.

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CASE NO. 2:18-bk-20179-ER
CASE NO. 2:18-bk-20180-ER
Chapter 11 Cases
Hon. Judge Ernest M. Rios
NOTICE OF BAR DATE FOR FILING
PROOFS OF CLAIMS AND INTERESTS
BAR DATE: APRIL 1, 2019

11 CREDITORS, EQUITY AND INTEREST HOLDERS, AND OTHER PARTIES IN INTEREST: NOTICE OF CLAIMS BAR DATE

The Bankruptcy Court has set a deadline of April 1, 2019 for creditors and holders of ownership interests in Verity Health System of California, Inc., a California nonprofit benefit corporation and the Debtor herein, and the above-referenced affiliated debtors, the debtors and debtors in possession in the above-captioned chapter 11 bankruptcy cases (collectively, the "Debtors"), to file proofs of claim against or proofs of interest in the Debtors' estates.

Notwithstanding to this deadline for filing proofs of claims or interest are: (1) claims arising from rejection of executory contracts or unexpired leases; (2) claims of governmental units; and (3) claims arising as the result of transfers since pursuant to chapter 5 of the Bankruptcy Code.

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Diane FitzGibbon

declares that:

The annexed advertisement has been regularly published in the

SAN FRANCISCO CHRONICLE

which is and was at all times herein mentioned established as newspaper of general circulation in the City and County of San Francisco, State of California, as that term is defined by Section 6000 of the Government Code.

SAN FRANCISCO CHRONICLE

(Name of Newspaper)

901 Mission Street

San Francisco, CA 94103

From

To

Namely, on

(Dates of Publication)

I declare under penalty of perjury that the foregoing is true and correct.

Executed on

at San Francisco, California.

Diane FitzGibbon

Francisco Chronicle staff
writer. Email: jd.morris@sfchronicle.com

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:
2335 Alaska Ave, El Segundo, CA 90245

A true and correct copy of the foregoing documents entitled (*specify*): **Affidavit Of Publication Of The Notice Of Bar Date For Filing Proofs Of Claims And Interests In The San Francisco Chronicle** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*), I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

☐ Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:

On (*date*), I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (*state method for each person or entity served*): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on March 21, 2019, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

VIA OVERNIGHT

USBC Central District of California
Ernest M. Robles
Edward R. Roybal
Federal Building and U.S. Courthouse
255 East Temple Street, Suite 1560
Los Angeles, CA 90012

☐ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

March 21, 2019

Travis R. Buckingham

/s/ Travis R. Buckingham

Date

Printed Name

Signature

UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION

In re

VERITY HEALTH SYSTEM OF
CALIFORNIA, INC., *et al.*,

Debtor and Debtor In Possession.

☒ Affects All Debtors

☐ Affects Verity Health System of
California, Inc.

☐ Affects O'Connor Hospital

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Chapter 11 Cases

Hon. Judge Ernest M. Robles

**AFFIDAVIT OF PUBLICATION OF THE
NOTICE OF BAR DATE FOR FILING
PROOFS OF CLAIMS AND INTERESTS IN
USA TODAY**

[No Hearing Required]






VERIFICATION OF PUBLICATION

COMMONWEALTH OF VIRGINIA COUNTY OF FAIRFAX

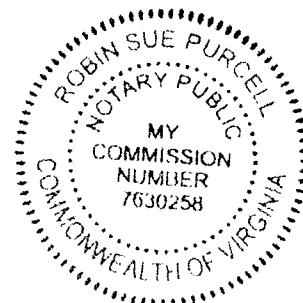
Being duly sworn, Vanessa Salvo says that she is the principal clerk of USA TODAY, and is duly authorized by USA TODAY to make this affidavit, and is fully acquainted with the facts stated herein: on Monday, March 4, 2019 the following legal advertisement –
In re: VERITY HEALTH SYSTEM OF CALIFORNIA, INC. – was published in the national edition of USA TODAY.


Principal Clerk of USA TODAY
March 5, 2019

This 5th day of March month
2019 year.


Notary Public

Commission expires on 31 October 2019





The rape of Sansa (Sophie Turner) in Season 5 turned many fans against the show. HELEN SLOAN/HBO



Things and badly for Catelyn Stark (Michelle Fairley). HBO



Fan favorite Jon Snow (Kit Harington) returned in Season 7. MACALL B. POLAK/HBO

Thrones

Continued from Page 1D

conquered television. Its slow rise to dominance was unique, helped by plot twists, bloody character deaths, controversy and awards. It did so in the same its surviving characters have conquered (or tried to conquer) the fictional realm of Westeros: with violence, surprise, luck and mistakes.

Watching the first few episodes again today is shocking for the lower quality of its special effects, the endless exposition and plodding storylines. It didn't earn its reputation for great action, magic and ruthless violence right away. By the middle of that first 10-episode season, the series came into its own creatively, just in time for the writers to pull off the first big twist of George R.R. Martin's novels.

The idea that any character could die at any time was what made "Thrones" stand out, and the first victim was de facto protagonist Ned Stark, played by the series' biggest star, Sean Bean, who was beheaded in the ninth episode, surprising viewers who hadn't read the books. But the real moment "Thrones" transitioned from a show loved by fantasy fans to one that enthralled a broad audience was the infamous Red Wedding.

It was a huge event, a turning point in the show that helped establish the series' creative sensibility. It was an effective scene not simply because it was violent and astonishing; it was also a grotesquely, beautifully written, acted and directed sequence.

If you are unfamiliar with those fateful minutes at the end of the third-season episode, they depicted the murders of Robb and Catelyn Stark (Richard Madden and Michelle Fairley) and Robb's pregnant wife Talisa (Oona Chaplin), the result of a betrayal by characters we thought we knew. The violence in the sequence, in which Talisa was stabbed repeatedly in her pregnant belly and Catelyn's throat was sliced open to eat, was horrific. It tipped the scales in the throne game toward the Lannisters and left the Starks, who should be the victors given their general goodness, with no leader or army.

After the Red Wedding, deaths, blood and shocks became routine. The evil King Joffrey (Jack Gleeson) died at his own wedding in Season 4. Oberyn Martell (Pedro Pascal)

was killed in the series' most graphic sequence involving head-crushing, that same year. In Season 6, Cersei (Lena Headey) blew up a temple full of her enemies — and hundreds of innocent bystanders.

But it wasn't death and destruction that propelled "Thrones." Starting in Season 4, critics and fans began complaining about the series' use of violence against women, including rape scenes that were not in Martin's novels.

Sex, nudity and sexual violence had been a part of "Thrones" from its very first episode, but two sequences drew criticism: Jaime Lannister (Nikolaj Coster-Waldau) raping his sister Cersei in Season 4 and Ramsay Bolton (Iwan Rheon) raping Sansa (Sophie Turner) in Season 5. After the Sansa scene, some fans declared that they were done with the series forever.

But in some ways, the controversy around the sexual violence only heightened the awareness of and interest in the series, as controversy often does. Fortunately, the series has shifted gears, deepening its female characters and reducing those criticized rape scenes.

By the time it entered its sixth season in 2016, "Thrones" had become a true phenomenon. Fresh off its first Emmy win as outstanding drama (for Season 5, arguably its worst), the series bounced back from a minor ratings dip, resurrected fan favorite Jon Snow (Kit Harington) and finally brought its disparate characters together in highly anticipated reunions. The ratings keep growing. The show's most recent episode, 2017's Season 7 finale, marked a series high, with 12.1 million same-day viewers, and plenty more afterward.

When you think about the biggest TV shows of the past, you can usually remember a moment when they crystallized into a hit. "Survivor" blasted out of the gate with huge ratings. "Breaking Bad" won the "Netflix effect," as TV ratings soared once early seasons appeared on the streaming service. "Grey's Anatomy" wall, blew up when it put a bomb in a body after the Super Bowl. "Thrones" has had its big moment over and over again, enjoying exceptional growth at a time when TV viewership is declining almost everywhere else. The confluence of events that led to its small-screen dominance may never happen again. When it ends May 19, can any new series claim its throne?

LEGAL MONDAY

For advertising information 1-800-872-3433 www.marketplace.usatoday.com

2019 BCBSM Legal Notice

Notice of Privacy Incident at Detroit-Based Wolverine Solutions Group Affecting Blue Cross Blue Shield of Michigan

On or around September 23, 2018, Detroit-based Wolverine Solutions Group (WSG) was the victim of a ransomware attack affecting its systems. WSG investigated the issue and worked to restore its systems and help ensure its data is securely protected. WSG performs pricing and making services for health care and other business clients including Blue Cross Blue Shield of Michigan (BCBSM). On November 8, 2018, WSG notified BCBSM that its member personal information was among the data impacted by the issue. Data related to 3% of BCBSM members may have been affected, including demographic information, health plan contact numbers, and some medical information and Social Security numbers. WSG mailed letters to the affected BCBSM members in December. Although WSG does not believe that personal information was accessed from its systems in an abundance of caution, WSG has arranged to offer free identity protection services through AllClear to affected individuals. Potentially affected individuals are encouraged to remain vigilant by reviewing their account statements and monitoring free credit reports. U.S. individuals are entitled under U.S. law to one free credit report annually from each of the three nationwide consumer reporting agencies. To order a free credit report, visit www.annualcreditreport.com or call toll-free at 1-877-322-8228. WSG is taking steps to prevent a similar occurrence, including migrating to a different computer system that has added protections and training WSG workforce. If you are a BCBSM member with questions about the incident, whether your information was impacted or how to enroll in AllClear identity protection services, call 1-855-861-4034, Monday through Saturday, 8 a.m.-6 p.m. CT, excluding national holidays. If you have questions for BCBSM, call the number on the back of your BCBSM card. Additional information about this issue can be found online at www.wolverinesolutions.com/cybersecurityincident. WSG is deeply sorry that this incident occurred and is apologized to BCBSM and its affected members.

THESE ARE THE TERMS AND CONDITIONS OF THE LICENSE GRANTED BY THE COPYRIGHT OWNER TO THE USER OF THE SOFTWARE. THE USER AGREES TO THE FOLLOWING TERMS AND CONDITIONS: 1. The user shall not copy, modify, or distribute the software. 2. The user shall not use the software for any purpose other than the purpose intended by the copyright owner. 3. The user shall not use the software in any way that may damage the reputation of the copyright owner. 4. The user shall not use the software in any way that may violate applicable laws or regulations. 5. The user shall not use the software in any way that may cause harm to any person or property. 6. The user shall not use the software in any way that may cause financial loss to any person or property. 7. The user shall not use the software in any way that may cause physical injury to any person or property. 8. The user shall not use the software in any way that may cause environmental damage. 9. The user shall not use the software in any way that may cause social harm. 10. The user shall not use the software in any way that may cause cultural harm. 11. The user shall not use the software in any way that may cause religious harm. 12. The user shall not use the software in any way that may cause political harm. 13. The user shall not use the software in any way that may cause economic harm. 14. The user shall not use the software in any way that may cause technological harm. 15. The user shall not use the software in any way that may cause scientific harm. 16. The user shall not use the software in any way that may cause artistic harm. 17. The user shall not use the software in any way that may cause literary harm. 18. The user shall not use the software in any way that may cause historical harm. 19. The user shall not use the software in any way that may cause philosophical harm. 20. The user shall not use the software in any way that may cause spiritual harm. 21. 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PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:
2335 Alaska Ave, El Segundo, CA 90245

A true and correct copy of the foregoing documents entitled (*specify*): **Affidavit Of Publication Of The Notice Of Bar Date For Filing Proofs Of Claims And Interests In USA TODAY** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*), I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

☐ Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:

On (*date*), I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (*state method for each person or entity served*): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on March 21, 2019, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

VIA OVERNIGHT

USBC Central District of California
Ernest M. Robles
Edward R. Roybal
Federal Building and U.S. Courthouse
255 East Temple Street, Suite 1560
Los Angeles, CA 90012

☐ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

March 21, 2019

Date

Travis R. Buckingham

Printed Name

/s/ Travis R. Buckingham

Signature

UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION

In re

VERITY HEALTH SYSTEM OF
CALIFORNIA, INC., *et al.*,

Debtor and Debtor In Possession.

☒ Affects All Debtors

☐ Affects Verity Health System of
California, Inc.

☐ Affects O'Connor Hospital

☐ Affects Saint Louise Regional Hospital

☐ Affects St. Francis Medical Center

☐ Affects St. Vincent Medical Center

☐ Affects Seton Medical Center

☐ Affects O'Connor Hospital Foundation

☐ Affects Saint Louise Regional Hospital
Foundation

☐ Affects St. Francis Medical Center of
Lynwood Foundation

☐ Affects St. Vincent Foundation

☐ Affects St. Vincent Dialysis Center, Inc.

☐ Affects Seton Medical Center Foundation

☐ Affects Verity Business Services

☐ Affects Verity Medical Foundation

☐ Affects Verity Holdings, LLC

☐ Affects De Paul Ventures, LLC

☐ Affects De Paul Ventures - San Jose
Dialysis, LLC

Debtors and Debtors In Possession

Lead Case No. 2:18-bk-20151-ER

Jointly Administered With:

CASE NO.: 2:18-bk-20162-ER

CASE NO.: 2:18-bk-20163-ER

CASE NO.: 2:18-bk-20164-ER

CASE NO.: 2:18-bk-20165-ER

CASE NO.: 2:18-bk-20167-ER

CASE NO.: 2:18-bk-20168-ER

CASE NO.: 2:18-bk-20169-ER

CASE NO.: 2:18-bk-20171-ER

CASE NO.: 2:18-bk-20172-ER

CASE NO.: 2:18-bk-20173-ER

CASE NO.: 2:18-bk-20175-ER

CASE NO.: 2:18-bk-20176-ER

CASE NO.: 2:18-bk-20178-ER

CASE NO.: 2:18-bk-20179-ER

CASE NO.: 2:18-bk-20180-ER

CASE NO.: 2:18-bk-20181-ER

Chapter 11 Cases

Hon. Judge Ernest M. Robles

**AFFIDAVIT OF PUBLICATION OF THE
NOTICE OF BAR DATE FOR FILING
PROOFS OF CLAIMS AND INTERESTS IN
THE SAN JOSE MERCURY NEWS**

[No Hearing Required]



San Jose Mercury News

4 N. 2nd Street, Suite 800
San Jose, CA 95113
408-920-5332

1016884

VERITY HEALTH SYSTEM
OF CALIFORNIA, INC

PROOF OF PUBLICATION IN THE CITY OF SAN JOSE IN THE STATE OF CALIFORNIA COUNTY OF SANTA CLARA

FILE NO. R2260036

In the matter of

San Jose Mercury News

The undersigned, being first duly sworn, deposes and says: That at all times hereinafter mentioned affiant was and still is a citizen of the United States, over the age of eighteen years, and not a party to or interested in the above entitled proceedings; and was at and during all said times and still is the principal clerk of the printer and publisher of the San Jose Mercury News, a newspaper of general circulation printed and published daily in the City of San Jose, County of Santa Clara, State of California as determined by the court's decree dated June 27, 1952, Case Numbers 84096 and 84097, and that said San Jose Mercury News is and was at all times herein mentioned a newspaper of general circulation as that term is defined by Sections 6000; that at all times said newspaper has been established, printed and published in the said County and State at regular intervals for more than one year preceding the first publication of the notice herein mentioned. Said decree has not been revoked, vacated or set aside.

I declare that the notice, of which the annexed is a true printed copy, has been published in each regular or entire issue of said newspaper and not in any supplement thereof on the following dates, to wit:

03/01/2019

Dated at San Jose, California
March 1, 2019

I declare under penalty of perjury that the foregoing is true and correct.

Principal clerk of the printer and publisher of the San Jose Mercury News

FOR ANY INQUIRIES RELATED TO THE BELOW PUBLICATION, PLEASE CONTACT
KURTZMAN CARSON CONSULTANTS LLC AT (888) 249-2741.

SAMUEL R. MAIZEL (Bar No. 189101), samuel.maizel@dentons.com, TASHA M. MOYRON (Bar No. 235716), tasha.moyron@dentons.com, DENTONS US LLP, 601 South Figueroa Street, Suite 2500, Los Angeles, California 90017-5704, Tel: (213) 623-9300/Fax: (213) 623-9924, Attorneys for the Chapter 11 Debtors and Debtors in Possession
UNITED STATES BANKRUPTCY COURT, CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION

In re:
VERITY HEALTH SYSTEM OF CALIFORNIA, INC., et al.,
Debtors and Debtors in Possession

Lead Case No. 2:18-bk-20151-ER
Jointly Administered With:
CASE NO.: 2:18-bk-20162-ER
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CASE NO.: 2:18-bk-20179-ER
CASE NO.: 2:18-bk-20180-ER
CASE NO.: 2:18-bk-20181-ER
Chapter 11 Cases
Hon. Judge Ernest M. Robles
NOTICE OF BAR DATE FOR FILING
PROOFS OF CLAIMS AND INTERESTS
BAR DATE: APRIL 1, 2019

TO ALL CREDITORS, EQUITY AND INTEREST HOLDERS, AND OTHER PARTIES IN INTEREST:

NOTICE OF CLAIMS BAR DATE

The Bankruptcy Court has set a deadline of April 1, 2019 for creditors and holders of ownership interests in Verity Health System of California, Inc., a California nonprofit benefit corporation and the Debtor herein, and the above-referenced affiliated debtors, the debtors and debtors in possession in the above captioned chapter 11 bankruptcy cases (collectively, the "Debtors"), to file proofs of claim against, or proofs of interest in, the Debtors' estates.

The exceptions to this deadline for filing proofs of claims or interest are: (1) claims arising from rejection of executory contracts or unexpired leases; (2) claims of governmental units; and (3) claims arising as the result of transfer avoidance pursuant to chapter 5 of the Bankruptcy Code.

Unless otherwise ordered by the Court, claims arising from (i) rejection of executory contracts or unexpired leases pursuant to 11 U.S.C. § 365, (ii) rejection or modification of collective bargaining agreements pursuant to 11 U.S.C. § 1113, (iii) voluntary termination of pension plans under the Employee Retirement Income Security Act ("ERISA"), or (iv) withdrawal from a multiemployer pension plan governed by ERISA, or (v) termination of retiree benefits, including as may be required under 11 U.S.C. § 1114, the last day to file a proof of claim is: (a) 30 days after the date of entry of the order authorizing such rejection, modification, voluntary termination or withdrawal; or (b) April 1, 2019, whichever is later.

For claims of "governmental units," as that term is defined in 11 U.S.C. § 101(27), the last day to file a proof of claim is: (a) 180 days after the entry of the order for relief in this case; or (b) April 1, 2019, whichever is later; 11 U.S.C. § 502(b)(9).

For administrative claims arising under Section 503(b)(9) of the Bankruptcy Code (a "503(b)(9) Claim") on account of goods sold to the Debtors in the ordinary course of the Debtors' business that were received by the Debtors within 20 days before the commencement of the Debtors' cases, the last day to request allowance of such claims by filing a proof of claim and indicating that the claim asserted is a 503(b)(9) Claim is the Bar Date, i.e. April 1, 2019.

For claims arising from the avoidance of a transfer under chapter 5 of the Bankruptcy Code, the last day to file a proof of claim is: (a) 30 days after the entry of judgment avoiding the transfer; or (b) April 1, 2019, whichever is later.

If you are listed on the Schedules of Assets and Liabilities of the Debtors and your claim or interest is not scheduled as disputed, contingent, unliquidated or unknown, your claim or interest is deemed filed in the amount set forth in the schedules, and filing of a proof of claim or interest is unnecessary if you agree that the amount scheduled is correct and that the category in which your claim or interest is scheduled (secured, unsecured, preferred stock, common stock, etc.) is correct. 11 U.S.C. § 1111(a).

If your claim or interest is not listed on the schedules or is scheduled as disputed, contingent, unliquidated or unknown, or if you disagree with the amount or description scheduled for your claim or interest, you must file a proof of claim or interest.

Notwithstanding any other provision of this Notice, any record or beneficial holder of those certain California Statewide Communities Development Authority Revenue Bonds (Daughters of Charity Health System) Series 2005 A, B, and C and H, California Public Finance Authority Revenue Notes (Verity Health System) Series 2017 A, B, and C, and D, California Public Finance Authority Revenue Notes (Verity Health System) Series 2017 A, B, and C, or any master indenture obligation issued by the Debtors or any of them in connection with the foregoing (each an "Obligated Debt Security") is not required to file any proof of claim for any claim that is (a) limited to the repayment of principal, interest, and other applicable fees and charges on account of an Obligated Debt Security; and (b) asserted against the Debtors (O'Connor Hospital, St. Francis Medical Center, St. Vincent Medical Center, Saint Louise Regional Hospital, Seton Medical Center, and/or Verity Health Systems of California, Inc.) or a "Funded Debt Claim." Notwithstanding the foregoing, (i) any record or beneficial holder of an Obligated Debt Security wishing to assert any other claim, including any claim other than a Funded Debt Claim is required to file proof(s) of claim in compliance with this Notice, unless another exception identified herein applies; and (ii) for the avoidance of doubt, the foregoing exclusion in this paragraph shall not apply to any indenture trustee or collateral agent described in the documents that evidence or secure any Obligated Debt Security.

Notwithstanding any other provisions of this Notice, any record or beneficial holder of those certain California Statewide Communities Development Authority ("CSCDA") Bonds issued pursuant to the CSCDA California First Program dated May 11, 2017 or May 18, 2017, (each a "Special Assessment Debt Security") is not required to file any proof of claim for any claim that is (a) limited to the repayment of principal, interest, and other applicable fees and charges on account of a Special Assessment Debt Security; and (b) asserted against the Debtors (Seton Medical Center) (a "Funded Assessment Claim"). Notwithstanding the foregoing, (i) any record or beneficial holder of a Special Assessment Debt Security wishing to assert any other claim, including any claim other than a Funded Assessment Claim is required to file proof(s) of claim in compliance with this Notice, unless another exception identified herein applies; and (ii) for the avoidance of doubt, the foregoing exclusion in this paragraph shall not apply to any indenture trustee or collateral agent described in the documents that evidence or secure any Special Assessment Debt Security.

Each indenture trustee or collateral agent for an Obligated Debt Security or a Special Assessment Debt Security is authorized to file such proof(s) of claim on behalf of itself and the beneficial and record holders of such Funded Debt Claims or Funded Assessment Claims against each relevant Debtor in compliance with this Notice and/or may in its sole discretion include or reference such documents that evidence or secure any Obligated Debt Security or Special Assessment Debt Security (and is excused from attaching copies of any referenced documents evidencing and/or securing those claims, so long as those materials remain available on request).

Failure of a creditor or interest holder to file timely a proof of claim or interest on or before the deadline may result in disallowance of the claim or interest or subordination under the terms of a plan of reorganization without further notice or hearing. 11 U.S.C. § 502(b)(9). Creditors and interest holders may wish to consult an attorney to protect their rights.

Dated: February 13, 2019, DENTONS US LLP, By: Samuel R. Maizel, Samuel R. Maizel, Tasha M. Moyron, Attorneys for Chapter 11 Debtors and Debtors in Possession

In re Verity Health System of California, Inc., et al. (Case No. 2:18-bk-20151-ER)

Proof of Interest forms, and additional copies of proof of claim forms, may be obtained from the Debtors' Claims and Noticing Agent, Kurtzman, Carson Consultants LLC ("KCC"), located at 2335 Alaska Avenue, El Segundo, CA 90245, (888) 249-2741, or by visiting KCC's website at <http://www.kccllc.net/verityhealth>.

Please be advised that all Proofs of Claim and Proofs of Interest, with all supporting documentation, must be submitted to KCC via mail or courier no later than April 1, 2019 at 5:00 p.m. (Pacific Time), at the following address: Verity Claims Processing Center, c/o KCC, 2335 Alaska Avenue, El Segundo, CA 90245

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:
2335 Alaska Ave, El Segundo, CA 90245

A true and correct copy of the foregoing documents entitled (*specify*): **Affidavit Of Publication Of The Notice Of Bar Date For Filing Proofs Of Claims And Interests In The San Jose Mercury News** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*), I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

☐ Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:

On (*date*), I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (*state method for each person or entity served*): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on March 21, 2019, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

VIA OVERNIGHT

USBC Central District of California
Ernest M. Robles
Edward R. Roybal
Federal Building and U.S. Courthouse
255 East Temple Street, Suite 1560
Los Angeles, CA 90012

☐ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

March 21, 2019

Date

Travis R. Buckingham

Printed Name

/s/ Travis R. Buckingham

Signature

UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION

In re

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Chapter 11 Cases

Hon. Judge Ernest M. Robles

**AFFIDAVIT OF PUBLICATION OF THE
NOTICE OF BAR DATE FOR FILING
PROOFS OF CLAIMS AND INTERESTS IN
THE LOS ANGELES TIMES**

[No Hearing Required]



**PROOF OF PUBLICATION
(2015.5 C.C.P.)**

**STATE OF ILLINOIS
County of Cook**

I am a citizen of the United States and a resident of the County aforesaid; I am over the age of eighteen years, and not a party to or interested in the action for which the attached notice was published.

I am a principal clerk of the Los Angeles Times, which was adjudged a newspaper of general circulation on May 21, 1952, Cases 598599 for the City of Los Angeles, County of Los Angeles, and State of California. Attached to this Affidavit is a true and complete copy as was printed and published on the following date(s):

Mar 01, 2019

I certify (or declare) under penalty of perjury
under the laws of the State of California that the foregoing is true and correct.

Dated at Chicago, Illinois
on this _____ day of _____, 20____

[signature]

160 N Stetson Avenue
Chicago, IL 60601

PG&E says it probably sparked Calif. fire

[Fire, from A] keeper at Feather River Hospital, which was damaged and has not reopened. He currently works at one of Feather River's clinics, which was spared. He was able to buy a house in Oroville, but his commute has grown from five minutes to 40.

"We're going to rebuild, I think," he said. "We've not even cleaned up yet. We haven't found the cat."

John Cronister, 59, is living in a travel trailer without water or electricity on his burned-out lot in Paradise. The retiree hopes the level of destruction in Butte County will move PG&E — which he said is way too big — to improve preventive maintenance of its equipment.

"Someone at the top is not doing their job, not paying attention," Cronister said. "Those people should go to jail for what's happened here."

Attorney Joseph W. Cochett, whose Burlingame firm represents more than 1,000 victims of Northern California wildfires with PG&E involvement, said Thursday, "It's about time they've come to the table and admitted what everyone has known for a long time."

The Camp fire, he said, is "one more example of profits over safety. Something has to be done to either break up PG&E and put it in public utilities commission in place that is truly going to protect the public. So many people have innocently died because of the lack of safety precautions taken by this utility it goes back years."

In fact, more of the Camp fire lawsuits are a grim catalog of death and destruction involving PG&E. Among the disasters are a 1991 gas explosion in Santa Rosa that killed two people, the Butte fire in 2005, which killed two, and the 2000 San Bruno gas explosion, which killed eight and saw the company found guilty of six felonies and fined more than \$1.6 billion.

Most of the suits also cite the so-called wine country, or North Bay, wildfires, a series of fires in 2017 that caused 41 deaths and displaced nearly 100,000 people.



HAZMAT REMOVAL teams work this week to clear burned lots in Paradise, Calif., nearly four months after California's deadliest fire on record swept through. PG&E faces scores of lawsuits in connection with the blaze.

"While the fires had numerous origin points, they all shared a common alleged cause — unsafe electrical infrastructure owned, operated and maintained by PG&E," according to a suit filed on behalf of the town of Paradise.

Paradise Mayor Jody Jones said the suit shows the community's anger at the utility manifest itself when local residents took to the streets in town to make repairs.

"I want to make a distinction between those workers who gave up their beds and family life to try and put our town back together, and the corporate structure with the maintenance of our lines," Jones said. "Sometimes people can't see the difference between the two. But if you provide benefits to shareholders, they are deferring maintenance, they have to be held accountable for that."

Another suit, filed in December, and a damaged metal hook or ring on a transmission tower was at least partly to blame for the fire. When it failed, the suit said, it allowed an unsecured cable to touch the steel tower.

"Blazing hot molten materials dropped into the fire dead trees below ... igniting the devastating Camp Fire," the suit claims. "Strong winds, low humidity, and dry vegetation fueled the fire. The intensity of the heat generated by the fire and the terrifying speed at which it spread are unimaginable."

PG&E said a Chapter 11 bankruptcy filing, which allows the company to continue operating while it comes up with a plan to pay its debts, was the only way to deal with billions of dollars in potential liabilities from the series of deadly wildfires.

Steven Crowder said he was concerned about what this means for ratepayers.

"I do have a problem with the Public Utilities Commission if they allow them to increase rates to pay for their mistakes, although I fully expect that is what is going to happen — that is what has happened in the past," he said.

PG&E has blamed its wildfire costs in part on climate change, which scientists say is contributing to

bigger and hotter fires in California and across the Western United States. The company has also pushed lawmakers to rewrite the state's strict liability laws, which allow utilities to be held liable for wildfires started by their equipment, even if they follow all safety rules and aren't found to be negligent.

The utility has estimated its potential wildfire liabilities at \$30 billion or more, but that figure includes

losses from the Tubbs fire, the largest of the 2017 wine country fires. The California Department of Forestry and Fire Protection announced in January that the Tubbs fire was not caused by PG&E, as initially believed, which by some estimates could cut the company's potential liabilities in half.

In Thursday's statement, officials said the company was facing "extraordinary challenges" relating to the 2017 and 2018 fires. "Management has concluded that these circumstances raise substantial doubt about PG&E Corporation's and the utility's ability to continue as going concerns," the statement said.

Rep. Doug LaMalfa (R-Richvale) said PG&E's announcement that it was recording a \$10.5-billion charge for legal claims was a sign the company was trying to move forward responsibly.

The company needs to be held accountable for any mistakes it made in maintaining its equipment, he said, but he also blames state and federal forest management policies. "Governments don't play a role and shoulders some of the responsibility for a lot of the wildfires around here," he said.

Mark Toney, executive director of the Utility Reform Network, does not share that view. His watchdog organization wants the federal court to appoint a receiver to run the company. He said that senior management and the PG&E board should be stocked with engineers, not lawyers and people in finance.

PG&E is a repeat felon, Toney said. "They are unable to operate safely and comply with the law."

GOP senator warns Trump about border declaration

He urges the president to find another way to get money for wall.

By SARAH D. WIRE AND JENNIFER HADNOR

WASHINGTON — A senior Senate Republican warned President Trump Thursday to reconsider his emergency declaration for the southern border, butting the GOP-controlled Senate could rebuke him and overturn it.

In a floor speech, Sen. Lamar Alexander (R-Tenn.) urged Trump to find other ways to get the money. "I support what the president wants to do on border security, but I do not support the way he has been advised to do it," Alexander said.

Alexander refused to say whether he would join three other Republican senators who have said they will support the effort to rescind Trump's emergency declaration.

Democrats need just one more Senate Republican to join them, assuming all Democrats vote in favor.

The resolution easily cleared the Democratic-

controlled House on Tuesday evening by a vote of 245 to 162. Trump has said he will veto it if it reaches his desk, and neither chamber is expected to have the votes to override him.

Trump issued his own warning Thursday in an interview with Fox News' Sean Hannity, saying that Republicans who support the Democratic resolution are putting themselves in political risk.

"I think that really it's a very dangerous thing for people to be voting against border security," Trump said. "I think they put themselves at great jeopardy."

It is unnecessary and unwise to turn a border crisis into a constitutional crisis about separation of powers when the president already has congressional funding authority to build 234 miles of border wall that he requested," Alexander said.

Trump issued the emergency order the day after Congress explicitly denied him the \$5.7 billion he requested in funding for the wall and instead provided \$1.375 billion for border barriers. Trump said at the time he was issuing the declaration because it was an emergency way to get the funds.

Democrats, and some Republicans, argue that the president is stepping on Congress' constitutional role to decide how taxpayer funds are used by issuing an emergency declaration.

But Alexander is disappointed that the funding that he requested did not pass. Sen. Susan Collins (R-Maine) said Thursday Collins is a co-sponsor of the Senate resolution to rescind Trump's order. "But the fact of Congress to pass funding in the amount the president prefers cannot become an excuse for the president to usurp the power of the legislative branch."

The other two GOP senators who have said they will vote to rescind the emergency declaration are Alaska Gov. Mike Dunleavy and North Carolina Gov. Roy Cooper.



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UNITED STATES SENATE

OFFICE OF SENATOR LAMAR ALEXANDER

CONTACT INFORMATION

Phone: (615) 241-2100
Fax: (615) 241-2101
Email: alexander@senate.gov

OFFICE ADDRESS

U.S. Capitol Building
Room 3030
Washington, D.C. 20540

OFFICE HOURS

Monday - Friday: 9:00 AM - 5:00 PM
Saturday: 10:00 AM - 2:00 PM
Sunday: Closed

OFFICE STAFF

Chief of Staff: [Name]
Counselor: [Name]
Press Secretary: [Name]
Legislative Director: [Name]
Administrative Director: [Name]
Finance Director: [Name]
Technology Director: [Name]
Security Director: [Name]
Travel Director: [Name]
Records Manager: [Name]
Communications Manager: [Name]
Public Affairs Manager: [Name]
Policy Advisor: [Name]
Researcher: [Name]
Legislative Aide: [Name]
Staff Secretary: [Name]
Intern: [Name]

OFFICE PHONE NUMBERS

Office: (615) 241-2100
Fax: (615) 241-2101
Toll-free: 1-800-451-2100

OFFICE WEBSITE

www.senate.gov/alexander

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:
2335 Alaska Ave, El Segundo, CA 90245

A true and correct copy of the foregoing documents entitled (*specify*): **Affidavit Of Publication Of The Notice Of Bar Date For Filing Proofs Of Claims And Interests In The Los Angeles Times** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*), I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

☐ Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:

On (*date*), I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (*state method for each person or entity served*): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on **March 21, 2019**, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

VIA OVERNIGHT

USBC Central District of California
Ernest M. Robles
Edward R. Roybal
Federal Building and U.S. Courthouse
255 East Temple Street, Suite 1560
Los Angeles, CA 90012

☐ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

March 21, 2019

Travis R. Buckingham

/s/ Travis R. Buckingham

Date

Printed Name

Signature

EXHIBIT “F”

1 **PLEASE TAKE NOTICE** that, on August 14, 2020, the Court entered the order [Docket No.
2 5504] (the “Confirmation Order”) confirming the *Modified Second Amended Joint Chapter 11 Plan*
3 *of Liquidation (Dated July 2, 2020) of the Debtors, the Prepetition Secured Creditors, and the*
4 *Committee* [Docket No. 5466] (the “Plan”).¹ The Plan provides that the Plan Proponents will file
5 certain Plan Supplements on or prior to the Effective Date. *See* Plan § 1.130. The Plan authorizes the
6 Plan Proponents to extend consensually the deadlines for filing Plan Supplements. *See id.* The Plan
7 Proponents consented to extensions of the deadlines to file Plan Supplement items (f) through (i).

8 **PLEASE TAKE FURTHER NOTICE** that, on August 5, 2020, the Debtors filed the
9 *Memorandum of Law in Support of Confirmation of the Second Amended Joint Chapter 11 Plan of*
10 *Liquidation (Dated July 2, 2020) of the Debtors, the Prepetition Secured Creditors, and the Committee*
11 [Docket No. 5385] (the “Confirmation Brief”), which attached, as Exhibit “B,” a draft of the Plan
12 Settlement. The Plan Settlement is a Creditor Settlement Agreement under the Plan, and the Plan
13 Settlement attached to the Confirmation Brief as Exhibit “B” constituted a Plan Supplement. The
14 Court approved the Plan Settlement in the Confirmation Order. *See* Confirmation Order at ¶ 9(a).
15 Attached hereto as **Exhibit “A”** is an executed version of the Plan Settlement.

16 **PLEASE TAKE FURTHER NOTICE** that, on August 10, 2020, the Debtors filed the *Notice*
17 *of Certain Plan Supplements to the Second Amended Joint Chapter 11 Plan of Liquidation (Dated*
18 *July 2, 2020) of the Debtors, the Prepetition Secured Creditors, and the Committee* [Docket No. 5443],
19 which attached, as Exhibit “A,” a draft of the Liquidating Trust Agreement. The Court approved the
20 Liquidating Trust Agreement in the Confirmation Order. *See* Confirmation Order at ¶ 15. Attached
21 hereto as **Exhibit “B”** is a final version of the Liquidating Trust Agreement.

22 **PLEASE TAKE FURTHER NOTICE** that, pursuant to the Plan, the Plan Proponents
23 provide the following additional Plan Supplements:

- 24 • The schedule of Insurance Policies, attached hereto as **Exhibit “C”**;
- 25 • The Transition Services Agreements, attached hereto as **Exhibits “D” and “E”**;
- 26 • The initial Operating Budget, attached hereto as **Exhibit “F”**.

27
28 ¹ Unless otherwise defined herein, all capitalized terms have the definitions set forth in the Plan.

1 Dated: September 4, 2020

2 DENTONS US LLP
3 SAMUEL R. MAIZEL
4 TANIA M. MOYRON
5 NICHOLAS A. KOFFROTH

6 By /s/ Tania M. Moyron
7 Tania M. Moyron

8 Attorneys for the Chapter 11 Debtors and
9 Debtors In Possession
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Exhibit C

Schedule of Insurance Policies

Insurance Coverage	Carrier	Limits	First Named Insured	Policy Period
All Other Coverages				
Commercial Property	American Guarantee and Liability Insurance Company (Zurich)	\$750M	Verity Health System of California, Inc.	7/1/2020-7/1/2
Workers' Compensation and Employers Liability	State Compensation Insurance Fund	Workers' Compensation (CA) - Statutory Employers Liability - \$1M/\$1M/\$1M	Verity Health System of California, Inc.	1/1/2020-1/1/2
Storage Tank Liability (Consolidated)	ACE American Insurance Company (Chubb)	\$1M/\$2M/\$1M/\$3M	Seton Medical Center	10/1/2019-10/1/
Commercial Automobile	National Union Fire Insurance Company of Pittsburgh, PA (AIG)	\$1M CSL	Verity Health System of California, Inc.	10/1/2019-10/1/
Helipad Liability & Non-Owned Aircraft Liability	ACE Property and Casualty Insurance Company (Chubb)	\$10M	Verity Health System of California, Inc.	10/1/2019-10/1/
Sexual Misconduct and Molestation Liability	Lloyds of London (Beazley Syndicates #2623/#623)	\$2M/\$2M	St. Francis Medical Center (Children's Counseling Center Agreement)	10/1/2019-10/1/
D&O Liability, Employment Practices Liability, Fiduciary Liability, Crime <i>Primary Layer</i>	National Union Fire Insurance Company of Pittsburgh, PA (AIG)	D&O (Including EPL) - \$10M/\$10M Fiduciary Liability - \$10M Crime - \$10M	Verity Health System of California, Inc.	10/1/2017-10/1/ (Extended to 10/1/1/2020) (Extended to 2/1/2020) (Extended to 8/1/2020) (Extended to 9/1/2020) Current Policy 10/1/2017-9/1/ Six year tail pre paid in full
Excess Side A D&O Liability	National Union Fire Insurance Company of Pittsburgh, PA (AIG)	\$2M/\$2M	Verity Health System of California, Inc.	10/1/2018-10/1/ (Extended to 1/1/2020) (Extended to 2/1/2020) (Extended to 8/1/2020)

**Verity Health System of California, Inc.
Schedule of Insurance Policies
As of 8/27/20**

Insurance Coverage	Carrier	Limits	First Named Insured	Policy Period
D&O Liability Only <i>2nd Excess Layer</i>	Argonaut Insurance Company (ARGO Group)	D&O Only - \$10M/\$10M	Verity Health System of California, Inc.	10/1/2017-10/1/ (Extended to 10/1/ (Extended to 1/1/2020) (Extended to 2/1/2020) (Extended to 8/1/2020) (Extended to 9/1/2020) Current Policy 10/1/2017-9/1/ Six year tail pre paid in full
Punitive Damages Wrap <i>Primary Layer</i>	American International Reinsurance Company, Ltd.	\$10M/\$10M	Verity Health System of California, Inc.	10/1/2017-10/1/ (Extended to 10/1/ (Extended to 1/1/2020) (Extended to 2/1/2020) (Extended to 8/1/2020) (Extended to 9/1/2020) Current Policy 10/1/2017-9/1/ Six year tail pre paid in full
Punitive Damages Wrap <i>1st Excess Layer</i>	Magna Carta Insurance, Ltd.	\$10M/\$10M	Verity Health System of California, Inc.	10/1/2017-10/1/ (Extended to 10/1/ (Extended to 1/1/2020) (Extended to 2/1/2020) (Extended to 8/1/2020) (Extended to 9/1/2020) Current Policy 10/1/2017-9/1/ Six year tail pre paid in full
Storage Tank Liability	Great American Alliance Insurance Co.	\$1M/\$2M/\$1M	St. Francis Medical Center	12/5/2019-12/5/
Network Security (Cyber)	AXIS Insurance Company	\$2M/\$2M	Verity Health System of California, Inc.	2/4/2019-2/4/2 (Extended to 8/4/2020)

Verity Health System of California, Inc.
Schedule of Insurance Policies
As of 8/27/20

Insurance Coverage	Carrier	Limits	First Named Insured	Policy Period
Captive				
Professional and General Liability	Marillac Insurance Company, Ltd.	Professional Liability - \$5M General Liability - \$2M	Verity Health System of California, Inc.	3/31/2020-3/31/
Excess Professional and Umbrella Liability (See Reinsurance Below)	Marillac Insurance Company, Ltd.	\$55M/\$55M	Verity Health System of California, Inc.	3/31/2020-3/31/
Reinsurance				
Lead Excess Layer	ACE American Insurance Company (Chubb)	\$10M/\$10M	Verity Health System of California, Inc.	3/31/2020-3/31/
2nd Excess Layer	The Medical Protective Company	\$5M/\$5M	Verity Health System of California, Inc.	3/31/2020-3/31/
3rd Excess Layer	Berkshire Hathaway Specialty Insurance Company	\$5M/\$5M	Verity Health System of California, Inc.	3/31/2020-3/31/
4th Excess Layer	Zurich American Insurance Company	\$10M/\$10M	Verity Health System of California, Inc.	3/31/2020-3/31/
5th Excess Layer	TDC National Assurance Company (TDC)	\$10M/\$10M	Verity Health System of California, Inc.	3/31/2020-3/31/
6th Excess Layer	The Medical Protective Company	\$15M/\$15M	Verity Health System of California, Inc.	3/31/2020-3/31/

Verity Health System of California, Inc.
Schedule of Insurance Policies
As of 8/27/20

Insurance Coverage	Carrier	Limits	First Named Insured	Policy Period
Surety Bonds				
CA DHS Patient Trust Bond	Hartford Fire Insurance Company	\$75K	Seton Medical Center Coastside	12/1/2001-12/1/
CA DHS Patient Trust Bond	Hartford Fire Insurance Company	\$5K	St. Francis Medical Center	12/1/2001-12/1/
CA DHS Patient Trust Bond	Hartford Fire Insurance Company	\$35K	Seton Medical Center	12/1/2001-12/1/
Provider Capitation Stop Loss (Managed Care Excess Loss)				
Provider Capitation Stop Loss (Applicable to St. Vincent Medical Center (for January Only) and St. Francis Medical Center)	PartnerRe America Insurance Company	\$1M	Verity Health System of California, Inc.	1/1/20-12/31/

PROOF OF SERVICE

Campbell v. Doe, I, et al.,
LEAD CASE NO.: 2:18-bk-20151-BB

STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

I am employed in the County of Los Angeles, State of California. I am over the age of 18 and not a party to the action; my business address is: LAW OFFICES OF MICHAEL D. GONZALEZ, 101 N. Brand Avenue, Suite 1880, Glendale, California 91203.

On February 13, 2024, I served the foregoing document(s) described as **DECLARATION OF LORRAINE K. HALL TO LIMITED OPPOSITION TO THIRD PARTY PLAINTIFF CINDY CAMPBELL'S MOTION FOR RELIEF FROM STAY AND PLAN INJUNCTIONS** on the interested parties in this action by placing a true copy thereof enclosed in the method described below:

Daniel L. Varon, Esq.
Lyndsey A. Gallagher, Esq.
THE ZALKIN LAW FIRM, P.C.
10590 W. Ocean Air Drive, Suite 125
San Diego, California 92130
dms@zalkin.com
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Attorneys for Plaintiff,
CINDY CAMPBELL

John A. Moe, II
DENTONS US, LLP
John.moe@dentons.com

Attorneys for
Verity Health System of California, Inc

[X] SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMIL TRANSMISSION OR EMAIL (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (date) , I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

[X] (FEDERAL) I declare under penalty of perjury under the laws of the United States that the above is true and correct. Executed on **February 13, 2024**, at Glendale, California.

VILMA R. ESPINOZA
Type or print name


Signature

1 in consultation with the Post-Effective Date Committee, shall have the exclusive right to file,
2 prosecute, resolve and otherwise deal with objections to Claims other than Allowed Claims
3 pursuant to this Plan or a Final Order. The Liquidating Trustee shall serve a copy of each Claim
4 objection upon the holder of the Claim to which the objection is made. Claims objections with
5 respect to all Claims shall be made as soon as reasonably practical but in no event later than the
6 Claims Objection Deadline. If the Liquidating Trustee wishes to extend the Claims Objection
7 Deadline, it may do so pursuant to a motion, to be filed with the Bankruptcy Court, on notice to
8 the Post-Effective Date Committee, which may be approved without a hearing.

9
10 10.2 **Disallowed Claims.** The following Claims shall be automatically Disallowed and
11 expunged, without the need for filing any objections thereto, and shall not be entitled to any
12 distributions under the Plan: (a) Claims for which no Proof of Claim was filed by the applicable
13 Bar Date even though such Claims were listed on the Schedules as disputed, contingent, or
14 unliquidated; and (b) Claims covered by § 502(d) to the extent that the holder of such Claim has
15 not been paid the amount or turned over the property for which such holder is liable under §§ 522(i),
16 542, 543, 550, or 553, in accordance with § 502(d).

17 10.3 **No Distribution Pending Allowance.** Notwithstanding any other provision of this
18 Plan, if any portion of a Claim is Disputed, no payment or distribution provided hereunder shall
19 be made on account of such Claim unless and until such Disputed Claim becomes an Allowed
20 Claim.

21 10.4 **Distributions After Allowance.** Any Claim (or portion thereof) that is Disputed
22 and then subsequently Allowed, shall be an Allowed Claim, not a Disputed Claim, in such amount
23 and to the extent it is subsequently Allowed. Except as otherwise provided herein, if, on or after
24 the Effective Date, any Disputed Claim becomes an Allowed Claim, the Liquidating Trustee shall
25 distribute to the Holder of such Allowed Claim, from the applicable fund or reserve in accordance
26 with Sections 7.9, 7.10, and 8.3, the amount such holder would have received had its Claim been
27 Allowed on the Effective Date as determined by distributions actually made to other holders of
28 Allowed Claims.

10.5 **Disputed Claims.**

(a) Resolution of the Disputed Claims.

(i) From and after the Effective Date, the Liquidating Trust shall have the exclusive authority to compromise, resolve, and deem Allowed any Disputed Claim without the need to obtain approval from the Bankruptcy Court, and any agreement entered into by the Liquidating Trust with respect to the Allowance of any Claim shall be conclusive evidence and a final determination of the Allowance of such Claim, except as set forth below in (ii) of this Section 10.5(a);

(ii) The Liquidating Trustee shall notify the Post-Effective Date Committee prior to settling, compromising, or allowing any Disputed Claim in an liquidated amount in excess of \$250,000 for a General Unsecured Claim and \$100,000 for an Unclassified Claim, Secured Claim, or Priority

Non-Tax Claim. The Post-Effective Date Committee shall have three (3) Business Days after receipt of such notice to review the proposed settlement or compromise of such Claim. If such objection is made, the Liquidating Trustee shall not move forward with the matter absent Court approval after at least ten (10) Business Days' notice and opportunity to object to the Post-Effective Date Committee; and

(iii) If the Liquidating Trustee and the holder of a Disputed Claim are unable to reach settlement of the Disputed Claim, such Disputed Claim shall be submitted to the Bankruptcy Court for resolution. If it is determined that the Bankruptcy Court does not have jurisdiction to resolve any Disputed Claim, then the Disputed Claim shall be submitted to the District Court for resolution.

(b) Estimation of Disputed Claims. The Liquidating Trustee may at any time request that the Bankruptcy Court estimate any Disputed Claim pursuant to § 502(c) regardless of whether the Debtors or the Liquidating Trustee previously objected to such Claim, and the Bankruptcy Court shall retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including, without limitation, during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any Disputed Claim, the amount so estimated shall constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on the amount of such Claim, the Liquidating Trustee, as applicable, may pursue supplementary proceedings to object to the allowance of such Claim. On and after the Effective Date, Claims that have been estimated may be compromised, settled, withdrawn, or otherwise resolved, without further order of the Bankruptcy Court.

10.6 **Cumulative Effect.** All the objection, estimation, and resolution procedures set forth in this Section are intended to be cumulative (where possible) and not exclusive of one another.

SECTION 11. EXECUTORY AGREEMENTS

11.1 **General Treatment.** On the Effective Date, all Executory Agreements to which any Debtor is a party shall be deemed rejected as of the Effective Date, except for those Executory Agreements that (a) have been assumed or rejected pursuant to a Final Order of the Bankruptcy Court (including pursuant to any Sale Order), (b) are the subject of a separate motion to assume, assume and assign, or reject filed under § 365 on or before the Effective Date, or (c) are specifically designated as a contract or lease to be assumed on the Schedule of Assumed Contracts and no timely objection to the proposed assumption has been filed, provided, however, that the Debtors shall, no later than five (5) business days prior to the Confirmation Hearing, provide Cigna (as that term is defined in Docket No. 4927) with written notice of its irrevocable decision as to whether or not the Debtors propose to assume or reject each of the Cigna Contracts (as that term is defined in Docket No. 4927) as part of the Plan. If the party to an Executory Agreement listed to be assumed in the Schedule of Assumed Contracts wishes to object to the proposed assumption (including with respect to the cure amounts), it shall do so within thirty (30) days from the service of the Schedule of Assumed Contracts.

1 11.2 **Bar Date for Rejection Damages.** Claims arising out of the rejection of an
2 Executory Agreement pursuant to the Plan must be filed with the Bankruptcy Court (or as
3 otherwise provided for in the Debtors' notice of rejection) no later than thirty (30) days after the
4 Effective Date. Any Claims not filed within such time period will be forever barred from assertion
5 against the Debtors and/or their property and/or their Estates.

6 11.3 **Insurance Policies.** For the avoidance of doubt, the Debtors' rights with respect to
7 all Insurance Policies under which Debtors may be an insured beneficiary or assignee (including
8 all Insurance Policies that may have expired prior to the Petition Date, all Insurance Policies in
9 existence on the Petition Date, all Insurance Policies entered into by the Debtors after the Petition
10 Date, and all Insurance Policies under which the Debtors hold rights to make, amend, prosecute,
11 and benefit from claims) shall be transferred to the Liquidating Trust (including, without limitation,
12 for the Liquidating Trustee to pursue and prosecute any Causes of Action) on the Effective Date,
13 unless any such Insurance Policy is otherwise cancelled by the Liquidating Trustee in its discretion.
14 Notwithstanding any provision providing for the rejection of Executory Agreements, any
15 Insurance Policy that is deemed to be an Executory Agreement shall neither be rejected nor
16 assumed by operation of this Plan and shall be the subject of a specific motion by the Liquidating
17 Trust, which shall retain the right to assume or reject any such Executory Agreements pursuant to
18 and subject to the provisions of § 365 following the Effective Date, with all rights of the Insurers
19 to object or otherwise contest such assumption or rejection being expressly reserved provided, that,
20 the Liquidating Trustee may not reject (a) any extended reporting period (tail) coverage purchased
21 by the Debtors and (b) any Insurance Policies assumed by the Debtors pursuant to an order of the
22 Bankruptcy Court.

23 The Confirmation Order shall constitute a determination that no default by the Debtors
24 exists with respect to any of the Insurance Policies requiring a cure payment and that nothing in a
25 Sale Order, any underlying agreements or this Plan shall be construed or applied to modify, impair,
26 or otherwise affect the enforceability of the Insurance Policies or any coverage thereunder with
27 regard to any Claims or Causes of Action. Notwithstanding any other provision of this Section,
28 Old Republic Insurance Company is entitled to all accommodations that it requested in connection
[Docket No. 2803].

29 Notwithstanding anything to the contrary in the Confirmation Order or the Plan (including
30 any other provision that purports to be preemptory or supervening), nothing shall in any way
31 operate to impair, or have the effect of impairing the Insurers' legal, equitable or contractual rights,
32 if any, in respect of any Claims (as defined by § 101(5)), and the rights of Insurers shall be
33 determined under the Insurance Policies and under applicable nonbankruptcy law; provided that
34 any Claim by an Insurer against a Debtor or the Liquidating Trust shall also be determined under
35 applicable bankruptcy law, and Plan and Confirmation Order provisions.

36 Nothing in the Plan or in the Confirmation Order shall preclude any Person from asserting
37 in any proceeding any and all Claims, defenses, rights or causes of action that it has or may have
38 under or in connection with any Insurance Policy, and nothing in the Plan or the Confirmation
39 Order shall be deemed to waive any claims, defenses, rights or causes of action that any Person
40 (including any Insurer) has or may have under the provisions, terms, conditions, defenses and/or
41 exclusions contained in the subject Insurance Policies; provided that any Claims by an Insurer

1 against a Debtor or the Liquidating Trust shall also be determined under applicable bankruptcy
2 law, and Plan and Confirmation Order provisions.

3 **SECTION 12. CONDITIONS PRECEDENT TO EFFECTIVE DATE**

4 12.1 *Conditions Precedent to Confirmation of Plan.* The confirmation of the Plan shall
5 be conditioned upon the Bankruptcy Court entering the Confirmation Order in form and substance
6 satisfactory to the Plan Proponents.

7 12.2 *Conditions to Effective Date.* The following are conditions precedent to the
8 Effective Date:

9 (a) The Confirmation Order, including, without limitation, the approval of the
10 Plan Settlement pursuant to Bankruptcy Rule 9019 and § 1123(b)(3)(A), shall have been entered
11 by this Court in form and substance acceptable to the Plan Proponents, which Confirmation Order
12 shall not have been terminated, suspended, vacated or stayed, and shall not have been amended
13 except with the consent of the Plan Proponents;

14 (b) The SFMC Sale shall have closed;

15 (c) The Seton Sale shall have closed;

16 (d) The Debtors have sufficient Cash to satisfy the Debtors' obligations under
17 the Plan to pay or reserve for all Classes of Claims entitled to a Cash payment on, or as of, the
18 Effective Date;

19 (e) The Debtors have sufficient Cash to fund the Liquidating Trust Reserves;
20 and

21 (f) All documents, instruments and agreements provided for under or necessary
22 to implement this Plan (including without limitation, the Interim Agreements, the Transition
23 Services Agreements, the Plan Settlement, and the Liquidating Trust Agreement) shall have been
24 executed and delivered by the parties thereto, unless such execution or delivery shall have been
25 waived by the parties benefited thereby.

26 12.3 *Waiver of Conditions.* The Plan Proponents may waive the conditions to
27 effectiveness of this Plan, set forth in Section 12.2 hereof, except the condition of paying the
28 Secured Claims as set forth herein, without leave of the Bankruptcy Court and without any formal
action other than proceeding with confirmation of this Plan and filing a notice of confirmation with
the Bankruptcy Court. To the extent that the Debtors believe that they are unable to comply with
the conditions to the effectiveness of this Plan, set forth in Section 12.2 hereof, the Plan Proponents
reserve the right to amend the Plan at such time (in accordance with the terms hereof) to address
such inability.

26 **SECTION 13. EFFECT OF CONFIRMATION**

27 13.1 *Vesting of Assets.* Except as provided herein or in the Confirmation Order, upon
28 the Effective Date, pursuant to § 1141(b) and (c), (a) the Liquidating Trust Assets shall vest in the

Liquidating Trust and (b) the Operating Assets shall vest in the Post-Effective Date Debtors, in each case free and clear of all Claims, liens, encumbrances, charges and other interests, subject to the rights and obligations of the parties under this Plan and the Liquidating Trust.

13.2 **No Discharge.** Pursuant to § 1141(d), the Debtors will not receive a discharge under this Plan.

13.3 **Settlement of Causes of Action Relating to Claims.** Unless otherwise authorized by another order of the Bankruptcy Court, pursuant to § 1123(b)(3) and Bankruptcy Rule 9019, and in consideration for the distributions and other benefits provided under the Plan, the provisions of the Plan shall constitute a good faith compromise and settlement of all Causes of Actions relating to the rights that a holder of a Claim may have against the Debtors with respect to any Allowed Claim or any distribution to be made pursuant to the Plan on account of any Allowed Claim. Unless otherwise authorized, the entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, as of the Effective Date, of the compromise or settlement of all such Causes of Action and the Bankruptcy Court's finding that all such Causes of Action are in the best interests of the Debtors, their Estates, their respective property and Claim holders and are fair, equitable and reasonable.

13.4 **Extension of Existing Injunctions and Stays.** Unless otherwise provided herein, all injunctions or stays arising under §§ 105 or 362, any order entered during the Chapter 11 Cases under §§ 105 or 362 or otherwise, and in existence on the Effective Date, shall remain in full force and effect until the closing of the Chapter 11 Cases.

13.5 **Releases.**

(a) **Releases Of Debtors.** As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, to the maximum extent permitted by law, each Holder of any Claim shall be deemed to forever release, waive, and discharge all Claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, and liabilities whatsoever, against the Debtors arising from or related to the Debtors' pre- and/or post-petition actions, omissions or liabilities, transaction, occurrence, or other activity of any nature except for as provided in this Plan or the Confirmation Order.

(b) **Settlement Releases.** Pursuant to § 1123(b)(3)(A) and the Plan Settlement, as of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, to the maximum extent permitted by law, each Holder of any Claim shall be deemed to forever release, waive, and discharge all Claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, and liabilities whatsoever, against the Settlement Released Parties arising from or related to the Settlement Released Parties' pre- and/or post-petition actions, omissions or liabilities, transaction, occurrence, or other activity of any nature except for as provided in this Plan or the Confirmation Order.

(c) **Limitation Of Claims Against the Liquidating Trust.** As of the Effective Date, except as provided in this Plan or the Confirmation Order, all Persons shall be precluded from asserting against the Liquidating Trust any other or further Claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, and liabilities whatsoever, relating

1 to the Debtors or any Interest in the Debtors based upon any acts, omissions or liabilities,
2 transaction, occurrence, or other activity of any nature that occurred prior to the Effective Date.

3 (d) Debtors' Releases. Pursuant to § 1123(b), and except as otherwise
4 specifically provided in this Plan, for good and valuable consideration, including the service of the
5 Released Parties to facilitate the expeditious liquidation of the Debtors and the consummation of
6 the transactions contemplated by this Plan, on and after the Effective Date, the Released Parties
7 are deemed released and discharged by the Debtors and their Estates from any and all claims,
8 obligations, rights, suits, damages, Causes of Action, remedies, and liabilities whatsoever,
9 including any derivative claims asserted or assertable on behalf of the Debtors, whether known or
10 unknown, foreseen, or unforeseen, existing or herein after arising in law, equity, or otherwise, that
11 the Debtors or their Estates would have been legally entitled to assert in their own right (whether
12 individually or collectively) or on behalf of the Holder of any Claim or other Person, based on or
13 relating to, or in any manner arising from, in whole or in part, the operation of the Debtors prior
14 to or during the Chapter 11 Cases, the transactions or events giving rise to any Claim that is treated
15 in this Plan, the business or contractual arrangements between the Debtors and any Released Party,
16 the restructuring of Claims before or during the Chapter 11 Cases, the marketing and the sale of
17 Assets of the Debtors, the negotiation, formulation, or preparation of this Plan, the Disclosure
18 Statement, or any related agreements, instruments, or other documents, other than a Claim against
19 a Released Party arising out of the gross negligence or willful misconduct of any such person or
20 entity. Claims against any Released Party that are released pursuant to this Section 13.5(d) shall
21 be deemed waived and relinquished by this Plan for purposes of Section 13.9.

22 (e) **WAIVER OF LIMITATIONS ON RELEASES. THE LAWS OF SOME**
23 **STATES (FOR EXAMPLE, CALIFORNIA CIVIL CODE § 1542) PROVIDE, IN WORDS OR**
24 **SUBSTANCE, THAT A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH**
25 **THE RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS/HER**
26 **FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR**
27 **HER MUST HAVE MATERIALLY AFFECTED HIS/HER DECISION TO RELEASE. THE**
28 **RELEASING PARTIES IN SECTIONS 13.5 (a)-(c) OF THE PLAN ARE DEEMED TO HAVE**
WAIVED ANY RIGHTS THEY MAY HAVE UNDER SUCH STATE LAWS AS WELL AS
UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR
EFFECT.

29 13.6 Injunctions.

30 (a) General Injunction. Except as otherwise expressly provided herein, all
31 Persons that have held, currently hold or may hold a Claim against the Debtors are permanently
32 enjoined on and after the Effective Date from taking any action in furtherance of such Claim or
33 any other Cause of Action released and discharged under the Plan, including, without limitation,
34 the following actions against any Released Party: (a) commencing, conducting or continuing in
35 any manner, directly or indirectly, any action or other proceeding with respect to a Claim;
36 (b) enforcing, levying, attaching, collecting or otherwise recovering in any manner or by any
37 means, whether directly or indirectly, any judgment, award, decree or order with respect to a Claim;
38 (c) creating, perfecting or enforcing in any manner, directly or indirectly, any lien or encumbrance
39 of any kind with respect to a Claim; (d) asserting any setoff, right of subrogation or recoupment
40 of any kind, directly or indirectly, against any debt, liability or obligation due to the Debtors, the

1 Post-Effective Date Debtors or the Liquidating Trust with respect to a Claim; or (e) commencing,
2 conducting or continuing any proceeding that does not conform to or comply with or is
3 contradictory to the provisions of this Plan; provided, however, that nothing in this injunction shall
4 (i) limit the Holder of an Insured Claim from receiving the treatment set forth in Class 9; or
5 (ii) preclude the Holders of Claims against the Debtors from enforcing any obligations of the
6 Debtors, the Post-Effective Date Debtors, the Liquidating Trust, or the Liquidating Trustee under
7 this Plan and the contracts, instruments, releases and other agreements delivered in connection
8 herewith, including, without limitation, the Confirmation Order, or any other order of the
9 Bankruptcy Court in the Chapter 11 Cases. By accepting a distribution made pursuant to this Plan,
10 each Holder of an Allowed Claim shall be deemed to have specifically consented to the injunctions
11 set forth in this Section.

12 (b) **Other Injunctions.** *The Post-Effective Date Debtors, the Liquidating*
13 *Trustee, the Post-Effective Date Committee, the Post-Effective Date Board of Directors, or the*
14 *Liquidating Trust and their respective members, directors, officers, agents, attorneys, advisors*
15 *or employees shall not be liable for actions taken or omitted in its or their capacity as, or on*
16 *behalf of, the Post-Effective Date Debtors, the Post-Effective Date Board of Directors, the*
17 *Liquidating Trustee, the Post-Effective Date Committee, or the Liquidating Trust (as applicable),*
18 *except those acts found by Final Order to arise out of its or their willful misconduct, gross*
19 *negligence, fraud, and/or criminal conduct, and each shall be entitled to indemnification and*
20 *reimbursement for fees and expenses in defending any and all of its or their actions or inactions*
21 *in its or their capacity as, or on behalf of the Post-Effective Date Board of Directors, the Post-*
22 *Effective Date Debtors, the Liquidating Trustee, the Post-Effective Date Committee, or the*
23 *Liquidating Trust (as applicable), except for any actions or inactions found by Final Order to*
24 *involve willful misconduct, gross negligence, fraud, and/or criminal conduct. Any*
25 *indemnification claim of the Post-Effective Date Debtors, the Post-Effective Date Board of*
26 *Directors, the Liquidating Trustee, the Post-Effective Date Committee and the other parties*
27 *entitled to indemnification under this subsection shall be satisfied from either (i) the Liquidating*
28 *Trust Assets (with respect to all claims, other than those claims related to the Operating Assets),*
or (ii) the Operating Assets (with respect to all claims related to the Operating Assets). The
parties subject to this Section shall be entitled to rely, in good faith, on the advice of retained
professionals, if any.

20 13.7 **Exculpation.** To the maximum extent permitted by applicable law, each Released
21 Party shall not have or incur any liability for any act or omission in connection with, related to, or
22 arising out of the Chapter 11 Cases (including, without limitation, the filing of the Chapter 11
23 Cases), the marketing and the sale of Assets of the Debtors, the Plan and any related documents
24 (including, without limitation, the negotiation and consummation of the Plan, the pursuit of the
25 Effective Date, the administration of the Plan, or the property to be distributed under the Plan), or
26 each Released Party's exercise or discharge of any powers and duties set forth in the Plan, except
27 with respect to the actions found by Final Order to constitute willful misconduct, gross negligence,
28 fraud, or criminal conduct, and, in all respects, each Released Party shall be entitled to rely upon
the advice of counsel with respect to their duties and responsibilities under the Plan. Without
limitation of the foregoing, each such Released Party shall be released and exculpated from any
and all Causes of Action that any Person is entitled to assert in its own right or on behalf of any
other Person, based in whole or in part upon any act or omission, transaction, agreement, event or
other occurrence in any way relating to the subject matter of this Section.

1 13.8 **No Recourse.** If a Claim is Allowed in an amount for which after application of
2 the payment priorities established by this Plan (including, without limitation, in Sections 2 and 4
3 hereof) there is insufficient value to provide a recovery equal to that received by other Holders of
4 Allowed Claims in the respective Class, no Claim Holder shall have recourse for any such
5 deficiency against any of the Released Parties, the Post-Effective Date Debtors, the Post-Effective
6 Date Board of Directors, the Liquidating Trustee, the Post-Effective Date Committee, or the
7 Liquidating Trust. However, except as specifically stated otherwise in this Plan, nothing in this
8 Plan shall modify any right of a Holder of a Claim under § 502(j). The obligations under this Plan
9 of the Debtors' Estates shall (i) be contractual only and shall not create any fiduciary relationship
10 and (ii) be obligations of the Debtors' Estates only and no individual acting on behalf of the
11 Debtors, the Committee, the Post-Effective Date Debtors, the Post-Effective Date Board of
12 Directors, the Liquidating Trustee, the Post-Effective Date Committee, or otherwise, shall have
13 any personal or direct liability for these obligations. Approval of the Plan by the Confirmation
14 Order shall not in any way limit the foregoing.

10 13.9 **Preservation of Causes of Action.**

11 (a) Except as provided in Section 7.1 hereof, nothing contained in this Plan
12 shall be deemed a waiver or relinquishment of any claims or Causes of Action of the Debtors that
13 are not settled with respect to Allowed Claims or specifically waived or relinquished by this Plan,
14 which shall vest in the Liquidating Trust, subject to any existing valid and perfected security
15 interest or lien in such Causes of Action. The Causes of Action preserved hereunder include,
16 without limitation, claims, rights or other causes of action:

15 (i) against vendors, suppliers of goods or services (including attorneys,
16 accountants, consultants or other professional service providers), utilities,
17 contract counterparties, and other parties for, including but not limited to:
18 (A) services rendered; (B) over- and under-payments, back charges,
19 duplicate payments, improper holdbacks, deposits, warranties, guarantees,
20 indemnities, setoff or recoupment; (C) failure to fully perform or to
21 condition performance on additional requirements under contracts with any
22 one or more of the Debtors; (D) wrongful or improper termination,
23 suspension of services or supply of goods, or failure to meet other
24 contractual or regulatory obligations; (E) indemnification and/or warranty
25 claims; or (F) turnover causes of action arising under §§ 542 or 543;

22 (ii) against landlords or lessors, including, without limitation, for
23 erroneous charges, overpayments, returns of security deposits,
24 indemnification, or for environmental claims;

24 (iii) arising against current or former tenants or lessees, including,
25 without limitation, for non-payment of rent, damages, and holdover
26 proceedings;

26 (iv) arising from damage to Debtors' property;

(v) relating to claims, rights, or other causes of action the Debtors may have to interplead third parties in actions commenced against any of the Debtors;

(vi) for collection of a debt owed to any of the Debtors;

(vii) against insurance carriers, reinsurance carriers, underwriters or surety bond issuers relating to coverage, indemnity, contribution, reimbursement or other matters;

(viii) relating to pending litigation, including, without limitation, litigation related to the SGM Claims and any other claims or causes of action related thereto, and the suits, administrative proceedings, executions, garnishments, and attachments listed in Attachment 4a to each of the Debtors' Statements of Financial Affairs;

(ix) arising from claims against health plans;

(x) that constitute Avoidance Actions;

(xi) arising under or relating to any and/or all asset purchase agreements and related sale documents (including, without limitation, any leases) entered into during these Chapter 11 Cases, including, but not limited to, enforcement of such agreements by the Debtors' Estates and/or breaches of any and/or all such agreements by the applicable non-Debtor parties (including, without limitation, the purchasers of the Debtors' assets under such agreements and any and all principals and/or guarantors of the obligations under or relating to such agreements);

(xii) all claims against Integrity Healthcare, LLC and BlueMountain Capital Management LLC; and

(xiii) relating to the Operating Assets.

The Liquidating Trustee, the Post-Effective Date Committee, and the Post-Effective Date Debtors shall have, retain, reserve and be entitled to assert all such claims, rights of setoff and other legal or equitable defenses that the Debtors had immediately prior to the Petition Date as fully as if the Chapter 11 Cases had not been commenced, and all of the Debtors' legal and equitable rights respecting any claim that is not specifically waived or relinquished by this Plan may be asserted by the Liquidating Trustee and the Post-Effective Date Committee on their behalf after the Effective Date to the same extent as if the Chapter 11 Cases had not been commenced.

(b) On and after the Effective Date, in accordance with § 1123(b) and the terms of this Plan and the Liquidating Trust Agreement, the Liquidating Trustee shall retain and have the exclusive right to prosecute, abandon, settle or release any or all Causes of Action without the need to obtain approval or further relief from the Bankruptcy Court.

1 13.10 **Termination of Responsibilities of the Patient Care Ombudsman.** On the latter of
2 the SFMC Sale Closing Date or the Seton Sale Closing Date, the duties and responsibilities of the
3 Patient Care Ombudsman shall be terminated and the Patient Care Ombudsman shall be discharged
4 from his duties as Patient Care Ombudsman and shall not be required to file any further reports or
5 perform any additional duties as Patient Care Ombudsman. No person or entity may seek
6 discovery in any form, including but not limited to by motion, subpoena, notice of deposition or
7 request or demand for production of documents, from the Patient Care Ombudsman or his agents,
8 professionals, employees, other representatives, designees or assigns (collectively, with the Patient
9 Care Ombudsman, the “**Ombudsman Parties**”) with respect to any matters arising from or relating
10 in any way to the performance of the duties of the Patient Care Ombudsman in these Chapter 11
11 Cases, including, but not limited to, pleadings, reports or other writings filed by the Patient Care
Ombudsman in connection with these Chapter 11 Cases. Nothing herein shall in any way limit or
otherwise affect the obligations of the Patient Care Ombudsman under confidentiality agreements,
if any, between the Patient Care Ombudsman and any other person or entity or shall in any way
limit or otherwise affect the Patient Care Ombudsman’s obligation, under §§ 332(c) and 333(c)(1)
or other applicable law or Bankruptcy Court Orders, to maintain patient information, including
patient records, as confidential, and no such information shall be released by the Patient Care
Ombudsman without further order of the Bankruptcy Court.

12 13.11 **SGM Action.** In the SGM Action, SGM disputes the Debtors’ claim to the deposit
13 set forth in the SGM Asset Purchase Agreement (the “**Nonrefundable Deposit**”), and SGM
14 contends that the Nonrefundable Deposit must be returned to SGM. The Debtors and the Plan
15 Proponents dispute the contentions and claims of SGM to the Nonrefundable Deposit, and contend
16 that the Nonrefundable Deposit is an asset of the Debtors’ estates, free and clear of any rights or
17 claims of SGM, and should be distributed in accordance with the Plan. On the Effective Date, in
18 accordance with Section 13.1 hereof, all rights of the Debtors against SGM, including, without
19 limitation, all rights to recover the Nonrefundable Deposit, are being transferred to the Liquidating
20 Trust. The Liquidating Trust shall not distribute the Nonrefundable Deposit to creditors in
21 accordance with the Plan or take any other action which would reduce or dissipate the
22 Nonrefundable Deposit, unless permitted by a judgment or an order entered by the District Court
having jurisdiction over the SGM Action, and such judgment or order has not been stayed. In the
event an appeal is taken from any such judgment or order, the party taking the appeal shall have
the right to seek a stay pursuant to the applicable Federal Rules of Civil Procedure and Federal
Rules of Appellate Procedure. Nothing contained herein or the Disclosure Statement shall modify,
alter or change the rights of the Debtors and the Liquidating Trust, on the one hand, and SGM, on
the other hand, to any claim or rights to the Nonrefundable Deposit. All such claims and rights
are expressly reserved and preserved.

23 **SECTION 14. RETENTION OF JURISDICTION**

24 14.1 **Bankruptcy Court Jurisdiction.** Unless otherwise provided herein or in the
25 Confirmation Order, on and after the Effective Date, the Bankruptcy Court shall retain jurisdiction
26 over all matters arising in, arising under, or related to the Chapter 11 Cases. Without limiting the
foregoing, the Bankruptcy Court shall retain jurisdiction to:

27 (a) allow, disallow determine, liquidate, classify, estimate, or establish the
28 priority or secured or unsecured status of any Claim, including the resolution of any request for

1 payment of any Administrative Claim or Professional Claim and the resolution of any objections
2 to the allowance or priority of Claims, and the resolution of any claim objections brought by the
Debtors or by the Liquidating Trustee on behalf of the Liquidating Trust;

3 (b) resolve any matters related to the assumption, assumption and assignment,
4 or rejection of any Executory Agreement to which a Debtor(s) is a party and to hear, determine
5 and, if necessary, liquidate, any Claims arising from, or cure amounts related to, such assumption
or rejection;

6 (c) determine any motion, adversary proceeding, application, contested matter,
7 and other litigated matter pending on or commenced after the Effective Date, including, without
8 limitation, any and all Causes of Action preserved under the Plan commenced prior to, on, or after
the Effective Date;

9 (d) ensure that distributions to holders of Allowed Claims are accomplished in
10 accordance with the Plan;

11 (e) hear and determine matters relating to claims with respect to the Debtors'
director and officer insurance;

12 (f) enter, implement or enforce such orders as may be appropriate in the event
13 that the Confirmation Order is for any reason stayed, reversed, revoked, modified, or vacated;

14 (g) issue injunctions, enter and implement other orders, and take such other
15 actions as may be necessary or appropriate to restrain interference by any Person with the
consummation, implementation or enforcement of this Plan, the Confirmation Order or any other
16 order of the Bankruptcy Court, including, without limitation, any actions relating to the Nonprofit
Status of the Post-Effective Date Debtors;

17 (h) resolve a dispute with respect to and/or otherwise appoint a replacement of
18 the Liquidating Trustee, or replacement members of the Post-Effective Date Committee;

19 (i) hear and determine any application to modify this Plan in accordance with
20 § 1127, to remedy any defect or omission or reconcile any inconsistency in this Plan, the Disclosure
Statement, any contract, instrument, release, or other agreement or document created in connection
21 therewith, or any order of the Bankruptcy Court, including the Confirmation Order, in such a
manner as may be necessary to carry out the purposes and effects thereof;

22 (j) hear and determine all applications under §§ 330, 331, and 503(b) for
23 awards of compensation for services rendered and reimbursement of expenses incurred prior to the
Effective Date;

24 (k) hear and determine disputes arising in connection with the interpretation,
25 implementation, obligation or enforcement of this Plan, the Confirmation Order, any transactions
26 or payments contemplated in the Plan, or any agreement, instrument, or other document governing
or relating to any of the foregoing;

1 (l) take any action and issue such orders as may be necessary to construe,
2 enforce, implement, execute and consummate this Plan, including all contracts, instruments,
3 releases, and other agreements or documents created in connection therewith, or to maintain the
integrity of this Plan following consummation;

4 (m) determine such other matters and for such other purposes as may be
5 provided in the Plan and/or the Confirmation Order;

6 (n) hear and determine matters concerning state, local, and federal taxes in
7 accordance with §§ 346, 505, and 1146, including without limitation, (i) any requests for expedited
8 determinations under § 505(b) filed, or to be filed, with respect to tax returns for any and all taxable
9 periods ending after the Petition Date through, and including, the date of final distribution under
the Plan, and (ii) any other matters relating to the Nonprofit Status of the Post-Effective Date
Debtors;

10 (o) hear and determine any other matters related hereto and not inconsistent
with the Bankruptcy Code and Title 28 of the United States Code;

11 (p) authorize recovery of all assets of any of the Debtors and property of the
12 applicable Debtor's Estate, wherever located;

13 (q) consider any and all claims against each Released Party involving or
14 relating to the administration of the Chapter 11 Cases, any rulings, orders, or decisions in the
Chapter 11 Cases or any aspects of the Debtors' Chapter 11 Cases and the events leading up to the
15 commencement of the Chapter 11 Cases, including the decision to commence the Chapter 11 Cases,
the development and implementation of the Plan, the decisions and actions taken prior to or during
16 the Chapter 11 Cases and any asserted claims based upon or related to prepetition obligations of
the Debtors for the purpose of determining whether such claims belong to the Estates or third
17 parties. In the event it is determined that any such claims belong to third parties, then, subject to
any applicable subject matter jurisdiction limitations, the Bankruptcy Court shall have exclusive
18 jurisdiction with respect to any such litigation, subject to any determination by the Bankruptcy
Court to abstain and consider whether such litigation should more appropriately proceed in another
19 forum;

20 (r) hear and resolve any disputes regarding the reserves required hereunder,
21 including without limitation, disputes regarding the amounts of such reserves or the amount,
allocation and timing of any releases of such reserved funds; and

22 (s) enter final decrees closing the Chapter 11 Cases.

23 **SECTION 15. MISCELLANEOUS PROVISIONS**

24 15.1 ***Termination of All Employee, Retiree and Workers' Compensation Benefits.*** All
25 existing employee benefits (including, without limitation, workers' compensation benefits, health
26 care plans, disability plans, severance benefit plans, incentive plans, and life insurance plans) and
retiree benefits (as such term is defined under § 1114(a)) not previously terminated by the Debtors,
27 or assumed by the Debtors in the Schedule of Assumed Contracts, shall be terminated on or before
the Effective Date.

1 15.2 **Termination of Collective Bargaining Agreements.** Prior to the Effective Date,
2 the Debtors expect to receive approval for either the consensual or, pursuant to § 1113, the
nonconsensual modification, assignment and/or termination of collective bargaining agreements.

3 15.3 **Administrative Claims Bar Date.** All Requests for Payment of an Administrative
4 Claim must be filed with the Bankruptcy Court and served on the Debtors no later than the
Administrative Claims Bar Date. Such Requests for Payment may include estimates of amounts
5 through the Effective Date. The Administrative Claims Reserve shall be established on the
Effective Date in an amount determined by the Bankruptcy Court in order to satisfy all
6 Administrative Claims that have not been Allowed as of the Effective Date and all Allowed
Administrative Claims that will be paid after the Effective Date. In the event that the Debtors, the
7 Liquidating Trustee or the Master Trustee objects to an Administrative Claim, the Bankruptcy
Court shall determine the Allowed amount of such Administrative Claim. Notwithstanding the
8 foregoing: (a) no Request for Payment need be filed with respect to an undisputed postpetition
9 obligation which was paid or is payable by the Debtors in the ordinary course of business; provided,
10 however, that in no event shall a postpetition obligation that is contingent or disputed and subject
to liquidation through pending or prospective litigation, including, but not limited to, alleged
11 obligations arising from personal injury, property damage, products liability, consumer complaints,
employment law (excluding claims arising under workers' compensation law), secondary payor
12 liability, or any other disputed legal or equitable claim based on tort, statute, contract, equity, or
common law, be considered to be an obligation which is payable in the ordinary course of business;
13 (b) no Request for Payment need be filed with respect to a cure amount owing under an Executory
Agreement if (i) the amount of the cure is fixed or proposed to be fixed by the Confirmation Order
14 or other order of the Bankruptcy Court either pursuant to the Plan or pursuant to a motion to assume
and fix the amount of Cure filed by the Debtors, and (ii) a timely objection asserting an increased
15 amount of the cure has been filed by the non-Debtors party to the subject contract or lease; and (c)
no Request for Payment need be filed with respect to fees payable pursuant to 28 U.S.C. § 1930.
16 All Administrative Claims that become Allowed after the Effective Date shall be paid solely from
the Administrative Claims Reserve, and shall not constitute a claim against the Liquidating Trust,
17 the Liquidating Trustee, or any of the Liquidating Trust Assets. No Holder of an Administrative
Claim shall have recourse for any deficiency in the payment of its Administrative Claim against
18 any of the Released Parties, the Post-Effective Date Debtors, the Post-Effective Date Board of
Directors, the Liquidating Trustee, the Post-Effective Date Committee, or the Liquidating Trust..
19

20 15.4 **Exemption from Transfer Taxes.** Pursuant to § 1146(c), the assignment or
21 surrender of any lease or sublease, or the delivery of any deed or other instrument of transfer under,
in furtherance of, or in connection with, this Plan, including any deeds, bills of sale or assignments
22 executed in connection with any disposition of assets contemplated by this Plan, whether real or
personal property, shall not be subject to any stamp, real estate transfer, mortgage recording, sales,
23 use or other similar tax.

24 15.5 **Amendments.** The Plan Proponents reserve the right, in accordance with the
25 Bankruptcy Code and the Bankruptcy Rules, to amend or modify this Plan at any time prior to the
entry of the Confirmation Order. After the entry of the Confirmation Order, the Plan Proponents
26 may, upon order of the Bankruptcy Court, amend or modify this Plan, in accordance with § 1127(b),
or remedy any defect or omission or reconcile any inconsistency in this Plan in such manner as
27 may be necessary to carry out the purpose and intent of this Plan. A holder of an Allowed Claim
28

1 that is deemed to have accepted this Plan shall be deemed to have accepted this Plan as modified
2 if the proposed modification does not materially and adversely change the treatment of the Claim
of such holder.

3 **15.6 Revocation or Withdrawal of Plan.** The Plan Proponents may withdraw or revoke
4 this Plan at any time prior to the Effective Date. If the Plan Proponents revoke or withdraw this
5 Plan prior to the Effective Date, or if the Effective Date does not occur, then this Plan shall be
6 deemed null and void. In such event, nothing contained herein shall be deemed to constitute a
7 waiver or release of any Claim by or against the respective Debtor or any other Person or to
prejudice in any manner the rights of the respective Debtor or any other Person in any further
proceedings involving the respective Debtor.

8 **15.7 Severability.** In the event that the Bankruptcy Court determines, prior to the
9 Effective Date, that any provision of this Plan is invalid, void or unenforceable, the Bankruptcy
10 Court shall, with the Consent of the Plan Proponents, have the power to alter and interpret such
11 term or provision to make it valid or enforceable to the maximum extent practicable, consistently
12 with the original purpose of the term or provision held to be invalid, void or unenforceable, and
13 such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such
14 holding, alteration or interpretation, the remainder of the terms and provisions of this Plan shall
remain in full force and effect and shall in no way be affected, impaired or invalidated by such
holding, alteration or interpretation. The Confirmation Order shall constitute a judicial
determination and shall provide that each term and provision of this Plan, as it may have been
altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its
terms.

15 **15.8 Request for Expedited Determination of Taxes.** The Plan Proponents or the
16 Liquidating Trustee, as applicable, shall have the right to request an expedited determination under
17 § 505(b) with respect to tax returns filed, or to be filed, for any and all taxable periods ending after
the Petition Date through and including the date of final distribution under the Plan.

18 **15.9 U.S. Trustee Quarterly Fees and Post-Confirmation Status Reports.** All fees
19 payable under 28 U.S.C. § 1930(a)(6) shall be paid by each Debtor in the amounts and at the times
20 such fees may become due up to and including the Effective Date. The Liquidating Trust shall
21 pay all fees payable by each Debtor under 28 U.S.C. § 1930(a)(6) until the Chapter 11 Cases are
22 closed, dismissed or converted; provided, however, that the Sale-Leaseback Debtors shall pay all
23 fees payable under 28 U.S.C. § 1930(a)(6) in their respective Chapter 11 Cases until the expiration
24 of their respective Interim Management Agreements and Interim Leaseback Agreements. Upon
the Effective Date, the Liquidating Trust and the Post-Effective Date Debtors shall be relieved
from the duty to make the reports and summaries required under Bankruptcy Rule 2015(a).
Notwithstanding the foregoing, the Liquidating Trust and Post-Effective Date Debtors shall File
and serve the status reports required by Local Bankruptcy Rule 3020-1(b) at such times and for
such period as may be set forth in the Confirmation Order.

25 **15.10 Courts of Competent Jurisdiction.** If the Bankruptcy Court abstains from
26 exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter
27 arising out of this Plan, such abstention, refusal or failure of jurisdiction shall have no effect upon
28

1 and shall not control, prohibit or limit the exercise of jurisdiction by any other court having
2 competent jurisdiction with respect to such matter.

3 15.11 **Governing Law.** Except to the extent that the Bankruptcy Code or Bankruptcy
4 Rules are applicable, the rights, duties and obligations arising under this Plan shall be governed
5 by, and construed and enforced in accordance with, the laws of the State of California, without
6 giving effect to the principles of conflict of laws thereof.

7 15.12 **Continuing Effect of the Bankruptcy Court Orders and Settlement Stipulations.**
8 Unless otherwise set forth in the Plan or the Confirmation Order or otherwise ordered by the
9 Bankruptcy Court, the orders of the Bankruptcy Court and any other settlement stipulations entered
10 into by the Debtors (including without limitation, agreements to lift the automatic stay, resolve
11 litigation claims and limit recoveries to available insurance proceeds) shall not be modified,
12 limited or amended by the Plan and shall remain in full force and effect. To the extent of any
13 direct conflict between the terms of this Plan and any settlement agreements, the conflicting
14 provisions of such settlement agreements shall govern with respect to the treatment of Allowed
15 Claims as provided for therein.

16 15.13 **Time.** In computing any period of time prescribed or allowed by this Plan, unless
17 otherwise set forth herein or determined by the Bankruptcy Court, the provisions of Bankruptcy
18 Rule 9006 shall apply. Any reference to “day” or “days” shall mean calendar days, unless
19 otherwise specified herein.

20 15.14 **Business Day Transactions.** In the event that any payment or act under this Plan
21 is required to be made or performed on a date that is not a Business Day, then the making of such
22 payment or the performance of such act may be completed on or as soon as reasonably practicable
23 on the next succeeding Business Day, but shall be deemed to have been completed as of the initial
24 due date.

25 15.15 **Headings.** Headings are used in this Plan for convenience and reference only and
26 shall not constitute a part of this Plan for any other purpose.

27 15.16 **Exhibits.** All Exhibits and schedules to this Plan are incorporated into and are a
28 part of this Plan as if set forth in full herein.

15.17 **Notices.** Any notices to or requests by parties in interest under or in connection
with this Plan shall be in writing and served either by (i) certified mail, return receipt requested,
postage prepaid, (ii) hand delivery or (iii) reputable overnight delivery service, all charges prepaid,
and shall be deemed to have been given when received by the following parties:

If to the Debtors:

Verity Health System of California, Inc.
601 South Figueroa Street
Suite 4050
Los Angeles, California 90017
Attn: Peter C. Chadwick

with copies to:

Dentons US LLP
Attorneys for the Debtors and Debtors-In-Possession
601 South Figueroa Street
Suite 2500
Los Angeles, California 90017
(213) 623-9300
Attn: Samuel R. Maizel
Tania M. Moyron
Nicholas A. Koffroth

If to the Liquidating Trustee:

[]

If to the Master Trustee:

Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.
One Financial Center
Boston, Massachusetts 02111
(617) 542-6000
Attn: Daniel S. Bleck
Paul J. Ricotta

If to the Committee:

Milbank LLP
2029 Century Park East
33rd Floor
Los Angeles, California 90067
(424) 386-4000
Attn: Mark Shinderman

If to Verity MOB Financing LLC and
Verity MOB Financing II LLC:

Jones Day
250 Vesey Street
New York, New York 10281
(212) 326-3939
Attn: Bruce Bennett
Benjamin Rosenblum
Peter Saba

1 15.18 **Post-Effective Date Notices.** Following the Effective Date, except as otherwise
2 provided herein, notices shall only be served on the Post-Effective Date Debtors, the Liquidating
3 Trustee, the U.S. Trustee, and those Persons who File with the Court and serve upon the
4 Liquidating Trust a request, which includes such Person's name, contact person, address,
5 telephone number, facsimile number, and email, that such Person receive notice of post-Effective
Date matters. Persons who had previously filed with the Court requests for special notice of the
proceedings and other filings in the Chapter 11 Case shall not receive notice of post-Effective Date
matters unless such Persons File a new request in accordance with this Section.

6 15.19 **Conflict of Terms.** In the event of a conflict between the terms of this Plan and the
7 Disclosure Statement, the terms of this Plan shall control.

8 Dated: Los Angeles, California
9 As of July 2, 2020

EXHIBIT “D”

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

In re

VERITY HEALTH SYSTEM OF
CALIFORNIA, INC., *et al.*,

Debtors and Debtors In Possession.

Lead Case No. 2:18-bk-20151-ER

Jointly Administered With:

CASE NO.: 2:18-bk-20162-ER
CASE NO.: 2:18-bk-20163-ER
CASE NO.: 2:18-bk-20164-ER
CASE NO.: 2:18-bk-20165-ER
CASE NO.: 2:18-bk-20167-ER
CASE NO.: 2:18-bk-20168-ER
CASE NO.: 2:18-bk-20169-ER
CASE NO.: 2:18-bk-20171-ER
CASE NO.: 2:18-bk-20172-ER
CASE NO.: 2:18-bk-20173-ER
CASE NO.: 2:18-bk-20175-ER
CASE NO.: 2:18-bk-20176-ER
CASE NO.: 2:18-bk-20178-ER
CASE NO.: 2:18-bk-20179-ER
CASE NO.: 2:18-bk-20180-ER
CASE NO.: 2:18-bk-20181-ER

Chapter 11 Cases

Hon. Judge Ernest M. Robles

**DISCLOSURE STATEMENT DESCRIBING
SECOND AMENDED JOINT CHAPTER 11
PLAN OF LIQUIDATION (DATED JULY 2,
2020) OF THE DEBTORS, THE
PREPETITION SECURED CREDITORS,
AND THE COMMITTEE**

Disclosure Statement Hearing:

Date: July 2, 2020

Time: 10:00 a.m. (Pacific Time)

Plan Confirmation Hearing:

Date: August 12, 2020

Time: 10:00 a.m. (Pacific Time)

Place: Courtroom 1568

255 E. Temple Street

Los Angeles, CA 90012

☒ Affects All Debtors

☐ Affects Verity Health System of California,
Inc.

☐ Affects O'Connor Hospital

☐ Affects Saint Louise Regional Hospital

☐ Affects St. Francis Medical Center

☐ Affects St. Vincent Medical Center

☐ Affects Seton Medical Center

☐ Affects O'Connor Hospital Foundation

☐ Affects Saint Louise Regional Hospital
Foundation

☐ Affects St. Francis Medical Center of
Lynwood Foundation

☐ Affects St. Vincent Foundation

☐ Affects St. Vincent Dialysis Center, Inc.

☐ Affects Seton Medical Center Foundation

☐ Affects Verity Business Services

☐ Affects Verity Medical Foundation

☐ Affects Verity Holdings, LLC

☐ Affects De Paul Ventures, LLC

☐ Affects De Paul Ventures - San Jose ASC,
LLC

Debtors and Debtors In Possession.

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

Professional Claims, and Priority Tax Claims, which are not required to be classified, all Claims and Interests are divided into Classes under the Plan, as follows.³

The Plan classifies the following Claims as unimpaired and deemed to have accepted the Plan (and thus not entitled to vote on the Plan): Classes 1A (Priority Non-Tax Claims) and 1B (Secured PACE Financing Claims). These Classes are anticipated to recover 100% of their Allowed Claims.

The Plan classifies the following Claims as impaired and entitled to vote on the Plan: Classes 2 (Secured 2017 Revenue Notes Claims), 3 (Secured 2015 Notes Revenue Claims), 4 (Secured 2005 Revenue Bond Claims), 5 (Secured MOB Financing Claims), 6 (Secured MOB II Financing Claims), 7 (Secured Mechanics Lien Claims), 8 (General Unsecured Claims), 9 (Insured Claims), and 10 (2016 Data Breach Claim). Classes 2, 3, 4, 5, 6, and 7 are anticipated to recover 100% of their Allowed Claims, with the recovery by Class 4 to be realized, in part, on the Effective Date of the Plan, and the remainder to be realized over time as the Debtors' assets are liquidated by the Liquidating Trust.

The Plan classifies the following Claims as impaired and deemed to have rejected the Plan (and thus not entitled to vote on the Plan): Classes 11 (Subordinated General Unsecured Claims) and 12 (Interests). These Claims and Interests are anticipated not to receive any recovery from the Debtors under the Plan.

III.

OVERVIEW OF THE DEBTORS AND THE NON-DEBTOR AFFILIATES

A. The Debtors

Debtor VHS, a California nonprofit public benefit corporation, is the sole corporate member of the following five Debtor California nonprofit public benefit corporations that, on the Petition Date, operated six acute care hospitals: O'Connor Hospital ("OCH"), Saint Louise Regional Hospital ("SLRH"), St. Francis Medical Center ("SFMC"), St. Vincent Medical Center ("SVMC"), Seton Medical Center ("SMC"), and Seton Medical Center Coastsides ("Seton Coastsides" and,

³ Section VI.C of this Disclosure Statement further describes the specific treatment of these Claims and Interests under the Plan.

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

1 together with OCH, SLRH, SFMC, and SVMC, the “Hospitals”). SMC and Seton Coastside
2 (collectively, “Seton”) operated under one consolidated acute care hospital license. All of the
3 Hospitals were licensed as general acute care hospitals by the California Department of Public
4 Health.

5 As of the Petition Date, VHS, the Hospitals, and their affiliated entities (collectively,
6 “Verity Health System”) operated as a nonprofit health care system in California, with
7 approximately 1,680 inpatient beds, six active emergency rooms, a trauma center, and a host of
8 medical specialties, including tertiary and quaternary care. The scope of the services provided by
9 the Verity Health System is exemplified by the fact that, in 2017, the Hospitals provided medical
10 services to over 50,000 inpatients and approximately 480,000 outpatients. The Hospitals were
11 certified to participate in the Medicare and Medi-Cal programs. In furtherance of its mission to
12 serve the community, Verity Health System provided care to patients even though they lacked
13 adequate insurance or participated in programs that did not pay full charges. Further information
14 concerning each Debtor’s operations is available in the *Declaration of Richard G. Adcock in*
15 *Support of Emergency First-Day Motions* [Docket No. 8] (the “First-Day Declaration”).

16 The Debtors are as follows:

- 17 • Verity Health System of California, Inc.
- 18 • O’Connor Hospital
- 19 • Saint Louise Regional Hospital
- 20 • St. Francis Medical Center
- 21 • St. Vincent Medical Center
- 22 • Seton Medical Center (which includes Seton Medical Center Coastside
23 campus)
- 24 • Verity Business Services
- 25 • O’Connor Hospital Foundation
- 26 • Saint Louise Regional Hospital Foundation
- 27 • St. Francis Medical Center of Lynwood Foundation
- 28 • St. Vincent Medical Center Foundation
- Seton Medical Center Foundation
- Verity Medical Foundation
- Verity Holdings, LLC
- De Paul Ventures, LLC
- De Paul Ventures - San Jose Dialysis, LLC
- St. Vincent Dialysis Center

26 The Debtors employed approximately 7,385 employees (the “Employees”) in the aggregate.
27 Almost three-quarters of the Debtors’ Employees, approximately 5,500 people in total, were
28

represented by one of the following unions (the “Unions”) pursuant to collective bargaining agreements between the Unions and the respective Debtors: California Nurses Association (“CNA”); Service Employees International Union (“SEIU”); California Licensed Vocational Nurses’ Association (“CLVNA”); United Nurses Associations of California/Union of Health Care Professionals (“UNAC”); the American Federation of Labor and Congress of Industrial Organizations (“AFL-CIO”); International Operating Engineers, Stationary Engineers, Local No. 39 (“Local 39”); and the International Federation of Professional and Technical Engineers, Local 20 (“Local 20”).

B. The Non-Debtor Affiliates

Certain of the Debtors have interests in the entities listed below that did not file voluntary petitions for relief (collectively, the “Non-Debtor Affiliates”). The Non-Debtor Affiliates are as follows:

- De Paul Ventures - San Jose ASC, LLC
- Marillac Insurance Company, Ltd.
- O’Connor Health Center I
- Sports Medicine Management, Inc.
- St. Vincent de Paul Ethics Corporation
- VHoldings MOB, LLC
- Robert F. Kennedy Medical Center
- Robert F. Kennedy Medical Center Foundation

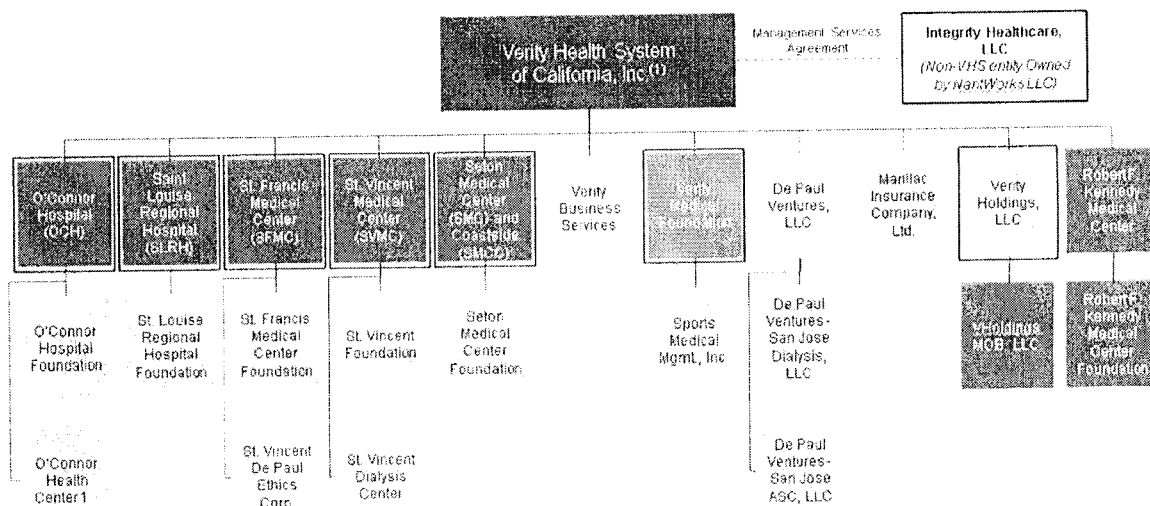
Further information concerning each of the Non-Debtor Affiliate’s operations is available in the First-Day Declaration. The Non-Debtor Affiliates do not have material assets or value except for Marillac Insurance Company, Ltd. (“Marillac”) and O’Connor Health Center I (“OCHI”).

Marillac, a wholly-owned subsidiary of VHS, provides insurance coverage to the Debtors. Marillac was incorporated in the Cayman Islands on December 9, 2003, and holds a Class B(i) Insurer’s License pursuant to the Cayman Islands Insurance Law, 2010. This class of licensure applies to insurers writing at least 95% of net premiums with their related business (in this case VHS). Marillac was granted a Class B(i) license effective April 2, 2015.

OCHI is a California limited partnership, formed in January 1996. OCH Forest 1, LP is the general partner in OCHI and OCH is a limited partner. OCHI owns certain real property at 455 O’Connor Drive, San Jose, California, which is leased by OCH.

C. Corporate Structure

The following graphic depicts the Debtors' prepetition organizational structure:



The Debtors' senior management is as follows:

Name	Position
Chief Executive Officer	Richard Adcock
Chief Financial Officer	Peter Chadwick
Chief Operating Officer	Anthony Armada
Chief Medical Officer	Tirso del Junco, Jr. M.D.

VHS is governed by the following seven-member board of directors:

Name	Position
Dr. Ernest Agatstein	Director
James Barber	Director
Terry Belmont	Secretary
Jack Krouskup	Chairman
Charles B. Patton	Director
Christobel Selecky	Director
Andrew Pines	Vice Chair

IV.

EVENTS LEADING TO THE COMMENCEMENT OF THESE CHAPTER 11 CASES

A. Overview of the Debtors' Prepetition Business Operations

The Daughters of Charity of St. Vincent de Paul, Province of the West, (the "Daughters of Charity") originally owned and operated the Hospitals and VMF. The Daughters of Charity began their healthcare mission in California in 1858 with the opening of Los Angeles Infirmary, now known as St. Vincent Medical Center. The Daughters of Charity expanded its hospitals to San Jose in 1889 and San Francisco in 1893. The Daughters of Charity ministered to the poor and sick for more than 150 years.

In March 1995, the Daughters of Charity merged with Catholic Healthcare West ("CHW"). In June 2001, the Daughters of Charity Health System was formed. In October 2001, the Daughters of Charity withdrew from CHW. In 2002, the Daughters of Charity Health System commenced operations and was the sole corporate member of the Hospitals, which at that time were California nonprofit religious corporations.

Between 1995 and 2015, the Daughters of Charity and Daughters of Charity Health System struggled to find a solution to continuing operating losses, either through a sale of some or all of the hospitals or a merger with a more financially-sound partner. All these efforts failed, and the health system's losses continued to mount. In 2005, Daughters of Charity Health System issued \$364 million in bonds to refinance existing debt and to fund future capital expenditures. Three years later, in 2008, they issued another \$143 million in bonds to refinance existing debt (the "2008 Bonds").

Between 2012 and 2014, Daughters of Charity Health System participated in an affiliation with Ascension Health Alliance ("Ascension") in an effort to create greater operating efficiencies. Previously, Ascension was the largest Catholic health system in the world and the largest non-profit health system in the United States with facilities in 23 states and the District of Columbia. The affiliation between Daughters of Charity Health System and Ascension failed.

Despite continuous efforts to improve operations, operating losses continued to plague the health system due to, among other things, mounting labor costs, low reimbursement rates and the

1 ever-changing healthcare landscape. In 2013, Daughters of Charity Health System actively
2 solicited offers for OCH, SLRH, and Seton. In 2013, to avoid failing debt covenants, the Daughters
3 of Charity Foundation, an organization separate and distinct from the Daughters of Charity Health
4 System, donated \$130 million to the health system to allow it to retire the 2008 Bonds in the total
5 amount of \$143.7 million.

6 In early 2014, Daughters of Charity Health System announced that they were beginning a
7 process to evaluate strategic alternatives for the health system. Throughout 2014, Daughters of
8 Charity Health System explored offers to sell the health system and, in October of 2014, they
9 entered into a purchase agreement with Prime Healthcare Services and Prime Healthcare
10 Foundation (collectively, "Prime"). However, to keep the Hospitals open during the sale process,
11 Daughters of Charity Health System borrowed another \$125 million to mitigate immediate cash
12 needs until the sale could be consummated. Notably, the goal of the transaction was to maintain
13 the status quo. The guiding principles for the sale included protecting existing pensions, repaying
14 all bond debt, continuation of all collective bargaining agreements, maintenance of existing
15 contracts for patient services, and obtaining promises for substantial capital expenditures. In early
16 2015, the Attorney General of California (the "Attorney General") consented to the sale to Prime,
17 subject to certain conditions. Prime terminated the transaction in light of the "onerous conditions"
18 on the continued operation of the Hospitals imposed by the Attorney General.

19 In 2015, Daughters of Charity Health System again marketed their health system for sale,
20 and, again, focused on offers that maintained the health system as a whole and assumed all the
21 health system's obligations. In July 2015, the Daughters of Charity Health System board of
22 directors selected BlueMountain Capital Management LLC ("BlueMountain"), a private
23 investment firm, to recapitalize operations and transition leadership of the health system to the new
24 Verity Health System (the "BlueMountain Transaction").

25 In connection with the BlueMountain Transaction, BlueMountain agreed to make a capital
26 infusion of \$100 million to the Verity Health System, arrange loans for another \$160 million to the
27 Verity Health System, and manage operations of the Verity Health System, with an option to buy
28 Verity Health System at a future time. In addition, the parties entered into a System Restructuring

1 and Support Agreement (the “Restructuring Agreement”) that, among other things, changed the
2 Daughters of Charity Health System name to Verity Health System. The Restructuring Agreement
3 also provided that VHS and the Hospitals would be converted from religious corporations to
4 nonprofit public benefit corporations.

5 The Daughters of Charity Health System requested the Attorney General’s consent to enter
6 into the Restructuring Agreement and the BlueMountain Transaction. The Attorney General
7 retained MDS Consulting, an expert consulting firm, to prepare healthcare impact reports for the
8 Attorney General concerning the proposed transactions. According to the expert’s healthcare
9 impact reports, Daughters of Charity Health System outlined the following reasons why the
10 BlueMountain Transaction was either necessary or desirable:

- 11 • The current structure and sponsorship of Daughters of Charity Health System was no longer
12 possible as a result of cash flow projections and dire financial conditions.
- 13 • In July and August of 2014, Daughters of Charity Health System obtained a short-term
14 financing bridge loan in the amount of \$125 million to mitigate the immediate cash needs
15 for an estimated period of time long enough to allow for the transaction to close. Repayment
16 of the funds was due on December 15, 2015, at which time if the full amount was not repaid,
17 Daughters of Charity Health System would be at risk of defaulting on both their outstanding
2014 and 2005 revenue bonds.
- 18 • Without bankruptcy protection or additional financial support, Daughters of Charity Health
19 System could not continue hospital operations if there were a default.

20 On December 3, 2015, the Attorney General approved the BlueMountain Transaction,
21 subject to certain conditions (the “Conditions”). The Conditions were imposed for periods ranging
22 from 5 to 15 years and generally included: (1) limits on transfers of control; (2) maintenance of
23 specific health services and specific bed counts; (3) required participation in Medicare and Medi-
24 Cal programs; (4) required levels of community benefit programs; (5) required levels of charity
25 care; (6) maintenance of certain county payor contracts; (7) requirements for local governing
26 boards; (8) requirements for medical staff compliance; and (9) an annual attestation of compliance
27 with the Conditions.

28 In 2015, BlueMountain formed Integrity Healthcare, LLC (“Integrity”) to carry out
management services for Verity Health System. Integrity provided management services pursuant
to 15-year term Health System Management Agreement by and between Integrity and VHS (the

1 “Management Agreement”). Integrity received a monthly management fee pursuant to the
2 Management Agreement, which was calculated based on a specified percentage of trailing 12-
3 month operating revenues for VHS and provided that VHS could defer a portion of the fee payments
4 with such deferments subject to interest accruing at 2.82% per annum. Integrity was wholly owned
5 by BlueMountain through June 30, 2017.

6 Verity Health System did not prosper despite BlueMountain’s infusion of cash and retention
7 of various consultants and experts to assist in improving cash flow and operations.

8 In July 2017, NantWorks, LLC (“NantWorks”) acquired a controlling stake in Integrity.
9 NantWorks brought in new officers, and NantWorks loaned another \$148 million to the Debtors.
10 The NantWorks transaction did not result in significant changes to the terms of the Restructuring
11 Agreement or the Conditions.

12 Once again, Verity Health System did not achieve expected success despite the infusion of
13 capital and new management. Losses continued at approximately \$175 million annually on a cash
14 flow basis.

15 VHS’s great efforts to revitalize its Hospitals and improvements in performance and cash
16 flow proved insufficient to overcome the legacy burden of more than a billion dollars of bond debt
17 and unfunded pension liabilities, an inability to renegotiate collective bargaining agreements or
18 payor contracts, the continuing need for significant capital expenditures for seismic obligations and
19 aging infrastructure, and the general headwinds facing the hospital industry. It became apparent
20 that the problems facing the Verity Health System were too large to solve without a formal court-
21 supervised restructuring.

22 **B. The Debtors’ Prepetition Capital Structure**⁴

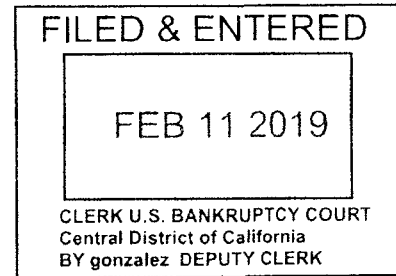
23 VHS, Verity Business Services (“VBS”), and the Hospitals are jointly obligated parties on
24 approximately \$461.4 million of outstanding secured debt consisting of: (a) \$259.4 million
25

26
27 ⁴ For additional information concerning the Debtors’ prepetition capital structure, the Debtors
28 refer to the *Declaration of Anita Chou, Chief Financial Officer, in Support of Motion Of
Debtors For Interim And Final Orders (A) Authorizing The Debtors To Obtain Post Petition
Financing (B) Authorizing The Debtors To Use Cash Collateral And (C) Granting Adequate*

EXHIBIT “E”

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Attorneys for the Chapter 11 Debtors and
Debtors In Possession



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

In re:

VERITY HEALTH SYSTEM OF
CALIFORNIA, INC., *et al.*,

Debtors and Debtors In
Possession.

- ☒ Affects All Debtors
☐ Affects Verity Health System of
California, Inc.
☐ Affects O'Connor Hospital
☐ Affects Saint Louise Regional Hospital
☐ Affects St. Francis Medical Center
☐ Affects St. Vincent Medical Center
☐ Affects Seton Medical Center
☐ Affects O'Connor Hospital Foundation
☐ Affects Saint Louise Regional Hospital
Foundation
☐ Affects St. Francis Medical Center of
Lynwood Foundation
☐ Affects St. Vincent Foundation
☐ Affects St. Vincent Dialysis Center, Inc.
☐ Affects Seton Medical Center
Foundation
☐ Affects Verity Business Services
☐ Affects Verity Medical Foundation
☐ Affects Verity Holdings, LLC
☐ Affects De Paul Ventures, LLC
☐ Affects De Paul Ventures - San Jose
Dialysis, LLC

Debtors and Debtors In Possession.

Lead Case No. 2:18-bk-20151-ER

Jointly Administered With:

CASE NO.: 2:18-bk-20162-ER
CASE NO.: 2:18-bk-20163-ER
CASE NO.: 2:18-bk-20164-ER
CASE NO.: 2:18-bk-20165-ER
CASE NO.: 2:18-bk-20167-ER
CASE NO.: 2:18-bk-20168-ER
CASE NO.: 2:18-bk-20169-ER
CASE NO.: 2:18-bk-20171-ER
CASE NO.: 2:18-bk-20172-ER
CASE NO.: 2:18-bk-20173-ER
CASE NO.: 2:18-bk-20175-ER
CASE NO.: 2:18-bk-20176-ER
CASE NO.: 2:18-bk-20178-ER
CASE NO.: 2:18-bk-20179-ER
CASE NO.: 2:18-bk-20180-ER
CASE NO.: 2:18-bk-20181-ER

Chapter 11 Cases

Hon. Judge Ernest M. Robles

**ORDER ESTABLISHING BAR DATE FOR FILING
PROOFS OF CLAIM**

[No Hearing Required Unless Requested - Local
Bankruptcy Rule 9013-1(o)]



1 The Court, having considered that certain *Notice Of Motion And Motion For An Order*
2 *Establishing Bar Date For Filing Proofs Of Claim* [Doc. No. 1236] (the “Motion”), filed by Verity
3 Health System of California, Inc. (“VHS”) and the above-referenced affiliated debtors, the debtors and
4 debtors in possession in the above-captioned chapter 11 bankruptcy cases (collectively, the
5 “Debtors”), and the memorandum of points and authorities, declaration of Richard G. Adcock (the
6 “Adcock Declaration”), the *Supplement to Debtors’ Notice of Motion and Motion For An Order*
7 *Establishing Bar Date For Filing Proofs of Claim* [Doc. No. 1348] (the “Initial Supplement”) and the
8 *Second Supplement to Debtors’ Notice of Motion and Motion For An Order Establishing Bar Date*
9 *For Filing Proofs of Claim* [Doc. No. 1461] (the “Second Supplement”) submitted by the Debtors in
10 support of the Motion, proper notice of the Motion having been provided, having received no
11 opposition to or request for hearing on the Motion, and other good cause appearing therefor, the Court
12 hereby orders as follows:
13

- 14 1. The Motion is granted in its entirety.
- 15 2. **April 1, 2019** is established as the bar date (the “Bar Date”) by which parties who wish
16 to assert pre-petition claims against, and interests in, the Debtors must file and serve proofs of claim
17 or proofs of interest.
18
- 19 3. Any party that fails to file a proof of claim and/or proof of interest with the Court by
20 the Bar Date is forever barred from thereafter asserting a pre-petition claim and/or interest against the
21 Debtors or the Debtors’ bankruptcy estates.
22
- 23 4. The revised form of notice of the Bar Date (the “Bar Date Notice”) that is attached as
24 **Exhibit A** hereto is approved.¹

25
26
27
28 ¹ The revised Bar Date Notice reflects the form of notice of the Bar Date attached as Exhibit A to the Initial Supplement and incorporates additional language pursuant to the Second Supplement.

1 5. The use of the modified proof of claim form attached as Exhibit A-1 to the Bar Date
2 Notice (the "Modified Proof of Claim Form") is approved.

3 6. The Debtors shall file the Bar Date Notice and the Modified Proof of Claim Form with
4 the Court. The Debtors shall serve the Bar Date Notice and the Modified Proof of Claim Form on all
5 parties in interest except patients of the Debtors that do not have a balance. These patients, instead,
6 shall receive service of the Bar Date Notice only and not the Modified Proof of Claim Form. Such
7 service shall be made no later than seven (7) days after the date of entry of this Order.

8 7. The Debtors shall publish the Bar Date Notice only in the *Los Angeles Times*, the *San*
9 *Jose Mercury News*, the *San Francisco Chronicle*, and *USA Today* at least twenty-eight (28) days prior
10 to the Bar Date.

11 8. Notwithstanding any other provision of this Order, any record or beneficial holder of
12 those certain California Statewide Communities Development Authority Revenue Bonds (Daughters
13 of Charity Health System) Series 2005 A, G and H, California Public Finance Authority Revenue
14 Notes (Verity Health System) Series 2015 A, B, C and D, California Public Finance Authority
15 Revenue Notes (Verity Health System) Series 2017 A and B, or any master indenture obligation issued
16 by the Debtors or any of them in connection with the foregoing (each an "Obligated Debt Security")
17 is not required to file any Proof of Claim for any claim that is (a) limited to the repayment of principal,
18 interest, and other applicable fees and charges on account of an Obligated Debt Security, and (b)
19 asserted against the Debtors O'Connor Hospital, St. Francis Medical Center, St. Vincent Medical
20 Center, Saint Louise Regional Hospital, Seton Medical Center, and/or Verity Health Systems of
21 California, Inc. (each a "Funded Debt Claim"). Notwithstanding the foregoing, (i) any record or
22 beneficial holder of an Obligated Debt Security wishing to assert any other claim, including any claim
23 other than a Funded Debt Claim is required to file Proof(s) of Claim in compliance with this Order,
24 unless another exception identified herein applies; and (ii) for the avoidance of doubt, the foregoing
25
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1 exclusion in this paragraph shall not apply to any indenture trustee or collateral agent described in the
2 documents that evidence or secure any Obligated Debt Security.

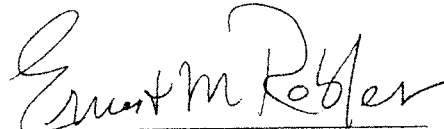
3 9. Notwithstanding any other provisions of this Order, any record or beneficial holder of
4 those certain California Statewide Communities Development Authority ("CSCDA") Bonds issued
5 pursuant to the CSCDA CaliforniaFirst Program dated May 11, 2017 or May 18, 2017, (each a
6 "Special Assessment Debt Security") is not required to file any Proof of Claim for any claim that is
7 (a) limited to the repayment of principal, interest, and other applicable fees and charges on account of
8 a Special Assessment Debt Security and (b) asserted against the Debtor Seton Medical Center (a
9 "Funded Assessment Claim"). Notwithstanding the foregoing, (i) any record or beneficial holder of
10 a Special Assessment Debt Security wishing to assert any other claim, including any claim other than
11 a Funded Assessment Claim is required to file Proof(s) of Claim in compliance with this Order, unless
12 another exception identified herein applies; and (ii) for the avoidance of doubt, the foregoing exclusion
13 in this paragraph shall not apply to any indenture trustee or collateral agent described in the documents
14 that evidence or secure any Special Assessment Debt Security.

15 10. Each indenture trustee or collateral agent for an Obligated Debt Security or a Special
16 Assessment Debt Security is authorized to file such proof(s) of claim on behalf of itself and the
17 beneficial and record holders of such Funded Debt Claims or Funded Assessment Claim against each
18 relevant Debtor in compliance with this Order and/or may in its sole discretion include or reference
19 such documents that evidence or secure any Obligated Debt Security or Special Assessment Debt
20 Security (and is excused from attaching copies of any referenced documents evidencing and/or
21 securing those claims, so long as those materials remain available on request).

1 **IT IS SO ORDERED.**

2 ###

24 Date: February 11, 2019

23 

25 Ernest M. Robles
26 United States Bankruptcy Judge

Official Form 410

Instructions for Proof of Claim

United States Bankruptcy Court

04/16

These instructions and definitions generally explain the law. In certain circumstances, such as bankruptcy cases that debtors do not file voluntarily, exceptions to these general rules may apply. You should consider obtaining the advice of an attorney, especially if you are unfamiliar with the bankruptcy process and privacy regulations.

A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both.


18 U.S.C. §§ 152, 157 and 3571


PLEASE SEND COMPLETED PROOF(S) OF CLAIM


TO:


Verity Claims Processing Center
c/o KCC
2335 Alaska Avenue
El Segundo, CA 90245

How to fill out this form


 Fill in all of the information about the claim as of the date the case was filed.


 Fill in the caption at the top of the form


 If the claim has been acquired from someone else, then state the identity of the last party who owned the claim or was the holder of the claim and who transferred it to you before the initial claim was filed.


 Attach any supporting documents to this form.
Attach redacted copies of any documents that show that the debt exists, a lien secures the debt, or both. (See the definition of *redaction* on the next page.)

Also attach redacted copies of any documents that show perfection of any security interest or any assignments or transfers of the debt. In addition to the documents, a summary may be added. Federal Rule of Bankruptcy Procedure (called "Bankruptcy Rule") 3001(c) and (d).

 Do not attach original documents because attachments may be destroyed after scanning.

 If the claim is based on delivery health care goods or services, do not disclose confidential health care information. Leave out or redact confidential information both in the claim and in the attached documents.

 A *Proof of Claim* form and any attached documents must show only the last 4 digits of any social security number, individual's tax identification number, or financial account number, and only the year of any person's date of birth. See Bankruptcy Rule 9037.

 For a minor child, fill in only the child's initials and the full name and address of the child's parent or guardian.
For example, write *A.B., a minor child (John Doe, parent, 123 Main St., City, State)*. See Bankruptcy Rule 9037.

Confirmation that the claim has been filed

To receive confirmation that the claim has been filed, either enclose a stamped self-addressed envelope and a copy of this form or you may view a list of filed claims in this case by visiting the Claims and Noticing and Agent's website at <http://www.kccllc.net/verityhealth>.

Understand the terms used in this form

Administrative expense: Generally, an expense that arises after a bankruptcy case is filed in connection with operating, liquidating, or distributing that bankruptcy estate.
11 U.S.C. § 503

Claim: A creditor's right to receive payment for a debt that the debtor owed on the date the debtor filed for bankruptcy. 11 U.S.C. § 101 (5). A claim may be secured or unsecured.

EXHIBIT A

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Attorneys for the Chapter 11 Debtors and
Debtors In Possession

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

In re:

VERITY HEALTH SYSTEM OF
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Dialysis, LLC

Debtors and Debtors In Possession.

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CASE NO.: 2:18-bk-20179-ER
CASE NO.: 2:18-bk-20180-ER
CASE NO.: 2:18-bk-20181-ER

Chapter 11 Cases

Hon. Judge Ernest M. Robles

**NOTICE OF BAR DATE FOR FILING PROOFS
OF CLAIMS AND INTERESTS**

BAR DATE: APRIL 1, 2019

1 TO ALL CREDITORS, EQUITY AND INTEREST HOLDERS, AND OTHER
2 PARTIES IN INTEREST:

3
4 **NOTICE OF CLAIMS BAR DATE**

5 The Bankruptcy Court has set a deadline of April 1, 2019 for creditors and holders of
6 ownership interests in Verity Health System of California, Inc., a California nonprofit benefit
7 corporation and the Debtor herein, and the above-referenced affiliated debtors, the debtors and debtors
8 in possession in the above-captioned chapter 11 bankruptcy cases (collectively, the "Debtors"), to file
9 proofs of claim against, or proofs of interest in, the Debtors' estates.

10 The exceptions to this deadline for filing proofs of claims or interest are: (1) claims arising
11 from rejection of executory contracts or unexpired leases, (2) claims of governmental units, and (3)
12 claims arising as the result of transfer avoidance pursuant to chapter 5 of the Bankruptcy Code.

13 Unless otherwise ordered by the Court, claims arising from (i) rejection of executory contracts
14 or unexpired leases pursuant to 11 U.S.C. § 365, (ii) rejection or modification of collective bargaining
15 agreements pursuant to 11 U.S.C. § 1113, (iii) voluntary termination of pension plans under the
16 Employee Retirement Income Security Act ("ERISA"), or (iv) withdrawal from a multiemployer
17 pension plan governed by ERISA, or (v) termination of retiree benefits, including as may be required
18 under 11 U.S.C. § 1114, the last day to file a proof of claim is: (a) 30 days after the date of entry of
19 the order authorizing such rejection, modification, voluntary termination or withdrawal; or (b) April
20 1, 2019, whichever is later.

21 For claims of "governmental units," as that term is defined in 11 U.S.C. § 101(27), the last day
22 to file a proof of claim is: (a) 180 days after the entry the order for relief in this case, or (b) April 1,
23 2019, whichever is later. 11 U.S.C. § 502(b)(9).

24 For administrative claims arising under Section 503(b)(9) of the Bankruptcy Code (a
25 "503(b)(9) Claim") on account of goods sold to the Debtors in the ordinary course of the Debtors'
26 business that were received by the Debtors within 20 days before the commencement of the Debtors'
27 cases, the last day to request allowance of such claims by filing a proof of claim and indicating that
28 the claim asserted is a 503(b)(9) Claim is the Bar Date, i.e. April 1, 2019.

For claims arising from the avoidance of a transfer under chapter 5 of the Bankruptcy Code,
the last day to file a proof of claim is: (a) 30 days after the entry of judgment avoiding the transfer, or
(b) April 1, 2019, whichever is later.

If you are listed on the Schedules of Assets and Liabilities of the Debtors and your claim or
interest is not scheduled as disputed, contingent, unliquidated or unknown, your claim or interest is
deemed filed in the amount set forth in the schedules, and filing of a proof of claim or interest is
unnecessary if you agree that the amount scheduled is correct and that the category in which your
claim or interest is scheduled (secured, unsecured, preferred stock, common stock, *etc.*) is correct. 11
U.S.C. § 1111(a).

If your claim or interest is not listed on the schedules or is scheduled as disputed, contingent,
unliquidated or unknown, or if you disagree with the amount or description scheduled for your claim
or interest, you must file a proof of claim or interest.

Notwithstanding any other provision of this Notice, any record or beneficial holder of those certain California Statewide Communities Development Authority Revenue Bonds (Daughters of Charity Health System) Series 2005 A, G and H, California Public Finance Authority Revenue Notes (Verity Health System) Series 2015 A, B, C and D, California Public Finance Authority Revenue Notes (Verity Health System) Series 2017 A and B, or any master indenture obligation issued by the Debtors or any of them in connection with the foregoing (each an "Obligated Debt Security") is not required to file any proof of claim for any claim that is (a) limited to the repayment of principal, interest, and other applicable fees and charges on account of an Obligated Debt Security, and (b) asserted against the Debtors O'Connor Hospital, St. Francis Medical Center, St. Vincent Medical Center, Saint Louise Regional Hospital, Seton Medical Center, and/or Verity Health Systems of California, Inc. (each a "Funded Debt Claim"). Notwithstanding the foregoing, (i) any record or beneficial holder of an Obligated Debt Security wishing to assert any other claim, including any claim other than a Funded Debt Claim is required to file proof(s) of claim in compliance with this Notice, unless another exception identified herein applies; and (ii) for the avoidance of doubt, the foregoing exclusion in this paragraph shall not apply to any indenture trustee or collateral agent described in the documents that evidence or secure any Obligated Debt Security.

Notwithstanding any other provisions of this Notice, any record or beneficial holder of those certain California Statewide Communities Development Authority ("CSCDA") Bonds issued pursuant to the CSCDA CaliforniaFirst Program dated May 11, 2017 or May 18, 2017, (each a "Special Assessment Debt Security") is not required to file any proof of claim for any claim that is (a) limited to the repayment of principal, interest, and other applicable fees and charges on account of a Special Assessment Debt Security and (b) asserted against the Debtor Seton Medical Center (a "Funded Assessment Claim"). Notwithstanding the foregoing, (i) any record or beneficial holder of a Special Assessment Debt Security wishing to assert any other claim, including any claim other than a Funded Assessment Claim is required to file proof(s) of claim in compliance with this Notice, unless another exception identified herein applies; and (ii) for the avoidance of doubt, the foregoing exclusion in this paragraph shall not apply to any indenture trustee or collateral agent described in the documents that evidence or secure any Special Assessment Debt Security.

Each indenture trustee or collateral agent for an Obligated Debt Security or a Special Assessment Debt Security is authorized to file such proof(s) of claim on behalf of itself and the beneficial and record holders of such Funded Debt Claims or Funded Assessment Claim against each relevant Debtor in compliance with this Notice and/or may in its sole discretion include or reference such documents that evidence or secure any Obligated Debt Security or Special Assessment Debt Security (and is excused from attaching copies of any referenced documents evidencing and/or securing those claims, so long as those materials remain available on request).

Failure of a creditor or interest holder to file timely a proof of claim or interest on or before the deadline may result in disallowance of the claim or interest or subordination under the terms of a plan of reorganization without further notice or hearing. 11 U.S.C. § 502(b)(9). Creditors and interest holders may wish to consult an attorney to protect their rights.

Dated: February ____, 2019

DENTONS US LLP

By: _____

Samuel R. Maizel

Tania M. Moyron

Attorneys for Chapter 11 Debtors and Debtors in
Possession

In re Verity Health System of California, Inc., et al.
(Case No. 2:18-bk-20151-ER)

Attached is a blank Proof of Claim form for the above-captioned case (with instructions). Proof of interest forms, and additional copies of proof of claim forms, may be obtained from the Debtors' Claims and Noticing Agent, Kurtzman, Carson Consultants LLC ("KCC"), located at 2335 Alaska Avenue, El Segundo, CA 90245, (888) 249-2741, or by visiting KCC's website at <http://www.kccllc.net/verityhealth>.

Please be advised that all Proofs of Claim and Proofs of Interest, with all supporting documentation, must be submitted to KCC via mail or courier no later than April 1, 2019 at 5:00 p.m. (Pacific Time), at the following address:

Verity Claims Processing Center
c/o KCC
2335 Alaska Avenue
El Segundo, CA 90245

Exhibit A1

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United States Bankruptcy Court for the Central District of California

Indicate Debtor against which you assert a claim by checking the appropriate box below. (Check only one Debtor per claim form.)

- | | |
|--|---|
| <input type="checkbox"/> Verity Health System of California (Case No. 18-20151) | <input type="checkbox"/> St. Francis Medical Center of Lynwood Foundation (Case No. 18-20178) |
| <input type="checkbox"/> De Paul Ventures – San Jose Dialysis, LLC (Case No. 18-20181) | <input type="checkbox"/> St. Louise Regional Hospital (Case No. 18-20162) |
| <input type="checkbox"/> De Paul Ventures, LLC (Case No. 18-20176) | <input type="checkbox"/> St. Vincent Dialysis Center, Inc. (Case No. 18-20171) |
| <input type="checkbox"/> O'Connor Hospital (Case No. 18-20168) | <input type="checkbox"/> St. Vincent Foundation (Case No. 18-20180) |
| <input type="checkbox"/> O'Connor Hospital Foundation (Case No. 18-20179) | <input type="checkbox"/> St. Vincent Medical Center (Case No. 18-20164) |
| <input type="checkbox"/> Saint Louise Regional Hospital Foundation (Case No. 18-20172) | <input type="checkbox"/> Verity Business Services (Case No. 18-20173) |
| <input type="checkbox"/> Seton Medical Center (Case No. 18-20167) | <input type="checkbox"/> Verity Holdings, LLC (Case No. 18-20163) |
| <input type="checkbox"/> Seton Medical Center Foundation (Case No. 18-20175) | <input type="checkbox"/> Verity Medical Foundation (Case No. 18-20169) |
| <input type="checkbox"/> St. Francis Medical Center (Case No. 18-20165) | |

Official Form 410 Proof of Claim

04/16

Read the instructions before filling out this form. This form is for making a claim for payment in a bankruptcy case. Do not use this form to make a request for payment of an administrative expense. Make such a request according to 11 U.S.C. § 503.

Filers must leave out or redact information that is entitled to privacy on this form or on any attached documents. Attach redacted copies or any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. Do not send original documents; they may be destroyed after scanning. If the documents are not available, explain in an attachment.

A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

Fill in all the information about the claim as of the date the case was filed.

Part 1: Identify the Claim

1. Who is the current creditor?

Name of the current creditor (the person or entity to be paid for this claim)

Other names the creditor used with the debtor

2. Has this claim been acquired from someone else?

☐ No

☐ Yes. From whom?

3. Where should notices and payments to the creditor be sent?

Where should notices to the creditor be sent?

Where should payments to the creditor be sent? (if different)

Name

Name

Number Street

Number Street

City State ZIP Code

City State ZIP Code

Country

Country

Contact phone

Contact phone

Contact email

Contact email

Uniform claim identifier for electronic payments in chapter 13 (if you use one):

4. Does this claim amend one already filed?

☐ No

☐ Yes. Claim number on court claims registry (if known)

Filed on MM / DD / YYYY

5. Do you know if anyone else has filed a proof of claim for this claim?

☐ No

☐ Yes. Who made the earlier filing?

Part 2: Give Information About the Claim as of the Date the Case Was Filed

6. Do you have any number you use to identify the debtor?	<input type="checkbox"/> No <input type="checkbox"/> Yes. Last 4 digits of the debtor's account or any number you use to identify the debtor: _____
7. How much is the claim? \$ _____	Does this amount include interest or other charges? <input type="checkbox"/> No <input type="checkbox"/> Yes. Attach statement itemizing interest, fees, expenses, or other charges required by Bankruptcy Rule 3001(c)(2)(A).
8. What is the basis of the claim?	Examples: Goods sold, money loaned, lease, services performed, personal injury or wrongful death, or credit card. Attach redacted copies of any documents supporting the claim required by Bankruptcy Rule 3001(c). Limit disclosing information that is entitled to privacy, such as health care information. _____
9. Is all or part of the claim secured?	<input type="checkbox"/> No <input type="checkbox"/> Yes. The claim is secured by a lien on property. Nature of property: <input type="checkbox"/> Real estate: If the claim is secured by the debtor's principal residence, file a <i>Mortgage Proof of Claim Attachment</i> (Official Form 410-A) with this <i>Proof of Claim</i> . <input type="checkbox"/> Motor vehicle <input type="checkbox"/> Other. Describe: _____ Basis for perfection: _____ Attach redacted copies of documents, if any, that show evidence of perfection of a security interest (for example, a mortgage, lien, certificate of title, financing statement, or other document that shows the lien has been filed or recorded.) Value of property: \$ _____ Amount of the claim that is secured: \$ _____ Amount of the claim that is unsecured: \$ _____ (The sum of the secured and unsecured amount should match the amount in line 7.) Amount necessary to cure any default as of the date of the petition: \$ _____ Annual Interest Rate (when case was filed) _____ % <input type="checkbox"/> Fixed <input type="checkbox"/> Variable
10. Is this claim based on a lease?	<input type="checkbox"/> No <input type="checkbox"/> Yes. Amount necessary to cure any default as of the date of the petition. \$ _____
11. Is this claim subject to a right of setoff?	<input type="checkbox"/> No <input type="checkbox"/> Yes. Identify the property: _____

12. Is all or part of the claim entitled to priority under 11 U.S.C. § 507(a)?

☐ No

☐ Yes. Check all that apply:

Amount entitled to priority

A claim may be partly priority and partly nonpriority. For example, in some categories, the law limits the amount entitled to priority.

☐ Domestic support obligations (including alimony and child support) under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B).

\$ _____

☐ Up to \$2,850* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use. 11 U.S.C. § 507(a)(7).

\$ _____

☐ Wages, salaries, or commissions (up to \$12,850*) earned within 180 days before the bankruptcy petition is filed or the debtor's business ends, whichever is earlier. 11 U.S.C. § 507(a)(4).

\$ _____

☐ Taxes or penalties owed to governmental units. 11 U.S.C. § 507(a)(8).

\$ _____

☐ Contributions to an employee benefit plan. 11 U.S.C. § 507(a)(5).

\$ _____

☐ Other. Specify subsection of 11 U.S.C. § 507(a)() that applies.

\$ _____

* Amounts are subject to adjustment on 4/01/19 and every 3 years after that for cases begun on or after the date of adjustment.

Part 3: Sign Below

The person completing this proof of claim must sign and date it. FRBP 9011(b).

If you file this claim electronically, FRBP 5005(a)(2) authorizes courts to establish local rules specifying what a signature is.

A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

Check the appropriate box:

☐ I am the creditor.

☐ I am the creditor's attorney or authorized agent.

☐ I am the trustee, or the debtor, or their authorized agent. Bankruptcy Rule 3004.

☐ I am a guarantor, surety, endorser, or other codebtor. Bankruptcy Rule 3005.

I understand that an authorized signature on this *Proof of Claim* serves as an acknowledgement that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

I have examined the information in this *Proof of Claim* and have reasonable belief that the information is true and correct.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on date

MM / DD / YYYY

Signature

Print the name of the person who is completing and signing this claim:

Name

First name

Middle name

Last name

Title

Company

Identify the corporate servicer as the company if the authorized agent is a servicer.

Address

Number

Street

City

State

ZIP Code

Country

Contact phone

Email

Creditor: A person, corporation, or other entity to whom a debtor owes a debt that was incurred on or before the date the debtor filed for bankruptcy. 11 U.S.C. §101 (10).

Debtor: A person, corporation, or other entity to who is in bankruptcy. Use the debtor's name and case number as shown in the bankruptcy notice you received. 11 U.S.C. §101 (13).

Evidence of perfection: Evidence of perfection of a security interest may include documents showing that a security interest has been filed or recorded, such as a mortgage, lien, certificate of title, or financing statement.

Information that is entitled to privacy: A *Proof of Claim* form and any attached documents must show only the last 4 digits of any social security number, an individual's tax identification number, or a financial account number, only the initials of a minor's name, and only the year of any person's date of birth. If a claim is based on delivering health care goods or services, limit the disclosure of the goods or services to avoid embarrassment or disclosure of confidential health care information. You may later be required to give more information if the trustee or someone else in interest objects to the claim.

Priority claim: A claim within a category of unsecured claims that is entitled to priority under 11 U.S.C. §507(a). These claims are paid from the available money or property in a bankruptcy case before other unsecured claims are paid. Common priority unsecured claims include alimony, child support, taxes, and certain unpaid wages.

Proof of claim: A form that shows the amount of debt the debtor owed to a creditor on the date of the bankruptcy filing. The form must be filed in the district where the case is pending.

Redaction of information: Masking, editing out, or deleting certain information to protect privacy. Filers must redact or leave out information entitled to **privacy** on the *Proof of Claim* form and any attached documents.

Secured claim under 11 U.S.C. §506(a): A claim backed by a lien on particular property of the debtor. A claim is secured to the extent that a creditor has the right to be paid from the property before other creditors are paid. The amount of a secured claim usually cannot be more than the value of the particular property on which the creditor has a lien. Any amount owed to a creditor that is more than the value of the property normally may be an unsecured claim. But exceptions exist; for example, see 11 U.S.C. § 1322(b) and the final sentence of 1325(a).

Examples of liens on property include a mortgage on real estate a security interest in a car. A lien may be voluntarily granted by a debtor or may be obtained through a court proceeding. In states, a court judgment may be a lien.

Setoff: Occurs when a creditor pays itself with money belonging to the debtor that it is holding, or by canceling a debt it owes to the debtor.

Uniform claim identifier: An optional 24-character identifier that some creditors use to facilitate electronic payment.

Unsecured claim: A claim that does not meet the requirements of a secured claim. A claim may be unsecured in part to the extent that the amount of the claim is more than the value of the property on which a creditor has a lien.

Offers to purchase a claim

Certain entities purchase claims for an amount that is less than the face value of the claims. These entities may contact creditors offering to purchase their claims. Some written communications from these entities may easily be confused with official court documentation or communications from the debtor. These entities do not represent the bankruptcy court, the bankruptcy trustee, or the debtor. A creditor has no obligation to sell its claim. However, if a creditor decides to sell its claim, any transfer of that claim is subject to Bankruptcy Rule 3001(e), any provisions of the Bankruptcy Code (11 U.S.C. § 101 et seq.) that apply, and any orders of the bankruptcy court that apply.

109842258\V-6

1 UNITED STATES BANKRUPTCY COURT
2 CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION

3 In re

4 VERITY HEALTH SYSTEM OF
5 CALIFORNIA, INC., *et al.*,

6 Debtor and Debtor In Possession.

7 ☒ Affects All Debtors

8 ☐ Affects Verity Health System of
California, Inc.

9 ☐ Affects O'Connor Hospital

10 ☐ Affects Saint Louise Regional Hospital

11 ☐ Affects St. Francis Medical Center

12 ☐ Affects St. Vincent Medical Center

13 ☐ Affects Seton Medical Center

14 ☐ Affects O'Connor Hospital Foundation

15 ☐ Affects Saint Louise Regional Hospital

Foundation

16 ☐ Affects St. Francis Medical Center of

Lynwood Foundation

17 ☐ Affects St. Vincent Foundation

18 ☐ Affects St. Vincent Dialysis Center, Inc.

19 ☐ Affects Seton Medical Center Foundation

20 ☐ Affects Verity Business Services

21 ☐ Affects Verity Medical Foundation

22 ☐ Affects Verity Holdings, LLC

23 ☐ Affects De Paul Ventures, LLC

24 ☐ Affects De Paul Ventures - San Jose

Dialysis, LLC

25 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

Chapter 11 Cases

Hon. Judge Ernest M. Robles

**AFFIDAVIT OF PUBLICATION OF THE
NOTICE OF BAR DATE FOR FILING
PROOFS OF CLAIMS AND INTERESTS IN
THE SAN FRANCISCO CHRONICLE**

[No Hearing Required]



DECLARATION OF PUBLICITY OF SAN FRANCISCO CHRONICLE

FOR ANY INQUIRIES RELATED TO THE BELOW PUBLICATION, PLEASE CONTACT
KURTZMAN CARSON CONSULTANTS LLC AT (888) 249-2741.

UEL R. MAZEL (Bar No. 189301), samuel.mazel@demons.com, TAMIA M. MOYER (Bar No. 215738), tamia.moyers@demons.com, DEMONTS US LLP, 601 South Figueroa Street, Suite 2500, Los Angeles, California 90071-5704,
(310) 623-9300 / Fax: (213) 623-9924, Attorneys for the Chapter 11 Debtors and Debtors in Possession

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

Verity Health System of California, Inc., et al.,
Debtors and Debtors in Possession
Verity All Debtors
Affects Verity Health System of California, Inc.
Affects O'Connor Hospital
Affects Saint Louis Regional Hospital
Affects St. Francis Medical Center
Affects St. Vincent Medical Center
Affects Seton Medical Center
Affects O'Connor Hospital Foundation
Affects Saint Louis Regional Hospital Foundation
Affects St. Francis Medical Center of Lymwood Foundation
Affects St. Vincent Foundation
Affects St. Vincent Dialysis Centers, Inc.
Affects Seton Medical Center Foundation
Affects Verity Business Services
Affects Verity Medical Foundation
Affects Verity Holdings, LLC
Affects De Paul Ventures, LLC
Affects De Paul Ventures - San Jose Dialysis, LLC
Debtors and Debtors in Possession.

Lead Case No. 2:18-bk-20151-ER
Jointly Administered With:
CASE NO. 2:18-bk-20162-ER
CASE NO. 2:18-bk-20163-ER
CASE NO. 2:18-bk-20164-ER
CASE NO. 2:18-bk-20165-ER
CASE NO. 2:18-bk-20167-ER
CASE NO. 2:18-bk-20168-ER
CASE NO. 2:18-bk-20169-ER
CASE NO. 2:18-bk-20171-ER
CASE NO. 2:18-bk-20172-ER
CASE NO. 2:18-bk-20173-ER
CASE NO. 2:18-bk-20175-ER
CASE NO. 2:18-bk-20176-ER
CASE NO. 2:18-bk-20178-ER
CASE NO. 2:18-bk-20179-ER
CASE NO. 2:18-bk-20180-ER
Chapter 11 Cases
Hon. Judge Ernest M. Rios
NOTICE OF BAR DATE FOR FILING
PROOFS OF CLAIMS AND INTERESTS
BAR DATE: APRIL 1, 2019

ALL CREDITORS, EQUITY AND INTEREST HOLDERS, AND OTHER PARTIES IN INTEREST:
NOTICE OF CLAIMS BAR DATE

The Bankruptcy Court has set a deadline of April 1, 2019 for creditors and holders of ownership interests in Verity Health System of California, Inc., a California nonprofit benefit corporation and the Debtor herein, and the above-referenced affiliated debtors, the debtors and debtors in possession in the above-captioned chapter 11 bankruptcy cases (collectively, the "Debtors"), to file proofs of claim against, or proofs of interest in, the Debtors' estates.

Notwithstanding to this deadline for filing proofs of claims or interest are: (1) claims arising from rejection of executory contracts or unexpired leases; (2) claims of governmental units; and (3) claims arising as the result of transfers since pursuant to chapter 5 of the Bankruptcy Code.

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Diane FitzGibbon

declares that:

The annexed advertisement has been regularly published
in the

SAN FRANCISCO CHRONICLE

which is and was at all times herein mentioned
established as newspaper of general circulation in the
City and County of San Francisco, State of California, as
that term is defined by Section 6000 of the Government
Code.

SAN FRANCISCO CHRONICLE

(Name of Newspaper)

901 Mission Street

San Francisco, CA 94103

From

To

Namely, on

(Dates of Publication)

I declare under penalty of perjury that the foregoing is
true and correct.

Executed on

at San Francisco, California.

Diane FitzGibbon

Soggy yet resilient after flood on top of fire

By Tara Duggan and
Gwendolyn Wu

Kendra Koling, former fire victim and current flood victim, can't help but wonder if she did something wrong in another life.

"I'm just kind of numb," she said on Thursday, gazing at photos of the floodwaters that were swamping her 4-month-old cafe in downtown Sebastopol.

In 2015, her husband nearly died in a car accident. In 2017, the couple's house in Kenwood burned down on the first day of the Wine Country fires. On Thursday, the rising waters gushed into her restaurant, The Farmer's Wife, and swamped her refrigerator, oven and blender.

The cafe was one of several flooded businesses in The Barlow, a 12-acre, indoor-outdoor arts, dining and shopping district that just opened five years ago in the tourist enclave of Sebastopol. Her fellow business owners were bracing for the worst. Many closed their doors as up to a foot of water gurgled through their front doors.

Highway 10 was closed and many Barlow tenants arrived by motorboat and rowboat to inspect the soggy state of their businesses.

But none seemed to have been challenged by fate as severely as Koling.

During her two years of recovery from the car



Scott Strzemecki / The Chronicle

Cameras check out the flooding that swamped a commercial and arts district known as The Barlow in Sebastopol. Rising floodwaters from the Russian River saturated the area Thursday.

crash, Koling's husband, Paul, was unable to help run their apple farm business. Then came the fire that took their home. With the insurance money from that disaster, they opened the cafe in October, just in time for this week's disaster — for which she has no flood insurance.

"I've seen pretty much everything now," said Koling.

This week she also found herself evacuated from a natural disaster once again, this time from a friend's borrowed cabin in Healdsburg.

right on the overflowing Russian River.

By noon on Thursday, she had learned that about five other businesses in The Barlow were severely damaged, too.

"All the other tenants are kind of crying and in tears and hysterical," she said. "I think I'm OK." Jennifer Hirschfield, owner of Gallery 300, said her place was two inches deep in water, despite the recently installed floodgates that were supposed to help.

None of Hirschfield's paintings were on the

ground, but water damaged a computer and podiums holding up sculptures. The gallery functions as both her studio and her store.

Besides being known for bad luck, cafe owner Koling is also known as the inventor of a sandwich called "The Works," made from eggs, tomato, Mexican sausage, Irish and Dutch cheeses and Salvadorean fermented coleslaw. It will not be offered at The Farmer's Wife for the indefinite future.

Business at the cafe, at first booming, fell off

after smoke from the Camp Fire in Butte County created several weeks of poor air quality that kept Sebastopol shoppers at home.

"The smoke dried up business. I was literally thinking I'm going under water," says Koling, trying to keep her sense of irony.

The damage began to sink in when a friend in a kayak showed her pictures of the cafe. The pictures showed that the flood water had nearly reached the top of the marble counter at the front of the restaurant.

"If there's one thing I've learned in the past year, we're resilient human beings. We'll get through this."

Kendra Koling, above house burned in the Wine Country fire and above restaurant now swamped by the Russian River floodwaters.

Many appliances were under water.

After the car crash and again after the fire, friends and family created GoFundMe accounts to help pay expenses. This time, she is too embarrassed to think of anyone helping out again.

The Kollings have three children, two in college and the youngest still at home. While their house in Kenwood is being rebuilt, they are able to camp out in it.

"If there's one thing I've learned in the past year, we're resilient human beings," she said. "We'll get through this."

Chronicle Staff Writer Steve Rubenstein contributed to this report.

Tara Duggan and Gwendolyn Wu are San Francisco Chronicle staff writers. Email: tduggan@sfchronicle.com, gwendolynwu@sfchronicle.com. Twitter: @tarduggan, @gwendolynwu

Man dies trying to reach home, kids

By Sarah Ravani

Floodwaters killed a man in Humboldt County as he attempted to walk from a barn to his home, where three children were trapped, officials said Thursday.

Deputies were dispatched about 8:30 p.m. Wednesday to the 600 block of Sage Road in Ferndale after receiving a report that a man was overtaken by floodwaters and three people at attempting to save him were stuck on a tractor, according to the Humboldt County Sheriff's Office.

An atmospheric river dropped torrential rain this week across Northern California, causing disastrous flooding and mudslides in several counties, but until Wednesday no flood-related deaths were reported.

Though circumstances of the death are not entirely clear, floodwaters with a strong current and reaching 5 feet high apparently surrounded the man as he tried to walk the short distance between the barn and his home, authorities said.

Two adults and a juvenile attempted to save the man by driving a tractor toward him, but the tractor stalled in the water and they were unable to reach him before the water overtook him.

A sheriff's deputy and a search-and-rescue team member were able to reach the three people trapped on the tractor by using a jet boat. The survivors were taken to a safe location, officials said.

The three juveniles that were trapped inside the man's home were also rescued.

Rescue workers and a U.S. Coast Guard helicopter searched through the floodwaters for the missing man until 11 p.m. His body was found early Thursday morning.

The man was not identified pending notification of next of kin.

Sarah Ravani is a San Francisco Chronicle staff writer. Email: sravani@sfchronicle.com. Twitter: @SarahRavani

PG&E braces for Camp Fire blame

PG&E from page A1

Butte County. The company has said the transmission line malfunctioned just before the fire started and it later saw a flash mark near damaged equipment on the tower.

A PG&E employee saw flames near the tower and called 911 around the time the state says the wildfire began.

PG&E has also reported another problem along a smaller line in the area. While the California Department of Forestry and Fire Protection is investigating that spot as another possible start for the Camp Fire, PG&E said because of "the condition of the site" it has not been able to determine on its own whether that location is also a probable ignition point.

Despite PG&E's clear assertion it will probably be implicated at "we disagree with Camp Fire," there's still a lot left to be answered" after the company's latest statement, said Paul Patterson, a utilities analyst with Glenbrook Associates.

Online extras

The Chronicle's coverage of PG&E's legal and financial troubles. www.sfchronicle.com/pg&e

another thing whether it's because of something you did inappropriately or imprudently."

A report this week in the Wall Street Journal said that PG&E had repeatedly delayed planned upgrades to the big power line that runs through the site where the Camp Fire originated.

PG&E has disputed the article's characterization of the work as maintenance, instead describing it as a regulatory compliance project and stressing that the transmission tower suspected of starting the Camp Fire was not included in the upgrade plans. The company said in a statement that "we disagree with the overall premise" of the Journal's story.

Shares of PG&E Corp fell 4 percent to close at \$14.75 Thursday. PG&E also reiterated Thursday that the transmission line at issue in

since December. The \$6-mile line was turned off because of preliminary results from "enhanced inspections" that occurred "Some equipment conditions that require repair or replacement," the utility said.

"As a result, this entire transmission line will remain out of service until it is verified to be fully safe or decommissioned," the company said.

In its earnings announcement, PG&E also stressed its efforts to inspect its power lines in areas most at risk of wildfires.

The company said it is more than two-thirds finished with enhanced inspections of 5,500 miles of transmission lines and 50,000 transmission structures in the highest fire-threat areas. PG&E said it expects to finish the remaining inspections this month.

Similar work on 25,000 miles of distribution lines, encompassing 605,000 power poles, began in February and is expected to be done by the end of May, weather permitting, PG&E said.

J.D. Morris is a San Francisco Chronicle staff writer. Email: jd.morris@sfchronicle.com

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PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:
2335 Alaska Ave, El Segundo, CA 90245

A true and correct copy of the foregoing documents entitled (*specify*): **Affidavit Of Publication Of The Notice Of Bar Date For Filing Proofs Of Claims And Interests In The San Francisco Chronicle** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*), I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

☐ Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:

On (*date*), I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (*state method for each person or entity served*): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on March 21, 2019, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

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Los Angeles, CA 90012

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I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

March 21, 2019

Travis R. Buckingham

/s/ Travis R. Buckingham

Date

Printed Name

Signature

UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION

In re

VERITY HEALTH SYSTEM OF
CALIFORNIA, INC., *et al.*,

Debtor and Debtor In Possession.

☒ Affects All Debtors

☐ Affects Verity Health System of
California, Inc.

☐ Affects O'Connor Hospital

☐ Affects Saint Louise Regional Hospital

☐ Affects St. Francis Medical Center

☐ Affects St. Vincent Medical Center

☐ Affects Seton Medical Center

☐ Affects O'Connor Hospital Foundation

☐ Affects Saint Louise Regional Hospital
Foundation

☐ Affects St. Francis Medical Center of
Lynwood Foundation

☐ Affects St. Vincent Foundation

☐ Affects St. Vincent Dialysis Center, Inc.

☐ Affects Seton Medical Center Foundation

☐ Affects Verity Business Services

☐ Affects Verity Medical Foundation

☐ Affects Verity Holdings, LLC

☐ Affects De Paul Ventures, LLC

☐ Affects De Paul Ventures - San Jose
Dialysis, LLC

Debtors and Debtors In Possession

Lead Case No. 2:18-bk-20151-ER

Jointly Administered With:

CASE NO.: 2:18-bk-20162-ER

CASE NO.: 2:18-bk-20163-ER

CASE NO.: 2:18-bk-20164-ER

CASE NO.: 2:18-bk-20165-ER

CASE NO.: 2:18-bk-20167-ER

CASE NO.: 2:18-bk-20168-ER

CASE NO.: 2:18-bk-20169-ER

CASE NO.: 2:18-bk-20171-ER

CASE NO.: 2:18-bk-20172-ER

CASE NO.: 2:18-bk-20173-ER

CASE NO.: 2:18-bk-20175-ER

CASE NO.: 2:18-bk-20176-ER

CASE NO.: 2:18-bk-20178-ER

CASE NO.: 2:18-bk-20179-ER

CASE NO.: 2:18-bk-20180-ER

CASE NO.: 2:18-bk-20181-ER

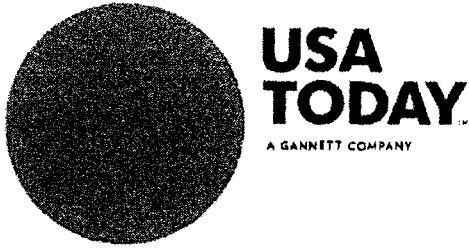
Chapter 11 Cases

Hon. Judge Ernest M. Robles

**AFFIDAVIT OF PUBLICATION OF THE
NOTICE OF BAR DATE FOR FILING
PROOFS OF CLAIMS AND INTERESTS IN
USA TODAY**

[No Hearing Required]






VERIFICATION OF PUBLICATION

COMMONWEALTH OF VIRGINIA COUNTY OF FAIRFAX

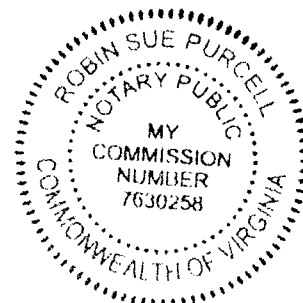
Being duly sworn, Vanessa Salvo says that she is the principal clerk of USA TODAY, and is duly authorized by USA TODAY to make this affidavit, and is fully acquainted with the facts stated herein: on Monday, March 4, 2019 the following legal advertisement –
In re: VERITY HEALTH SYSTEM OF CALIFORNIA, INC. – was published in the national edition of USA TODAY.


Principal Clerk of USA TODAY
March 5, 2019

This 5th day of March month
2019 year.


Notary Public

Commission expires on 31 October 2019





The rape of Sansa (Sophie Turner) in Season 5 turned many fans against the show. HELEN SLOAN/HBO



Things and badly for Catelyn Stark (Michelle Fairley). HBO



Fan favorite Jon Snow (Kit Harrington) returned in Season 7. MACALL B. POLAK/HBO

Thrones

Continued from Page 1D

conquered television. Its slow rise to dominance was unique, helped by plot twists, bloody character deaths, controversy and awards. It did so in the same its surviving characters have conquered (or tried to conquer) the fictional realm of Westeros: with violence, surprise, luck and mistakes.

Watching the first few episodes again today is shocking for the lower quality of its special effects, the endless exposition and plodding storylines. It didn't earn its reputation for great action, magic and ruthless violence right away. By the middle of that first 10-episode season, the series came into its own creatively, just in time for the writers to pull off the first big twist of George R.R. Martin's novels.

The idea that any character could die at any time was what made "Thrones" stand out, and the first victim was de facto protagonist Ned Stark, played by the series' biggest star, Sean Bean, who was beheaded in the ninth episode, surprising viewers who hadn't read the books. But the real moment "Thrones" transitioned from a show loved by fantasy fans to one that enthralled a broad audience was the infamous Red Wedding.

It was a huge event, a turning point in the show that helped establish the series' creative sensibility. It was an effective scene not simply because it was violent and astonishing; it was also a grotesquely, beautifully written, acted and directed sequence.

If you are unfamiliar with those fateful minutes at the end of the third-season episode, they depicted the murders of Robb and Catelyn Stark (Richard Madden and Michelle Fairley) and Robb's pregnant wife Talisa (Oona Chaplin), the result of a betrayal by characters we thought we knew. The violence in the sequence, in which Talisa was stabbed repeatedly in her pregnant belly and Catelyn's throat was sliced open to eat, was horrific. It tipped the scales in the throne game toward the Lannisters and left the Starks, who should be the victors given their general goodness, with no leader or army.

After the Red Wedding, deaths, blood and shocks became routine. The evil King Joffrey (Jack Gleeson) died at his own wedding in Season 4. Oberyn Martell (Pedro Pascal)

was killed in the series' most graphic sequence involving head-crushing, that same year. In Season 6, Cersei (Lena Headey) blew up a temple full of her enemies — and hundreds of innocent bystanders.

But it wasn't death and destruction that propelled "Thrones." Starting in Season 4, critics and fans began complaining about the series' use of violence against women, including rape scenes that were not in Martin's novels.

Sex, nudity and sexual violence had been a part of "Thrones" from its very first episode, but two sequences drew criticism: Jaime Lannister (Nikolaj Coster-Waldau) raping his sister Cersei in Season 4 and Ramsay Bolton (Iwan Rheon) raping Sansa (Sophie Turner) in Season 5. After the Sansa scene, some fans declared that they were done with the series forever.

But in some ways, the controversy around the sexual violence only heightened the awareness of and interest in the series, as controversy often does. Fortunately, the series has shifted gears, deepening its female characters and reducing those criticized rape scenes.

By the time it entered its sixth season in 2016, "Thrones" had become a true phenomenon. Fresh off its first Emmy win as outstanding drama (for Season 5, arguably its worst), the series bounced back from a minor ratings dip, resurrected fan favorite Jon Snow (Kit Harrington) and finally brought its disparate characters together in highly anticipated reunions. The ratings keep growing. The show's most recent episode, 2017's Season 7 finale, marked a series high, with 12.1 million same-day viewers, and plenty more afterward.

When you think about the biggest TV shows of the past, you can usually remember a moment when they crystallized into a hit. "Survivor" blasted out of the gate with huge ratings. "Breaking Bad" won the "Netflix effect," as TV ratings soared once early seasons appeared on the streaming service. "Grey's Anatomy" wall, blew up when it put a bomb in a body after the Super Bowl. "Thrones" has had its big moment over and over again, enjoying exceptional growth at a time when TV viewership is declining almost everywhere else. The confluence of events that led to its small-screen dominance may never happen again. When it ends May 19, can any new series claim its throne?

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2019 BCBSM Legal Notice

Notice of Privacy Incident at Detroit-Based Wolverine Solutions Group Affecting Blue Cross Blue Shield of Michigan

On or around September 23, 2018, Detroit-based Wolverine Solutions Group (WSG) was the victim of a ransomware attack affecting its systems. WSG investigated the issue and worked to restore its systems and help ensure its data is securely protected. WSG performs pricing and making services for health care and other business clients including Blue Cross Blue Shield of Michigan (BCBSM). On November 8, 2018, WSG notified BCBSM that its member personal information was among the data impacted by the issue. Data related to 3% of BCBSM members may have been affected, including demographic information, health plan contact numbers, and some medical information and Social Security numbers. WSG mailed letters to the affected BCBSM members in December. Although WSG does not believe that personal information was accessed from its systems in an abundance of caution, WSG has arranged to offer free identity protection services through AllClear to affected individuals. Potentially affected individuals are encouraged to remain vigilant by reviewing their account statements and monitoring free credit reports. U.S. individuals are entitled under U.S. law to one free credit report annually from each of the three nationwide consumer reporting agencies. To order a free credit report, visit www.annualcreditreport.com or call toll-free at 1-877-322-8228. WSG is taking steps to prevent a similar occurrence, including migrating to a different computer system that has added protections and training WSG workforce. If you are a BCBSM member with questions about the incident, whether your information was impacted or how to enroll in AllClear identity protection services, call 1-855-861-4034, Monday through Saturday, 8 a.m.-6 p.m. CT, excluding national holidays. If you have questions for BCBSM, call the number on the back of your BCBSM card. Additional information about this issue can be found online at www.wolverinesolutions.com/cybersecurityincident. WSG is deeply sorry that this incident occurred and is apologetic to BCBSM and its affected members.

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288. The Licensee shall not use the Licensed Materials in any way that is likely to cause harm to the universe.

289. The Licensee shall not use the Licensed Materials in any way that is likely to cause harm to the multiverse.

290. The Licensee shall not use the Licensed Materials in any way that is likely to cause harm to the omniverse.

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303. The Licensee shall not use the Licensed Materials in any way that is likely to cause harm to the universe.

304. The Licensee shall not use the Licensed Materials in any

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:
2335 Alaska Ave, El Segundo, CA 90245

A true and correct copy of the foregoing documents entitled (*specify*): **Affidavit Of Publication Of The Notice Of Bar Date For Filing Proofs Of Claims And Interests In USA TODAY** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*), I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

☐ Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:

On (*date*), I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (*state method for each person or entity served*): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on March 21, 2019, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

VIA OVERNIGHT

USBC Central District of California
Ernest M. Robles
Edward R. Roybal
Federal Building and U.S. Courthouse
255 East Temple Street, Suite 1560
Los Angeles, CA 90012

☐ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

March 21, 2019
Date

Travis R. Buckingham
Printed Name

/s/ Travis R. Buckingham
Signature

UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION

In re

VERITY HEALTH SYSTEM OF
CALIFORNIA, INC., *et al.*,

Debtor and Debtor 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

Chapter 11 Cases

Hon. Judge Ernest M. Robles

☒ Affects All Debtors

☐ Affects Verity Health System of
California, Inc.

☐ Affects O'Connor Hospital

☐ Affects Saint Louise Regional Hospital

☐ Affects St. Francis Medical Center

☐ Affects St. Vincent Medical Center

☐ Affects Seton Medical Center

☐ Affects O'Connor Hospital Foundation

☐ Affects Saint Louise Regional Hospital
Foundation

☐ Affects St. Francis Medical Center of
Lynwood Foundation

☐ Affects St. Vincent Foundation

☐ Affects St. Vincent Dialysis Center, Inc.

☐ Affects Seton Medical Center Foundation

☐ Affects Verity Business Services

☐ Affects Verity Medical Foundation

☐ Affects Verity Holdings, LLC

☐ Affects De Paul Ventures, LLC

☐ Affects De Paul Ventures - San Jose
Dialysis, LLC

Debtors and Debtors In Possession

**AFFIDAVIT OF PUBLICATION OF THE
NOTICE OF BAR DATE FOR FILING
PROOFS OF CLAIMS AND INTERESTS IN
THE SAN JOSE MERCURY NEWS**

[No Hearing Required]



San Jose Mercury News
4 N. 2nd Street, Suite 800
San Jose, CA 95113
408-920-5332

1016884

VERITY HEALTH SYSTEM
OF CALIFORNIA, INC

**PROOF OF PUBLICATION
IN THE CITY OF SAN JOSE
IN THE STATE OF CALIFORNIA
COUNTY OF SANTA CLARA**

FILE NO. R2260036

In the matter of

San Jose Mercury News

The undersigned, being first duly sworn, deposes and says: That at all times hereinafter mentioned affiant was and still is a citizen of the United States, over the age of eighteen years, and not a party to or interested in the above entitled proceedings; and was at and during all said times and still is the principal clerk of the printer and publisher of the San Jose Mercury News, a newspaper of general circulation printed and published daily in the City of San Jose, County of Santa Clara, State of California as determined by the court's decree dated June 27, 1952, Case Numbers 84096 and 84097, and that said San Jose Mercury News is and was at all times herein mentioned a newspaper of general circulation as that term is defined by Sections 6000; that at all times said newspaper has been established, printed and published in the said County and State at regular intervals for more than one year preceding the first publication of the notice herein mentioned. Said decree has not been revoked, vacated or set aside.

I declare that the notice, of which the annexed is a true printed copy, has been published in each regular or entire issue of said newspaper and not in any supplement thereof on the following dates, to wit:

03/01/2019

Dated at San Jose, California
March 1, 2019

I declare under penalty of perjury that the foregoing is true and correct.



Principal clerk of the printer and publisher of the San Jose Mercury News

FOR ANY INQUIRIES RELATED TO THE BELOW PUBLICATION, PLEASE CONTACT
KURTZMAN CARSON CONSULTANTS LLC AT (888) 249-2741.

SAMUEL R. MAIZEL (Bar No. 189101), samuel.maizel@dentons.com, TASHA M. MOYRON (Bar No. 235716), tasha.moyron@dentons.com, DENTONS US LLP, 601 South Figueroa Street, Suite 2500, Los Angeles, California 90017-5704, Tel: (213) 623-9300/Fax: (213) 623-9924, Attorneys for the Chapter 11 Debtors and Debtors in Possession
UNITED STATES BANKRUPTCY COURT, CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION

In re:
VERITY HEALTH SYSTEM OF CALIFORNIA, INC., et al.,
Debtors and Debtors in Possession

Lead Case No. 2:18-bk-20151-ER
Jointly Administered With:
CASE NO.: 2:18-bk-20162-ER
CASE NO.: 2:18-bk-20163-ER
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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
Hon. Judge Ernest M. Robles
NOTICE OF BAR DATE FOR FILING
PROOFS OF CLAIMS AND INTERESTS
BAR DATE: APRIL 1, 2019

TO ALL CREDITORS, EQUITY AND INTEREST HOLDERS, AND OTHER PARTIES IN INTEREST:

NOTICE OF CLAIMS BAR DATE

The Bankruptcy Court has set a deadline of April 1, 2019 for creditors and holders of ownership interests in Verity Health System of California, Inc., a California nonprofit benefit corporation and the Debtor herein, and the above-referenced affiliated debtors, the debtors and debtors in possession in the above captioned chapter 11 bankruptcy cases (collectively, the "Debtors"), to file proofs of claim against, or proofs of interest in, the Debtors' estates.

The exceptions to this deadline for filing proofs of claims or interest are: (1) claims arising from rejection of executory contracts or unexpired leases; (2) claims of governmental units; and (3) claims arising as the result of transfer avoidance pursuant to chapter 5 of the Bankruptcy Code.

Unless otherwise ordered by the Court, claims arising from (i) rejection of executory contracts or unexpired leases pursuant to 11 U.S.C. § 365, (ii) rejection or modification of collective bargaining agreements pursuant to 11 U.S.C. § 1113, (iii) voluntary termination of pension plans under the Employee Retirement Income Security Act ("ERISA"), or (iv) withdrawal from a multiemployer pension plan governed by ERISA, or (v) termination of retiree benefits, including as may be required under 11 U.S.C. § 1114, the last day to file a proof of claim is: (a) 30 days after the date of entry of the order authorizing such rejection, modification, voluntary termination or withdrawal; or (b) April 1, 2019, whichever is later.

For claims of "governmental units," as that term is defined in 11 U.S.C. § 101(27), the last day to file a proof of claim is: (a) 180 days after the entry of the order for relief in this case; or (b) April 1, 2019, whichever is later; 11 U.S.C. § 502(b)(9).

For administrative claims arising under Section 503(b)(9) of the Bankruptcy Code (a "503(b)(9) Claim") on account of goods sold to the Debtors in the ordinary course of the Debtors' business that were received by the Debtors within 20 days before the commencement of the Debtors' cases, the last day to request allowance of such claims by filing a proof of claim and indicating that the claim asserted is a 503(b)(9) Claim is the Bar Date, i.e. April 1, 2019.

For claims arising from the avoidance of a transfer under chapter 5 of the Bankruptcy Code, the last day to file a proof of claim is: (a) 30 days after the entry of judgment avoiding the transfer; or (b) April 1, 2019, whichever is later.

If you are listed on the Schedules of Assets and Liabilities of the Debtors and your claim or interest is not scheduled as disputed, contingent, unliquidated or unknown, your claim or interest is deemed filed in the amount set forth in the schedules, and filing of a proof of claim or interest is unnecessary if you agree that the amount scheduled is correct and that the category in which your claim or interest is scheduled (secured, unsecured, preferred stock, common stock, etc.) is correct. 11 U.S.C. § 1111(a).

If your claim or interest is not listed on the schedules or is scheduled as disputed, contingent, unliquidated or unknown, or if you disagree with the amount or description scheduled for your claim or interest, you must file a proof of claim or interest.

Notwithstanding any other provision of this Notice, any record or beneficial holder of those certain California Statewide Communities Development Authority Revenue Bonds (Daughters of Charity Health System) Series 2005 A, B, and C and H, California Public Finance Authority Revenue Notes (Verity Health System) Series 2017 A, B, and C, and D, California Public Finance Authority Revenue Notes (Verity Health System) Series 2017 A, B, and C, or any master indenture obligation issued by the Debtors or any of them in connection with the foregoing (each an "Obligated Debt Security") is not required to file any proof of claim for any claim that is (a) limited to the repayment of principal, interest, and other applicable fees and charges on account of an Obligated Debt Security; and (b) asserted against the Debtors of Connor Hospital, St. Francis Medical Center, St. Vincent Medical Center, Saint Louise Regional Hospital, Seton Medical Center, and/or Verity Health Systems of California, Inc. (each a "Funded Debt Claim"). Notwithstanding the foregoing, (i) any record or beneficial holder of an Obligated Debt Security wishing to assert any other claim, including any claim other than a Funded Debt Claim is required to file proof(s) of claim in compliance with this Notice, unless another exception identified herein applies; and (ii) for the avoidance of doubt, the foregoing exclusion in this paragraph shall not apply to any indenture trustee or collateral agent described in the documents that evidence or secure any Obligated Debt Security.

Notwithstanding any other provisions of this Notice, any record or beneficial holder of those certain California Statewide Communities Development Authority ("CSCDA") Bonds issued pursuant to the CSCDA CaliforniaFirst Program dated May 11, 2017 or May 18, 2017, (each a "Special Assessment Debt Security") is not required to file any proof of claim for any claim that is (a) limited to the repayment of principal, interest, and other applicable fees and charges on account of a Special Assessment Debt Security; and (b) asserted against the Debtors of Seton Medical Center (a "Funded Assessment Claim"). Notwithstanding the foregoing, (i) any record or beneficial holder of a Special Assessment Debt Security wishing to assert any other claim, including any claim other than a Funded Assessment Claim is required to file proof(s) of claim in compliance with this Notice, unless another exception identified herein applies; and (ii) for the avoidance of doubt, the foregoing exclusion in this paragraph shall not apply to any indenture trustee or collateral agent described in the documents that evidence or secure any Special Assessment Debt Security.

Each indenture trustee or collateral agent for an Obligated Debt Security or a Special Assessment Debt Security is authorized to file such proof(s) of claim on behalf of itself and the beneficial and record holders of such Funded Debt Claims or Funded Assessment Claims against each relevant Debtor in compliance with this Notice and/or may in its sole discretion include or reference such documents that evidence or secure any Obligated Debt Security or Special Assessment Debt Security (and is excused from attaching copies of any referenced documents evidencing and/or securing those claims, so long as those materials remain available on request).

Failure of a creditor or interest holder to file timely a proof of claim or interest on or before the deadline may result in disallowance of the claim or interest or subordination under the terms of a plan of reorganization without further notice or hearing. 11 U.S.C. § 502(b)(9). Creditors and interest holders may wish to consult an attorney to protect their rights.

Dated: February 13, 2019, DENTONS US LLP, By: Samuel R. Maizel, Samuel R. Maizel, Tasha M. Moyron, Attorneys for Chapter 11 Debtors and Debtors in Possession

In re Verity Health System of California, Inc., et al. (Case No. 2:18-bk-20151-ER)

Proof of interest forms, and additional copies of proof of claim forms, may be obtained from the Debtors' Claims and Noticing Agent, Kurtzman, Carson Consultants LLC ("KCC"), located at 2335 Alaska Avenue, El Segundo, CA 90245, (888) 249-2741, or by visiting KCC's website at <http://www.kccllc.net/verityhealth>.

Please be advised that all Proofs of Claim and Proofs of Interest, with all supporting documentation, must be submitted to KCC via mail or courier no later than April 1, 2019 at 5:00 p.m. (Pacific Time), at the following address: Verity Claims Processing Center, c/o KCC, 2335 Alaska Avenue, El Segundo, CA 90245

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:
2335 Alaska Ave, El Segundo, CA 90245

A true and correct copy of the foregoing documents entitled (*specify*): **Affidavit Of Publication Of The Notice Of Bar Date For Filing Proofs Of Claims And Interests In The San Jose Mercury News** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*), I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

☐ Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:

On (*date*), I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (*state method for each person or entity served*): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on **March 21, 2019**, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

VIA OVERNIGHT

USBC Central District of California
Ernest M. Robles
Edward R. Roybal
Federal Building and U.S. Courthouse
255 East Temple Street, Suite 1560
Los Angeles, CA 90012

☐ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

March 21, 2019

Date

Travis R. Buckingham

Printed Name

/s/ Travis R. Buckingham

Signature

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

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

Debtor and Debtor In Possession.

- ☒ Affects All Debtors
- ☐ Affects Verity Health System of California, Inc.
- ☐ Affects O'Connor Hospital
- ☐ Affects Saint Louise Regional Hospital
- ☐ Affects St. Francis Medical Center
- ☐ Affects St. Vincent Medical Center
- ☐ Affects Seton Medical Center
- ☐ Affects O'Connor Hospital Foundation
- ☐ Affects Saint Louise Regional Hospital Foundation
- ☐ Affects St. Francis Medical Center of Lynwood Foundation
- ☐ Affects St. Vincent Foundation
- ☐ Affects St. Vincent Dialysis Center, Inc.
- ☐ Affects Seton Medical Center Foundation
- ☐ Affects Verity Business Services
- ☐ Affects Verity Medical Foundation
- ☐ Affects Verity Holdings, LLC
- ☐ Affects De Paul Ventures, LLC
- ☐ Affects De Paul Ventures - San Jose Dialysis, LLC

Debtors and Debtors In Possession

Lead Case No. 2:18-bk-20151-ER

Jointly Administered With:

CASE NO.: 2:18-bk-20162-ER
CASE NO.: 2:18-bk-20163-ER
CASE NO.: 2:18-bk-20164-ER
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CASE NO.: 2:18-bk-20179-ER
CASE NO.: 2:18-bk-20180-ER
CASE NO.: 2:18-bk-20181-ER

Chapter 11 Cases

Hon. Judge Ernest M. Robles

**AFFIDAVIT OF PUBLICATION OF THE
NOTICE OF BAR DATE FOR FILING
PROOFS OF CLAIMS AND INTERESTS IN
THE LOS ANGELES TIMES**

[No Hearing Required]



**PROOF OF PUBLICATION
(2015.5 C.C.P.)**

**STATE OF ILLINOIS
County of Cook**

I am a citizen of the United States and a resident of the County aforesaid; I am over the age of eighteen years, and not a party to or interested in the action for which the attached notice was published.

I am a principal clerk of the Los Angeles Times, which was adjudged a newspaper of general circulation on May 21, 1952, Cases 598599 for the City of Los Angeles, County of Los Angeles, and State of California. Attached to this Affidavit is a true and complete copy as was printed and published on the following date(s):

Mar 01, 2019

I certify (or declare) under penalty of perjury
under the laws of the State of California that the foregoing is true and correct.

Dated at Chicago, Illinois
on this _____ day of _____, 20____

[signature]

160 N Stetson Avenue
Chicago, IL 60601

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:
2335 Alaska Ave, El Segundo, CA 90245

A true and correct copy of the foregoing documents entitled (*specify*): **Affidavit Of Publication Of The Notice Of Bar Date For Filing Proofs Of Claims And Interests In The Los Angeles Times** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*), I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

☐ Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:

On (*date*), I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (*state method for each person or entity served*): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on **March 21, 2019**, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

VIA OVERNIGHT

USBC Central District of California
Ernest M. Robles
Edward R. Roybal
Federal Building and U.S. Courthouse
255 East Temple Street, Suite 1560
Los Angeles, CA 90012

☐ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

March 21, 2019

Travis R. Buckingham

/s/ Travis R. Buckingham

Date

Printed Name

Signature

EXHIBIT “F”

1 **PLEASE TAKE NOTICE** that, on August 14, 2020, the Court entered the order [Docket No.
2 5504] (the “Confirmation Order”) confirming the *Modified Second Amended Joint Chapter 11 Plan*
3 *of Liquidation (Dated July 2, 2020) of the Debtors, the Prepetition Secured Creditors, and the*
4 *Committee* [Docket No. 5466] (the “Plan”).¹ The Plan provides that the Plan Proponents will file
5 certain Plan Supplements on or prior to the Effective Date. *See* Plan § 1.130. The Plan authorizes the
6 Plan Proponents to extend consensually the deadlines for filing Plan Supplements. *See id.* The Plan
7 Proponents consented to extensions of the deadlines to file Plan Supplement items (f) through (i).

8 **PLEASE TAKE FURTHER NOTICE** that, on August 5, 2020, the Debtors filed the
9 *Memorandum of Law in Support of Confirmation of the Second Amended Joint Chapter 11 Plan of*
10 *Liquidation (Dated July 2, 2020) of the Debtors, the Prepetition Secured Creditors, and the Committee*
11 [Docket No. 5385] (the “Confirmation Brief”), which attached, as Exhibit “B,” a draft of the Plan
12 Settlement. The Plan Settlement is a Creditor Settlement Agreement under the Plan, and the Plan
13 Settlement attached to the Confirmation Brief as Exhibit “B” constituted a Plan Supplement. The
14 Court approved the Plan Settlement in the Confirmation Order. *See* Confirmation Order at ¶ 9(a).
15 Attached hereto as **Exhibit “A”** is an executed version of the Plan Settlement.

16 **PLEASE TAKE FURTHER NOTICE** that, on August 10, 2020, the Debtors filed the *Notice*
17 *of Certain Plan Supplements to the Second Amended Joint Chapter 11 Plan of Liquidation (Dated*
18 *July 2, 2020) of the Debtors, the Prepetition Secured Creditors, and the Committee* [Docket No. 5443],
19 which attached, as Exhibit “A,” a draft of the Liquidating Trust Agreement. The Court approved the
20 Liquidating Trust Agreement in the Confirmation Order. *See* Confirmation Order at ¶ 15. Attached
21 hereto as **Exhibit “B”** is a final version of the Liquidating Trust Agreement.

22 **PLEASE TAKE FURTHER NOTICE** that, pursuant to the Plan, the Plan Proponents
23 provide the following additional Plan Supplements:

- 24 • The schedule of Insurance Policies, attached hereto as **Exhibit “C”**;
- 25 • The Transition Services Agreements, attached hereto as **Exhibits “D” and “E”**;
- 26 • The initial Operating Budget, attached hereto as **Exhibit “F”**.

27
28 ¹ Unless otherwise defined herein, all capitalized terms have the definitions set forth in the Plan.

1 Dated: September 4, 2020

2 DENTONS US LLP
3 SAMUEL R. MAIZEL
4 TANIA M. MOYRON
5 NICHOLAS A. KOFFROTH

6 By /s/ Tania M. Moyron
7 Tania M. Moyron

8 Attorneys for the Chapter 11 Debtors and
9 Debtors In Possession
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Exhibit C

Schedule of Insurance Policies

**Verity Health System of California, Inc.
Schedule of Insurance Policies
As of 8/27/20**

Insurance Coverage	Carrier	Limits	First Named Insured	Policy Period
All Other Coverages				
Commercial Property	American Guarantee and Liability Insurance Company (Zurich)	\$750M	Verity Health System of California, Inc.	7/1/2020-7/1/2
Workers' Compensation and Employers Liability	State Compensation Insurance Fund	Workers' Compensation (CA) - Statutory Employers Liability - \$1M/\$1M/\$1M	Verity Health System of California, Inc.	1/1/2020-1/1/2
Storage Tank Liability (Consolidated)	ACE American Insurance Company (Chubb)	\$1M/\$2M/\$1M/\$3M	Seton Medical Center	10/1/2019-10/1/
Commercial Automobile	National Union Fire Insurance Company of Pittsburgh, PA (AIG)	\$1M CSL	Verity Health System of California, Inc.	10/1/2019-10/1/
Helipad Liability & Non-Owned Aircraft Liability	ACE Property and Casualty Insurance Company (Chubb)	\$10M	Verity Health System of California, Inc.	10/1/2019-10/1/
Sexual Misconduct and Molestation Liability	Lloyds of London (Beazley Syndicates #2623/#623)	\$2M/\$2M	St. Francis Medical Center (Children's Counseling Center Agreement)	10/1/2019-10/1/
D&O Liability, Employment Practices Liability, Fiduciary Liability, Crime <i>Primary Layer</i>	National Union Fire Insurance Company of Pittsburgh, PA (AIG)	D&O (Including EPL) - \$10M/\$10M Fiduciary Liability - \$10M Crime - \$10M	Verity Health System of California, Inc.	10/1/2017-10/1/ (Extended to 10/1/1/2020) (Extended to 2/1/2020) (Extended to 8/1/2020) (Extended to 9/1/2020) Current Policy 10/1/2017-9/1/2020 Six year tail pre paid in full
	National Union Fire Insurance Company of Pittsburgh, PA (AIG)		Verity Health System of California, Inc.	10/1/2018-10/1/ (Extended to 1/1/2020) (Extended to 2/1/2020) (Extended to 8/1/2020) (Extended to 9/1/2020) Current Policy 10/1/2018-9/1/2020 Six year tail pre paid in full

**Verity Health System of California, Inc.
Schedule of Insurance Policies
As of 8/27/20**

Insurance Coverage	Carrier	Limits	First Named Insured	Policy Period
D&O Liability Only <i>2nd Excess Layer</i>	Argonaut Insurance Company (ARGO Group)	D&O Only - \$10M/\$10M	Verity Health System of California, Inc.	10/1/2017-10/1/2020 (Extended to 10/1/2020) (Extended to 1/1/2020) (Extended to 2/1/2020) (Extended to 8/1/2020) (Extended to 9/1/2020) Current Policy 10/1/2017-9/1/2020 Six year tail pre paid in full
Punitive Damages Wrap <i>Primary Layer</i>	American International Reinsurance Company, Ltd.	\$10M/\$10M	Verity Health System of California, Inc.	10/1/2017-10/1/2020 (Extended to 10/1/2020) (Extended to 1/1/2020) (Extended to 2/1/2020) (Extended to 8/1/2020) (Extended to 9/1/2020) Current Policy 10/1/2017-9/1/2020 Six year tail pre paid in full
Punitive Damages Wrap <i>1st Excess Layer</i>	Magna Carta Insurance, Ltd.	\$10M/\$10M	Verity Health System of California, Inc.	10/1/2017-10/1/2020 (Extended to 10/1/2020) (Extended to 1/1/2020) (Extended to 2/1/2020) (Extended to 8/1/2020) (Extended to 9/1/2020) Current Policy 10/1/2017-9/1/2020 Six year tail pre paid in full
Storage Tank Liability	Great American Alliance Insurance Co.	\$1M/\$2M/\$1M	St. Francis Medical Center	12/5/2019-12/5/2020
Network Security (Cyber)	AXIS Insurance Company	\$2M/\$2M	Verity Health System of California, Inc.	2/4/2019-2/4/2020 (Extended to 8/4/2020)

Verity Health System of California, Inc.
Schedule of Insurance Policies
As of 8/27/20

Insurance Coverage	Carrier	Limits	First Named Insured	Policy Period
Captive				
Professional and General Liability	Marillac Insurance Company, Ltd.	Professional Liability - \$5M General Liability - \$2M	Verity Health System of California, Inc.	3/31/2020-3/31/
Excess Professional and Umbrella Liability (See Reinsurance Below)	Marillac Insurance Company, Ltd.	\$55M/\$55M	Verity Health System of California, Inc.	3/31/2020-3/31/
Reinsurance				
Lead Excess Layer	ACE American Insurance Company (Chubb)	\$10M/\$10M	Verity Health System of California, Inc.	3/31/2020-3/31/
2nd Excess Layer	The Medical Protective Company	\$5M/\$5M	Verity Health System of California, Inc.	3/31/2020-3/31/
3rd Excess Layer	Berkshire Hathaway Specialty Insurance Company	\$5M/\$5M	Verity Health System of California, Inc.	3/31/2020-3/31/
4th Excess Layer	Zurich American Insurance Company	\$10M/\$10M	Verity Health System of California, Inc.	3/31/2020-3/31/
5th Excess Layer	TDC National Assurance Company (TDC)	\$10M/\$10M	Verity Health System of California, Inc.	3/31/2020-3/31/
6th Excess Layer	The Medical Protective Company	\$15M/\$15M	Verity Health System of California, Inc.	3/31/2020-3/31/

Verity Health System of California, Inc.
Schedule of Insurance Policies
As of 8/27/20

Insurance Coverage	Carrier	Limits	First Named Insured	Policy Period
Surety Bonds				
CA DHS Patient Trust Bond	Hartford Fire Insurance Company	\$75K	Seton Medical Center Coastsides	12/1/2001-12/1/2020
CA DHS Patient Trust Bond	Hartford Fire Insurance Company	\$5K	St. Francis Medical Center	12/1/2001-12/1/2020
CA DHS Patient Trust Bond	Hartford Fire Insurance Company	\$35K	Seton Medical Center	12/1/2001-12/1/2020
Provider Capitation Stop Loss (Managed Care Excess Loss)				
Provider Capitation Stop Loss (Applicable to St. Vincent Medical Center (for January Only) and St. Francis Medical Center)	PartnerRe America Insurance Company	\$1M	Verity Health System of California, Inc.	1/1/20-12/31/2020

PROOF OF SERVICE

Campbell v. Doe, I, et al.,
LEAD CASE NO.: 2:18-bk-20151-BB

STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

I am employed in the County of Los Angeles, State of California. I am over the age of 18 and not a party to the action; my business address is: LAW OFFICES OF MICHAEL D. GONZALEZ, 101 N. Brand Avenue, Suite 1880, Glendale, California 91203.

On February 13, 2024, I served the foregoing document(s) described as **DECLARATION OF LORRAINE K. HALL TO LIMITED OPPOSITION TO THIRD PARTY PLAINTIFF CINDY CAMPBELL'S MOTION FOR RELIEF FROM STAY AND PLAN INJUNCTIONS** on the interested parties in this action by placing a true copy thereof enclosed in the method described below:

Daniel L. Varon, Esq.
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Attorneys for
Verity Health System of California, Inc

[X] SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMIL TRANSMISSION OR EMAIL (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (date) , I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

[X] (FEDERAL) I declare under penalty of perjury under the laws of the United States that the above is true and correct. Executed on **February 13, 2024**, at Glendale, California.

VILMA R. ESPINOZA
Type or print name


Signature