

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

3 In re

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

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

6 Debtors and Debtors In Possession.

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;

7 Affects All Debtors

- 8 Affects O'Connor Hospital
- 9 Affects Saint Louise Regional Hospital
- 10 Affects St. Francis Medical Center
- 11 Affects St. Vincent Medical Center
- 12 Affects Seton Medical Center
- 13 Affects O'Connor Hospital Foundation
- 14 Affects Saint Louise Regional Hospital Foundation
- 15 Affects St. Francis Medical Center of Lynwood Foundation
- 16 Affects St. Vincent Foundation
- 17 Affects St. Vincent Dialysis Center, Inc.
- 18 Affects Seton Medical Center Foundation
- 19 Affects Verity Business Services
- 20 Affects Verity Medical Foundation
- 21 Affects Verity Holdings, LLC
- 22 Affects De Paul Ventures, LLC
- 23 Affects De Paul Ventures - San Jose Dialysis, LLC

Chapter 11 Cases

Hon. Judge Ernest M. Robles

NOTICE OF (I) APPROVAL OF THE DISCLOSURE STATEMENT, (II) DEADLINE FOR VOTING ON THE PLAN, (III) HEARING TO CONSIDER CONFIRMATION OF THE PLAN, (IV) DEADLINE FOR FILING OBJECTIONS TO CONFIRMATION OF THE PLAN, AND (V) DEADLINE FOR FILING ADMINISTRATIVE EXPENSE CLAIMS

24 Debtors and Debtors In Possession.

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1 PLEASE TAKE NOTICE OF THE FOLLOWING:

2 **APPROVAL OF DISCLOSURE STATEMENT**

3 1. By Order dated July 2, 2020 [Docket No. 4997] (the “Disclosure Statement
4 Order”), the United States Bankruptcy Court for the Central District of California (the
5 “Bankruptcy Court”) (a) approved the *Disclosure Statement Describing Second Amended Joint*
6 *Chapter 11 Plan of Liquidation (Dated July 2, 2020) of the Debtors, the Prepetition Secured*
7 *Creditors, and the Committee* [Docket No. 4994] (including all exhibits thereto and as amended,
8 modified, or supplemented from time to time, the “Disclosure Statement”)¹ filed by Verity Health
9 System of California, Inc. (“VHS”) and the above-referenced affiliated debtors, the debtors and
10 debtors in possession in the above-captioned chapter 11 bankruptcy cases (each a “Debtor” and,
11 collectively, the “Debtors”), the Prepetition Secured Creditors, and the Official Committee of
12 Unsecured Creditors (the Committee, and, together with the Debtors and the Prepetition Secured
13 Creditors, the “Plan Proponents”), as containing adequate information within the meaning of §
14 1125 of Title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the “Bankruptcy Code”) and
15 (b) authorized the Plan Proponents to solicit votes to accept or reject the *Second Amended Joint*
16 *Chapter 11 Plan of Liquidation (Dated July 2, 2020) of the Debtors, the Prepetition Secured*
17 *Creditors, and the Committee* [Docket No. 4993] (including all exhibits thereto, any plan
18 supplement, and as amended, modified, or supplemented from time to time, the “Plan”). All
19 capitalized terms used but not defined herein shall have the same meanings ascribed to them in
20 the Plan, the Disclosure Statement, or the Disclosure Statement Order, as applicable.

21 **RELEASE, INJUNCTION, AND EXCULPATION PROVISIONS**
22 **CONTAINED IN PLAN**

23 2. SECTION 13 OF THE PLAN CONTAINS CERTAIN RELEASE,
24 INJUNCTION, AND EXCULPATION PROVISIONS, INCLUDING THOSE SET FORTH
25 BELOW. YOU ARE ADVISED TO CAREFULLY REVIEW AND CONSIDER THE PLAN,
26 INCLUDING THE RELEASE, INJUNCTION AND EXCULPATION PROVISIONS
27 THEREIN, AS YOUR RIGHTS MAY BE AFFECTED.

28 3. **Section 13.5 of the Plan contains the following 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

¹ Capitalized terms used but not otherwise defined herein have the definitions set forth in the
Disclosure Statement.

1 forever release, waive, and discharge all Claims, obligations, suits, judgments, damages, demands,
2 debts, rights, causes of action, and liabilities whatsoever, against the Settlement Released Parties
3 arising from or related to the Settlement Released Parties' pre- and/or post-petition actions,
4 omissions or liabilities, transaction, occurrence, or other activity of any nature except for as
5 provided in the Plan or the Confirmation Order.

6 (c) Limitation Of Claims Against the Liquidating Trust. As of the Effective
7 Date, except as provided in this Plan or the Confirmation Order, all Persons shall be precluded
8 from asserting against the Liquidating Trust any other or further Claims, obligations, suits,
9 judgments, damages, demands, debts, rights, causes of action, and liabilities whatsoever, relating
10 to the Debtors or any Interest in the Debtors based upon any acts, omissions or liabilities,
11 transaction, occurrence, or other activity of any nature that occurred prior to the Effective Date.

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

26 (e) **WAIVER OF LIMITATIONS ON RELEASES. THE LAWS OF SOME**
27 **STATES (FOR EXAMPLE, CALIFORNIA CIVIL CODE § 1542) PROVIDE, IN WORDS OR**
28 **SUBSTANCE, THAT A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH**
THE RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS/HER
FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR
HER MUST HAVE MATERIALLY AFFECTED HIS/HER DECISION TO RELEASE. THE
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.

4. **Section 13.6 of the Plan contains the following Injunctions:**

(a) General Injunction. Except as otherwise expressly provided herein, all
Persons that have held, currently hold or may hold a Claim against the Debtors are permanently
enjoined on and after the Effective Date from taking any action in furtherance of such Claim or

1 any other Cause of Action released and discharged under the Plan, including, without limitation,
2 the following actions against any Released Party: (a) commencing, conducting or continuing in
3 any manner, directly or indirectly, any action or other proceeding with respect to a Claim;
4 (b) enforcing, levying, attaching, collecting or otherwise recovering in any manner or by any
5 means, whether directly or indirectly, any judgment, award, decree or order with respect to a
6 Claim; (c) creating, perfecting or enforcing in any manner, directly or indirectly, any lien or
7 encumbrance of any kind with respect to a Claim; (d) asserting any setoff, right of subrogation or
8 recoupment of any kind, directly or indirectly, against any debt, liability or obligation due to the
9 Debtors, the Post-Effective Date Debtors or the Liquidating Trust with respect to a Claim; or (e)
10 commencing, conducting or continuing any proceeding that does not conform to or comply with or
11 is contradictory to the provisions of this Plan; provided, however, that nothing in this injunction
12 shall (i) limit the Holder of an Insured Claim from receiving the treatment set forth in Class 9; or
13 (ii) preclude the Holders of Claims against the Debtors from enforcing any obligations of the
14 Debtors, the Post-Effective Date Debtors, the Liquidating Trust, or the Liquidating Trustee under
15 this Plan and the contracts, instruments, releases and other agreements delivered in connection
16 herewith, including, without limitation, the Confirmation Order, or any other order of the
17 Bankruptcy Court in the Chapter 11 Cases. By accepting a distribution made pursuant to this
18 Plan, each Holder of an Allowed Claim shall be deemed to have specifically consented to the
19 injunctions set forth in this Section.

20 (b) ***Other Injunctions.*** *The Post-Effective Date Debtors, the Liquidating*
21 *Trustee, the Post-Effective Date Committee, the Post-Effective Date Board of Directors, or the*
22 *Liquidating Trust and their respective members, directors, officers, agents, attorneys, advisors*
23 *or employees shall not be liable for actions taken or omitted in its or their capacity as, or on*
24 *behalf of, the Post-Effective Date Debtors, the Post-Effective Date Board of Directors, the*
25 *Liquidating Trustee, the Post-Effective Date Committee, or the Liquidating Trust (as*
26 *applicable), except those acts found by Final Order to arise out of its or their willful*
27 *misconduct, gross negligence, fraud, and/or criminal conduct, and each shall be entitled to*
28 *indemnification and reimbursement for fees and expenses in defending any and all of its or*
their actions or inactions in its or their capacity as, or on behalf of the Post-Effective Date
Board of Directors, the Post-Effective Date Debtors, the Liquidating Trustee, the Post-Effective
Date Committee, or the Liquidating Trust (as applicable), except for any actions or inactions
found by Final Order to involve willful misconduct, gross negligence, fraud, and/or criminal
conduct. Any indemnification claim of the Post-Effective Date Debtors, the Post-Effective Date
Board of Directors, the Liquidating Trustee, the Post-Effective Date Committee and the other
parties entitled to indemnification under this subsection shall be satisfied from either (i) the
Liquidating 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.

5. **Section 13.7 of the Plan contains the following Exculpation:**

Exculpation. To the maximum extent permitted by applicable law, each Released
Party shall not have or incur any liability for any act or omission in connection with, related to,
or arising out of the Chapter 11 Cases (including, without limitation, the filing of the Chapter 11
Cases), the marketing and the sale of Assets of the Debtors, the Plan and any related documents
(including, without limitation, the negotiation and consummation of the Plan, the pursuit of the

1 Effective Date, the administration of the Plan, or the property to be distributed under the Plan), or
2 each Released Party's exercise or discharge of any powers and duties set forth in the Plan, except
3 with respect to the actions found by Final Order to constitute willful misconduct, gross
4 negligence, fraud, or criminal conduct, and, in all respects, each Released Party shall be entitled
5 to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan.
6 Without limitation of the foregoing, each such Released Party shall be released and exculpated
7 from any and all Causes of Action that any Person is entitled to assert in its own right or on behalf
8 of any other Person, based in whole or in part upon any act or omission, transaction, agreement,
9 event or other occurrence in any way relating to the subject matter of this Section.

6. **Section 13.8 of the Plan contains the following No Recourse by Holders of Claims:**

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

7. The Plan term "PBGC Settlement" means that certain Creditor Settlement Agreement described in Section 7.1(b).

8. The Plan term "Plan Settlement" means that certain Creditor Settlement Agreement described in Section 7.1(a).

9. The Plan term "Released Parties" means, individually and collectively, the Estates, the Debtors, the Committee, the members of the Committee, the Indenture Trustees and their affiliates, and each 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.

10. The Plan term "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.

SUMMARY OF PLAN TREATMENT OF CLAIMS AND INTERESTS

11. 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 of the Plan.

<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)

12. 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.
- 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.

13. Class 1B: Secured PACE Tax Financing Claims.

- a. *Classification.* Class 1B consists of the Secured PACE Financing Claims.
- b. *Treatment.* Allowed Secured PACE Tax Financing Claim shall be paid in accordance with the *Order Approving Stipulation Resolving California*

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Revenue Notes Series A, B, C and D, excluding any interest at a default rate, or any applicable redemption or other premium, 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.

- c. *Subordination.* All rights held by 2015 Revenue Bond Trustee and/or the Master Trustee under the Intercreditor Agreement shall be deemed satisfied, waived or released by the treatment provided the Plan Settlement and the Plan.
- d. *Voting.* Class 3 is Impaired, and the beneficial Holders of Secured 2015 Revenue Notes Claims are entitled to vote to accept or reject the Plan.

16. Class 4: Secured 2005 Revenue Bond Claims.

- a. *Classification.* Class 4 consists of the Secured 2005 Revenue Bonds Claims.
- b. *Treatment.* The Secured 2005 Revenue Bonds Claims shall be treated as a single Allowed Claim in the aggregate amount of \$259,445,000 plus (i) 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 (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

1 Priority Trust Beneficial Interests in the amount of the 2005 Revenue Bonds
2 Diminution Claim, including interest accruing after the Effective Date at the
3 non-default rate provided for in the 2005 Revenue Bond Indentures. The
4 foregoing payments and distributions shall be in full and final satisfaction of
5 the Secured 2005 Revenue Bonds Claims as a single Allowed Claim.
6 Notwithstanding distribution of First Priority Trust Beneficial Interests on
7 account of the 2005 Secured Revenue Bonds Diminution Claim, the 2005
8 Revenue Bonds Trustee or the Master Trustee shall be entitled to retain and
9 apply Adequate Protection Payments received during the course of these
10 Cases on or on behalf of the 2005 Secured Revenue Bonds in the manner
11 provided by the relevant indenture. No beneficial Holder of any Secured
12 Series A, G and H Revenue Bonds Claims shall be entitled to receive any
13 distribution pursuant to the Plan, except as may be remitted to such Holder
14 by the 2005 Revenue Bonds Trustee.

- 10 c. *Subordination.* All rights held by 2005 Revenue Bond Trustee and/or the
11 Master Trustee under the Intercreditor Agreement shall be deemed satisfied,
12 waived or released by the treatment provided the Plan Settlement and the
13 Plan.
- 12 d. *Voting.* Class 4 is Impaired. The beneficial Holders of the Secured 2005
13 Series 2005 A, G and H Revenue Bond Claims are entitled to vote to accept
14 or reject the Plan.

15 17. Class 5: Secured MOB I Financing Claims.

- 16 a. *Classification.* Class 5 consists of the MOB I Financing Claims.
- 17 b. *Treatment.* The Secured MOB I Financing Claims shall be paid in cash on
18 the Effective Date by the Debtors in an amount equal to 100% of a single
19 Allowed Claim in the aggregate amount of \$46,363,095.90, plus (i) accrued
20 but unpaid postpetition interest, if any, at the rate specified in the MOB I
21 Loan Agreement, excluding any interest at the default rate, or make whole
22 premium, and (ii) any accrued, but unpaid reasonable, necessary out-of-
23 pocket fees and expenses of Verity MOB Financing LLC, pursuant to the
24 Final DIP Order and Cash Collateral Orders through and including the
25 Effective Date.
- 22 c. *Voting.* Class 5 is Impaired. Holders of MOB I Financing Claims are
23 entitled to vote to accept or reject the Plan.

24 18. Class 6: Secured MOB II Financing Claims.

- 25 a. *Classification.* Class 6 consists of the Secured MOB II Financing Claims.
- 26 b. *Treatment.* The Secured MOB II Financing Claims shall be paid in cash on
27 the Effective Date by the Debtors in an amount equal to 100% of a single
28 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

1 Loan Agreements, excluding any interest at the default rate, or make whole
2 premium, and (ii) any accrued but unpaid reasonable, necessary out-of-
3 pocket fees and expenses of Verity MOB Financing II LLC, pursuant to the
4 Final DIP Order and Cash Collateral Orders through and including the
5 Effective Date.

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

8 19. Class 7: Secured Mechanics Lien Claims.

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

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

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

15 20. Class 8: General Unsecured Claims.

16 a. *Classification.* Class 8 consists of the General Unsecured Claims against all
17 Debtors.

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

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

27 21. Class 9: Insured Claims.

28 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.

Except to the extent that a Holder of an Insured Claim agrees to different
treatment, or unless otherwise provided by an order of the Bankruptcy
Court directing such Holder's participation in any alternative dispute
resolution process, on the Effective Date, or as soon thereafter as is
reasonably practicable, each Holder of an Insured Claim will have received
or shall receive on account of its Insured Claim relief from the automatic

1 stay under § 362 and the injunctions provided under this Plan for the sole
2 and limited purpose of permitting such Holder to seek recovery, if any, as
3 determined and Allowed by an order or judgment by a court of competent
4 jurisdiction or under a settlement or compromise of such Holder's Insured
5 Claim from the applicable and available Insurance Policies maintained by
6 or for the benefit of any of the Debtors. A Holder's recovery of insurance
7 proceeds under the applicable Insurance Policy(ies) shall be the sole and
8 exclusive recovery on an Insured Claim, subject to recovery of an Insured
9 Deficiency Claim, as described in the next paragraph. Any settlement of an
10 Insured Claim within a self-insured retention or deductible must be
11 approved by the Liquidating Trustee.

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

Any amount of an Allowed Insurance Claim within a deductible or self-
insured retention shall be paid by the applicable insurance, in accordance
with the applicable Insurance Policy, to the Claim Holder and such insurer
shall have a General Unsecured Claim (or Secured Claim, if it holds
collateral) for the amount of the deductible or retention paid, provided that
it has timely filed an otherwise not objectionable proof of claim
encompassing such amounts. For purposes of retentions and deductibles in
any Insurance Policy, including, but not limited to, an Insurance Policy
insuring officers, directors, consultants or others against claims based upon
prepetition occurrences, the Confirmation Order shall constitute a finding
that the Debtors are insolvent and unable to advance or indemnify Insured
Claims, from Estate or Debtor Funds, for any loss, claim, 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 for deductibles from proceeds of
other insurance. Notwithstanding any other provision of this Section, Old

1 Republic Insurance Company shall be entitled to all accommodations that it
2 requested in connection with renewal of Debtors' workers' compensation
policy, as approved by order of the Bankruptcy Court [Docket No. 2803].

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

6 22. Class 10: 2016 Data Breach Claims.

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

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

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

12 23. Class 11: Subordinated General Unsecured Claims.

13 a. *Classification.* Class 11 Claims consists of Subordinated General
14 Unsecured Claims.

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

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

19 24. Class 12: Interests.

20 a. *Classification.* Class 12 consists of Allowed Interests against any Debtor.

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

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

25 **CONFIRMATION HEARING**

26 25. On **August 12, 2020, at 10:00 a.m. (Prevailing Pacific Time)**, or as soon
27 thereafter as counsel may be heard, a hearing (the "Confirmation Hearing") will be held before the
28 Honorable Ernest M. Robles, United States Bankruptcy Judge, at the Bankruptcy Court, 255 E.
Temple Street, Courtroom 1568, Los Angeles, California 90012 to consider (i) confirmation of the
Plan, as the same may be amended or modified; and (ii) such other and further relief as may be

1 just and appropriate. As a result of the COVID-19 pandemic, the courtroom will be
2 **unavailable for in-court appearances. All parties shall appear at the Confirmation Hearing**
3 **by telephone via CourtCall. To make a telephonic appearance, contact CourtCall at 888-**
4 **882-6878, ext. 188 no later than 3 p.m. on the day prior to the hearing. The cost for persons**
5 **representing themselves has been waived.** The Confirmation Hearing may be adjourned from
6 time to time without further notice to creditors or other parties in interest, other than by an
7 announcement of such an adjournment in open court at the Confirmation Hearing or any
8 adjournment thereof, or an appropriate filing with the Bankruptcy Court. The Plan may be
9 modified in accordance with the Bankruptcy Code, the Bankruptcy Rules, the Plan, and other
10 applicable law, without further notice, prior to or as a result of the Confirmation Hearing.

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DEADLINE TO VOTE TO ACCEPT OR REJECT THE PLAN

26. You are entitled to vote to accept or reject the Plan. In order to be counted as a
vote to accept or reject the Plan, you must properly execute, complete, and deliver a Ballot (or
Ballots) to the Debtors so as to be received by the Debtors no later than **4:00 p.m. (Pacific Time)**
on July 30, 2020 (the "Voting Deadline") as set forth below.

27. All Ballots must be delivered via First Class Mail, overnight courier, or hand
delivery so as to be actually received by the Solicitation Agent no later than the Voting Deadline.
Except as provided below, Ballots must be submitted to the Solicitation Agent at the following
address in accordance with the voting procedures set forth below:

Verity Ballot Processing Center
c/o Kurtzman Carson Consultants LLC
222 N. Pacific Coast Highway, Suite 300
El Segundo, CA 90245
(888) 249-2741(domestic)
(310) 751-2605 (international)

28. Master Ballots submitted by Nominees holding Class 3 (Secured 2015 Revenue
Notes Claims) and Class 4 (Secured 2005 Revenue Bond Claims), must be delivered to the
Solicitation Agent at:

Verity Ballot Processing Center
c/o Kurtzman Carson Consultants LLC
222 N. Pacific Coast Highway, Suite 300
El Segundo, CA 90245
(877) 499-4509 (domestic)
(917) 281-4800 (international)

29. Ballots may also be submitted via electronic, online transmissions, solely through a
customized online balloting portal on the Debtors' case website. Parties entitled to vote may cast
an electronic Ballot and electronically sign and submit a Ballot instantly by utilizing the online
balloting portal (which allows a holder to submit an electronic signature). Instructions for
electronic, online transmission of Ballots is set forth on the Ballots. The encrypted ballot data and
audit trail created by such electronic submission shall become part of the record of any Ballot

1 submitted in this manner and the creditor's electronic signature will be deemed to be immediately
2 legally valid and effective.

3 **30. BALLOTS TRANSMITTED TO THE DEBTORS BY FACSIMILE,
4 ELECTRONIC MAIL, OR OTHER MEANS NOT SPECIFICALLY APPROVED BY THE
5 BANKRUPTCY COURT MAY BE ACCEPTED BY THE PLAN PROPONENTS ON A
6 CASE-BY-CASE BASIS.**

7 **DEADLINE FOR OBJECTIONS TO CONFIRMATION OF THE PLAN**

8 31. Objections, if any, to confirmation of the Plan, including any supporting
9 memoranda, must: (i) be in writing; (ii) comply with the Bankruptcy Rules and the Local Rules;
10 (iii) set forth the name of the objector and the nature and amount of any Claim asserted by the
11 objector against or in the Debtors; (iv) state with particularity the legal and factual bases for the
12 objection and, if practicable, a proposed modification to the Plan that would resolve such
13 objection; and (v) be filed with the Bankruptcy Court, together with proof of service, and served
14 so that they are actually received by the following no later than **July 30, 2020** which deadline
15 may be extended by the Debtors (the "Confirmation Objection Deadline"): (i) counsel to the
16 Debtors: Dentons US LLP, 601 South Figueroa Street, Suite 2500, Los Angeles, CA 90017
17 (Attn: Tania M. Moyron (tania.moyron@dentons.com)); (ii) counsel to the Committee: Milbank
18 LLP, 2029 Century Park East, 33rd Floor, Los Angeles, CA 90067 (Attn: Mark Shinderman
19 (mshinderman@milbank.com)); (iii) counsel to the Master Trustee and Series 2005 Bond
20 Trustee: Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., One Financial Center, Boston,
21 MA 02111 (Attn: Daniel S. Bleck and Paul Ricotta (dsbleck@mintz.com,
22 pricotta@mintz.com)); (iv) counsel to the Series 2015 Notes Trustee: McDermott Will &
23 Emery LLP, 444 West Lake Street, Suite 4000, Chicago, IL 60606 (Attn: Nathan F. Coco and
24 Megan Preusker (ncoco@mwe.com; mpreusker@mwe.com)); (v) counsel to the Series 2017
25 Notes Trustee: Maslon, LLP, 3300 Wells Fargo Center, 90 South Seventh Street, Minneapolis,
26 MN 55402 (Attn: Clark Whitmore (clark.whitmore@maslon.com)); (vi) counsel to the MOB
27 Lenders: Jones Day, 250 Vesey Street, New York, NY 10281 (Attn: Bruce Bennett, Benjamin
28 Rosenblum, and Peter Saba (bbennett@jonesday.com, brosenblum@jonesday.com,
psaba@jonesday.com); and (vii) counsel to the U.S. Trustee, Office of the United States Trustee,
915 Wilshire Boulevard, Suite 1850, Los Angeles, California 90017 (Attn: Hatty K. Yip
(hatty.yip@usdoj.gov)). **Pursuant to Local Bankruptcy Rule 9013-1(h), the failure to file
and serve a timely objection to the Plan may be deemed by the Court to be consent to the
relief requested therein.**

22 **ACCESS TO DOCUMENTS AND OTHER QUESTIONS**

23 32. Copies of the Plan and Disclosure Statement are available and may be downloaded
24 by visiting the following website: <https://www.kccllc.net/verityhealth>, or by contacting to the
25 Debtors' Solicitation Agent at:

26 Verity Ballot Processing Center
27 c/o Kurtzman Carson Consultants LLC
28 222 N. Pacific Coast Highway, Suite 300
El Segundo, CA 90245
(888) 249-2741 (domestic)

1 (310) 751-2605 (international)

2 or via e-mail request to:

3 Verityinfo@kccllc.com

4 or on the Bankruptcy Court's website.²

5 **DEADLINE TO FILE ADMINISTRATIVE EXPENSE CLAIMS**

6 33. The Bankruptcy Court has fixed **July 29, 2020**, as the deadline for holders of
7 Administrative Claims to file requests for payment of Administrative Claims as set forth more fully
8 in the Disclosure Statement Order. Notwithstanding the fact that a Creditor may have provided
9 goods or services to the Debtors and such Claim may be entitled to administrative expense status or
10 listed on the Debtors' books and records, the Plan expressly provides that only Creditors who
timely filed proof of an Administrative Claim and such Claim becomes Allowed will be entitled to
participate in any distribution as Holders of Administrative Claims.

11 Dated: July 2, 2020

DENTONS US LLP

12 By: /s/ Tania M. Moyron

13 Samuel R. Maizel

14 Tania M. Moyron

Nicholas A. Koffroth

15 Counsel to the *Debtors and Debtors In*
16 *Possession*

17 Dated: July 2, 2020

MINTZ, LEVIN, COHN, FERRIS, GLOVSKY
AND POPEO, P.C.

18 By: /s/ Paul J. Ricotta

19 Paul J. Ricotta

20 Daniel S. Bleck

21 Counsel to *UMB Bank, N.A., as Master*
22 *Indenture Trustee and Wells Fargo Bank,*
23 *National Association, as Indenture Trustee*

24
25
26
27 ² <http://www.cacb.uscourts.gov/> (a PACER login and password are required to access documents
28 on the Bankruptcy Court's website).

1 Dated: July 2, 2020

MCDERMOTT WILL & EMERY LLP.

2

By: /s/ Nathan F. Coco

Nathan F. Coco

Megan M. Preusker

4

Counsel to *U.S. Bank National Association*
solely in its capacity, as the note indenture
trustee and as the collateral agent under the
note indenture relating to the 2015 Working
Capital Notes

7 Dated: July 2, 2020

MASLON LLP.

8

By: /s/ Clark T. Whitmore

Clark T. Whitmore

Jason Reed

10

Counsel to *U.S. Bank National Association*
solely in its capacity, as the note indenture
trustee and as the collateral agent under the
note indenture relating to the 2017 Working
Capital Notes

13

14 Dated: July 2, 2020

JONES DAY LLP

15

By: /s/ Bruce S. Bennett

Bruce S. Bennett

Benjamin Rosenblum

Peter S. Saba

17

Counsel to *Verity MOB Financing, LLC* and
Verity MOB Financing II, LLC

18

19 Dated: July 2, 2020

MILBANK LLP

20

By: /s/ Mark Shinderman

Gregory A. Bray

Mark Shinderman

James C. Behrens

22

Counsel to the *Official Committee of Unsecured*
Creditors

23

24

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26

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28