

SAMUEL R. MAIZEL (Bar No. 189301)
samuel.maizel@dentons.com
TANIA M. MOYRON (Bar No. 235736)
tania.moyron@dentons.com
NICHOLAS A. KOFFROTH (Bar No. 287854)
nicholas.koffroth@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

PAUL J. RICOTTA (admitted *pro hac vice*)
pricotta@mintz.com
DANIEL S. BLECK (admitted *pro hac vice*)
dsbleck@mintz.com
MINTZ, LEVIN, COHN, FERRIS, GLOVSKY AND
POPEO, P.C.
One Financial Center
Boston, Massachusetts 02111
Tel: (617) 542-6000 / Fax: (617) 542-2241
Attorneys for UMB Bank, N.A., as Master Indenture
Trustee and Wells Fargo Bank, National Association,
as Indenture Trustee for the 2005 Bonds

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

**OMNIBUS REPLY IN SUPPORT OF JOINT
MOTION FOR AN ORDER APPROVING: (I)
PROPOSED DISCLOSURE STATEMENT; (II)
SOLICITATION AND VOTING PROCEDURES; (III)
NOTICE AND OBJECTION PROCEDURES FOR
CONFIRMATION OF AMENDED JOINT PLAN; (IV)
SETTING ADMINISTRATIVE CLAIMS BAR DATE;
AND (V) GRANTING RELATED RELIEF
[RELATES TO DOCKET NOS. 4881, 4927, 4928, 4934,
4937, 4939]**

Hearing Date and Time:

Date: July 2, 2020

Time: 10:00 a.m.

Place: Courtroom 1568

255 E. Temple Street

Los Angeles, CA 90012

- ☒ Affects All Debtors
- ☐ 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.

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



1820151200629000000000004

TABLE OF CONTENTS

I.	Introduction	1
II.	Response to The Cigna Objection	2
III.	Response to The DHCS Objection.....	4
IV.	Response to The HHS Objection	5
V.	Response to The SGM Reservation of Rights.....	6
VI.	Response to Seton Medical Staff Objection.....	7
	A. The Medical Staff’s Objection to the Disclosure Statement Lacks Factual and Legal Basis.	8
	B. The Medical Staff’s Objection to the Disclosure Statement is Procedurally Improper..	13
VII.	The Attorney General Stipulation	13
VIII.	Response to Informal Comments from the Committee.....	14
IX.	Reservation of Rights	14
X.	Conclusion.....	14

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

TABLE OF AUTHORITIES

Page(s)

Cases

<i>In re Bashas' Inc.</i> , 437 B.R. 874 (Bankr. D. Ariz. 2010)	10, 11
<i>In re Bonham</i> , 229 F.3d 750 (9th Cir. 2000)	9, 11
<i>In re Mihranian</i> , 2:13-BK-39026-BR, 2017 WL 6003345 (B.A.P. 9th Cir. Dec. 4, 2017)	10
<i>O'Hara v. Grand Lodge Independent Order of Good Templars of State of California</i> , 213 Cal. 131 (1931)	8

Statutes

11 U.S.C. § 365(d)(2)	2
11 U.S.C. § 1125(a)(2)	11, 12
CAL. CORP. CODE § 6713	8
CAL. GOV'T CODE § 12598	8

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

Verity Health System of California, Inc. (“VHS”) and the affiliated debtors, the debtors and debtors in possession in the above-captioned chapter 11 bankruptcy cases (each a “Debtor” and, collectively, the “Debtors”), and UMB Bank, N.A., as Master Indenture Trustee and Wells Fargo Bank, National Association, as Indenture Trustee for the 2005 Bonds (together with the Debtors, the “Movants”), hereby file this reply (the “Omnibus Reply”) to the objections filed by various creditors [Docket Nos. 4881, 4927, 4928, 4934, 4937, 4939] to the Movant’s joint motion [Docket No. 4881] (the “Motion”)¹ to approve, among other things, the disclosure statement [Docket No. 4880] (the “Disclosure Statement”) describing the *Amended Joint Chapter 11 Plan Of Liquidation (Dated June 16, 2020) of the Debtors, the Prepetition Secured Creditors, and the Committee* [Docket No. 4879] (the “Plan”), and, in support of the Motion, respectfully state as follows:

I.

INTRODUCTION

The Movants received only a handful of objections to their Motion notwithstanding the size and complexity of these Cases. To address various Objections, the Debtor will file an amended Disclosure Statement (the “Amended Disclosure Statement”) and an amended plan (the “Amended Plan”), where appropriate, to provide additional information regarding the treatment of Priority Non-Tax Claims, the proposed settlement with California Department of Health Care Services (“DHCS”) concerning the transfer of Medi-Cal Provider Agreements, the potential resolution thereof with United States Department of Health and Human Services, and the unrestricted funds held by the Debtors’ Foundations. The Amended Disclosure Statement will also incorporate (i) language requested by certain parties that filed Objections (as discussed more fully herein) and other parties that have informally raised certain concerns regarding disclosure issues, (ii) a discussion concerning the treatment of St. Vincent Foundation following the Effective Date, and (iii) updated language describing the PBGC Settlement.

¹ Unless otherwise provided herein, all capitalized terms have the definitions set forth in the Motion.

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

None of the aforementioned revisions will substantively alter the treatment afforded creditors under the Plan and Disclosure Statement, which, after substantial negotiations, are proposed jointly by the Debtors, the Prepetition Secured Creditors, and the Committee to bring an consensual and expeditious resolution to these Cases.

In support of the Disclosure Statement and the Motion, the Movants hereby file, as Exhibits “A” through “D,” the attached proposed forms of (a) Confirmation Hearing Notice, (b) Notice of Non-Voting Accepting Status and Confirmation Hearing, (c) Notice of Non-Voting Rejecting Status and Confirmation Hearing, and (d) Administrative Claims Bar Date Notice. To the extent not resolved in the Amended Plan and Amended Disclosure Statement, the Debtors respectfully request that the Court overrule the Objections as set forth below. Accordingly, based on the foregoing, the Debtors are prepared to proceed to confirmation once the Court approves the Amended Disclosure Statement.

II.

RESPONSE TO THE CIGNA OBJECTION

Cigna Healthcare of California, Inc., Cigna Health and Life Insurance Company, Life Insurance Company of North America, Cigna Dental Health of California, Inc., Cigna Dental Health Plan of Arizona, Inc., and Cigna Dental Health of Texas, Inc. (collectively, “Cigna”) filed the *Objection of Cigna Entities to Disclosure Statement Describing Amended Joint Chapter 11 Plan of Liquidation (Dated June 16, 2020) of the Debtors, the Prepetition Secured Creditors, and the Committee* [Docket No. 4927] (the “Cigna Objection”). Cigna asserts that the Disclosure Statement does not provide adequate information because it (i) does not address the treatment of certain Cigna contracts as either assumed or rejected, (ii) provides that the Debtors may assume or reject contracts up to 30 days after the Plan’s Effective Date, and (iii) potentially provides for payment of priority tax claims in full before payment in full of priority claims pursuant to § 507(a)(5). *See* Cigna Obj. at 2-4.

The Debtors are not required to designate contracts for assumption or rejection in connection with the disclosure statement process. The Bankruptcy Code allows the Debtors to assume or reject contracts “at any time before confirmation.” *See* 11 U.S.C. § 365(d)(2). Thus,

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

1 Cigna is incorrect to allege that the Disclosure Statement does not provide adequate information
2 regarding the treatment of the Cigna Contracts (as that term is defined in the Cigna Objection).
3 Further, Cigna is already aware of the treatment of the majority of the Cigna Contracts as a result
4 of the SCC Sale, SVMC sale, and the SFMC Sale. AHMC is not required to designate contracts
5 for assumption or rejection, in connection with the Seton Sale until 30 days prior to closing. *See*
6 Docket No. 4360 (Seton Sale Motion, Ex. A (APA, ¶ 1.11(a))).

7 Notwithstanding the foregoing, the Amended Disclosure Statement and Amended Plan will
8 include the following provision requested by Cigna:

9 The Debtors shall, no later than five (5) business days prior to the
10 hearing on confirmation of the Plan, provide Cigna with written
11 notice of its irrevocable decision as to whether or not the Debtors
propose to assume or reject each of the Cigna Contracts as part of the
Plan.

12 Further, the Amended Disclosure Statement and Amended Plan will remove the provisions
13 allowing the Debtors to assume or reject up to 30 days following the Effective Date. As noted by
14 Cigna, the inclusion of the foregoing changes in the Amended Disclosure Statement and Amended
15 Plan resolve the Cigna Objection with respect to assumption or rejection of the Cigna Contracts.
16 *See* Cigna Obj. at 4.

17 Cigna's claim that Priority Non-Tax Claims may receive treatment inconsistent with the
18 priority scheme of the Bankruptcy Code is inaccurate. As drafted, the Plan does not authorize the
19 Plan Proponents to pay Priority Tax Claims (or any other Claims) in a manner inconsistent with
20 the Bankruptcy Code. *See, generally*, Plan §§ 2.4 (addressing payment of Priority Tax Claims);
21 8.3 (addressing timing of distributions). To resolve the Cigna Objection, the Plan Proponents will
22 revise the treatment of Priority Non-Tax Claims to provide as follows:

23 *Treatment.* Except to the extent that a Holder of a Priority Non-Tax
24 Claim agrees to a less favorable treatment of such Claim, each such
25 Holder shall receive payment in Cash in an amount equal to the
26 amount of such Allowed Claim, payable on the later of the Effective
27 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
28 ***in accordance with the priority scheme set forth in the Bankruptcy***
Code.

(emphasis added). As provided in the Cigna Objection, the Cigna Objection concerning treatment of Cigna's asserted § 507(a)(5) claims (to the extent not otherwise a confirmation objection) is resolved by the foregoing amendment. See Cigna Obj. at 4. Accordingly, the Cigna Objection should be overruled as moot.

III.

RESPONSE TO THE DHCS OBJECTION

The DHCS filed *Creditor California Department of Health Care Services's Objections to Debtors' Proposed Disclosure Statement and Amended Joint Chapter 11 Plan of Liquidation* [Docket Nos. 4928] (the "DHCS Objection"). In the DHCS Objection, DHCS objects to the Motion because (i) the Disclosure Statement does not provide "adequate information" concerning DHCS's potential objections concerning the transfer of Medi-Cal Provider Agreements in connection with the SFMC Sale and Seton Sale, and (ii) includes an inaccurate description concerning the basis for DHCS's dismissal of a prior appeal.

First, the Debtors and DHCS have reached a settlement in principle concerning the transfer of Medi-Cal Provider Agreements in connection with the SFMC Sale and the Seton Sale. The principal terms of the proposed settlement (the "DHCS Settlement") are as follows: The Medi-Cal Provider Agreements will be transferred to Prime and AHMC, respectively, free and clear of liens, claims, interests and successor liability for any obligations arising prior to the transfer of the Provider Agreements from SFMC and Seton, respectively. DHCS waives any claims against the Debtors related to SFMC and/or Seton, which are fully satisfied by the payments set forth below. In exchange, the Debtors agree to transfer the Provider Agreements pursuant to § 365. Additionally, the Debtors will pay DHCS the following amounts as "cure" payments: (a) with regard to Seton, the Debtors will pay DHCS a total of \$119,823.40 as cure for all other Medi-Cal related claims against the Seton, and (b) with regard to SFMC, the Debtors will withdraw a pending appeal related to a Medi-Cal audit, thereby waiving arguments related to approximately \$25 million previously offset against SFMC Medi-Cal receivables, and pay approximately \$11.89 million as cure for all other Medi-Cal related claims against the SFMC. Additionally, pursuant to the DHCS Settlement, the SFMC Asset Purchase Agreement and Seton Asset Purchase

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

1 Agreement, in both Sales the Debtors are obligated to make any payments for Hospital Quality
2 Assurance Fees that are due and owing before each Sale closes; any such obligations that become
3 due and owing after each Sale closes are the obligation of Prime or AHMC, respectively. The
4 Plan Proponents will set forth an additional description of the dispute concerning the transfer of
5 the Medi-Cal Provider Agreements and the principal terms of the DHCS Settlement in the
6 Amended Disclosure Statement.

7 Second, the Plan Proponents have reviewed the statement at footnote 6 of the Disclosure
8 Statement and will revise the footnote in the Amended Disclosure Statement as follows:

9 DHCS appealed the Transfer Decision to the District Court, but
10 voluntarily dismissed such appeal upon entry of the order [Docket
11 No. 3787] approving the settlement between the Debtors and DHCS
12 with respect to the SGM Sale that, among other things, withdrew the
Transfer Decision. See Case No. 2:19-cv-08762-JVS, Docket Nos.
1-2, 8.

13 Accordingly, the DHCS Objection should be overruled as moot.

14 **IV.**

15 **RESPONSE TO THE HHS OBJECTION**

16 The U.S. Department of Health and Human Services and Centers for Medicare and
17 Medicaid Services (“HHS”) filed the *Objection of the United States, on behalf of the U.S.*
18 *Department of Health and Human Services and Centers for Medicare and Medicaid Services to*
19 *Disclosure Statement Describing Amended Joint Chapter 11 Plan of Liquidation (Dated June 16,*
20 *2020) of the Debtors, the Prepetition Secured Creditors, and the Committee* [Docket Nos. 4934]
21 (the “HHS Objection”) on the grounds that the Disclosure Statement does not provide “adequate
22 information” concerning HHS’s potential objections concerning the transfer of Medi-Cal Provider
23 Agreements in connection with the SFMC Sale and Seton Sale.

24 Based on the Debtors request, HHS provided language to resolve the HHS Objection,
25 which the Plan Proponents have agreed to include as follows:

26 The transfer of the Debtors’ two Medicare Provider Agreements
27 pursuant to: (a) the Seton Asset Purchase Agreement, dated March
30, 2020 [Docket No. 4360], entered into by and between AHMC, as
28 buyer, and Seton and certain other Debtors, as sellers; and (b) the

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

SFMC Asset Purchase Agreement, dated April 3, 2020 [Docket No. 4471], entered into by and between Prime, as buyer, and SFMC and certain other Debtors, as sellers, is the subject of ongoing settlement discussions and negotiations between HHS and the Debtors. The parties have entered into various stipulations and orders extending the time to file supplemental briefing and continuing the hearing date on the Medicare Provider Agreement transfer issue. Currently, pursuant to an order approving the parties' further stipulation entered on June 18, 2020 [Docket No. 4902], the hearing date on the Medicare Provider Agreements transfer issue is July 15, 2020 at 10:00 a.m. Thus, further governmental approval is necessary before the Medicare Provider Agreements may be transferred consensually to AHMC or Prime. HHS reserves the right to assert that its proofs of claim constitute secured claims as of the Petition Date to the extent of its setoff rights, pursuant to § 506(a). The Debtors and HHS are currently engaged in settlement discussions concerning a mutually agreeable resolution to the Medicare Provider Agreements transfer issue.

Based on the foregoing, the HHS Objection should be overruled as moot.

V.

RESPONSE TO THE SGM RESERVATION OF RIGHTS

Strategic Global Management, Inc. ("SGM") filed a reservation of rights [Docket No. 4937] (the "SGM Reservation of Rights") concerning SGM's alleged rights to the deposit under the SGM APA. Although SGM does not object to the Motion or approval of the Disclosure Statement, SGM informally has raised certain issues regarding the Disclosure Statement's discussion of the SGM Deposit and the Adversary Proceeding. The Plan Proponents have agreed to include the following language in the Amended Disclosure Statement and Confirmation Order:

The Plan Proponents acknowledge that SGM disputes the Debtors' claim to the Deposit, and SGM contends that the Deposit must be returned to SGM. The Debtors and the Plan Proponents dispute the contentions and claims of SGM to the Deposit, and contend that the Deposit is an asset of the Debtors' estates, free and clear of any rights or claims of SGM, and should be distributed in accordance with the Plan. As provided in the Plan, on the Effective Date, all rights of the Debtors against SGM, including, without limitation, all rights to recover the Deposit, are being transferred to the Liquidating Trust. The Plan shall be amended to provide, and the Confirmation Order shall state, that the Liquidating Trust shall not distribute the Deposit to creditors in accordance with the Plan or take any other action which would reduce or dissipate the Deposit, unless permitted

1 by a judgment or an order entered by the District Court having
2 jurisdiction over the Adversary Proceeding, and such judgment or
3 order has not been stayed. In the event an appeal is taken from any
4 such judgment or order, the party taking the appeal shall have the
5 right to seek a stay pursuant to the applicable Federal Rules of Civil
6 Procedure and Federal Rules of Appellate Procedure. Nothing
7 contained in the Plan or the Disclosure Statement shall modify, alter
8 or change the rights of the Debtors and the Liquidating Trust, on the
9 one hand, and SGM, on the other hand, to any claim or rights to the
10 Deposit. All such claims and rights are expressly reserved and
11 preserved.

12 While SGM has requested additional language, the Debtors and certain Plan Proponents do not
13 consider the additional language requested by SGM as necessary. Accordingly, the Court should
14 overrule the SGM Reservation of Rights as moot.

15 **VI.**

16 **RESPONSE TO SETON MEDICAL STAFF OBJECTION**

17 The Medical Staff of Seton Medical Center's ("Medical Staff") Objection to the Disclosure
18 Statement ("Medical Staff Objection") is premised on a speculative concern that the Debtors
19 intend to divert the unrestricted charitable assets of Seton Medical Center Foundation (the "Seton
20 Foundation")² for allegedly inappropriate purposes—the payment of estate claims or non-Seton
21 charitable purposes. However, the Seton Foundation only holds an inconsequential amount of
22 unrestricted funds, which will be authorized for use by the Seton Foundation's board of directors
23 in the ordinary course of the Seton Foundation's activities and will result in the use of all
24 remaining unrestricted funds prior to the Plan Effective Date. The balance of the Medical Staff
25 Objection is moot, or, at a minimum, a premature confirmation objection, and should be overruled.

26
27 ² Together with O'Connor Hospital Foundation, Saint Louise Regional Hospital Foundation, St.
28 Francis Medical Center of Lynwood Foundation, and St. Vincent Foundation, the "Foundations."

A. The Medical Staff's Objection to the Disclosure Statement Lacks Factual and Legal Basis.

1. *The Foundation Board Has Authorized the Disbursement of All Unrestricted Funds Prior to the Plan Effective Date.*

The Seton Foundation was originally organized under the California Nonprofit Public Benefit Corporation Law to benefit its respective hospital Seton Medical Center (the "Seton Hospital"). On December 8, 2015, the Seton Foundation amended and restated its Articles of Incorporation to include supporting and fostering the corporate purposes of VHS and its affiliated organizations as one of the purposes for which the Foundation was organized. The Foundation is a charitable institution as recognized by the Internal Revenue Service, under IRS Rule 501.

The Court has authorized the sale of the Seton Hospital, and, thus, the Foundation can no longer donate its assets to the Seton Hospital once the sale to AHMC takes place as a matter of Internal Revenue Service Rules, Financial Accounting Standards Board (FASB) Accounting principles, and laws of the State of California regarding the deductibility of donations and trustee's management of charitable assets. Further, neither VHS nor the board of directors of the Seton Foundation wish to maintain the infrastructure of the Foundation for managing assets that will be donated for purposes other than those in which VHS is involved.

Accordingly, and as set forth in the Plan, the Seton Foundation will effectuate a transfer of its donor restricted assets to recipient foundations as approved by the Seton Foundation board and by the Attorney General's office since the transfer must be to an entity approved by the Attorney General, and must fulfill the doctrine of *cy pres*. See CAL. GOV'T CODE § 12598; CAL. CORP. CODE § 6713; *O'Hara v. Grand Lodge Independent Order of Good Templars of State of California*, 213 Cal. 131 (1931).

As to Seton Foundation's unrestricted funds, the Seton Foundation does not expect to hold any unrestricted funds on the Plan Effective Date. The Medical Staff Objection with respect to the treatment of unrestricted funds, and the distinction between properly donor-restricted and unrestricted funds, will therefore become moot prior to the Effective Date.

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

1 While the Medical Staff further objects to the use of unrestricted funds held by other
2 Foundations, no objections were received on behalf of those Foundations and the Medical Staff
3 does not purport to represent or have an interest in the Debtors' other Foundations. Nevertheless,
4 the Debtors will disclose in the Amended Disclosure Statement the amount of unrestricted funds at
5 each of the Foundations. The Movants also submit that this is a matter for confirmation and does
6 not represent a disclosure issue appropriate for consideration in connection with approval of the
7 Disclosure Statement.

8 **2. *The Foundations' Solvency is Irrelevant Since the Purpose of the Foundations is***
9 ***to Support the Hospitals and VHS.***

10 The principal critique articulated in the Objection is that the Disclosure Statement does not
11 explain to the Medical Staff's satisfaction that the Foundations are solvent, legal entities
12 technically independent of the other Debtor entities. This critique is misplaced. The short answer
13 is that the facts here show near complete entanglement of the Debtors and thus meets one of the
14 two general bases for substantive consolidation. *See In re Bonham*, 229 F.3d 750, 766 (9th Cir.
15 2000).

16 The Foundations' sole purpose for existence is to raise charitable funds to support the
17 Debtors' hospitals (the "Hospitals") and VHS. Therefore, the Foundations' unrestricted funds (to
18 the extent any remain in the Foundations) could generally be used to support the Hospitals' and
19 VHS's capital and operational expenses, regardless of whether the Hospitals and VHS filed for
20 bankruptcy or whether the Foundations are deemed substantively consolidated with the Debtors.
21 Dr. Robert Perez, the president of the Medical Staff, acknowledges this fact in his declaration
22 attached to the Medical Staff's objection [Docket No. 3079] to the prior motion to approve the
23 disclosure statement:

24 The Medical Staff and Seton Medical Center Foundation
25 ("Philanthropic Seton") have had a long and symbiotic relationship.
26 Philanthropic Seton engages in various fund-raising efforts on
27 behalf of Seton, and generally uses those funds to provide the
28 equipment and support that the Medical Staff identifies as most
important but otherwise unavailable Although the Foundation
solicited donations or bequests dedicated to specific projects, which
I understand the Debtor refers to as "properly donor-restricted

1 funds”, many of its fundraisers did not yield “restricted” funds as
2 such. For example, for decades the Foundation sponsored a golf
3 tournament which raised very substantial funds for its charitable
4 purposes, although not for any specific charitable purpose. In all
5 such cases, we knew that the funds raised would be given to
6 Philanthropic Seton to advance its charitable purposes, and that
7 sufficed for us.

8 Declaration of Robert Perez ¶¶ 2-3.

9 As evidenced by his declaration, Dr. Perez agrees that even in the absence of bankruptcy or
10 substantive consolidation, the Foundations and the Hospitals are bound together as the
11 Foundations’ unrestricted assets are and have always been used to fund the expenses of the
12 Hospitals. *Id.* It is unclear how Dr. Perez can concede the “symbiotic relationship” between the
13 Foundations and the Debtors and testify to the Foundations’ history of contributing their assets to
14 fund the Debtors’ expenses yet simultaneously assert the independence of the Foundations from
15 the Debtors and object to the use of the Foundations’ unrestricted assets towards the Debtors’
16 expenses now that the Debtors are in bankruptcy. Given the Foundations’ undisputed, sole
17 purpose of funding the Hospitals and VHS, adding information to the Disclosure Statement
18 regarding the Foundations’ solvency and separate legal existence from the Debtors does not make
19 sense nor is it a legitimate reason to object to substantive consolidation. The solvency and
20 separate legal existence of the Foundations are not material pieces of information that inform
21 creditors with respect to voting or their rights under the Plan. Thus, for the purpose of the
22 Disclosure Statement and there is no need to amend the Disclosure Statement to make this point
23 any clearer.

24 **3. Reference to the “Third Factor” in the Substantive Consolidation Analysis is**
25 **Consistent With Ninth Circuit Law.**

26 The Medical Staff takes issue with Disclosure Statement’s brief reference to a “third
27 factor” applied to the substantive consolidation analysis, namely whether consolidation is
28 “reasonable under the circumstances.” In objecting to this “reasonableness” factor, the Medical
Staff attempts to draw a meaningless distinction between the facts of *In re Bashas’ Inc.*, 437 B.R.
874 (Bankr. D. Ariz. 2010) and those of this case seeming to imply that analyzing the general

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

1 reasonableness of substantive consolidation should only apply in certain circumstances. This is
2 simply untrue. First, *Bashas'* is not the only Ninth Circuit case to apply this factor. *See In re*
3 *Mihranian*, 2:13-BK-39026-BR, 2017 WL 6003345, at *4 (B.A.P. 9th Cir. Dec. 4, 2017), *aff'd*,
4 17-60090, 2019 WL 4252115 (9th Cir. Sept. 9, 2019). Second, the *Bashas'* court did not invent a
5 third factor specifically for application to the particular facts of *Bashas'*. *In re Bashas' Inc.*, 437
6 B.R. at 929. Rather, the court in *Bashas'* drew this third factor as an inference from the court's
7 ruling in *Bonham* that the third factor should be included in the substantive consolidation analysis,
8 generally.

9 When the *Bonham* case is considered in its complete context, it is
10 clear that the Ninth Circuit did not require bankruptcy courts to
11 look *only* to the two negative concerns set forth above, in some
12 “Pavlovian” way. *Id.* at 767 [citing *Bonham*]. The basic rules, and
 the discretion to apply them, stem solely and completely from a
 weighing of the equities, and a decision which emanates from one
 guiding light: “Is this reasonable under the circumstances?”

13 *Id.* Therefore, the Medical Staff's description of *Bashas'* use of the third factor as “*sui generis*” is
14 a mischaracterization. *See* Med. Staff Obj. at 5.

15 Further, the Debtors included a mere reference to the third factor but did not apply it to
16 their substantive consolidation analysis. Rather, the Debtors' rationale for substantive
17 consolidation in Section XV.B. of the Disclosure Statement comprises two subsections
18 corresponding to the two undisputed factors in the Ninth Circuit substantive consolidation
19 analysis: “1. Creditors Dealt with the Debtors as a Single Economic Unit” and “2. The Debtors'
20 Affairs Are So Entangled That Consolidation Will Benefit All Creditors.” *See* Disclosure
21 Statement § XV.B. It is also worth repeating the point made in the Disclosure Statement that “the
22 deemed substantive consolidation test is disjunctive, thus, the Debtors need only demonstrate one
23 of these factors. *See Bonham*, 229 F.3d at 766.” *See id.* at 119. The third factor is thus not
24 necessary for the Court to find that substantive consolidation is warranted in this case. The
25 Medical Staff Objection to the Disclosure Statement's reference to the third factor is without
26 substance.

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

1 **4. *Although the Medical Staff Objection Is Immaterial to the Plan, the Plan***
2 ***Proponents Will Amend the Disclosure Statement to Reflect the Current***
3 ***Restricted and Unrestricted Funds Held By Each of the Foundations.***

4 The Medical Staff argues that the Disclosure Statement should disclose “what is at stake,”
5 or the financial breakdown of the Foundations’ restricted and unrestricted charitable assets. *See*
6 *Med. Staff Obj.* at 7. The net worth of the Foundations is described in the Disclosure Statement
7 and is otherwise available in “sources other than the disclosure,” including the documents filed in
8 the Bankruptcy Cases. 11 U.S.C. § 1125(a)(2)(B)-(C) (setting forth the standard for the adequacy
9 of information in a disclosure statement expressly contemplates that the hypothetical investor has
10 “(B) such a relationship with the debtor as the holders of other claims or interests of such class
11 generally have; and (C) such ability to obtain such information from sources other than the
12 disclosure required by this section as holders of claims or interests in such class generally have.”)
13 In fact, the Medical Staff acknowledges as much in its Objection, which quotes the “Adcock
14 Declaration,” filed in the Bankruptcy Cases, discussing the breakdown of the Foundations’
15 restricted assets. *See Med. Staff Obj.* at 3; *see also* 11 U.S.C. § 1125(a)(2)(B)-(C).

16 Notwithstanding the immaterial nature of what is at stake for creditors under the Medical
17 Staff Objection, the Plan Proponents will disclose (i) current amounts of restricted and unrestricted
18 funds held by each of the Foundations, and (ii) the name of the entities that will receive the
19 restricted funds by the Foundations after Attorney General approval. Additionally, the
20 Foundations’ dissolution filings with the Attorney General’s office will serve as yet additional
21 “sources other than the disclosure statement” for the information the Medical Staff is seeking. To
22 the extent the Medical Staff is concerned that the Foundations’ “net worths as of the petition date
23 may say little about their current net worths,” such concern will be alleviated by the dissolution
24 filings and proceedings, which will thoroughly address the current net worth of the Foundations
25 and determine which assets will be contributed to the Debtors and which will be awarded *cy pres*.
26 As the Seton Foundation will have no unrestricted funds and the Seton Foundations’ financial
27 information is disclosed in the Disclosure Statement and “other sources” available to a
28 hypothetical investor, the Disclosure Statement meets the statutory standard for adequate

1 information, and the Medical Staff Objection fails. Accordingly, the Medical Staff Objection
2 should be denied.

3 **B. The Medical Staff’s Objection to the Disclosure Statement is Procedurally Improper.**

4 The Medical Staff’s lack of information and/or misunderstanding concerning the status of
5 the Foundations, along with the Medical Staff’s overall dissatisfaction with the Plan’s proposed
6 substantive consolidation of the Debtors, has moved the Medical Staff to file its objection under
7 the guise of objecting to the “adequacy of the information” included in the Disclosure Statement.

8 As the Medical Staff is aware, its objection to the Plan’s proposed deemed substantive
9 consolidation is procedurally improper as objections to the substance of the Plan are not
10 appropriately framed as objections to the adequacy of a Disclosure Statement’s information under
11 § 1125 (providing that the standard for the sufficiency of information in a disclosure statement is
12 whether it would “enable such a hypothetical investor of the relevant class to make an informed
13 judgment about the plan”). In the Medical Staff Objection, the Medical Staff acknowledges that
14 substantive consolidation “is an issue for the Confirmation Hearing” and not one to be raised as an
15 objection to the sufficiency of information in a disclosure statement. *See* Medical Staff Obj. at 8.
16 The Medical Staff offers no evidence or argument that the proposed revisions would have any
17 impact on a hypothetical investor’s assessment of the Plan so as to warrant amendment of the
18 Disclosure Statement. Accordingly, the Court should overrule the Medical Staff’s Objection in its
19 entirety.

20 **VII.**

21 **THE ATTORNEY GENERAL STIPULATION**

22 The Attorney General did not file an opposition to the Motion. At the request of the
23 Attorney General, the Plan Proponents and Attorney General engaged in negotiations concerning
24 language to be included in the Amended Disclosure Statement. On June 25, 2020, as a result of
25 the parties’ negotiations, the Court approved [Docket No. 4952] a stipulation [Docket No. 4951]
26 by and between the Plan Proponents and the Attorney General, which sets forth the agreed
27 language to be included in the Amended Disclosure Statement.

1 **VIII.**

2 **RESPONSE TO INFORMAL COMMENTS FROM THE COMMITTEE**

3 In response to informal comments made by the Official Committee of Unsecured Creditors
4 (the "Committee"), the Committee and the Debtors are in discussions concerning authorizing the
5 Committee to object to certain claims solely for Plan voting purposes by filing a Determination
6 Motion no later than the Voting Objection Deadline.

7 **IX.**

8 **RESERVATION OF RIGHTS**

9 The Plan Proponents reserve the right to further amend the Plan and Disclosure Statement
10 and to submit additional documents, declarations, exhibits and other supporting documents and
11 evidence in connection with the hearing on the adequacy of the Disclosure Statement or any
12 Amended Disclosure Statement, confirmation of the Plan or any Amended Plan, or otherwise.
13 While the objections to the Motion are limited to those timely raised in the written Objections
14 filed by the objection deadline, to the extent any additional or modified objections are raised in
15 connection with the adequacy hearing, the Movants reserve the right to respond to the same and/or
16 to argue they are untimely and should be raised solely in connection with the confirmation
17 hearing.

18 **X.**

19 **CONCLUSION**

20 WHEREFORE, the Movants respectfully request that the Bankruptcy Court enter an order:
21 (i) granting the Motion; (ii) overruling the Objections; (iii) approving the Disclosure Statement;
22 (iv) approving the solicitation and voting procedures; (v) approving the proposed notice and
23 objection procedures for confirmation of the Plan; (vi) approving the Administrative Claims Bar
24 Date and related procedures; and (vii) granting such other and further relief as the Bankruptcy
25 Court deems just and proper.

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

1 Dated: June 29, 2020

DENTONS US LLP

2
3 By: /s/ Tania M. Moyron

Samuel R. Maizel

Tania M. Moyron

Nicholas A. Koffroth

4
5
6 Counsel to the *Debtors and Debtors In Possession*

7
8 Dated: June 29, 2020

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

9
10 By: /s/ Paul J. Ricotta³

Paul J. Ricotta

Daniel S. Bleck

11
12 Counsel to *UMB Bank, N.A., as Master Indenture Trustee and Wells Fargo Bank, National Association, as Indenture Trustee for the 2005 Bonds*

13
14
15
16
17
18
19
20
21
22
23 _____
24 ³ Pursuant to the Court's Amended General Order 20-02, the Debtors (i) are unable to obtain the
25 foregoing party's holographic signatures due to a lack of required technology, (ii) obtained the
26 party's permission to sign this document on the party's behalf, and (iii) will obtain and file the
27 holographic signature required pursuant to LBR 9011-1(a) as soon as practicable. *See In re*
28 *Amended Procedures for Public Emergency Related to COVID-19 Outbreak*, Amended General
Order 20-02, at ¶ 7 (Bankr. C.D. Cal. Apr. 1, 2020); *see also* Third Amended General Order 20-
02, at ¶ 1 (Bankr. C.D. Cal. May 28, 2020) (extending Amended General Order 20-02 through
June 30, 2020).

Exhibit A

Form of Confirmation Hearing Notice

**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;

☒ Affects All Debtors

- ☐ 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

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**

Debtors and Debtors In Possession.

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

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

1 SAMUEL R. MAIZEL (Bar No. 189301) PAUL J. RICOTTA (admitted *pro hac vice*)
2 samuel.maizel@dentons.com pricotta@mintz.com
3 TANIA M. MOYRON (Bar No. 235736) DANIEL S. BLECK (admitted *pro hac vice*)
4 tania.moyron@dentons.com dsbleck@mintz.com
5 NICHOLAS A. KOFFROTH (Bar No. 287854) MINTZ, LEVIN, COHN, FERRIS, GLOVSKY
6 nicholas.koffroth@dentons.com AND POPEO, P.C.
7 DENTONS US LLP One Financial Center
8 601 South Figueroa Street, Suite 2500 Boston, Massachusetts 02111
9 Los Angeles, California 90017-5704 Tel: (617) 542-6000 / Fax: (617) 542-2241
10 Tel: (213) 623-9300 / Fax: (213) 623-9924
11 Attorneys for the Chapter 11 Debtors and
12 Debtors In Possession Attorneys for UMB Bank, N.A., as Master
13 Indenture Trustee and Wells Fargo Bank, National
14 Association, as Indenture Trustee
15
16 NATHAN F. COCO (admitted *pro hac vice*) CLARK T. WHITMORE (admitted *pro hac vice*)
17 ncoco@mwe.com clark.whitmore@maslon.com
18 MEGAN M. PREUSKER (admitted *pro hac vice*) JASON REED (admitted *pro hac vice*)
19 mpreusker@mwe.com jason.reed@maslon.com
20 MCDERMOTT WILL & EMERY LLP MASLON LLP
21 444 West Lake Street 90 South Seventh Street
22 Chicago, Illinois 60606-0029 Minneapolis, Minnesota 55402-4140
23 Tel: (312) 372-2000 / Fax: (312) 948-7700 Tel: (312) 372-2000 / Fax: (312) 948-7700
24 Attorneys for U.S. Bank National Association solely Attorneys for U.S. Bank National Association
25 in its capacity, as the note indenture trustee and as solely in its capacity, as the note indenture trustee
26 the collateral agent under the note indenture relating and as the collateral agent under the note indenture
27 to the 2015 Working Capital Notes relating to the 2017 Working Capital Notes
28
[BRUCE S. BENNETT (Bar No. 105430) GREGORY A. BRAY (Bar No. 115367)
bbennett@jonesday.com gbray@milbank.com
BENJAMIN ROSENBLUM (admitted *pro hac vice*) MARK SHINDERMAN (Bar No. 136644)
brosenblum@jonesday.com mshinderman@milbank.com
PETER S. SABA (admitted *pro hac vice*) JAMES C. BEHRENS (Bar No. 280365)
psaba@jonesday.com jbehrens@milbank.com
JONES DAY LLP MILBANK LLP
250 Vesey Street 2029 Century Park East
New York, New York 10281 33rd Floor
Tel: (212) 326-3939 / Fax: (212) 755-7306 Los Angeles, California 90067
Tel: (424) 386-4000 / Fax: (213) 629-5063
Attorneys for Verity MOB Financing, LLC and Attorneys for the Official Committee of
Verity MOB Financing II, LLC] Unsecured Creditors

1 **PLEASE TAKE NOTICE OF THE FOLLOWING:**

2 **APPROVAL OF DISCLOSURE STATEMENT**

3 1. By Order dated July __, 2020 (the "Disclosure Statement Order") [Docket No.
4 ____], the United States Bankruptcy Court for the Central District of California (the
5 "Bankruptcy Court") (a) approved the *Disclosure Statement Describing Amended Joint Chapter*
6 *11 Plan of Liquidation (Dated June 16, 2020) of the Debtors, the Prepetition Secured Creditors,*
7 *and the Committee* [Docket No. 4880] (including all exhibits thereto and as amended, modified,
8 or supplemented from time to time, the "Disclosure Statement")¹ filed by Verity Health System of
9 California, Inc. ("VHS") and the above-referenced affiliated debtors, the debtors and debtors in
10 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 *Amended Joint Chapter*
16 *11 Plan of Liquidation (Dated June 16, 2020) of the Debtors, the Prepetition Secured Creditors,*
17 *and the Committee* [Docket No. 4879] (including all exhibits thereto, any plan supplement, and
18 as amended, modified, or supplemented from time to time, the "Plan"). All capitalized terms
19 used but not defined herein shall have the same meanings ascribed to them in the Plan, the
20 Disclosure Statement, or the Disclosure Statement Order, as applicable.

14 **RELEASE, INJUNCTION, AND EXCULPATION PROVISIONS**
15 **CONTAINED IN PLAN**

16 2. SECTION 13 OF THE PLAN CONTAINS CERTAIN RELEASE,
17 INJUNCTION, AND EXCULPATION PROVISIONS, INCLUDING THOSE SET FORTH
18 BELOW. YOU ARE ADVISED TO CAREFULLY REVIEW AND CONSIDER THE PLAN,
19 INCLUDING THE RELEASE, INJUNCTION AND EXCULPATION PROVISIONS
20 THEREIN, AS YOUR RIGHTS MAY BE AFFECTED.

19 3. **Section 13.5 of the Plan contains the following Releases:**

20 (a) Releases Of Debtors. As of the Effective Date, for good and valuable
21 consideration, the adequacy of which is hereby confirmed, to the maximum extent permitted by
22 law, each Holder of any Claim shall be deemed to forever release, waive, and discharge all
23 Claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, and
24 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.

25 (b) Settlement Releases. Pursuant to § 1123(b)(3)(A) and the Plan Settlement,
26 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

27 ¹ Capitalized terms used but not otherwise defined herein have the definitions set forth in the
28 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,
omissions or liabilities, transaction, occurrence, or other activity of any nature except for as
provided in the Plan or the Confirmation Order.

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

8 (d) Debtors' Releases. Pursuant to § 1123(b), and except as otherwise
9 specifically provided in this Plan, for good and valuable consideration, including the service of the
10 Released Parties to facilitate the expeditious liquidation of the Debtors and the consummation of
the transactions contemplated by this Plan, on and after the Effective Date, the Released Parties
11 are deemed released and discharged by the Debtors and their Estates from any and all claims,
obligations, rights, suits, damages, Causes of Action, remedies, and liabilities whatsoever,
12 including any derivative claims asserted or assertable on behalf of the Debtors, whether known or
unknown, foreseen, or unforeseen, existing or herein after arising in law, equity, or otherwise, that
13 the Debtors or their Estates would have been legally entitled to assert in their own right (whether
individually or collectively) or on behalf of the Holder of any Claim or other Person, based on or
14 relating to, or in any manner arising from, in whole or in part, the operation of the Debtors prior 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,
the restructuring of Claims before or during the Chapter 11 Cases, the marketing and the sale of
16 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
17 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
18 be deemed waived and relinquished by this Plan for purposes of Section 13.9.

19 (e) **WAIVER OF LIMITATIONS ON RELEASES. THE LAWS OF SOME**
20 **STATES (FOR EXAMPLE, CALIFORNIA CIVIL CODE § 1542) PROVIDE, IN WORDS OR**
21 **SUBSTANCE, THAT A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH**
22 **THE RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS/HER**
23 **FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR**
24 **HER MUST HAVE MATERIALLY AFFECTED HIS/HER DECISION TO RELEASE. THE**
25 **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.

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

27 (a) General Injunction. Except as otherwise expressly provided herein, all
28 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

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

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

(b) **Other Injunctions.** *The Post-Effective Date Debtors, the Liquidating Trustee, the Post-Effective Date Committee, the Post-Effective Date Board of Directors, or the Liquidating Trust and their respective members, directors, officers, agents, attorneys, advisors or employees shall not be liable for actions taken or omitted in its or their capacity as, or on behalf of, the Post-Effective Date Debtors, the Post-Effective Date Board of Directors, the Liquidating Trustee, the Post-Effective Date Committee, or the Liquidating Trust (as applicable), except those acts found by Final Order to arise out of its or their willful misconduct, gross negligence, fraud, and/or criminal conduct, and each shall be entitled to 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

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

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	Other Priority 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*

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.

14. 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 account, (y) debt service or redemption reserve, or (z) an escrow or expense reserve account. No beneficial Holder of any Secured 2017 Revenue Notes Claims shall be entitled to receive any 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.
- c. *Subordination.* Following receipt of the distribution provided in Section 4.3(b), all rights held by 2017 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 2 is Impaired. The beneficial Holders of Secured 2017 Revenue Notes Claims are entitled to vote to accept or reject the Plan.

15. Class 3: Secured 2015 Notes Claims.

- a. *Classification.* Class 3 consists of the Secured 2015 Revenue Notes Claims.
- b. *Treatment.* The Secured 2015 Revenue Notes Claims shall be paid in cash on the Effective Date by the Debtors to the 2015 Notes Trustee for distribution in accordance with the 2015 Revenue Notes Indentures in an amount equal to 100% of a single Allowed Claim in the aggregate amount of \$160,000,000, plus (i) accrued, but unpaid postpetition interest, if any, at the rate specified in the 2015 Revenue Note Indentures for each of 2015

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.

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

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

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

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

24 b. *Treatment.* The Secured MOB I Financing Claims shall be paid in cash on
25 the Effective Date by the Debtors in an amount equal to 100% of a single
26 Allowed Claim in the aggregate amount of \$46,363,095.90, plus (i) accrued
27 but unpaid postpetition interest, if any, at the rate specified in the MOB I
28 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.

18. 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.

19. 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.

20. 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.

21. 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.

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

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.

22. 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.

23. 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.

24. 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.

CONFIRMATION HEARING

25. On **August 12, 2020, at 10:00 a.m. (Prevailing Pacific Time)**, or as soon thereafter as counsel may be heard, a hearing (the "Confirmation Hearing") will be held before the 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. The Confirmation Hearing may be adjourned from time to time without
2 further notice to creditors or other parties in interest, other than by an announcement of such an
3 adjournment in open court at the Confirmation Hearing or any adjournment thereof, or an
4 appropriate filing with the Bankruptcy Court. The Plan may be modified in accordance with the
Bankruptcy Code, the Bankruptcy Rules, the Plan, and other applicable law, without further
notice, prior to or as a result of the Confirmation Hearing.

5 **DEADLINE TO VOTE TO ACCEPT OR REJECT THE PLAN**

6 26. You are entitled to vote to accept or reject the Plan. In order to be counted as a
7 vote to accept or reject the Plan, you must properly execute, complete, and deliver a Ballot (or
8 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.

9 27. All Ballots must be delivered via First Class Mail, overnight courier, or hand
10 delivery so as to be actually received by the Solicitation Agent no later than the Voting Deadline.
11 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:

12 Verity Ballot Processing Center
13 c/o Kurtzman Carson Consultants LLC
222 N. Pacific Coast Highway, Suite 300
14 El Segundo, CA 90245
(888) 249-2741(domestic)
15 (310) 751-2635 (international)

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

18 Verity Ballot Processing Center
19 c/o Kurtzman Carson Consultants LLC
222 N. Pacific Coast Highway, Suite 300
20 El Segundo, CA 90245
(877) 499-4509 (domestic)
21 (917) 281-4800 (international)

22 29. Ballots may also be submitted via electronic, online transmissions, solely through a
23 customized online balloting portal on the Debtors’ case website. Parties entitled to vote may cast
24 an electronic Ballot and electronically sign and submit a Ballot instantly by utilizing the online
25 balloting portal (which allows a holder to submit an electronic signature). Instructions for
26 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
submitted in this manner and the creditor’s electronic signature will be deemed to be immediately
legally valid and effective.

27 30. **BALLOTS TRANSMITTED TO THE DEBTORS BY FACSIMILE,**
28 **ELECTRONIC MAIL, OR OTHER MEANS NOT SPECIFICALLY APPROVED BY THE**

**BANKRUPTCY COURT MAY BE ACCEPTED BY THE PLAN PROPONENTS ON A
CASE-BY-CASE BASIS.**

DEADLINE FOR OBJECTIONS TO CONFIRMATION OF THE PLAN

31. Objections, if any, to confirmation of the Plan, including any supporting memoranda, must: (i) be in writing; (ii) comply with the Bankruptcy Rules and the Local Rules; (iii) set forth the name of the objector and the nature and amount of any Claim asserted by the objector against or in the Debtors; (iv) state with particularity the legal and factual bases for the objection and, if practicable, a proposed modification to the Plan that would resolve such objection; and (v) be filed with the Bankruptcy Court, together with proof of service, and served so that they are actually received by the following no later than **July 30, 2020 at 4:00 p.m. (Prevailing Pacific Time)** which deadline may be extended by the Debtors (the “Confirmation Objection Deadline”): (i) counsel to the Debtors: Dentons US LLP, 601 South Figueroa Street, Suite 2500, Los Angeles, CA 90017 (Attn: Tania M. Moyron (taniamoyron@dentons.com)); (ii) counsel to the Committee: Milbank LLP, 2029 Century Park East, 33rd Floor, Los Angeles, CA 90067 (Attn: Mark Shinderman (mshinderman@milbank.com)); (iii) counsel to the Master Trustee and Series 2005 Bond Trustee: Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., One Financial Center, Boston, MA 02111 (Attn: Daniel S. Bleck and Paul Ricotta (dsbleck@mintz.com, pricotta@mintz.com)); (iv) counsel to the Series 2015 Notes Trustee: McDermott Will & Emery LLP, 444 West Lake Street, Suite 4000, Chicago, IL 60606 (Attn: Nathan F. Coco and Megan Preusker (ncoco@mwe.com; mpreusker@mwe.com)); (v) counsel to the Series 2017 Notes Trustee: Maslon, LLP, 3300 Wells Fargo Center, 90 South Seventh Street, Minneapolis, MN 55402 (Attn: Clark Whitmore (clark.whitmore@maslon.com)); (vi) counsel to the MOB Lenders: Jones Day, 250 Vesey Street, New York, NY 10281 (Attn: Bruce Bennett, Benjamin 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.**

ACCESS TO DOCUMENTS AND OTHER QUESTIONS

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

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) 751-2635 (international)

or via e-mail request to:

Verityinfo@kccllc.com

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

1 or on the Bankruptcy Court's website.²

2 **DEADLINE TO FILE ADMINISTRATIVE EXPENSE CLAIMS**

3 33. The Bankruptcy Court has fixed **July 29, 2020**, as the deadline for holders of
4 Administrative Claims to file requests for payment of Administrative Claims arising, or anticipated
5 to arise, between October 7, 2019 and August 12, 2020. Notwithstanding the fact that a Creditor
6 may have provided goods or services to the Debtors and such Claim may be entitled to
7 administrative expense status or listed on the Debtors' books and records, the Plan expressly
8 provides that only Creditors who timely filed proof of an Administrative Claim and such Claim
9 becomes Allowed will be entitled to participate in any distribution as Holders of Administrative
10 Claims.

11 Dated: July , 2020

DENTONS US LLP

12 By: _____

13 Samuel R. Maizel
14 Tania M. Moyron
15 Nicholas A. Koffroth

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

18 Dated: July ___, 2020

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

21 By: _____

22 Paul J. Ricotta
23 Daniel S. Bleck

24 *Counsel to UMB Bank, N.A., as Master
25 Indenture Trustee and Wells Fargo Bank,
26 National Association, as Indenture Trustee*

27 Dated: July , 2020

MCDERMOTT WILL & EMERY LLP.

28 By: _____

Nathan F. Coco
Megan M. Preusker

*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*

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

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

1 Dated: July , 2020

MASLON LLP.

2

By: _____

3

Clark T. Whitmore
Jason Reed

4

5

*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*

6

7

[Dated: July , 2020

JONES DAY LLP

8

9

By: _____

10

Bruce S. Bennett
Benjamin Rosenblum
Peter S. Saba

11

12

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

13

Dated: July , 2020

MILBANK LLP

14

By: _____

15

Gregory A. Bray
Mark Shinderman
James C. Behrens

16

17

*Counsel to the Official Committee of Unsecured
Creditors*

18

19

20

21

22

23

24

25

26

27

28

Exhibit B

Form of Notice of Non-Voting Accepting Status and Confirmation Hearing

**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;

☒ Affects All Debtors

- ☐ 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

Chapter 11 Cases

Hon. Judge Ernest M. Robles

**NOTICE OF (I) APPROVAL OF THE
DISCLOSURE STATEMENT, (II) NON-
VOTING ACCEPTING STATUS, (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**

Debtors and Debtors In Possession.

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

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

1 SAMUEL R. MAIZEL (Bar No. 189301) PAUL J. RICOTTA (admitted *pro hac vice*)
2 samuel.maizel@dentons.com pricotta@mintz.com
3 TANIA M. MOYRON (Bar No. 235736) DANIEL S. BLECK (admitted *pro hac vice*)
4 tania.moyron@dentons.com dsbleck@mintz.com
5 NICHOLAS A. KOFFROTH (Bar No. 287854) MINTZ, LEVIN, COHN, FERRIS, GLOVSKY
6 nicholas.koffroth@dentons.com AND POPEO, P.C.
7 DENTONS US LLP One Financial Center
8 601 South Figueroa Street, Suite 2500 Boston, Massachusetts 02111
9 Los Angeles, California 90017-5704 Tel: (617) 542-6000 / Fax: (617) 542-2241
10 Tel: (213) 623-9300 / Fax: (213) 623-9924
11 Attorneys for the Chapter 11 Debtors and
12 Debtors In Possession Attorneys for UMB Bank, N.A., as Master
13 Indenture Trustee and Wells Fargo Bank, National
14 Association, as Indenture Trustee
15
16 NATHAN F. COCO (admitted *pro hac vice*) CLARK T. WHITMORE (admitted *pro hac vice*)
17 ncoco@mwe.com clark.whitmore@maslon.com
18 MEGAN M. PREUSKER (admitted *pro hac vice*) JASON REED (admitted *pro hac vice*)
19 mpreusker@mwe.com jason.reed@maslon.com
20 MCDERMOTT WILL & EMERY LLP MASLON LLP
21 444 West Lake Street 90 South Seventh Street
22 Chicago, Illinois 60606-0029 Minneapolis, Minnesota 55402-4140
23 Tel: (312) 372-2000 / Fax: (312) 948-7700 Tel: (312) 372-2000 / Fax: (312) 948-7700
24 Attorneys for U.S. Bank National Association solely
25 in its capacity, as the note indenture trustee and as
26 the collateral agent under the note indenture relating
27 to the 2015 Working Capital Notes Attorneys for U.S. Bank National Association
28 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

17 [BRUCE S. BENNETT (Bar No. 105430) GREGORY A. BRAY (Bar No. 115367)
18 bbennett@jonesday.com gbray@milbank.com
19 BENJAMIN ROSENBLUM (admitted *pro hac vice*) MARK SHINDERMAN (Bar No. 136644)
20 brosenblum@jonesday.com mshinderman@milbank.com
21 PETER S. SABA (admitted *pro hac vice*) JAMES C. BEHRENS (Bar No. 280365)
22 psaba@jonesday.com jbehrens@milbank.com
23 JONES DAY LLP MILBANK LLP
24 250 Vesey Street 2029 Century Park East
25 New York, New York 10281 33rd Floor
26 Tel: (212) 326-3939 / Fax: (212) 755-7306 Los Angeles, California 90067
27 Tel: (424) 386-4000 / Fax: (213) 629-5063
28 Attorneys for Verity MOB Financing, LLC and
Verity MOB Financing II, LLC] Attorneys for the Official Committee of
Unsecured Creditors

PLEASE TAKE NOTICE OF THE FOLLOWING:

APPROVAL OF DISCLOSURE STATEMENT

1. By Order dated July __, 2020 (the “Disclosure Statement Order”) [Docket No. ____], the United States Bankruptcy Court for the Central District of California (the “Bankruptcy Court”) (a) approved the *Disclosure Statement Describing Amended Joint Chapter 11 Plan of Liquidation (Dated June 16, 2020) of the Debtors, the Prepetition Secured Creditors, and the Committee* [Docket No. 4880] (including all exhibits thereto and as amended, modified, or supplemented from time to time, the “Disclosure Statement”)¹ filed by Verity Health System of California, Inc. (“VHS”) and the above-referenced affiliated debtors, the debtors and debtors in possession in the above-captioned chapter 11 bankruptcy cases (each a “Debtor” and, collectively, the “Debtors”), the Prepetition Secured Creditors, and the Official Committee of Unsecured Creditors (the Committee, and, together with the Debtors and the Prepetition Secured Creditors, the “Plan Proponents”), as containing adequate information within the meaning of § 1125 of Title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the “Bankruptcy Code”) and (b) authorized the Plan Proponents to solicit votes to accept or reject the *Amended Joint Chapter 11 Plan of Liquidation (Dated June 16, 2020) of the Debtors, the Prepetition Secured Creditors, and the Committee* [Docket No. 4879] (including all exhibits thereto, any plan supplement, and as amended, modified, or supplemented from time to time, the “Plan”). All capitalized terms used but not defined herein shall have the same meanings ascribed to them in the Plan, the Disclosure Statement, or the Disclosure Statement Order, as applicable.

2. **YOU ARE OR MIGHT BE THE HOLDER OF CLAIMS IN CLASSES OF UNIMPAIRED CLAIMS DEEMED TO ACCEPT THE PLAN THAT ARE NOT ENTITLED TO VOTE ON THE PLAN. THE FOLLOWING IS A SUMMARY OF THE TREATMENT OF SUCH NON-VOTING CLASSES UNDER THE PLAN.**

Class	Designation	Impairment	Entitled to Vote
1A	Other Priority Claims	Not Impaired	No (deemed to accept)
1B	Secured PACE Tax Financing Claims	Not Impaired	No (deemed to accept)

3. **UNDER THE TERMS OF THE PLAN, HOLDERS OF CLAIMS IN CLASSES 1A AND 1B ARE UNIMPAIRED UNDER THE PLAN AND THEREFORE, PURSUANT TO THE PLAN AND BANKRUPTCY CODE SECTION 1126(f), ARE (I) PRESUMED TO HAVE ACCEPTED THE PLAN, (II) NOT ENTITLED TO VOTE ON THE PLAN, AND (III) DEEMED TO HAVE COMPLETELY, CONCLUSIVELY, UNCONDITIONALLY, AND IRREVOCABLY RELEASED THE RELEASED PARTIES AS SET FORTH IN SECTION 13 OF THE PLAN.**

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

RELEASE, INJUNCTION, AND EXCULPATION PROVISIONS
CONTAINED IN PLAN

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

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

(d) Debtors' Releases. Pursuant to § 1123(b), and except as otherwise specifically provided in this Plan, for good and valuable consideration, including the service of the Released Parties to facilitate the expeditious liquidation of the Debtors and the consummation of the transactions contemplated by this Plan, on and after the Effective Date, the Released Parties are deemed released and discharged by the Debtors and their Estates from any and all claims, obligations, rights, suits, damages, Causes of Action, remedies, and liabilities whatsoever, including any derivative claims asserted or assertable on behalf of the Debtors, whether known or unknown, foreseen, or unforeseen, existing or herein after arising in law, equity, or otherwise, that the Debtors or their Estates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim or other Person, based on or relating to, or in any manner arising from, in whole or in part, the operation of the Debtors prior to or during the Chapter 11 Cases, the transactions or events giving rise to any Claim that is treated in this Plan, the business or contractual arrangements between the Debtors and any Released Party, 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.

(e) **WAIVER OF LIMITATIONS ON RELEASES.** *THE LAWS OF SOME STATES (FOR EXAMPLE, CALIFORNIA CIVIL CODE § 1542) PROVIDE, IN WORDS OR 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 any other Cause of Action released and discharged under the Plan, including, without limitation, the following actions against any Released Party: (a) commencing, conducting or continuing in any manner, directly or indirectly, any action or other proceeding with respect to a Claim; (b) enforcing, levying, attaching, collecting or otherwise recovering in any manner or by any means, whether directly or indirectly, any judgment, award, decree or order with respect to a Claim; (c) creating, perfecting or enforcing in any manner, directly or indirectly, any lien or encumbrance of any kind with respect to a Claim; (d) asserting any setoff, right of subrogation or recoupment of any kind, directly or indirectly, against any debt, liability or obligation due to the Debtors, the Post-Effective Date Debtors or the Liquidating Trust with respect to a Claim; or (e) commencing, conducting or continuing any proceeding that does not conform to or comply with or is contradictory to the provisions of this Plan; provided, however, that nothing in this injunction shall (i) limit the Holder of an Insured Claim from receiving the treatment set forth in Class 9; or (ii) preclude the Holders of Claims against the Debtors from enforcing any obligations of the Debtors, the Post-Effective Date Debtors, the Liquidating Trust, or the Liquidating Trustee under this Plan and the contracts, instruments, releases and other agreements delivered in connection herewith, including, without limitation, the Confirmation Order, or any other order of the Bankruptcy Court in the Chapter 11 Cases. By accepting a distribution made pursuant to this Plan, each Holder of an Allowed Claim shall be deemed to have specifically consented to the injunctions set forth in this Section.

(b) **Other Injunctions.** *The Post-Effective Date Debtors, the Liquidating Trustee, the Post-Effective Date Committee, the Post-Effective Date Board of Directors, or the Liquidating Trust and their respective members, directors, officers, agents, attorneys, advisors or employees shall not be liable for actions taken or omitted in its or their capacity as, or on behalf of, the Post-Effective Date Debtors, the Post-Effective Date Board of Directors, the Liquidating Trustee, the Post-Effective Date Committee, or the Liquidating Trust (as applicable), except those acts found by Final Order to arise out of its or their willful*

misconduct, gross negligence, fraud, and/or criminal conduct, and each shall be entitled to 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 Effective Date, the administration of the Plan, or the property to be distributed under the Plan), or each Released Party's exercise or discharge of any powers and duties set forth in the Plan, except with respect to the actions found by Final Order to constitute willful misconduct, gross negligence, 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.

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

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

14. 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 account, (y) debt service or redemption reserve, or (z) an escrow or expense reserve account. No beneficial Holder of any Secured 2017 Revenue Notes Claims shall be entitled to receive any 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.

1 c. *Subordination.* Following receipt of the distribution provided in Section
2 4.3(b), all rights held by 2017 Revenue Bond Trustee and/or the Master
3 Trustee under the Intercreditor Agreement shall be deemed satisfied,
4 waived or released by the treatment provided the Plan Settlement and the
5 Plan.

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

8 15. Class 3: Secured 2015 Notes Claims.

9 a. *Classification.* Class 3 consists of the Secured 2015 Revenue Notes Claims.

10 b. *Treatment.* The Secured 2015 Revenue Notes Claims shall be paid in cash
11 on the Effective Date by the Debtors to the 2015 Notes Trustee for
12 distribution in accordance with the 2015 Revenue Notes Indentures in an
13 amount equal to 100% of a single Allowed Claim in the aggregate amount
14 of \$160,000,000, plus (i) accrued, but unpaid postpetition interest, if any, at
15 the rate specified in the 2015 Revenue Note Indentures for each of 2015
16 Revenue Notes Series A, B, C and D, excluding any interest at a default
17 rate, or any applicable redemption or other premium, and (ii) any accrued,
18 but unpaid reasonable, necessary out-of-pocket fees and expenses of the
19 2015 Notes Trustee and the Master Trustee, pursuant to the Final DIP Order
20 and Cash Collateral Orders through and including the Effective Date, less
21 any amounts held by the 2015 Notes Trustee on account of the 2015
22 Revenue Notes in a (x) principal or revenue account, (y) debt service or
23 redemption reserve, or (z) an escrow or expense reserve account. No
24 beneficial Holder of any Secured 2015 Revenue Notes Claims shall be
25 entitled to receive any distribution pursuant to the Plan, except as may be
26 remitted to such holder by the 2015 Notes Trustee.

27 c. *Subordination.* All rights held by 2015 Revenue Bond Trustee and/or the
28 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

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

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 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.

17. 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.

18. 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.

19. 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.

20. 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.

21. 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.

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 stay under § 362 and the injunctions provided under this Plan for the sole and limited purpose of permitting such Holder to seek recovery, if any, as determined and Allowed by an order or judgment by a court of competent jurisdiction or under a settlement or compromise of such Holder's Insured Claim from the 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.

In the event the applicable insurer denies the tender of defense or there are no applicable or available insurance policies, or proceeds from applicable and available insurance policies have been exhausted or are otherwise insufficient to pay in full a Holder's recovery, if any, as determined by an order or judgment by a court of competent jurisdiction or under a settlement or compromise of such Holder's Insured Claim, on account of its Insured Claim, then such Holder shall be entitled to an Allowed Claim equal to the amount of the Allowed Insured Claim less the amount of available proceeds paid such Allowed Insured Claim from the applicable and available Insurance Policies (the "*Insured Deficiency Claim*"). Such Holders' Insured Deficiency Claim shall be treated as an Allowed General Unsecured Claim in Class 10 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.

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 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.

22. 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.

23. 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.

24. 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.

CONFIRMATION HEARING

25. On **August 12, 2020, at 10:00 a.m. (Prevailing Pacific Time)**, or as soon thereafter as counsel may be heard, a hearing (the “Confirmation Hearing”) will be held before the 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 just and appropriate. The Confirmation Hearing may be adjourned from time to time without further notice to creditors or other parties in interest, other than by an announcement of such an adjournment in open court at the Confirmation Hearing or any adjournment thereof, or an appropriate filing with the Bankruptcy Court. The Plan may be modified in accordance with the Bankruptcy Code, the Bankruptcy Rules, the Plan, and other applicable law, without further notice, prior to or as a result of the Confirmation Hearing.

DEADLINE FOR OBJECTIONS TO CONFIRMATION OF THE PLAN

26. Objections, if any, to confirmation of the Plan, including any supporting memoranda, must: (i) be in writing; (ii) comply with the Bankruptcy Rules and the Local Rules; (iii) set forth the name of the objector and the nature and amount of any Claim asserted by the objector against or in the Debtors; (iv) state with particularity the legal and factual bases for the objection and, if practicable, a proposed modification to the Plan that would resolve such objection; and (v) be filed with the Bankruptcy Court, together with proof of service, and served so that they are actually received by the following no later than **July 30, 2020 at 4:00 p.m. (Prevailing Pacific Time)** which deadline may be extended by the Debtors (the “Confirmation Objection Deadline”): (i) counsel to the Debtors: Dentons US LLP, 601 South Figueroa Street, Suite 2500, Los Angeles, CA 90017 (Attn: Tania M. Moyron (taniamoyron@dentons.com)); (ii) counsel to the Committee: Milbank LLP, 2029 Century Park East, 33rd Floor, Los Angeles, CA 90067 (Attn: Mark Shinderman (mshinderman@milbank.com)); (iii) counsel to the Master Trustee and Series 2005 Bond Trustee: Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., One Financial Center, Boston, MA 02111 (Attn: Daniel S. Bleck and Paul Ricotta (dsbleck@mintz.com, pricotta@mintz.com)); (iv) counsel to the Series 2015 Notes Trustee: McDermott Will & Emery LLP, 444 West Lake Street, Suite 4000, Chicago, IL 60606 (Attn: Nathan F. Coco and Megan Preusker (ncoco@mwe.com; mpreusker@mwe.com)); (v) counsel to the Series 2017 Notes Trustee: Maslon, LLP, 3300 Wells Fargo Center, 90 South Seventh Street, Minneapolis, MN 55402 (Attn: Clark Whitmore (clark.whitmore@maslon.com)); (vi) counsel to

1 the MOB Lenders: Jones Day, 250 Vesey Street, New York, NY 10281 (Attn: Bruce Bennett,
2 Benjamin Rosenblum, and Peter Saba (bbennett@jonesday.com, brosenblum@jonesday.com,
3 psaba@jonesday.com); and (vii) counsel to the U.S. Trustee, Office of the United States Trustee,
4 915 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.**

5
6 **ACCESS TO DOCUMENTS AND OTHER QUESTIONS**

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

9 Verity Ballot Processing Center
10 c/o Kurtzman Carson Consultants LLC
222 N. Pacific Coast Highway, Suite 300
11 El Segundo, CA 90245
(888) 249-2741 (domestic)
12 (310) 751-2635 (international)

13 or via e-mail request to:

14 Verityinfo@kccllc.com

15 or on the Bankruptcy Court's website.²

16 **DEADLINE TO FILE ADMINISTRATIVE EXPENSE CLAIMS**

17 28. The Bankruptcy Court has fixed **July 29, 2020**, as the deadline for holders of
18 Administrative Claims to file requests for payment of Administrative Claims arising, or anticipated
19 to arise, between October 7, 2019 and August 12, 2020. Notwithstanding the fact that a Creditor
20 may have provided goods or services to the Debtors and such Claim may be entitled to
21 administrative expense status or listed on the Debtors' books and records, the Plan expressly
22 provides that only Creditors who timely filed proof of an Administrative Claim and such Claim
23 becomes Allowed will be entitled to participate in any distribution as Holders of Administrative
24 Claims.
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).

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

1 Dated: July , 2020

DENTONS US LLP

2
3 By: _____

Samuel R. Maizel
Tania M. Moyron
Nicholas A. Koffroth

4
5 Counsel to the *Debtors and Debtors In*
6 *Possession*

7 Dated: July ___, 2020

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

8
9 By: _____

Paul J. Ricotta
Daniel S. Bleck

10
11 Counsel to *UMB Bank, N.A., as Master*
12 *Indenture Trustee and Wells Fargo Bank,*
13 *National Association, as Indenture Trustee*

14 Dated: July , 2020

MCDERMOTT WILL & EMERY LLP.

15
16 By: _____

Nathan F. Coco
Megan M. Preusker

17
18 Counsel to *U.S. Bank National Association*
19 *solely in its capacity, as the note indenture*
20 *trustee and as the collateral agent under the*
21 *note indenture relating to the 2015 Working*
22 *Capital Notes*

23 Dated: July , 2020

MASLON LLP.

24
25 By: _____

Clark T. Whitmore
Jason Reed

26
27 Counsel to *U.S. Bank National Association*
28 *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

1 [Dated: July , 2020

JONES DAY LLP

2

By: _____

3

Bruce S. Bennett

4

Benjamin Rosenblum

Peter S. Saba

5

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

6

7 Dated: July , 2020

MILBANK LLP

8

By: _____

9

Gregory A. Bray

Mark Shinderman

James C. Behrens

10

11

Counsel to the *Official Committee of Unsecured
Creditors*

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

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

Exhibit C

Form of Notice of Non-Voting Rejecting Status and Confirmation Hearing

**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;

☒ Affects All Debtors

- ☐ 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

Chapter 11 Cases

Hon. Judge Ernest M. Robles

**NOTICE OF (I) APPROVAL OF THE
DISCLOSURE STATEMENT, (II) NON-
VOTING REJECTING STATUS, (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**

Debtors and Debtors In Possession.

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

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

1 SAMUEL R. MAIZEL (Bar No. 189301) PAUL J. RICOTTA (admitted *pro hac vice*)
2 samuel.maizel@dentons.com pricotta@mintz.com
3 TANIA M. MOYRON (Bar No. 235736) DANIEL S. BLECK (admitted *pro hac vice*)
4 tania.moyron@dentons.com dsbleck@mintz.com
5 NICHOLAS A. KOFFROTH (Bar No. 287854) MINTZ, LEVIN, COHN, FERRIS, GLOVSKY
6 nicholas.koffroth@dentons.com AND POPEO, P.C.
7 DENTONS US LLP One Financial Center
8 601 South Figueroa Street, Suite 2500 Boston, Massachusetts 02111
9 Los Angeles, California 90017-5704 Tel: (617) 542-6000 / Fax: (617) 542-2241
10 Tel: (213) 623-9300 / Fax: (213) 623-9924
11 Attorneys for the Chapter 11 Debtors and
12 Debtors In Possession Attorneys for UMB Bank, N.A., as Master
13 Indenture Trustee and Wells Fargo Bank, National
14 Association, as Indenture Trustee
15
16 NATHAN F. COCO (admitted *pro hac vice*) CLARK T. WHITMORE (admitted *pro hac vice*)
17 ncoco@mwe.com clark.whitmore@maslon.com
18 MEGAN M. PREUSKER (admitted *pro hac vice*) JASON REED (admitted *pro hac vice*)
19 mpreusker@mwe.com jason.reed@maslon.com
20 MCDERMOTT WILL & EMERY LLP MASLON LLP
21 444 West Lake Street 90 South Seventh Street
22 Chicago, Illinois 60606-0029 Minneapolis, Minnesota 55402-4140
23 Tel: (312) 372-2000 / Fax: (312) 948-7700 Tel: (312) 372-2000 / Fax: (312) 948-7700
24 Attorneys for U.S. Bank National Association solely Attorneys for U.S. Bank National Association
25 in its capacity, as the note indenture trustee and as solely in its capacity, as the note indenture trustee
26 the collateral agent under the note indenture relating and as the collateral agent under the note indenture
27 to the 2015 Working Capital Notes relating to the 2017 Working Capital Notes
28
[BRUCE S. BENNETT (Bar No. 105430) GREGORY A. BRAY (Bar No. 115367)
bbennett@jonesday.com gbray@milbank.com
BENJAMIN ROSENBLUM (admitted *pro hac vice*) MARK SHINDERMAN (Bar No. 136644)
brosenblum@jonesday.com mshinderman@milbank.com
PETER S. SABA (admitted *pro hac vice*) JAMES C. BEHRENS (Bar No. 280365)
psaba@jonesday.com jbehrens@milbank.com
JONES DAY LLP MILBANK LLP
250 Vesey Street 2029 Century Park East
New York, New York 10281 33rd Floor
Tel: (212) 326-3939 / Fax: (212) 755-7306 Los Angeles, California 90067
Tel: (424) 386-4000 / Fax: (213) 629-5063
Attorneys for Verity MOB Financing, LLC and
Verity MOB Financing II, LLC] Attorneys for the Official Committee of
Unsecured Creditors

PLEASE TAKE NOTICE OF THE FOLLOWING:

APPROVAL OF DISCLOSURE STATEMENT

1. By Order dated July __, 2020 (the “Disclosure Statement Order”) [Docket No. ____], the United States Bankruptcy Court for the Central District of California (the “Bankruptcy Court”) (a) approved the *Disclosure Statement Describing Amended Joint Chapter 11 Plan of Liquidation (Dated June 16, 2020) of the Debtors, the Prepetition Secured Creditors, and the Committee* [Docket No. 4880] (including all exhibits thereto and as amended, modified, or supplemented from time to time, the “Disclosure Statement”) ¹ filed by Verity Health System of California, Inc. (“VHS”) and the above-referenced affiliated debtors, the debtors and debtors in possession in the above-captioned chapter 11 bankruptcy cases (each a “Debtor” and, collectively, the “Debtors”), the Prepetition Secured Creditors, and the Official Committee of Unsecured Creditors (the Committee, and, together with the Debtors and the Prepetition Secured Creditors, the “Plan Proponents”), as containing adequate information within the meaning of § 1125 of Title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the “Bankruptcy Code”) and (b) authorized the Plan Proponents to solicit votes to accept or reject the *Amended Joint Chapter 11 Plan of Liquidation (Dated June 16, 2020) of the Debtors, the Prepetition Secured Creditors, and the Committee* [Docket No. 4879] (including all exhibits thereto, any plan supplement, and as amended, modified, or supplemented from time to time, the “Plan”). All capitalized terms used but not defined herein shall have the same meanings ascribed to them in the Plan, the Disclosure Statement, or the Disclosure Statement Order, as applicable.

2. **YOU ARE OR MIGHT BE THE HOLDER OF CLAIMS AND/OR INTERESTS IN CLASSES OF IMPAIRED CLAIMS AND INTERESTS DEEMED TO REJECT THE PLAN THAT ARE NOT ENTITLED TO VOTE ON THE PLAN. THE FOLLOWING IS A SUMMARY OF THE TREATMENT OF SUCH NON-VOTING CLASSES UNDER THE PLAN.**

Class	Designation	Impairment	Entitled to Vote
11	Subordinated General Unsecured Claims	Impaired	No (deemed to reject)
12	Interests	Impaired	No (deemed to reject)

3. **UNDER THE TERMS OF THE PLAN, HOLDERS OF CLAIMS OR INTERESTS IN CLASSES 11 AND 12 ARE IMPAIRED UNDER THE PLAN AND ARE NOT ENTITLED TO RECEIVE OR RETAIN ANY PROPERTY ON ACCOUNT OF THEIR CLAIMS OR INTERESTS IN THOSE CLASSES AND THEREFORE, PURSUANT TO BANKRUPTCY CODE SECTION 1126(g), ARE (I) DEEMED TO HAVE REJECTED THE PLAN, AND (II) NOT ENTITLED TO VOTE ON THE PLAN.**

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

RELEASE, INJUNCTION, AND EXCULPATION PROVISIONS
CONTAINED IN PLAN

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

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

(d) Debtors' Releases. Pursuant to § 1123(b), and except as otherwise specifically provided in this Plan, for good and valuable consideration, including the service of the Released Parties to facilitate the expeditious liquidation of the Debtors and the consummation of the transactions contemplated by this Plan, on and after the Effective Date, the Released Parties are deemed released and discharged by the Debtors and their Estates from any and all claims, obligations, rights, suits, damages, Causes of Action, remedies, and liabilities whatsoever, including any derivative claims asserted or assertable on behalf of the Debtors, whether known or unknown, foreseen, or unforeseen, existing or herein after arising in law, equity, or otherwise, that the Debtors or their Estates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim or other Person, based on or relating to, or in any manner arising from, in whole or in part, the operation of the Debtors prior to or during the Chapter 11 Cases, the transactions or events giving rise to any Claim that is treated in this Plan, the business or contractual arrangements between the Debtors and any Released Party, 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.

(e) **WAIVER OF LIMITATIONS ON RELEASES.** *THE LAWS OF SOME STATES (FOR EXAMPLE, CALIFORNIA CIVIL CODE § 1542) PROVIDE, IN WORDS OR 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 any other Cause of Action released and discharged under the Plan, including, without limitation, the following actions against any Released Party: (a) commencing, conducting or continuing in any manner, directly or indirectly, any action or other proceeding with respect to a Claim; (b) enforcing, levying, attaching, collecting or otherwise recovering in any manner or by any means, whether directly or indirectly, any judgment, award, decree or order with respect to a Claim; (c) creating, perfecting or enforcing in any manner, directly or indirectly, any lien or encumbrance of any kind with respect to a Claim; (d) asserting any setoff, right of subrogation or recoupment of any kind, directly or indirectly, against any debt, liability or obligation due to the Debtors, the Post-Effective Date Debtors or the Liquidating Trust with respect to a Claim; or (e) commencing, conducting or continuing any proceeding that does not conform to or comply with or is contradictory to the provisions of this Plan; provided, however, that nothing in this injunction shall (i) limit the Holder of an Insured Claim from receiving the treatment set forth in Class 9; or (ii) preclude the Holders of Claims against the Debtors from enforcing any obligations of the Debtors, the Post-Effective Date Debtors, the Liquidating Trust, or the Liquidating Trustee under this Plan and the contracts, instruments, releases and other agreements delivered in connection herewith, including, without limitation, the Confirmation Order, or any other order of the Bankruptcy Court in the Chapter 11 Cases. By accepting a distribution made pursuant to this Plan, each Holder of an Allowed Claim shall be deemed to have specifically consented to the injunctions set forth in this Section.

(b) **Other Injunctions.** *The Post-Effective Date Debtors, the Liquidating Trustee, the Post-Effective Date Committee, the Post-Effective Date Board of Directors, or the Liquidating Trust and their respective members, directors, officers, agents, attorneys, advisors or employees shall not be liable for actions taken or omitted in its or their capacity as, or on behalf of, the Post-Effective Date Debtors, the Post-Effective Date Board of Directors, the Liquidating Trustee, the Post-Effective Date Committee, or the Liquidating Trust (as applicable), except those acts found by Final Order to arise out of its or their willful*

misconduct, gross negligence, fraud, and/or criminal conduct, and each shall be entitled to 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 Effective Date, the administration of the Plan, or the property to be distributed under the Plan), or each Released Party's exercise or discharge of any powers and duties set forth in the Plan, except with respect to the actions found by Final Order to constitute willful misconduct, gross negligence, 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.

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

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

14. 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 account, (y) debt service or redemption reserve, or (z) an escrow or expense reserve account. No beneficial Holder of any Secured 2017 Revenue Notes Claims shall be entitled to receive any 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.

1 c. *Subordination.* Following receipt of the distribution provided in Section
2 4.3(b), all rights held by 2017 Revenue Bond Trustee and/or the Master
3 Trustee under the Intercreditor Agreement shall be deemed satisfied,
4 waived or released by the treatment provided the Plan Settlement and the
5 Plan.

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

8 15. Class 3: Secured 2015 Notes Claims.

9 a. *Classification.* Class 3 consists of the Secured 2015 Revenue Notes Claims.

10 b. *Treatment.* The Secured 2015 Revenue Notes Claims shall be paid in cash
11 on the Effective Date by the Debtors to the 2015 Notes Trustee for
12 distribution in accordance with the 2015 Revenue Notes Indentures in an
13 amount equal to 100% of a single Allowed Claim in the aggregate amount
14 of \$160,000,000, plus (i) accrued, but unpaid postpetition interest, if any, at
15 the rate specified in the 2015 Revenue Note Indentures for each of 2015
16 Revenue Notes Series A, B, C and D, excluding any interest at a default
17 rate, or any applicable redemption or other premium, and (ii) any accrued,
18 but unpaid reasonable, necessary out-of-pocket fees and expenses of the
19 2015 Notes Trustee and the Master Trustee, pursuant to the Final DIP Order
20 and Cash Collateral Orders through and including the Effective Date, less
21 any amounts held by the 2015 Notes Trustee on account of the 2015
22 Revenue Notes in a (x) principal or revenue account, (y) debt service or
23 redemption reserve, or (z) an escrow or expense reserve account. No
24 beneficial Holder of any Secured 2015 Revenue Notes Claims shall be
25 entitled to receive any distribution pursuant to the Plan, except as may be
26 remitted to such holder by the 2015 Notes Trustee.

27 c. *Subordination.* All rights held by 2015 Revenue Bond Trustee and/or the
28 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

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

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 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.

17. 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.

18. 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.

19. 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.

20. 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.

21. 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.

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 stay under § 362 and the injunctions provided under this Plan for the sole and limited purpose of permitting such Holder to seek recovery, if any, as determined and Allowed by an order or judgment by a court of competent jurisdiction or under a settlement or compromise of such Holder's Insured Claim from the 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.

In the event the applicable insurer denies the tender of defense or there are no applicable or available insurance policies, or proceeds from applicable and available insurance policies have been exhausted or are otherwise insufficient to pay in full a Holder's recovery, if any, as determined by an order or judgment by a court of competent jurisdiction or under a settlement or compromise of such Holder's Insured Claim, on account of its Insured Claim, then such Holder shall be entitled to an Allowed Claim equal to the amount of the Allowed Insured Claim less the amount of available proceeds paid such Allowed Insured Claim from the applicable and available Insurance Policies (the "*Insured Deficiency Claim*"). Such Holders' Insured Deficiency Claim shall be treated as an Allowed General Unsecured Claim in Class 10 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

1 hundred percent (100%) of the Allowed Amount of their respective
2 Allowed Insured Deficiency Claim.

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

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

27 22. Class 10: 2016 Data Breach Claims.

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

23 23. Class 11: Subordinated General Unsecured Claims.

- 24 a. *Classification.* Class 11 Claims consists of Subordinated General
25 Unsecured Claims.
26 b. *Treatment.* Holders of Allowed Subordinated General Unsecured Claims
27 shall not receive any recovery from the Debtors on or after the Effective
28 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.

24. 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.

CONFIRMATION HEARING

25. On **August 12, 2020, at 10:00 a.m. (Prevailing Pacific Time)**, or as soon thereafter as counsel may be heard, a hearing (the “Confirmation Hearing”) will be held before the 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 just and appropriate. The Confirmation Hearing may be adjourned from time to time without further notice to creditors or other parties in interest, other than by an announcement of such an adjournment in open court at the Confirmation Hearing or any adjournment thereof, or an appropriate filing with the Bankruptcy Court. The Plan may be modified in accordance with the Bankruptcy Code, the Bankruptcy Rules, the Plan, and other applicable law, without further notice, prior to or as a result of the Confirmation Hearing.

DEADLINE FOR OBJECTIONS TO CONFIRMATION OF THE PLAN

26. Objections, if any, to confirmation of the Plan, including any supporting memoranda, must: (i) be in writing; (ii) comply with the Bankruptcy Rules and the Local Rules; (iii) set forth the name of the objector and the nature and amount of any Claim asserted by the objector against or in the Debtors; (iv) state with particularity the legal and factual bases for the objection and, if practicable, a proposed modification to the Plan that would resolve such objection; and (v) be filed with the Bankruptcy Court, together with proof of service, and served so that they are actually received by the following no later than **July 30, 2020 at 4:00 p.m. (Prevailing Pacific Time)** which deadline may be extended by the Debtors (the “Confirmation Objection Deadline”): (i) counsel to the Debtors: Dentons US LLP, 601 South Figueroa Street, Suite 2500, Los Angeles, CA 90017 (Attn: Tania M. Moyron (taniamoyron@dentons.com)); (ii) counsel to the Committee: Milbank LLP, 2029 Century Park East, 33rd Floor, Los Angeles, CA 90067 (Attn: Mark Shinderman (mshinderman@milbank.com)); (iii) counsel to the Master Trustee and Series 2005 Bond Trustee: Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., One Financial Center, Boston, MA 02111 (Attn: Daniel S. Bleck and Paul Ricotta (dsbleck@mintz.com, pricotta@mintz.com)); (iv) counsel to the Series 2015 Notes Trustee: McDermott Will & Emery LLP, 444 West Lake Street, Suite 4000, Chicago, IL 60606 (Attn: Nathan F. Coco and Megan Preusker (ncoco@mwe.com; mpreusker@mwe.com)); (v) counsel to the Series 2017 Notes Trustee: Maslon, LLP, 3300 Wells Fargo Center, 90 South Seventh Street, Minneapolis, MN 55402 (Attn: Clark Whitmore (clark.whitmore@maslon.com)); (vi) counsel to

1 the MOB Lenders: Jones Day, 250 Vesey Street, New York, NY 10281 (Attn: Bruce Bennett,
2 Benjamin Rosenblum, and Peter Saba (bbennett@jonesday.com, brosenblum@jonesday.com,
3 psaba@jonesday.com); and (vii) counsel to the U.S. Trustee, Office of the United States Trustee,
4 915 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.**

5
6 **ACCESS TO DOCUMENTS AND OTHER QUESTIONS**

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

9 Verity Ballot Processing Center
10 c/o Kurtzman Carson Consultants LLC
222 N. Pacific Coast Highway, Suite 300
11 El Segundo, CA 90245
(888) 249-2741 (domestic)
12 (310) 751-2635 (international)

13 or via e-mail request to:

14 Verityinfo@kccllc.com

15 or on the Bankruptcy Court's website.²

16 **DEADLINE TO FILE ADMINISTRATIVE EXPENSE CLAIMS**

17 28. The Bankruptcy Court has fixed **July 29, 2020**, as the deadline for holders of
18 Administrative Claims to file requests for payment of Administrative Claims arising, or anticipated
19 to arise, between October 7, 2019 and August 12, 2020. Notwithstanding the fact that a Creditor
20 may have provided goods or services to the Debtors and such Claim may be entitled to
21 administrative expense status or listed on the Debtors' books and records, the Plan expressly
22 provides that only Creditors who timely filed proof of an Administrative Claim and such Claim
23 becomes Allowed will be entitled to participate in any distribution as Holders of Administrative
24 Claims.
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).

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

1 Dated: July , 2020

DENTONS US LLP

2
3 By: _____

Samuel R. Maizel
Tania M. Moyron
Nicholas A. Koffroth

4
5 Counsel to the *Debtors and Debtors In Possession*

6 Dated: July ___, 2020

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

7
8 By: _____

9 Paul J. Ricotta
Daniel S. Bleck

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

11
12 Dated: July , 2020

MCDERMOTT WILL & EMERY LLP.

13
14 By: _____

15 Nathan F. Coco
Megan M. Preusker

16 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*

17
18 Dated: July , 2020

MASLON LLP.

19
20 By: _____

21 Clark T. Whitmore
Jason Reed

22 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*

1 [Dated: July , 2020

JONES DAY LLP

2

By: _____

3

Bruce S. Bennett

4

Benjamin Rosenblum

Peter S. Saba

5

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

6

7 Dated: July , 2020

MILBANK LLP

8

By: _____

9

Gregory A. Bray

Mark Shinderman

James C. Behrens

10

11

Counsel to the *Official Committee of Unsecured
Creditors*

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

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

Exhibit D

Form of Administrative Claims Bar Date Notice

SAMUEL R. MAIZEL (Bar No. 189301)
samuel.maizel@dentons.com
TANIA M. MOYRON (Bar No. 235736)
tania.moyron@dentons.com
NICHOLAS A. KOFFROTH (Bar No. 287854)
nicholas.koffroth@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.

- ☒ 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

**NOTICE OF BAR DATE FOR FILING
ADMINISTRATIVE EXPENSE CLAIMS**

BAR DATE: JULY 29, 2020

TO ALL PARTIES HOLDING POTENTIAL ADMINISTRATIVE EXPENSE CLAIMS:

NOTICE OF ADMINISTRATIVE EXPENSE CLAIMS BAR DATE

If you have any questions concerning this Notice, please contact the Debtors' Claim and Noticing Agent, Kurtzman, Carson Consultants LLC ("**KCC**"), by phone at (888) 249-2741. KCC is located at 222 N Pacific Coast Highway, 3rd Floor, El Segundo, CA 90245 and KCC's web address is <http://www.kccllc.net/verityhealth>.

The Bankruptcy Court has set a deadline of **July 29, 2020 at 4:00 p.m. (Pacific Daylight Time)** (the "**Administrative Expense Claims Bar Date**") for holders of Administrative Expense Claims (as defined herein) against 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 assert an Administrative Expense Claim against the Debtors' estates.

An "**Administrative Expense Claim**" is a claim, as that term is defined in § 101(5), against the Debtors or the Debtors' estates pursuant to §§ 503(b) and 507(a)(2), that was incurred, accrued or arose, or is anticipated to be incurred, accrue, or arise during the period from and after October 7, 2019, through August 12, 2020 (the "**Postpetition Period**") including, but not limited to, (i) the actual, necessary costs and expenses of preserving the Debtors' estates and operating the business of the Debtors, including wages, salaries, payments or commissions for services rendered after the commencement of the chapter 11 cases and (ii) claims or causes of action arising after the Petition Date, including obligations due vendors, alleged personal injuries, medical malpractice and employment law claims, among others, whether or not such claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, insured or uninsured, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured.

The delivery of this Notice to you does not mean that you must assert an Administrative Expense Claim. The following entities, whose claims would otherwise be subject to the Administrative Expense Claims Bar Date, need not assert an Administrative Expense Claim (collectively, the "**Excluded Claims**"):

- a) Administrative Expense Claims based upon liabilities that the Debtors incur in the ordinary course of their business to providers of goods and services;
- b) Professional fee claims subject to allowance under § 330;
- c) Professional fee claims for professionals employed by the Prepetition Secured Creditors¹ under paragraph 5(b) of the Final DIP Order;
- d) Claims relating to the assumption and cure of an executory contract under § 365(b);
- e) Administrative Expense Claims arising out of the employment by one or more of the Debtors of an individual from and after the Petition Date, but only to the extent that such Administrative Expense Claim is solely for outstanding wages, commissions, or reimbursement of business expenses; or
- f) U.S. Trustee fees.

¹ As such term is defined in 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* (the "**Final DIP Order**") [Docket No. 409].

1 In order to assert a timely Administrative Expense Claim, a creditor must file a pleading with
2 the Bankruptcy Court on or before the Administrative Expense Claims Bar Date, in which the
3 creditor indicates the amount of its asserted Administrative Expense Claim and attaches as an exhibit
4 all documentary evidence in support of its asserted Administrative Expense Claim and serve that
pleading on counsel for the Debtors, whose names and addresses appear in the upper, left-hand
corner of the first page of this Notice. The creditor is not required to set the matter for hearing.

5 **Failure of a holder of an Administrative Expense Claim (other than an Excluded**
6 **Claim) to timely assert an Administrative Expense Claim on or before the deadline may result**
7 **in disallowance of the claim under the terms of a plan of liquidation without further notice or**
8 **hearing. 11 U.S.C. § 502(b)(9). Creditors may wish to consult an attorney to protect your**
9 **rights.**

10 The foregoing deadlines for the filing of Administrative Expense Claims by the
11 Administrative Expense Claims Bar Date shall not apply to any of the professionals employed in
12 these chapter 11 bankruptcy cases.

13 Dated: July __, 2020

DENTONS US LLP
SAMUEL R. MAIZEL
TANIA M. MOYRON
NICHOLAS A. KOFFROTH

14 By: _____
15 Tania M. Moyron

16 Attorneys for Chapter 11 Debtors and
17 Debtors in Possession
18
19
20
21
22
23
24
25
26
27
28