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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF CALIFORNIA

In re:

BORREGO COMMUNITY
HEALTH FOUNDATION,

Debtor and Debtor in Possession.

Case No. 22-02384-11

Chapter 11 Case

Judge: Honorable Laura S. Taylor

**STIPULATION BY AND AMONG THE
POST-EFFECTIVE DATE DEBTOR,
THE LIQUIDATING TRUSTEE, THE
CO-LIQUIDATING TRUSTEE, AND
THE DEPARTMENT OF TREASURY-
INTERNAL REVENUE SERVICE TO
RESOI**



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Borrego Community Health Foundation, the debtor and debtor in possession (prior to the effective date of the Plan (defined below), the “Debtor,” and after the effective date, the “Post-Effective Date Debtor”) in the above-captioned chapter 11 case, the Liquidating Trustee (the “Liquidating Trustee”) of the Borrego Community Health Foundation Liquidating Trust (the “Liquidating Trust”) established pursuant to the *First Amended Joint Combined Disclosure Statement and Chapter 11 Plan of Liquidation of Borrego Community Health Foundation* [Docket No. 1168] (the “Plan”),¹ confirmed by the order [Docket No. 1273] entered January 25, 2024 (the “Confirmation Order”), and the *Liquidating Trust Agreement*, dated February 14, 2024 (the “Liquidating Trust Agreement”), the Co-Liquidating Trustee of the Liquidating Trust (the “Co-Liquidating Trustee”), and the Department of Treasury - Internal Revenue Service (the “IRS,” and together with the Debtor and the Co-Liquidating Trustee, the “Parties”), hereby enter this *Stipulation By and Among the Post-Effective Date Debtor, the Liquidating Trustee, the Co-Liquidating Trustee, and the Department of Treasury – Internal Revenue Service to Resolve Claim No. 222* (the “Stipulation”). In support of the Stipulation, the Parties refer to the following recitals:

RECITALS

WHEREAS, on September 12, 2022, the Debtor filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) commencing the above referenced bankruptcy case in the United States Bankruptcy Court for the Southern District of California (the “Court”);

WHEREAS, on September 26, 2022, the Office of the United States Trustee appointed the Official Committee of Unsecured Creditors (the “Committee”) [Docket No. 49];

¹ Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Plan.

1 WHEREAS, on September 15, 2022, IRS filed proof of claim No. 1-1,
2 designated on the Kurtzman Carson Consultant LLC (“KCC”) claim registry (the
3 “Official Claims Register”) as Claim No. 1 (“Claim No. 1”), asserting a claim for
4 unpaid prepetition tax obligations;

5 WHEREAS, on or about October 19, 2022, IRS filed amended proof of claim
6 number 1-2, designated on the Official Claims Register as Claim No. 21 (“Claim No.
7 21”);

8 WHEREAS, on or about January 18, 2023, IRS filed amended proof of claim
9 1-3, designated on the Official Claims Register as Claim No. 210 (“Claim No. 210”);

10 WHEREAS, on or about May 10, 2023, IRS filed amended proof of claim 1-4,
11 designated on the Official Claims Register as Claim No. 222 (the “Claim”)²;

12 WHEREAS, the Claim asserts a total unsecured priority claim in the amount of
13 \$1,188,940.74, and an unsecured general claim in the amount of \$75,521.20. The
14 amounts sought in the Claim include estimated liabilities for unfiled federal income
15 tax returns for each of the three tax years ending December 31, 2019, December 31,
16 2021, and December 31, 2022 (the “Income Tax Returns”), and for unfiled excise tax
17 returns for each of four tax periods ending June 30, 2017, March 31, 2020, June 30,
18 2022, and September 30, 2020. The Claim estimates that the amounts due and owing
19 under the Income Tax Returns are as follows:

Income Tax Period	Amount
December 31, 2019	\$29,997.33
December 31, 2021	\$29,997.37
December 31, 2022	\$63,491.91

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27 ² For the avoidance of doubt, the Claim supersedes by amendment Claim Nos. 1, 21, and 210, and
28 is the only operative claim of the IRS.

1 WHEREAS, the amounts due and owing under the Income Tax Returns will be
2 assessed upon the filing of the Income Tax Returns, subject to modification following
3 the IRS's processing of the Income Tax Returns;

4 WHEREAS, IRS acknowledges that Debtor has deposited approximately
5 \$37,185.73 toward its liability for the federal income tax period ending December 31,
6 2019 and approximately \$411,005.25 toward its liability for the federal income tax
7 period ending December 31, 2021 (the "Tax Deposits"); and

8 WHEREAS, the Parties have agreed to resolve the Claim on the terms and
9 conditions set forth hereinbelow.

10 **STIPULATION**

11 1. **Allowed Amount and Classification of Claim No. 222.** Claim No. 222
12 shall be an allowed claim under the Plan (the "Allowed Claim") as follows: (1) a
13 Priority Tax Claim in the amount of \$1,065,454.13; (2) a Class 3 General Unsecured
14 Claim in the amount of \$75,521.20; and (3) the amounts due and owing under the
15 Income Tax Returns as set forth in Paragraph 3.

16 2. **Payment of Outstanding Payroll and Excise Tax Liabilities.** Within
17 thirty (30) days of entry of an Order approving this Stipulation, the Debtor shall pay
18 to IRS the amount of \$1,140,975.33, which payment shall be in full and final
19 satisfaction of the Debtor's outstanding payroll and excise tax liabilities relating to
20 tax periods occurring from January 1, 2017 through December 31, 2022, other than
21 the amounts determined to be due and owing under the Income Tax Returns.

22 3. **Filing of Income Tax Returns; Formal Assessment and Payment of**
23 **Income Taxes.** The Debtor shall file the Income Tax Returns within 90 days of the
24 Order approving this Stipulation.³ Concurrent with filing the Income Tax Returns,
25 Debtor shall pay any tax liability reflected in the Income Tax Returns that exceeds the
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27 ³ For the avoidance of doubt, the Income Tax Returns are the only remaining unfiled income tax
28 returns for which the Liquidating Trustee is responsible to resolve the Claim.

1 Tax Deposits. After the IRS has processed the returns, Debtor shall pay any remaining
2 liability within 45 days of being notified of that remaining liability. To the extent the
3 IRS determines that Debtor's liability is less than the Tax Deposits or any excess
4 amount paid by the Debtor, the IRS shall refund any overpayment to the Liquidating
5 Trust within 90 days of any such determination.

6 4. **Notice to the Liquidating Trust.** All notices by the IRS related to the
7 Income Tax Returns, or any payments to be made by the IRS under this Stipulation,
8 shall be mailed to: Isaac Lee, BCHF Liquidating Trustee, c/o Scott Rinaldi, Ankura
9 Consulting Group, LLC, 2000 K Street NW, 12th Floor, Washington, DC 20006.

10 5. The terms of this Stipulation are based upon the unique facts and
11 circumstances of this case and shall not be used as precedent in any other matter.

12 6. Subject to the Court's approval of this stipulation, upon payment of all
13 tax liabilities, including any adjustments following the IRS's processing of the
14 Income Tax Returns, all of the Debtor's outstanding obligations owing to IRS for tax
15 periods arising from January 1, 2017 through December 31, 2022 will be hereby
16 resolved.

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7. The Court shall retain jurisdiction over all matters relating to the interpretation and enforcement of this Stipulation.

IT IS SO STIPULATED.

Dated: February 27, 2025

DENTONS US LLP
SAMUEL R. MAIZEL
TANIA M. MOYRON

By /s/ Tania M. Moyron
Tania M. Moyron

Attorneys for the Post-Effective Date Debtor
and the Liquidating Trustee

Dated: February 27, 2025

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By /s/ Steven W. Golden
STEVEN W. GOLDEN

Attorneys for Co-Liquidating Trustee

Dated: February 27, 2025

ANDREW R. HADEN
ACTING UNITED STATES ATTORNEY

By /s/ Leslie M. Gardner
LESLIE M. GARDNER

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