

1 SAMUEL R. MAIZEL (Bar No. 189301)  
samuel.maizel@dentons.com  
2 TANIA M. MOYRON (Bar No. 235736)  
tania.moyron@dentons.com  
3 CLAUDE D. MONTGOMERY (Admitted *pro hac vice*)  
claude.montgomery@dentons.com  
4 DENTONS US LLP  
5 601 South Figueroa Street, Suite 2500  
Los Angeles, California 90017-5704  
6 Tel: (213) 623-9300/Fax: (213) 623-9924  
7 Attorneys for the Chapter 11 Debtors  
and Debtors In Possession

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

10 In re  
11 VERITY HEALTH SYSTEM OF  
CALIFORNIA, INC., *et al.*,  
12 Debtors and Debtors In Possession.

Lead Case No. 18-20151  
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  
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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

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

Debtors and Debtors In Possession.

Chapter 11 Cases

Hon. Ernest M. Robles

**STIPULATION TO (A) AMEND THE  
SECOND AMENDED SUPPLEMENTAL  
CASH COLLATERAL ORDER, (B)  
AUTHORIZE CONTINUED USE OF  
CASH COLLATERAL, (C) GRANT  
ADEQUATE PROTECTION,  
(D) MODIFY AUTOMATIC STAY, AND  
(E) GRANT RELATED RELIEF**



1 **STIPULATION**

2 This Stipulation (the "Stipulation") is entered into by and among Verity Health System of  
3 California, Inc. ("VHS"), O'Connor Hospital ("OCH"), Saint Louise Regional Hospital  
4 ("SLRH"), St. Francis Medical Center ("SFMC"), St. Vincent Medical Center ("SVMC"), Seton  
5 Medical Center ("SMC"), Verity Holdings, LLC ("Holdings"), Verity Medical Foundation  
6 ("VMF"), O'Connor Hospital Foundation, Saint Louise Regional Hospital Foundation, St. Francis  
7 Medical Center of Lynwood Medical Foundation, St. Vincent Foundation, St. Vincent Dialysis  
8 Center, Inc., Seton Medical Center Foundation, Verity Business Services, DePaul Ventures, LLC,  
9 and DePaul Ventures-San Jose Dialysis, LLC (collectively, the "Debtors"), as debtors and debtors  
10 in possession in the above captioned chapter 11 cases (collectively, the "Chapter 11 Cases"), on  
11 the one hand, and UMB Bank, N.A., ("UMB Bank") as successor Master Trustee (in such capacity,  
12 the "Master Trustee") under the Master Indenture of Trust dated as of December 1, 2001, as  
13 amended and supplemented (the "Master Indenture"), Wells Fargo Bank National Association  
14 ("Wells Fargo") as bond indenture trustee under the bond indentures relating to the 2005 Bonds  
15 (defined below), U.S. Bank National Association ("U.S. Bank") as the note indenture trustee and  
16 as the collateral agent under each of the note indentures relating to the 2015 Working Capital Notes  
17 (defined below) and the 2017 Working Capital Notes (defined below), respectively (collectively,  
18 the "Working Capital Notes"), and Verity MOB Financing, LLC and Verity MOB Financing II,  
19 LLC (together, the "MOB Lenders") (collectively, the "Prepetition Secured Creditors," and,  
20 together with the Debtors, the "Parties"), on the other hand.

21 **RECITALS**

22 A. **Petition Date.** On August 31, 2018 (the "Petition Date"), each of the Debtors filed  
23 a voluntary petition for relief under chapter 11 of the Bankruptcy Code with the United States  
24 Bankruptcy Court for the Central District of California (the "Court"). The Debtors have continued  
25 in the management and operation of their businesses and properties as debtors in possession  
26  
27  
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1 pursuant to §§ 1107 and 1108.<sup>1</sup> On September 17, 2018, an official committee of unsecured  
2 creditors (the “Committee”) was appointed in these Chapter 11 Cases.

3 **B. Prepetition Secured Credit Facilities.** As of the Petition Date, the Debtors were  
4 indebted and liable to the Prepetition Secured Creditors as follows:

5 (i) The Master Trustee with respect to the MTI Obligations (defined below)  
6 securing the repayment by the Obligated Group (defined below) of its loan obligations with respect  
7 to (1) the California Statewide Communities Development Authority Revenue Bonds (Daughters  
8 of Charity Health System) Series 2005, A, G, and H (the “2005 Bonds”), (2) the California Public  
9 Finance Authority Revenue Notes (Verity Health System) Series 2015 A, B, C and D (the “2015  
10 Working Capital Notes”), and (3) the California Public Finance Authority Revenue Notes (Verity  
11 Health System) Series 2017 A and B (the “2017 Working Capital Notes” and, collectively with  
12 the 2015 Working Capital Notes, the “Working Capital Notes”). The joint and several obligations  
13 issued under the Master Indenture by VHS, OCH, SLRH, SFMC, SVMC, and SMC (collectively,  
14 the “Obligated Group”) in respect of the 2005 Bonds and the Working Capital Notes are  
15 collectively referred to as the “MTI Obligations.” Wells Fargo serves as bond indenture trustee  
16 under the bond indentures relating to the 2005 Bonds. U.S. Bank serves as the note indenture  
17 trustee and as the collateral agent under each of the note indentures relating to the 2015 Working  
18 Capital Notes and the 2017 Working Capital Notes, respectively. The MTI Obligations are secured  
19 by, *inter alia*, security interests granted to the Master Trustee in the prepetition accounts of, and  
20 mortgages on the principal real estate assets of, the members of the Obligated Group. Certain of  
21 the collateral securing the foregoing obligations has been sold by the Obligated Parties, with the  
22 Sales Proceeds (as defined in the Final DIP Order)<sup>2</sup> being held in the Escrow Deposit Accounts

23 \_\_\_\_\_  
24 <sup>1</sup> All references to “§” herein are to sections of the Bankruptcy Code, 11 U.S.C. §§101, *et seq.*  
25 unless otherwise noted. All references to “Rules” are to the Federal Rules of Bankruptcy  
26 Procedure. All references to the “LBR” are to the Local Bankruptcy Rules of the United States  
27 Bankruptcy Court for the Central District of California.

28 <sup>2</sup> The “Final DIP Order” refers to the *Final Order (I) Authorizing Postpetition Financing, (II)*  
*Authorizing Use of Cash Collateral, (III) Granting Liens and Providing Superpriority*

1 as required by the Final DIP Order and the relevant sale orders, including the SCC Sale Order<sup>3</sup> and  
2 the SGM Sale Order.<sup>4</sup>

3 (ii) In addition to the security provided to the Master Trustee to secure the MTI  
4 Obligations, U.S. Bank, as Note Trustee for the 2015 Working Capital Notes and the 2017  
5 Working Capital Notes is secured by, *inter alia*, prepetition first priority liens upon and security  
6 interests in the Obligated Group's accounts and by deeds of trust on the principal real estate assets  
7 of Saint Louise Regional Hospital and St. Francis Medical Center. U.S. Bank as Notes Trustee for  
8 the 2017 Working Capital Notes was also granted a deed of trust, dated as of December 1, 2017,  
9 by Holdings in certain real property located in San Mateo, California to further secure the 2017  
10 Working Capital Notes. Certain of the collateral securing the foregoing obligations has been sold  
11 by the Obligated Parties, with the proceeds thereof currently being held in the Escrow Deposit  
12 Accounts as required by the Final DIP Order.

13 (iii) The MOB Lenders hold security interests in Holdings' accounts, including  
14 rents arising from the prepetition MOB Financing, and mortgages on medical office buildings  
15 owned by Holdings (the "MOB Financing"). The Debtors sold certain of the collateral securing  
16 the MOB Financing, and the proceeds thereof are currently held in the Escrow Deposit Accounts  
17 as required by the Final DIP Order. The Master Trustee, Wells Fargo as bond indenture trustee  
18 for the 2005 Notes, U.S. Bank as indenture trustee for the Working Capital Notes, and the MOB

19 \_\_\_\_\_  
20 *Administrative Expense Status, (IV) Granting Adequate Protection, (V) Modifying Automatic Stay,*  
21 *and (VI) Granting Related Relief*, dated October 4, 2018 [Docket No. 409]. Capitalized terms used  
22 herein and not otherwise defined shall have the meaning ascribed in the Final DIP Order.

23 <sup>3</sup> The "SCC Sale Order" refers to that certain *Order (A) Authorizing the Sale of Certain of the*  
24 *Debtors' Assets to Santa Clara County Free and Clear of Liens, Claims, Encumbrances, and Other*  
25 *Interests; (B) Approving the Assumption and Assignment of an Unexpired Lease Related Thereto;*  
26 *and (C) Granting Related Relief* dated December 27, 2018 [Docket No. 1153].

27 <sup>4</sup> The "SGM Sale Order" refers to that certain *Order (A) Authorizing the Sale of Certain of the*  
28 *Debtors' Assets to Strategic Global Management, Inc. Free and Clear of Liens, Claims,*  
29 *Encumbrances, and Other Interests; (B) Approving the Assumption and Assignment of an*  
30 *Unexpired Lease Related Thereto; and (C) Granting Related Relief* dated May 2, 2019 [Docket  
31 No. 2306].

1 Lenders are each referred to herein as a “Prepetition Secured Creditor,” the MTI Obligations, the  
2 Obligated Group’s loan obligations with respect to the Working Capital Notes, and the MOB  
3 Financing are each referred to herein as a “Prepetition Secured Obligation,” the prepetition  
4 interests (including the liens and security interests) of each Prepetition Secured Creditor in the  
5 property and assets of the Debtors are each referred to herein as such Prepetition Secured  
6 Creditor’s “Prepetition Lien,” and the documents, writings and agreements evidencing the  
7 Prepetition Secured Obligations of each Prepetition Secured Creditor are hereinafter referred to as  
8 the “Prepetition Secured Documents.”

9       D.     **The DIP Financing.** On the Petition Date, the Debtors filed the *Emergency Motion*  
10 *of Debtors for Interim and Final Orders (A) Authorizing the Debtors to Obtain Post Petition*  
11 *Financing (B) Authorizing the Debtors to Use Cash Collateral and (C) Granting Adequate*  
12 *Protection to Prepetition Secured Creditors Pursuant to 11 U.S.C. §§ 105, 363, 364, 1107 and*  
13 *1108* (the “DIP Financing Motion”). Pursuant to the DIP Financing Motion, the Debtors sought,  
14 among other things, entry of an order authorizing the Debtors to enter into a senior secured,  
15 superpriority debtor in possession financing facility (the “DIP Facility”) with Ally Bank, a  
16 subsidiary of Ally Financial, Inc. (in its capacity as agent, the “DIP Agent”) and, in its capacity as  
17 lender, the “DIP Lender”) under the Debtors In Possession Revolving Credit Agreement, dated as  
18 of September 7, 2018, (as amended, supplemented, or otherwise modified and in effect from time  
19 to time, the “DIP Credit Agreement,” and, together with all other agreements, documents, notes  
20 certificates, and instruments executed and/or delivered with, to or in favor of the DIP Lender, the  
21 “DIP Financing Agreements”). On October 4, 2018, the Court entered the Final DIP Order  
22 granting the DIP Financing Motion on a final basis.

23       E.     **The Supplemental Cash Collateral Order.** On August 28, 2019, the Debtors  
24 filed the *Debtors’ Notice of Motion and Motion for Entry of an Order (A) Authorizing the Debtors*  
25 *to Use Cash Collateral and (B) Granting Adequate Protection to Prepetition Secured Creditors*  
26 [Docket No. 2962] (as modified by Docket No. 2968, the “Cash Collateral Motion”). As set forth  
27 more fully in the Cash Collateral Motion, the Debtors sought, pursuant to the terms of a consensual  
28

1 proposed order (the “Cash Collateral Agreement”), authority to, among other things, (i) continue  
2 use of “Escrowed Cash Collateral” (defined below), (ii) grant liens on postpetition accounts and  
3 inventory as adequate protection to the Prepetition Secured Creditors, and (iii) pay off the DIP  
4 Financing. On September 6, 2019, the Court entered the *Final Order (A) Authorizing Continued*  
5 *Use of Cash Collateral, (B) Granting Adequate Protection, (C) Modifying the Automatic Stay, and*  
6 *(D) Granting Related Relief* [Docket No. 3022] (the “Supplemental Cash Collateral Order”)  
7 granting the Cash Collateral Motion and approving the terms of the Cash Collateral Agreement.

8 F. **The First Amended Supplemental Cash Collateral Order.** On December 28,  
9 2019, the Debtors filed the *Stipulation to (A) Amend Cash Collateral Agreement and Supplemental*  
10 *Cash Collateral Order, (B) Authorize Continued Use of Cash Collateral, (C) Grant Adequate*  
11 *Protection, (D) Modify Automatic Stay, and (E) Grant Related Relief* [Docket No. 3871] and the  
12 related supplement [Docket No. 3872] (collectively, the “First Amended Cash Collateral  
13 Stipulation”). As set forth more fully in the First Amended Cash Collateral Stipulation, the Parties  
14 sought authority to, among other things, modify the Supplemental Cash Collateral Order to provide  
15 continued use of cash collateral through January 31, 2020. On December 30, 2019, the Court  
16 entered the *Final Order Approving Stipulation Between the Prepetition Secured Creditors and the*  
17 *Debtors to (A) Amend Cash Collateral Order, (B) Authorize Continued Use of Cash Collateral,*  
18 *(C) Grant Adequate Protection, (D) Modify Automatic Stay, and (E) Grant Related Relief* [Docket  
19 No. 3883] (the “First Amended Supplemental Cash Collateral Order”).

20 G. **The Second Amended Supplemental Cash Collateral Order.** On January 31,  
21 2020, the Debtors filed the *Stipulation to (A) Amend the First Amended Supplemental Cash*  
22 *Collateral Order, (B) Authorize Continued Use of Cash Collateral, (C) Grant Adequate*  
23 *Protection, (D) Modify Automatic Stay, and (E) Grant Related Relief* [Docket No. 4019] (the  
24 “Second Amended Cash Collateral Stipulation”). As set forth more fully in the Second Amended  
25 Cash Collateral Stipulation, the Parties sought authority to, among other things, modify the First  
26 Amended Supplemental Cash Collateral Order to provide continued use of cash collateral through  
27 February 29, 2020. On January 31, 2020, the Court entered the *Final Order Approving Stipulation*  
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1 to (A) Amend the First Amended Supplemental Cash Collateral Order, (B) Authorize Continued  
2 Use of Cash Collateral, (C) Grant Adequate Protection, (D) Modify Automatic Stay, and (E) Grant  
3 Related Relief [Docket No. 4028] (the “Second Amended Supplemental Cash Collateral Order”).

4 H. **Request for Use of Cash Collateral.** The Debtors have advised the Prepetition  
5 Secured Creditors that they have an immediate and continuing need to use cash collateral in order  
6 to continue their operations, continue to serve the Debtors’ mission to provide vital, lifesaving  
7 patient care for vulnerable populations, to administer and preserve the value of their estates until  
8 the anticipated sale and transfer of the remainder of their facilities to one or more acquirers, and  
9 to distribute the assets of the Debtors’ estates to their creditors. The Debtors have requested that  
10 the Prepetition Secured Creditors consent to their continuing use of cash collateral under the Final  
11 DIP Order and additional use of Escrowed Cash Collateral, the use of which is restricted by the  
12 Final DIP Order, the Supplemental Cash Collateral Order, the First Amended Supplemental Cash  
13 Collateral Order, and the Second Amended Supplemental Cash Collateral Order. The Prepetition  
14 Secured Creditors have advised that they are willing to consent to the continuing use of cash  
15 collateral conditioned upon the additional adequate protection and terms of a Third Amended  
16 Supplemental Cash Collateral Order attached hereto as **Exhibit “A”** and compliance with certain  
17 Disposition Milestones attached hereto as **Exhibit “B”** and filed under seal.

18 **AGREEMENT**

19 **NOW, THEREFORE,** pursuant to the agreements reached in connection herewith, and in  
20 consideration of the mutual covenants, agreements and promises set forth herein, and for other  
21 good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged,  
22 the Parties, intending to be legally bound as provided for herein, hereby agree as follows:

23 1. Subject to the continuing protections of the Final DIP Order, the Supplemental Cash  
24 Collateral Order, the First Amended Supplemental Cash Collateral Order, the Second Amended  
25 Supplemental Cash Collateral Order, and the SCC Sale Order, the Prepetition Secured Creditors  
26 consent to the Debtors’ continued use of Cash Collateral subject the terms and conditions of the  
27

1 proposed order attached hereto as **Exhibit “A”** (the “Third Amended Supplemental Cash  
2 Collateral Order”).

3 2. In the event of any inconsistency between the terms of this Stipulation and the Third  
4 Amended Supplemental Cash Collateral Order, the terms of the Third Amended Supplemental  
5 Cash Collateral Order shall govern.

6 3. The Prepetition Secured Creditors expressly reserve all rights and remedies set forth  
7 in the Final DIP Order, including without limitation the Prepetition Replacement Liens and other  
8 adequate protection provided therein, the Supplemental Cash Collateral Order, the First Amended  
9 Supplemental Cash Collateral Order, the Second Amended Supplemental Cash Collateral Order,  
10 and the Intercreditor Agreement. The Prepetition Secured Creditors have entered into this  
11 Stipulation in reliance upon, among other things, paragraph 28 of the Final DIP Order.

12 Dated: February 28, 2020

DENTONS US LLP

13  
14 By: /s/ Tania M. Moyron

15 Samuel R. Maizel  
16 Tania M. Moyron  
17 Claude D. Montgomery

18 Counsel to the *Debtors and Debtors In Possession*

19 Dated: February 28, 2020

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

20  
21 By: \_\_\_\_\_

22 Paul J. Ricotta  
23 Daniel S. Bleck

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



1 proposed order attached hereto as **Exhibit "A"** (the "Third Amended Supplemental Cash  
2 Collateral Order").

3 2. In the event of any inconsistency between the terms of this Stipulation and the Third  
4 Amended Supplemental Cash Collateral Order, the terms of the Third Amended Supplemental  
5 Cash Collateral Order shall govern.

6 3. The Prepetition Secured Creditors expressly reserve all rights and remedies set forth  
7 in the Final DIP Order, including without limitation the Prepetition Replacement Liens and other  
8 adequate protection provided therein, the Supplemental Cash Collateral Order, the First Amended  
9 Supplemental Cash Collateral Order, the Second Amended Supplemental Cash Collateral Order,  
10 and the Intercreditor Agreement. The Prepetition Secured Creditors have entered into this  
11 Stipulation in reliance upon, among other things, paragraph 28 of the Final DIP Order.

12 Dated: February 28, 2020

DENTONS US LLP

14 By: \_\_\_\_\_

15 Samuel R. Maizel  
16 Tania M. Moyron  
17 Claude D. Montgomery

18 Counsel to the *Debtors and Debtors In Possession*

19 Dated: February 28, 2020

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

21 By:  \_\_\_\_\_

22 Paul J. Ricotta  
23 Daniel S. Bleck

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

1 Dated: February 28, 2020

U.S. BANK NATIONAL ASSOCIATION  
solely in its capacities, as the note indenture  
trustee and as the collateral agent under the note  
indentures relating to the 2015 Working Capital  
Notes and the 2017 Working Capital Notes

2  
3  
4  
5 By:

6 Name:

7 Title:

*Sandra Spivey*  
*Sandra Spivey*  
*Vice President*

8 Dated: February 28, 2020

JONES DAY LLP

9  
10 By:

Bruce S. Bennett  
Benjamin Rosenblum  
Peter S. Saba

11  
12  
13 Counsel to *Verity MOB Financing, LLC* and  
14 *Verity MOB Financing II, LLC*

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Dated: February 28, 2020

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solely in its capacities, as the note indenture  
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Notes and the 2017 Working Capital Notes

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Dated: February 28, 2020

JONES DAY

By:  \_\_\_\_\_

Bruce S. Bennett  
Benjamin Rosenblum  
Peter S. Saba

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

**Exhibit A**

**Third Amended Supplemental Cash Collateral Order**

1 SAMUEL R. MAIZEL (Bar No. 189301)  
samuel.maizel@dentons.com  
2 TANIA M. MOYRON (Bar No. 235736)  
tania.moyron@dentons.com  
3 CLAUDE D. MONTGOMERY (Admitted *pro hac vice*)  
claudemontgomery@dentons.com  
4 DENTONS US LLP  
5 601 South Figueroa Street, Suite 2500  
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- 14  Affects All Debtors  
15  Affects O'Connor Hospital  
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Foundation  
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24  Affects St. Vincent Dialysis Center, Inc.  
25  Affects Seton Medical Center Foundation  
26  Affects Verity Business Services  
27  Affects Verity Medical Foundation  
28  Affects Verity Holdings, LLC  
 Affects De Paul Ventures, LLC  
 Affects De Paul Ventures - San Jose Dialysis, LLC  
Debtors and Debtors In Possession.

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Chapter 11 Cases

Hon. Ernest M. Robles

**FINAL ORDER APPROVING STIPULATION TO  
(A) AMEND THE SECOND AMENDED  
SUPPLEMENTAL CASH COLLATERAL  
ORDER, (B) AUTHORIZE CONTINUED USE OF  
CASH COLLATERAL, (C) GRANT ADEQUATE  
PROTECTION, (D) MODIFY AUTOMATIC  
STAY, AND (E) GRANT RELATED RELIEF**

1 On February 28, 2020, the Debtors (defined below) filed the *Stipulation to (A) Amend the*  
2 *Second Amended Supplemental Cash Collateral Order, (B) Authorize Continued Use of Cash*  
3 *Collateral, (C) Grant Adequate Protection, (D) Modify Automatic Stay, and (E) Grant Related*  
4 *Relief* [Docket No. \_\_\_\_\_], (the “**Stipulation**”)<sup>1</sup> entered into by and among Verity Health System  
5 of California, Inc. (“**VHS**”), O’Connor Hospital (“**OCH**”), Saint Louise Regional Hospital  
6 (“**SLRH**”), St. Francis Medical Center (“**SFMC**”), St. Vincent Medical Center (“**SVMC**”), Seton  
7 Medical Center (“**SMC**”), Verity Holdings, LLC (“**Holdings**”), Verity Medical Foundation  
8 (“**VMF**”), O’Connor Hospital Foundation, Saint Louise Regional Hospital Foundation, St. Francis  
9 Medical Center of Lynwood Medical Foundation, St. Vincent Foundation, St. Vincent Dialysis  
10 Center, Inc., Seton Medical Center Foundation, Verity Business Services, DePaul Ventures, LLC,  
11 and DePaul Ventures-San Jose Dialysis, LLC (collectively, the “**Debtors**”), as debtors and debtors  
12 in possession in the above captioned chapter 11 cases (collectively, the “**Chapter 11 Cases**”), on  
13 the one hand, and UMB Bank, N.A., (“**UMB Bank**”) as successor Master Trustee (in such capacity,  
14 the “Master Trustee”) under the Master Indenture of Trust dated as of December 1, 2001, as  
15 amended and supplemented (the “**Master Indenture**”), Wells Fargo Bank National Association  
16 (“Wells Fargo”) as bond indenture trustee under the bond indentures relating to the 2005 Bonds  
17 (defined below), U.S. Bank National Association (“**U.S. Bank**”) as the note indenture trustee and  
18 as the collateral agent under each of the note indentures relating to the 2015 Working Capital Notes  
19 (defined below) and the 2017 Working Capital Notes (defined below), respectively, and Verity  
20 MOB Financing, LLC and Verity MOB Financing II, LLC (together, the “**MOB Lenders**”)  
21 (collectively, the “**Prepetition Secured Creditors**,” and, together with the Debtors, the “**Parties**”),  
22 on the other hand.

23 As set forth more fully in the Stipulation, the Parties agreed to, among other things, entry  
24 of this order (the “**Third Amended Supplemental Cash Collateral Order**”) (i) approving the  
25 Stipulation; (ii) amending and supplementing the Cash Collateral Agreement; (iii) amending and

26 \_\_\_\_\_  
27 <sup>1</sup> Capitalized terms used herein and not otherwise defined shall have the meaning ascribed in the  
28 Stipulation and the Final DIP Order.

1 supplementing the *Final Order (A) Authorizing Continued Use of Cash Collateral, (B) Granting*  
2 *Adequate Protection, (C) Modifying the Automatic Stay, and (D) Granting Related Relief* [Docket  
3 No. 3022] (the “**Supplemental Cash Collateral Order**”); (iv) amending and supplementing the  
4 *Final Order Approving Stipulation Between the Prepetition Secured Creditors and the Debtors to*  
5 *(A) Amend Cash Collateral Order, (B) Authorize Continued Use of Cash Collateral, (C) Grant*  
6 *Adequate Protection, (D) Modify Automatic Stay, and (E) Grant Related Relief* [Docket No. 3883]  
7 (the “**First Amended Supplemental Cash Collateral Order**”); and (v) amending and  
8 supplementing the *Final Order Approving Stipulation to (A) Amend the First Amended*  
9 *Supplemental Cash Collateral Order, (B) Authorize Continued Use of Cash Collateral, (C) Grant*  
10 *Adequate Protection, (D) Modify Automatic Stay, and (E) Grant Related Relief* [Docket No. 4028]  
11 (the “**Second Amended Supplemental Cash Collateral Order**”) pursuant to §§ 105, 361, 362, 363  
12 and 507 of title 11 of the United States Code (the “**Bankruptcy Code**”),<sup>2</sup> Rules 2002 and 4001 of  
13 the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), and Rule 4001-2 of the  
14 Local Bankruptcy Rules for the United States Bankruptcy Court for the Central District of  
15 California (the “**Local Rules**” or “**LBR**”).

16 The Court, having considered the Stipulation, and the exhibits attached thereto, the record  
17 established in connection with the Final DIP Order, the Supplemental Cash Collateral Order, the  
18 First Amended Supplemental Cash Collateral Order, and the Second Amended Supplemental Cash  
19 Collateral Order; the evidence submitted by declaration or testimony adduced and, as applicable,  
20 the arguments of counsel made at the hearings on the Final DIP Order, the Supplemental Cash  
21 Collateral Order, the First Amended Supplemental Cash Collateral Order, and the Second  
22 Amended Supplemental Cash Collateral Order; and due and proper notice of the Stipulation having  
23 been provided in accordance with Bankruptcy Rules 2002, 4001(b) and (d), and Bankruptcy Rule  
24 9014, and LBR 4001-2, and no other or further notice being required under the circumstances; and,  
25 pursuant to Bankruptcy Rule 4001(d)(4), the Court having found that the procedures described in

26 \_\_\_\_\_  
27 <sup>2</sup> Unless specified otherwise, all chapter and section references are to the Bankruptcy Code, 11  
28 U.S.C. §§ 101, et seq., as amended.

1 Bankruptcy Rule 4001(d)(1)-(3) shall not apply and that the Stipulation may be approved without  
2 further notice because notice of the Stipulation was sufficient to afford reasonable notice of the  
3 material provisions of the Stipulation and the Third Amended Supplemental Cash Collateral Order  
4 and an opportunity for a hearing; and it appearing that approval of the relief requested in the  
5 Stipulation is necessary to avoid immediate and irreparable harm to the Debtors and is otherwise  
6 fair and reasonable and in the best interests of the Debtors, their estates and their creditors, and is  
7 essential for the preservation of the value of the Debtors' assets; and all objections, if any, to the  
8 entry of this Third Amended Supplemental Cash Collateral Order having been withdrawn, resolved  
9 or overruled by the Court; and after due deliberation and consideration, and for good and sufficient  
10 cause appearing therefor:

11 **BASED UPON THE RECORD OF THESE BANKRUPTCY CASES, THE COURT**  
12 **MAKES THE FOLLOWING FINDINGS OF FACT AND CONCLUSIONS OF LAW:<sup>3</sup>**

13 A. **Petition Date.** On August 31, 2018 (the "***Petition Date***"), each of the Debtors filed  
14 a voluntary petition for relief under chapter 11 of the Bankruptcy Code with the United States  
15 Bankruptcy Court for the Central District of California (the "***Court***"). The Debtors have  
16 continued in the management and operation of their businesses and properties as debtors in  
17 possession pursuant to §§ 1107 and 1108. On September 17, 2018, an official committee of  
18 unsecured creditors (the "***Committee***") was appointed in these Chapter 11 Cases.

19 B. **Jurisdiction and Venue.** This Court has jurisdiction over the Chapter 11 Cases,  
20 the Stipulation, and the Parties and property affected hereby pursuant to 28 U.S.C. §§ 157(b) and  
21 1334(b), and over the persons and property affected hereby. Consideration of the Stipulation  
22 constitutes a core proceeding as defined in 28 U.S.C. § 157(b)(2). Venue for these Chapter 11  
23

24  
25 <sup>3</sup> The findings and conclusions set forth herein constitute the Court's findings of fact and  
26 conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant  
27 to Bankruptcy Rule 9014. To the extent that any of the following findings of fact constitute  
28 conclusions of law, they are adopted as such. To the extent any of the following conclusions of  
law constitute findings of fact, they are adopted as such.



1 Cases and the proceedings on the Stipulation is proper before this district pursuant to 28 U.S.C.  
2 §§ 1408 and 1409.

3 C. **Prepetition Secured Credit Facilities.** As of the Petition Date, the Debtors were  
4 indebted and liable to the Prepetition Secured Creditors as follows:

5 (i) The Master Trustee with respect to the MTI Obligations (defined below)  
6 securing the repayment by the Obligated Group (defined below) of its loan obligations with respect  
7 to (1) the California Statewide Communities Development Authority Revenue Bonds (Daughters  
8 of Charity Health System) Series 2005, A, G, and H (the “**2005 Bonds**”), (2) the California Public  
9 Finance Authority Revenue Notes (Verity Health System) Series 2015 A, B, C and D (the “**2015**  
10 **Working Capital Notes**”), and (3) the California Public Finance Authority Revenue Notes (Verity  
11 Health System) Series 2017 A and B (the “**2017 Working Capital Notes**” and, collectively with  
12 the 2015 Working Capital Notes, the “**Working Capital Notes**”). The joint and several obligations  
13 issued under the Master Indenture by VHS, OCH, SLRH, SFMC, SVMC, and SMC (collectively,  
14 the “**Obligated Group**”) in respect of the 2005 Bonds and the Working Capital Notes are  
15 collectively referred to as the “**MTI Obligations.**” Wells Fargo serves as bond indenture trustee  
16 under the bond indentures relating to the 2005 Bonds. U.S. Bank serves as the note indenture  
17 trustee and as the collateral agent under each of the note indentures relating to the 2015 Working  
18 Capital Notes and the 2017 Working Capital Notes, respectively. The MTI Obligations are secured  
19 by, *inter alia*, security interests granted to the Master Trustee in the prepetition accounts of, and  
20 mortgages on the principal real estate assets of, the members of the Obligated Group. Certain of  
21 the collateral securing the foregoing obligations has been sold by the Obligated Parties, with the  
22 Sales Proceeds (as defined in the Final DIP Order) being held in the Escrow Deposit Accounts as  
23 required by the Final DIP Order and the sale orders [Docket Nos. 1153, 2306] (each a “**Sale**  
24 **Order**”).

25 (ii) In addition to the security provided to the Master Trustee to secure the MTI  
26 Obligations, U.S. Bank, as Note Trustee for the 2015 Working Capital Notes and the 2017  
27 Working Capital Notes is secured by, *inter alia*, prepetition first priority liens upon and security  
28

1 interests in the Obligated Group’s accounts and by deeds of trust on the principal real estate assets  
2 of Saint Louise Regional Hospital and St. Francis Medical Center. U.S. Bank as Notes Trustee for  
3 the 2017 Working Capital Notes was also granted a deed of trust, dated as of December 1, 2017,  
4 by Holdings in certain real property located in San Mateo, California to further secure the 2017  
5 Working Capital Notes. Certain of the collateral securing the foregoing obligations has been sold  
6 by the Obligated Parties, with the proceeds thereof currently being held in the Escrow Deposit  
7 Accounts as required by the Final DIP Order.

8 (iii) The MOB Lenders hold security interests in Holdings’ accounts, including  
9 rents arising from the prepetition MOB Financing, and mortgages on medical office buildings  
10 owned by Holdings (the “**MOB Financing**”). The Debtors sold certain of the collateral securing  
11 the MOB Financing, and the proceeds thereof are currently held in the Escrow Deposit Accounts  
12 as required by the Final DIP Order. The Master Trustee, Wells Fargo as bond indenture trustee  
13 for the 2005 Notes, U.S. Bank as indenture trustee for the Working Capital Notes, and the MOB  
14 Lenders are each referred to herein as a “**Prepetition Secured Creditor**,” the MTI Obligations, the  
15 Obligated Group’s loan obligations with respect to the Working Capital Notes, and the MOB  
16 Financing are each referred to herein as a “**Prepetition Secured Obligation**,” the prepetition  
17 interests (including the liens and security interests) of each Prepetition Secured Creditor in the  
18 property and assets of the Debtors are each referred to herein as such Prepetition Secured  
19 Creditor’s “**Prepetition Lien**,” and the documents, writings and agreements evidencing the  
20 Prepetition Secured Obligations of each Prepetition Secured Creditor are hereinafter referred to as  
21 the “**Prepetition Secured Documents**.”

22 D. **Prepetition Collateral**. In order to secure each Prepetition Secured Creditor’s  
23 Prepetition Secured Obligations, the Debtors, excluding the Philanthropic Foundations, granted  
24 the Prepetition Liens to the Prepetition Secured Creditors as provided and described in each of  
25 the Prepetition Secured Creditor’s respective Prepetition Secured Documents. The assets subject  
26 to the Prepetition Liens (the “**Prepetition Collateral**”) constitute substantially all of the assets of  
27 the Debtors, excluding cash and assets of the Philanthropic Foundations.

1 E. **Intercreditor Agreement.** Pursuant to § 510(a) and the Final DIP Order, the  
2 Second Amended and Restated Intercreditor Agreement, dated December 1, 2017 (the  
3 “*Intercreditor Agreement*”), and any other applicable intercreditor or subordination provisions  
4 contained in any of the Prepetition Secured Documents (i) shall remain in full force and effect  
5 with respect to the prepetition and post-petition assets of the Debtors as provided thereunder,  
6 including the Escrowed Cash Collateral, (ii) shall continue to govern the relative priorities, rights  
7 and remedies of the Prepetition Secured Creditors, including with respect to their Prepetition  
8 Liens, all liens granted to them pursuant to the Final DIP Order, the Supplemental Cash Collateral  
9 Lien granted pursuant to the terms of the Supplemental Cash Collateral Order, the First Amended  
10 Supplemental Cash Collateral Order, the Second Amended Supplemental Cash Collateral Order,  
11 and this Third Amended Supplemental Cash Collateral Order, and (iii) shall not be deemed to be  
12 amended, altered or modified by the terms of this Third Amended Supplemental Cash Collateral  
13 Order, the Second Amended Supplemental Cash Collateral Order, the First Amended  
14 Supplemental Cash Collateral Order, the Final DIP Order, or the Supplemental Cash Collateral  
15 Order. No party has waived any rights or remedies under the Intercreditor Agreement by virtue  
16 of the entry of this Third Amended Supplemental Cash Collateral Order.

17 F. **Escrow Deposit Account Balances.** As a result of the Court’s approval of the  
18 sales of certain assets by OCH, SLRH, VHS, Holdings, and VMF, and the deposit of the related  
19 Sales Proceeds into the Escrow Deposit Accounts, as of February 28, 2020, five Escrow Deposit  
20 Accounts held an aggregate amount of \$11,000,553.94 as follows: (1) OCH Santa Clara Sales  
21 Proceeds—\$0.00; (2) SLRH Santa Clara Sales Proceeds—\$0.00; (3) VH Santa Clara Sales  
22 Proceeds—\$8,729,660.35; (4) VMF Sales Proceeds—\$2,270,893.59, and (5) VHS Santa Clara  
23 Sales Proceeds—\$0.00 (collectively, the amount of the Debtors’ “*Escrowed Cash Collateral*”).  
24 As of February 28, 2020, Chicago Title Insurance Company held approximately \$23,350,000 as  
25 post-closing escrow agent for the seller (i.e., the Debtors) and the purchaser (i.e., Santa Clara  
26 County), pursuant to that certain asset purchase agreement, some or all of which is subject to  
27 disbursement to the Debtors on or after March 2, 2020 as OCH Santa Clara Sales Proceeds, SLRH  
28

1 Santa Clara Sales Proceeds, VH Santa Clara Sales Proceeds and VHS Santa Clara Sales Proceeds  
2 (collectively, the “*Post-Closing Adjustment Funds*”). The Post-Closing Adjustment Funds  
3 constitute Sales Proceeds and, upon release by Chicago Title Insurance Company to the Debtors,  
4 shall be transferred to the Escrow Deposit Accounts of OCH, SLRH, Holdings and VHS in  
5 accordance with Paragraph 4 of the Final DIP Order, shall be deemed to be Escrowed Cash  
6 Collateral, and shall be separately accounted for on the books and records of the Debtors; provided,  
7 however, notwithstanding anything to the contrary contained herein, no portion of the Post-Closing  
8 Adjustment Funds shall be utilized by the Debtors or released from any Escrow Deposit Account  
9 until further order of the Court.. No portion of the Escrowed Cash Collateral constitutes the  
10 proceeds of any of the Debtors’ accounts receivable, including pre or postpetition QAF.  
11 Notwithstanding the foregoing, nothing in this paragraph or this Third Amended Supplemental  
12 Cash Collateral Order shall waive or limit the rights of the Prepetition Secured Creditors or the  
13 Committee to challenge the allocation of the Sale Proceeds held in the Escrow Deposit Accounts  
14 (including the right to seek a reallocation thereof), and this Third Amended Supplemental Cash  
15 Collateral Order shall be subject to the reservations of rights in Paragraph 4 of the Final DIP Order.

16 **G. Establishment of VHS-Disbursement Account.** Pursuant to the terms of the DIP  
17 Financing, the Debtors established a deposit account at Bank of America for the purpose of  
18 receiving draws under the DIP Credit Agreement denominated the “VHS - DIP Loan Proceeds  
19 Account.” Such deposit account did not exist on the Petition Date. In connection with the Cash  
20 Collateral Agreement, the Debtors determined in their reasonable business judgement that, upon  
21 funding of the Payoff Amount pursuant to the Supplemental Cash Collateral Order, the account  
22 should be renamed the “VHS-Disbursement Account.” Also as a result of the DIP Financing, the  
23 Debtors established a concentration deposit account for purposes of remitting cash receipts from  
24 each Debtor to the DIP Agent denominated the “VHS - Concentration Account.” The Debtors  
25 determined in the reasonable exercise of their business judgment that, following the transfer of  
26 funds from the OCH Escrow Deposit Account to satisfy the Payoff Amount, the VHS -  
27 Disbursement Account is the appropriate deposit account into which (i) all Permitted Withdrawals

1 from the Escrow Deposit Accounts, and (ii) all collections on pre and postpetition accounts  
2 receivables, including but not limited to patient receivables, governmental receivables and lease  
3 rents should be deposited. In connection with the Cash Collateral Agreement, the Prepetition  
4 Secured Creditors requested use of a single disbursement account to trace intercompany advances  
5 using cash collateral and have consented to the above described modifications of the Final DIP  
6 Order and the Cash Management Order.<sup>4</sup> The Court approved this request and modifications by  
7 entry of the Supplemental Cash Collateral Order. As of February 28, 2020, the VHS-Disbursement  
8 Account held \$5,835,228.55.

9 H. **Satisfaction of the DIP Obligations and Consent to Use of Escrowed Cash**  
10 **Collateral.**

11 (i) **Termination Date Under the Second Amended Supplemental Cash**  
12 **Collateral Order.** Pursuant to the terms of the Second Amended Supplemental Cash Collateral  
13 Order, Debtors' authority to use Escrowed Cash Collateral terminates on the earliest of: (i)  
14 February 29, 2020; (ii) the date of any stay, revocation, reversal, amendment or other modification,  
15 in whole or in part, of the Final DIP Order, the Supplemental Cash Collateral Order, the First  
16 Amended Supplemental Cash Collateral Order, or the Second Amended Supplemental Cash  
17 Collateral Order; (iii) the occurrence of an Event of Default (as defined in the Second Amended  
18 Supplemental Cash Collateral Order); (iv) the substantial consummation (as defined in § 1101 and  
19 which for purposes hereof shall be no later than the "effective date") of a plan of reorganization  
20 filed in the Chapter 11 Cases that is confirmed pursuant to an order entered by the Court; and  
21 (v) the date the Court orders the conversion of the Chapter 11 Cases to a Chapter 7 liquidation or  
22  
23

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24 <sup>4</sup> "**Cash Management Order**" refers to the *Final Order Granting Emergency Motion of the*  
25 *Debtors to Authorize (1) Continued Use of Existing Cash Management System, Bank Accounts and*  
26 *Business Forms; (2) Implement Changes to the Cash Management System in the Ordinary Course*  
27 *of Business; (3) Continue Intercompany Transactions; (4) Provide Administrative Expense*  
28 *Priority for Postpetition Intercompany Claims and (5) Obtain Related Relief* entered October 31,  
2018 [Docket No. 738].

1 the dismissal of the Chapter 11 Cases or the appointment of a trustee or examiner with expanded  
2 power in the Chapter 11 Cases.

3 (ii) **Need for Cash; Good Cause.** An immediate and continuing need exists  
4 for the Debtors to use Cash Collateral, including Escrowed Cash Collateral and Replacement Cash  
5 Collateral, in order to continue operations, continue to serve the Debtors' mission to provide vital,  
6 lifesaving patient care for vulnerable populations, to administer and preserve the value of their  
7 estates until the anticipated sale and transfer of the remainder of their facilities to an acquirer, or  
8 other disposition, and to distribute the assets of the Debtors' estates to their creditors. The ability  
9 of the Debtors to finance their operations, to preserve and maintain the value of the Debtors' assets,  
10 or other disposition, and to maximize a return for creditors requires the availability of working  
11 capital, the absence of which would immediately and irreparably harm the Debtors, their estates  
12 and their creditors and the sale of the Debtors' assets, or other disposition, as a going concern or  
13 otherwise. Pursuant to the terms of the Cash Collateral Agreement, the First Amended  
14 Supplemental Cash Collateral Order, and the Second Amended Supplemental Cash Collateral  
15 Order, the termination date for consensual use of cash collateral is February 29, 2020. Pursuant to  
16 this Third Amended Supplemental Cash Collateral Order, the Debtors will be able to continue to  
17 use Cash Collateral, including Escrowed Cash Collateral and Replacement Cash Collateral, to  
18 ensure that the Debtors have access to sufficient funds necessary to continue to operate their  
19 businesses and dispose of their assets. Accordingly, good cause has been shown for the entry of  
20 this Third Amended Supplemental Cash Collateral Order and approval of the Stipulation, and the  
21 use of the Cash Collateral, including Escrowed Cash Collateral and Replacement Cash Collateral,  
22 is in the best interests of the Debtors, their estates, and their creditors.

23 (iii) **Consent to Use Of Escrowed Cash Collateral.** Notwithstanding Sections  
24 M and Paragraph 4 of the Final DIP Order requiring the escrow and segregation of proceeds of the  
25 sale of certain hospital facilities and related assets of the Debtors, the Prepetition Secured Creditors  
26 consent to the use of the Escrowed Cash Collateral as provided in this Third Amended  
27 Supplemental Cash Collateral Order in consideration of the additional adequate protection  
28

1 provided hereby, and the Debtors, the Committee and the Prepetition Secured Creditors agree that  
2 such use shall not constitute a violation of the Final DIP Order.

3 I. **Use of Cash Collateral.** The Cash Collateral of the Prepetition Secured Creditors,  
4 including the Escrowed Cash Collateral, is to be used by the Debtors until the occurrence of a  
5 Termination Date (as defined herein) in accordance with that certain budget, as modified from  
6 time to time as permitted herein, attached hereto as *Exhibit A* (the “*Cash Collateral Budget*”).  
7 The Cash Collateral Budget shall be deemed to include any variances set forth therein or as  
8 permitted by the terms of the DIP Credit Agreement as in effect immediately prior to the payment  
9 of the Payoff Amount, including but not limited to the Maximum Budget Variance as follows: the  
10 Debtors shall not permit (a) the aggregate actual disbursements under the Cash Collateral Budget  
11 for any consecutive four (4) week period ending on the then most recent Saturday (taken as one  
12 accounting period), as tested weekly (the “*Test Period*”), to exceed the aggregate budgeted  
13 disbursements for such Test Period by more than seven and one half percent (7.5%) of the  
14 aggregate budgeted amount for such Test Period; provided that with respect to the foregoing clause  
15 (a), the amount by which the actual disbursements thereunder during such period are less than the  
16 relevant budgeted disbursements may be carried forward to reduce the disbursements under clause  
17 (a) in the next succeeding periods until used in full; or (b) aggregate actual cash receipts under the  
18 Cash Collateral Budget for any Test Period (as tested weekly) to be less ninety-two and one half  
19 percent (92.5%) of the aggregate budgeted cash receipts for such Test Period; provided further,  
20 that, with respect to the foregoing clause (b), the amount by which the actual cash receipts  
21 thereunder during such period are greater than the relevant budgeted cash receipts may be carried  
22 forward to increase the cash receipts under clause (b) in the next succeeding periods until used in  
23 full. For the avoidance of doubt, the aggregate cash receipts and the aggregate cash disbursements  
24 carryforward balances (each as defined in the DIP Credit Agreement) existing immediately prior  
25 to February 28, 2020 will continue to carryforward for purposes of the Cash Collateral Budget  
26 under this Third Amended Supplemental Cash Collateral Order.

1 J. **Supplemental Adequate Protection for Use of Escrowed Cash Collateral.**

2 Each of the Prepetition Secured Creditors is entitled to Supplemental Adequate Protection (as  
3 defined below) pursuant to §§ 361 and 363 for its respective interest in each dollar of the  
4 Escrowed Cash Collateral that is withdrawn from the VHS-Disbursement Account.

5 K. **Continuation of Existing Adequate Protection Under the Final DIP Order.** In

6 addition to Supplemental Adequate Protection, as provided in this Third Amended Supplemental  
7 Cash Collateral Order, the Prepetition Secured Creditors remain entitled to adequate protection,  
8 as set forth in the Final DIP Order, the Supplemental Cash Collateral Order, the First Amended  
9 Supplemental Cash Collateral Order, and the Second Amended Supplemental Cash Collateral  
10 Order pursuant to §§ 361 and 363, for any Diminution in Value of their respective interests in the  
11 Prepetition Collateral, including, without limitation, their respective interests in the Escrowed  
12 Cash Collateral and Replacement Cash Collateral.

13 L. **Relief Essential; Best Interest; Good Cause; Good Faith.** The relief requested

14 in the Stipulation (and as provided in this Third Amended Supplemental Cash Collateral Order)  
15 is necessary, essential, and appropriate for the preservation of the Debtors' assets, business and  
16 property, or the disposition thereof, and is in the best interest of the Debtors' estates. Good cause  
17 has been shown for the relief requested in the Stipulation (and as provided in this Third Amended  
18 Supplemental Cash Collateral Order). The Supplemental Adequate Protection has in all respects  
19 been negotiated in good faith by the Debtors and the Prepetition Secured Creditors.

20 **NOW, THEREFORE**, on the terms of the Stipulation and the record before this Court  
21 with respect to the Stipulation, and with the consent of the Debtors and the Prepetition Secured  
22 Creditors to the form and entry of this Third Amended Supplemental Cash Collateral Order, and  
23 good and sufficient cause appearing therefor,

24 **IT IS HEREBY ORDERED, ADJUDGED AND DECREED:**

25 **1. Stipulation Approved.** The Stipulation is APPROVED on a final basis in  
26 accordance with the terms and conditions set forth in this Third Amended Supplemental Cash  
27 Collateral Order. The terms of the Cash Collateral Agreement, the Supplemental Cash Collateral  
28



1 Order, the First Amended Supplemental Cash Collateral Order, and the Second Amended  
2 Supplemental Cash Collateral Order are hereby amended and supplemented solely to the extent  
3 set forth herein. In the event of any inconsistency between the terms of the Stipulation and this  
4 Third Amended Supplemental Cash Collateral Order, the terms of this Third Amended  
5 Supplemental Cash Collateral Order shall govern.

6 **2. Objections Overruled.** Any objections to the Stipulation with respect to entry of  
7 this Third Amended Supplemental Cash Collateral Order to the extent not withdrawn, waived or  
8 otherwise resolved, and all reservations of rights included therein, are hereby denied and overruled.

9 **3. Authorization to Use Cash Collateral.** The Debtors are authorized to use Cash  
10 Collateral, Escrowed Cash Collateral, and Replacement Cash Collateral<sup>5</sup> in the amounts and at the  
11 times specified in, and strictly in compliance with, the Cash Collateral Budget, as modified from  
12 time to time as permitted herein until the occurrence of the Termination Date; provided, that, the  
13 Debtors shall first use funds from cash receipts other than Escrowed Cash Collateral and then, if  
14 such cash receipts are insufficient to pay amounts permitted by the Cash Collateral Budget, draw  
15 funds from the Escrow Deposit Accounts in the following order: (i) OCH; (ii) SLRH; (iii) VHS;  
16 (iv) Holdings; and (v) VMF; provided, further, however, notwithstanding anything to the contrary  
17 contained herein, the Debtors are not granted authorization to use any portion of the Post-Closing  
18 Adjustment Funds, and no portion of the Post-Closing Adjustment Funds shall be utilized by the  
19 Debtors or released from any Escrow Deposit Account until further order of the Court. Prior to  
20 any use of Cash Collateral, Escrowed Cash Collateral, or Replacement Cash Collateral, the  
21 Debtors shall transfer to the VHS-Disbursement Account all pre and postpetition cash receipts,  
22 including but not limited to all collected patient receivables, governmental receivables and lease  
23 rents.

24  
25  
26 <sup>5</sup> “**Replacement Cash Collateral**” means cash collateral, to the extent not already Cash Collateral  
27 (as defined in the Final DIP Order), that is the subject of a Prepetition Replacement Lien or a  
28 Supplemental Cash Collateral Lien of the Prepetition Secured Creditors.

1           **4. Adequate Protection for Use of Escrowed Cash Collateral and Replacement**

2 **Cash Collateral.** Nothing contained in this Third Amended Supplemental Cash Collateral Order  
3 shall terminate, restrict or modify the adequate protection granted to the Prepetition Secured  
4 Creditors pursuant to the Final DIP Order, the Supplemental Cash Collateral Order, the First  
5 Amended Supplemental Cash Collateral Order, or the Second Amended Supplemental Cash  
6 Collateral Order (the “*Existing Adequate Protection*”) on account of the use of Cash Collateral,  
7 Escrowed Cash Collateral, or Replacement Cash Collateral. In addition to the Existing Adequate  
8 Protection provided to the Prepetition Secured Creditors in the Final DIP Order, the Supplemental  
9 Cash Collateral Order, the First Amended Supplemental Cash Collateral Order, and the Second  
10 Amended Supplemental Cash Collateral Order, and in consideration for the Prepetition Secured  
11 Creditors’ consent to the continued use of Cash Collateral, Escrowed Cash Collateral, and  
12 Replacement Cash Collateral, the Prepetition Secured Creditors shall also be entitled to the  
13 following rights and benefits as adequate protection (“*Supplemental Adequate Protection*”) pursuant to §§ 361 and 363 on account of the use of the Escrowed Cash Collateral pursuant to the  
14 terms of this Third Amended Supplemental Cash Collateral Order as follows:  
15

16           (a) To the extent of its interests in any Escrowed Cash Collateral that is withdrawn  
17 from the Escrow Deposit Accounts (which interests shall be determined in accordance with  
18 the Final DIP Order, the Supplemental Cash Collateral Order, the First Amended  
19 Supplemental Cash Collateral Order, the Second Amended Supplemental Cash Collateral  
20 Order, and any applicable Sale Order, and fully subject to the rights of the parties to the  
21 Intercreditor Agreement) on and after the date of entry of this Third Amended  
22 Supplemental Cash Collateral Order, each of the Prepetition Secured Creditors shall be  
23 granted a fully perfected, first priority lien and security interest (the “*Supplemental Cash*  
24 *Collateral Lien*”) in all property and assets of the Debtors, of any kind or nature, whether  
25 now existing or hereafter arising, excluding the proceeds of any Avoidance Actions;  
26 provided, however, such Supplemental Cash Collateral Lien (i) shall have the same relative  
27 scope, validity, priority, force and effect as the Supplemental Cash Collateral Liens as have  
28

1 been granted by the Supplemental Cash Collateral Order, the First Amended Supplemental  
2 Cash Collateral Order, and the Second Amended Supplemental Cash Collateral Order, (ii)  
3 shall be subject and subordinate to any Prepetition Lien held by any of the Prepetition  
4 Secured Creditors in respect of each such creditors' respective Prepetition Collateral, (iii)  
5 shall be subject to the Carve Out (as defined in the Supplemental Cash Collateral Order  
6 and as modified by the First Amended Supplemental Cash Collateral Order and the Second  
7 Amended Supplemental Cash Collateral Order), and, (iv) for the avoidance of doubt, shall  
8 be subject to subparagraphs 4(b), (c), and (d), below.

9 (b) The Supplemental Cash Collateral Lien granted herein to any of the Prepetition  
10 Secured Creditors hereunder shall, for each dollar of the Escrowed Cash Collateral  
11 withdrawn from any of the Escrow Deposit Accounts, have the same relative priority  
12 among them as the Prepetition Replacement Liens as and to the same extent set forth in  
13 Paragraph 5 of the Final DIP Order.

14 (c) The interest of each Prepetition Secured Creditor in the Supplemental Cash  
15 Collateral Lien shall be equal in dollar amount to the interest of each such Prepetition  
16 Secured Creditor in the Escrowed Cash Collateral as such interest existed immediately  
17 prior to withdrawal of the Escrowed Cash Collateral from the Escrow Deposit Accounts,  
18 and the relative rights and priorities of such interests shall be determined and governed by  
19 the rights, priorities, and obligations between or among such Prepetition Secured Creditors  
20 as set forth in the Final DIP Order (including, but not limited to, Paragraph 5 thereof) and  
21 the Intercreditor Agreement.

22 (d) Nothing contained in paragraph 4(a)-(c) herein or otherwise in this Third Amended  
23 Supplemental Cash Collateral Order or the Stipulation is intended to, or shall constitute a  
24 modification of the rights, obligations, or priorities of any Prepetition Secured Creditor as  
25 they exist under the Final DIP Order (including, but not limited to, with respect to the  
26 Prepetition Replacement Liens and other adequate protections granted pursuant to  
27 Paragraph 5 thereof), the Supplemental Cash Collateral Order, the First Amended  
28

1 Supplemental Cash Collateral Order, the Second Amended Supplemental Cash Collateral  
2 Order, and the Intercreditor Agreement.

3 **5. Continuation of Existing Adequate Protection Pursuant to the Final DIP**  
4 **Order, the Supplemental Cash Collateral Order, the First Amended Supplemental Cash**  
5 **Collateral Order, and the Second Amended Supplemental Cash Collateral Order.** All

6 Existing Adequate Protection granted to the Prepetition Secured Creditors in the Final DIP Order,  
7 the Supplemental Cash Collateral Order, the First Amended Supplemental Cash Collateral Order,  
8 and the Second Amended Supplemental Cash Collateral Order whether on account of the use of  
9 Cash Collateral, the Escrowed Cash Collateral or Replacement Cash Collateral, or on account of  
10 any other right or entitlement, shall continue pursuant to the terms of the Final DIP Order, the  
11 Supplemental Cash Collateral Order, the First Amended Supplemental Cash Collateral Order, and  
12 the Second Amended Supplemental Cash Collateral Order, and shall remain in full force in effect,  
13 subject to any limitations that may arise from any authorized and timely Challenge within the  
14 meaning of the Final DIP Order; provided, however, the restrictions contained in paragraph 4 of  
15 the Final DIP Order that prohibit the withdrawal of amounts from the VHS-Disbursement Account  
16 shall be deemed to be modified solely to the extent necessary to permit the use of Escrowed Cash  
17 Collateral pursuant to the terms of this Third Amended Supplemental Cash Collateral Order. The  
18 scope, validity, perfection, priority, and the amount of the Supplemental Cash Collateral Lien shall  
19 not now, and shall not become, the subject of any Challenge within the meaning of paragraph 5 of  
20 the Final DIP Order.

21 **6. Budget Maintenance.** The use of Cash Collateral, Escrowed Cash Collateral and  
22 Replacement Cash Collateral shall be subject to, and in accordance with, the terms and conditions  
23 of the Cash Collateral Budget. The Cash Collateral Budget has been approved by the Prepetition  
24 Secured Creditors. Following entry of the Third Amended Supplemental Cash Collateral Order,  
25 the Cash Collateral Budget may be modified by the Debtors by giving the Prepetition Secured  
26 Creditors at least five (5) business days written notice of the proposed modification, which  
27 modification shall be deemed approved unless objected to by one or more of the Prepetition  
28

1 Secured Creditors. Any modified Cash Collateral Budget shall be delivered to counsel for the  
2 Committee and the U.S. Trustee no later than three (3) business days prior to the effective date of  
3 such modified Cash Collateral Budget.

4 **7. Disposition Milestones.** The use of Cash Collateral (as defined in the Final DIP  
5 Order), Escrowed Cash Collateral and Replacement Cash Collateral shall be conditioned upon,  
6 and subject to, the Debtors' compliance with the "Disposition Milestones" attached as Exhibit "B"  
7 to the Stipulation and filed under seal pursuant to an order of this Court.

8 **8. Financial Reporting.** The Debtors shall continue to provide the same financial  
9 reporting to each of the Prepetition Secured Creditors, the Committee and the U.S. Trustee as they  
10 were required to provide pursuant to paragraph 8 of the Supplemental Cash Collateral Order.

11 **9. Postpetition Lien Perfection.** This Third Amended Supplemental Cash Collateral  
12 Order shall be sufficient and conclusive evidence of the validity, perfection and priority of the  
13 Supplemental Cash Collateral Lien granted herein without the necessity of any filing or recording  
14 of any financing statement, deeds of trust, mortgages, or other instruments or documents which  
15 may otherwise be required under the law of any jurisdiction or the taking of any other action  
16 (including, for the avoidance of doubt, entering into any deposit account control agreement or  
17 obtaining possession of any possessory collateral) to validate or perfect the Supplemental Cash  
18 Collateral Lien, or to entitle the Supplemental Cash Collateral Lien the priority granted herein.

19 **10. Payment of Compensation.** Nothing herein shall be construed as consent to the  
20 allowance of any professional fees or expenses of any of the Debtors or the Committee or shall  
21 affect the right of the Prepetition Secured Creditors to object to the allowance and payment of such  
22 fees and expenses or to permit the Debtors to pay any such amounts not set forth in the Cash  
23 Collateral Budget. In addition, except as expressly set forth herein, nothing contained herein shall  
24 be deemed to be a consent or authorization to use Cash Collateral, Escrowed Cash Collateral or  
25 Replacement Cash Collateral, for any purpose that is restricted, prohibited or limited by the terms  
26 of the Final DIP Order, the Supplemental Cash Collateral Order, the First Amended Supplemental  
27 Cash Collateral Order, the Second Amended Supplemental Cash Collateral Order, or this Third  
28

1 Amended Supplemental Cash Collateral Order, all of which restrictions, prohibitions and  
2 limitations shall continue and shall be applicable to the Cash Collateral, Escrowed Cash Collateral  
3 and Replacement Cash Collateral.

4 **11. Section 506(c) Claims; Equities of the Case.** Nothing contained in this Third  
5 Amended Supplemental Cash Collateral Order shall be deemed a consent by any Prepetition  
6 Secured Creditor to any charge, lien, assessment or claim against the Escrowed Cash Collateral or  
7 Replacement Cash Collateral under § 506(c) or otherwise. The “equities of the case” exception  
8 under § 552(b) and surcharge powers under § 506(c) were waived pursuant to the Final DIP Order,  
9 which waivers are not modified pursuant to this Third Amended Supplemental Cash Collateral  
10 Order.

11 **12. Termination Date.** Debtors’ authority to use the Cash Collateral, including  
12 Escrowed Cash Collateral and Replacement Cash Collateral shall cease on the date (the  
13 “*Termination Date*”) that is the earliest to occur of: (i) May 2, 2020; (ii) the date of any stay,  
14 revocation, reversal, amendment or other modification, in whole or in part, of the Final DIP Order,  
15 the Supplemental Cash Collateral Order, the First Amended Supplemental Cash Collateral Order,  
16 the Second Amended Supplemental Cash Collateral Order, or this Third Amended Supplemental  
17 Cash Collateral Order; (iii) the occurrence of an Event of Default (as defined below); (iv) the  
18 substantial consummation (as defined in § 1101 and which for purposes hereof shall be no later  
19 than the “*effective date*”) of a plan of reorganization filed in the Chapter 11 Cases that is confirmed  
20 pursuant to an order entered by the Court; and (v) the date the Court orders the conversion of the  
21 Chapter 11 Cases to a Chapter 7 liquidation or the dismissal of the Chapter 11 Cases or the  
22 appointment of a trustee or examiner with expanded power in the Chapter 11 Cases.

23 **13. Events of Default.** The occurrence of the following shall constitute an event of  
24 default (an “*Event of Default*”) under this Third Amended Supplemental Cash Collateral Order,  
25 unless expressly waived in writing by the Prepetition Secured Creditors:

- 26 (i) the failure of the Debtors to be in compliance with any term or provision of  
27 this Third Amended Supplemental Cash Collateral Order, the Second

1 Amended Supplemental Cash Collateral Order, the First Amended  
2 Supplemental Cash Collateral Order, the Supplemental Cash Collateral  
3 Order, or the Final DIP Order, including, without limitation, the failure of  
4 the Debtors to make any payments to the Prepetition Secured Creditors as  
5 required by the Final DIP Order, and the failure of the Debtors to be in  
6 compliance with the Cash Collateral Budget or the Disposition Milestones;

7 (ii) the amendment or other modification of the Stipulation or this Third  
8 Amended Supplemental Cash Collateral Order in any respect, in whole or  
9 in part;

10 (iii) the dismissal of the Chapter 11 Cases, conversion of the Chapter 11 Cases  
11 to a chapter 7 case, or suspension of the Chapter 11 Cases under § 305;

12 (iv) in the event of a closing of any sale transaction of the Debtors' remaining  
13 assets, solely to the extent necessary to avoid an adverse determination of  
14 taxability as to the holders of (x) the 2005 Bonds, (y) the 2015 Working  
15 Capital Notes or (z) the 2017 Working Capital Notes, failure of the Debtors  
16 to timely defease such Bonds or Working Capital Notes; and

17 (v) any event that would constitute an Event of Default under Section 9.1(q) of  
18 the of the DIP Credit Agreement, excluding therefrom items 9.1(q) (i), (vi),  
19 (viii),(xv), (xviii) and (xxi).

20 **14. Rights and Remedies Upon Termination Date.**

21 (a) Upon the occurrence of a Termination Date, (i) the Debtors' ability to  
22 withdraw Cash Collateral from the VHS-Disbursement Account, or Escrowed Cash Collateral or  
23 Replacement Cash Collateral and utilize such Cash Collateral, Escrowed Cash Collateral, or  
24 Replacement Cash Collateral shall immediately terminate without further order of the Court, and

25 (ii) any one or more of the Prepetition Secured Creditors may move the Court for relief from the  
26 automatic stay (the "Relief from Stay Motion"), on not less than five (5) days' notice, to exercise  
27 rights and remedies under this Third Amended Supplemental Cash Collateral Order, the Second  
28 Amended Supplemental Cash Collateral Order, the First Amended Supplemental Cash Collateral  
Order, the Supplemental Cash Collateral Order, the Final DIP Order and the Prepetition Secured  
Documents, and any other Prepetition Secured Creditor may support or object to such motion.  
Nothing in this paragraph shall preclude or affect (i) the Debtors' right to file an emergency motion  
requesting further use of cash collateral, and (ii) the rights of the Debtors, the Committee or other  
interested parties from opposing the Relief from Stay Motion.

1 (b) Nothing included herein shall prejudice, impair, or otherwise affect the  
2 Prepetition Secured Creditors' rights to seek any other or supplemental relief in respect of the  
3 Prepetition Secured Creditors' rights, as provided in the Prepetition Secured Documents.

4 **15. Cross Default with Final DIP Order.** The Final DIP Order, the Supplemental  
5 Cash Collateral Order, the First Amended Supplemental Cash Collateral Order, and the Second  
6 Amended Supplemental Cash Collateral Order are hereby amended to provide that the occurrence  
7 of the Termination Date under this Third Amended Supplemental Cash Collateral Order shall  
8 constitute a "Scheduled Termination Date" under the Final DIP Order.

9 **16. Limitation on Lender Liability.** Nothing in this Third Amended Supplemental  
10 Cash Collateral Order shall in any way be construed or interpreted to impose or allow the  
11 imposition upon the Prepetition Secured Creditors of any liability for any claims arising from any  
12 activities by the Debtors in the operation of their businesses or in connection with the  
13 administration of these Chapter 11 Cases. The Prepetition Secured Creditors shall not be deemed  
14 in control of the operations of the Debtors or to be acting as a "responsible person" or "owner or  
15 operator" with respect to the operation or management of the Debtors (as such terms, or any similar  
16 terms, are used in the United States Comprehensive Environmental Response, Compensation and  
17 Liability Act, 42 U.S.C. §§ 9601 et seq., as amended, or any similar federal or state statute).  
18 Nothing in this Third Amended Supplemental Cash Collateral Order shall in any way be construed  
19 or interpreted to impose or allow the imposition upon any of the Prepetition Secured Creditors of  
20 any liability for any claims arising from the prepetition or postpetition activities of any of the  
21 Debtors.

22 **17. Continued Applicability of Final DIP Order, the Supplemental Cash**  
23 **Collateral Order, the First Amended Supplemental Cash Collateral Order, and the Second**  
24 **Amended Supplemental Cash Collateral Order.** This Third Amended Supplemental Cash  
25 Collateral Order supplements, is in addition to, and does not replace the Final DIP Order, the  
26 Supplemental Cash Collateral Order, the First Amended Supplemental Cash Collateral Order, or  
27 the Second Amended Supplemental Cash Collateral Order, and nothing contained herein shall  
28



1 constitute a release, termination, waiver, suspension, replacement, substitution or modification of  
2 the Final DIP Order, Supplemental Cash Collateral Order, the First Amended Supplemental Cash  
3 Collateral Order, or the Second Amended Supplemental Cash Collateral Order, except as expressly  
4 provided herein, including, without limitation, all findings of fact and conclusions of law contained  
5 in the Final DIP Order, the Supplemental Cash Collateral Order, the First Amended Supplemental  
6 Cash Collateral Order, and the Second Amended Supplemental Cash Collateral Order, the granting  
7 of all adequate protection to the Prepetition Secured Creditors in the Final DIP Order, the  
8 Supplemental Cash Collateral Order, the First Amended Supplemental Cash Collateral Order, and  
9 the Second Amended Supplemental Cash Collateral Order (including, but not limited to, the  
10 Existing Adequate Protection), and the granting of, and the priority, interest, and right of the  
11 Prepetition Secured Creditors in, Prepetition Replacement Liens, Supplemental Cash Collateral  
12 Liens and administrative claims, the stipulations, waivers and releases by the Debtors, and the  
13 obligation of the Debtors to make Prepetition Adequate Protection Payments, all of which shall  
14 continue in full force and effect. The Final DIP Order, the Supplemental Cash Collateral Order,  
15 the First Amended Supplemental Cash Collateral Order, and the Second Amended Supplemental  
16 Cash Collateral Order shall apply to the Escrowed Cash Collateral and, except as modified by this  
17 Third Amended Supplemental Cash Collateral Order, to the use thereof by the Debtors; and the  
18 Supplemental Adequate Protection provided to the Prepetition Secured Creditors herein with  
19 respect to the Escrowed Cash Collateral shall be in addition to, and not in substitution or  
20 replacement for, the adequate protection provided to the Prepetition Secured Creditors with respect  
21 to the Escrowed Cash Collateral in the Final DIP Order, the Supplemental Cash Collateral Order,  
22 the First Amended Supplemental Cash Collateral Order, and the Second Amended Supplemental  
23 Cash Collateral Order (including the Existing Adequate Protection).

24 **18. Binding Effect.** The provisions of this Third Amended Supplemental Cash  
25 Collateral Order shall be binding upon the Debtors, the Prepetition Secured Creditors, the  
26 Committee, all other Parties in Interest, and all creditors, and each of their respective successors  
27 and assigns (including any trustee or other fiduciary hereinafter appointed as a legal representative  
28

1 of the Debtors or with respect to the property of the estates of the Debtors) whether in the Chapter  
2 11 Cases, in any Successor Cases, or upon dismissal of any such chapter 11 or chapter 7 case.

3 **19. No Waiver by Inaction.** The failure of any Prepetition Secured Creditor to seek  
4 relief or otherwise exercise its rights and remedies under this Third Amended Supplemental Cash  
5 Collateral Order or otherwise, as applicable, shall not constitute a waiver of the Prepetition Secured  
6 Creditor's rights hereunder. The entry of this Third Amended Supplemental Cash Collateral Order  
7 is without prejudice to, and does not constitute a waiver of, expressly or implicitly, or otherwise  
8 impair any of the rights of the Prepetition Secured Creditors under the Bankruptcy Code or under  
9 non-bankruptcy law, including without limitation, the rights of the Prepetition Secured Creditors  
10 to (i) request conversion of the Chapter 11 Cases to cases under Chapter 7, dismissal of the Chapter  
11 11 Cases, or the appointment of a trustee in the Chapter 11 Cases, (ii) propose, subject to the  
12 provisions of § 1121, a plan of reorganization, or (iii) exercise any of the rights, claims or privileges  
13 (whether legal, equitable or otherwise) the Prepetition Secured Creditor may have pursuant to this  
14 Third Amended Supplemental Cash Collateral Order, or applicable law.

15 **20. No Third Party Rights.** Except as explicitly provided for herein, this Third  
16 Amended Supplemental Cash Collateral Order does not create any rights for the benefit of any  
17 third party, creditor, equity holder or any direct, indirect, or incidental beneficiary.

18 **21. No Marshaling.** The Prepetition Secured Creditors shall not be subject to the  
19 equitable doctrine of "marshaling" or any other similar doctrine with respect to any of the  
20 Prepetition Collateral or the Postpetition Collateral.

21 **22. Survival of Third Amended Supplemental Cash Collateral Order.** The  
22 provisions of this Third Amended Supplemental Cash Collateral Order and any actions taken  
23 pursuant hereto shall survive entry of any order in these Chapter 11 Cases, including, without  
24 limitation, an order (i) confirming any Plan in the Chapter 11 Cases, (ii) converting any of the  
25 Chapter 11 Cases to a case under chapter 7 of the Bankruptcy Code or any Successor Cases, (iii)  
26 to the extent authorized by applicable law, dismissing any of the Chapter 11 Cases, (iv)  
27 withdrawing of the reference of any of the Chapter 11 Cases from this Court, or (v) providing for

1 abstention from handling or retaining of jurisdiction of any of the Chapter 11 Cases in this Court.  
2 The terms and provisions of this Third Amended Supplemental Cash Collateral Order, including  
3 any protections granted to the Prepetition Secured Creditors, shall continue in full force and effect  
4 notwithstanding the entry of such order, and such protections for the Prepetition Secured Creditors  
5 shall maintain their priority as provided in this Third Amended Supplemental Cash Collateral  
6 Order until all the obligations of the Debtors to the Prepetition Secured Creditors have been  
7 discharged.

8 **23. Enforceability.** This Third Amended Supplemental Cash Collateral Order shall  
9 constitute findings of fact and conclusions of law pursuant to the Bankruptcy Rule 7052 and shall  
10 take effect immediately upon entry of this Third Amended Supplemental Cash Collateral Order.  
11 Notwithstanding Bankruptcy Rules 4001(a)(3), 9024, or any other Bankruptcy Rule, or Rule 62(a)  
12 of the Federal Rules of Civil Procedure, this Third Amended Supplemental Cash Collateral Order  
13 shall be immediately effective and enforceable upon its entry and there shall be no stay of  
14 execution or effectiveness of this Third Amended Supplemental Cash Collateral Order.

15 **24. No Waivers or Modification of Prior Orders.** Except as expressly provided in  
16 the Stipulation, this Third Amended Supplemental Cash Collateral Order, the Final DIP Order, the  
17 Supplemental Cash Collateral Order, the First Amended Supplemental Cash Collateral Order, or  
18 the Second Amended Supplemental Cash Collateral Order, nothing herein shall alter any rights,  
19 claims, entitlements or defenses of the Debtors, the Prepetition Secured Creditors or the  
20 Committee, including any timely Challenges as defined in the Final DIP Order. Further, except  
21 for the rights of the Prepetition Secured Creditors with respect to the Supplemental Adequate  
22 Protection Lien as provided in the Supplemental Cash Collateral Order, the Supplemental Cash  
23 Collateral Lien as provided in the First Amended Supplemental Cash Collateral Order, the  
24 Supplemental Cash Collateral Lien as provided in the Second Amended Supplemental Cash  
25 Collateral Order, and the Supplemental Cash Collateral Lien as provided in this Third Amended  
26 Supplemental Cash Collateral Order, nothing contained herein shall (i) prejudice the ability of the  
27 Committee to challenge the validity of the Prepetition Liens pursuant to paragraph 5(e) of the Final  
28

1 DIP Order, (ii) prejudice or provide additional grounds for the Committee or the Prepetition  
2 Secured Creditors to prosecute the current appeal of the Final DIP Order, (iii) prejudice the ability  
3 of the Committee to challenge, pursuant to the pending adversary proceedings, the extent to which  
4 certain liens asserted by the Prepetition Secured Creditors have been properly perfected, or (iv)  
5 preclude or enable the Committee to file a motion for reconsideration of paragraph 19 of the Final  
6 DIP Order.

7 ###

**Exhibit A**

**Cash Collateral Budget**

Verity Health System  
Cash Collateral Budget Extension 4  
\$ in 000's

Postpetition Week # Week Ending	ACTUAL 77 2/22/2020	FORECAST 78 2/29/2020	FORECAST 79 3/7/2020	FORECAST 80 3/14/2020	FORECAST 81 3/21/2020	FORECAST 82 3/28/2020	FORECAST 83 4/4/2020	FORECAST 84 4/11/2020	FORECAST 85 4/18/2020	FORECAST 86 4/25/2020	FORECAST 87 5/2/2020	FORECAST 88 5/9/2020	FORECAST Next 11 weeks 2/23 - 5/9
<b>Cash Inflows</b>													
Patient Revenue	\$ 12,110	\$ 9,648	\$ 10,308	\$ 10,508	\$ 10,373	\$ 9,648	\$ 8,630	\$ 8,683	\$ 8,547	\$ 7,822	\$ 8,482	\$ 8,683	\$ 101,332
Capitation Premium	3,874	-	-	3,010	7,024	-	-	3,010	7,024	-	-	3,010	23,080
QAF / DSH / Trauma Receipt	4,768	-	-	-	5,262	46,010	-	-	3,500	21,856	-	-	76,628
Other Operating Receipts	155	50	50	50	50	50	50	50	50	50	50	50	550
<b>Subtotal: Cash Inflows</b>	<b>20,907</b>	<b>9,698</b>	<b>10,358</b>	<b>13,569</b>	<b>22,709</b>	<b>55,708</b>	<b>8,680</b>	<b>11,743</b>	<b>19,121</b>	<b>29,728</b>	<b>8,532</b>	<b>11,743</b>	<b>201,589</b>
<b>Operating Cash Outflows</b>													
Payroll / Payroll Tax	(780)	(11,891)	(952)	(12,021)	(952)	(12,891)	(1,129)	(11,891)	(1,465)	(11,891)	(855)	(11,891)	(77,832)
Retirement Benefits	(49)	(1,449)	(62)	(1,465)	(62)	(1,520)	(74)	(1,449)	(94)	(1,449)	(55)	(1,449)	(9,127)
Employee Benefits	(816)	(1,735)	(1,548)	(1,309)	(848)	(1,386)	(1,236)	(1,309)	(848)	(1,386)	(1,236)	(1,309)	(14,149)
Payroll Other / Registry	(368)	(299)	(570)	(521)	(448)	(299)	(570)	(521)	(448)	(299)	(570)	(521)	(5,069)
Pension Contribution	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance Payments	-	-	(837)	-	-	-	(2,600)	-	-	-	(837)	-	(4,275)
Risk Pool Settlement	(2,392)	(150)	-	-	-	-	-	-	(150)	(1,000)	-	-	(1,300)
Out of Network Payments	(1,438)	(1,466)	(1,466)	(1,423)	(1,423)	(1,423)	(1,423)	(1,423)	(1,423)	(1,423)	(1,423)	(1,423)	(15,734)
Medical Fees	(140)	(157)	(289)	(858)	(324)	(157)	(289)	(858)	(324)	(157)	(289)	(858)	(4,559)
Utilities	(1)	(70)	(154)	(137)	(464)	(70)	(154)	(137)	(464)	(70)	(154)	(137)	(2,011)
Supplies	(1,367)	(1,270)	(1,351)	(1,285)	(1,536)	(1,270)	(1,351)	(1,285)	(1,536)	(1,270)	(1,351)	(1,285)	(14,792)
Rental & Leases	(173)	(326)	(468)	(237)	(206)	(326)	(468)	(237)	(206)	(326)	(468)	(237)	(3,505)
Purchased Services	(868)	(496)	(708)	(938)	(964)	(496)	(708)	(938)	(964)	(496)	(708)	(938)	(8,355)
Professional Fees - General	(284)	(77)	(82)	(319)	(174)	(77)	(82)	(319)	(174)	(77)	(82)	(319)	(1,783)
Management Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
QAF / DSH / Trauma Disbursement	(42)	(29)	(29)	(29)	(508)	(29)	(29)	(29)	(29)	(29)	(29)	(29)	(800)
Other AP Expenses	(3,555)	(1,436)	(1,855)	(1,355)	(1,355)	(980)	(3,657)	(399)	(138)	(138)	(138)	(138)	(11,588)
<b>Subtotal: Cash Outflows</b>	<b>(12,272)</b>	<b>(20,852)</b>	<b>(10,369)</b>	<b>(21,898)</b>	<b>(9,263)</b>	<b>(20,925)</b>	<b>(13,769)</b>	<b>(20,796)</b>	<b>(8,263)</b>	<b>(20,012)</b>	<b>(8,195)</b>	<b>(20,536)</b>	<b>(174,878)</b>
<b>Debt Service / Capital Expenditures</b>													
Adequate Protection Debt Service	-	(2,524)	(380)	-	-	(1,226)	(1,298)	(380)	-	(1,226)	(1,298)	(380)	(8,711)
Capex	(22)	(31)	(47)	(48)	(48)	(31)	(47)	(48)	(48)	(31)	(47)	(48)	(473)
Capex - Seismic	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Subtotal: Cash Outflows</b>	<b>(22)</b>	<b>(2,555)</b>	<b>(426)</b>	<b>(48)</b>	<b>(48)</b>	<b>(1,258)</b>	<b>(1,345)</b>	<b>(428)</b>	<b>(48)</b>	<b>(1,258)</b>	<b>(1,345)</b>	<b>(428)</b>	<b>(9,184)</b>
<b>Post-Petition Events</b>													
Critical Vendor Pre-Petition Relief	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional Fees - Restructuring	(173)	(426)	(627)	(2,304)	(165)	-	(2,566)	(1,311)	(1,403)	-	(1,311)	-	(10,114)
DIP Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	-
Restructuring Events	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Subtotal: Cash Outflows</b>	<b>(173)</b>	<b>(426)</b>	<b>(627)</b>	<b>(2,304)</b>	<b>(165)</b>	<b>-</b>	<b>(2,566)</b>	<b>(1,311)</b>	<b>(1,403)</b>	<b>-</b>	<b>(1,311)</b>	<b>-</b>	<b>(10,114)</b>
<b>Net Cash Flow</b>	<b>\$ 8,440</b>	<b>\$ (14,136)</b>	<b>\$ (1,065)</b>	<b>\$ (10,681)</b>	<b>\$ 13,234</b>	<b>\$ 33,526</b>	<b>\$ (9,000)</b>	<b>\$ (10,792)</b>	<b>\$ 9,408</b>	<b>\$ 8,459</b>	<b>\$ (2,319)</b>	<b>\$ (9,220)</b>	<b>\$ 7,414</b>
<b>Operating Cash, Beginning</b>	<b>\$ 6,450</b>	<b>\$ 27,747</b>	<b>\$ 13,611</b>	<b>\$ 12,546</b>	<b>\$ 5,000</b>	<b>\$ 18,234</b>	<b>\$ 51,760</b>	<b>\$ 42,759</b>	<b>\$ 31,968</b>	<b>\$ 41,375</b>	<b>\$ 49,834</b>	<b>\$ 47,515</b>	<b>\$ 27,747</b>
Transfers from Sale Proceeds	10,000	-	-	3,134	-	-	-	-	-	-	-	-	3,134
Net Transfers	2,983	-	-	-	-	-	-	-	-	-	-	-	-
DIP Financing Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-
DIP Paydowns	-	-	-	-	-	-	-	-	-	-	-	-	-
Timing / Reconciling Items	(126)	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow	8,440	(14,136)	(1,065)	(10,681)	13,234	33,526	(9,000)	(10,792)	9,408	8,459	(2,319)	(9,220)	7,414
<b>Operating Cash Balance, Ending</b>	<b>\$ 27,747</b>	<b>\$ 13,611</b>	<b>\$ 12,546</b>	<b>\$ 5,000</b>	<b>\$ 18,234</b>	<b>\$ 51,760</b>	<b>\$ 42,759</b>	<b>\$ 31,968</b>	<b>\$ 41,375</b>	<b>\$ 49,834</b>	<b>\$ 47,515</b>	<b>\$ 38,295</b>	<b>\$ 38,295</b>
Other Cash	7,594	7,594	7,594	7,594	7,594	7,594	7,594	7,594	7,594	7,594	7,594	7,594	7,594
Sale Proceeds	11,001	11,001	11,001	7,866	7,866	7,866	7,866	7,866	7,866	7,866	7,866	7,866	7,866
<b>Total Cash Balance, Ending</b>	<b>\$ 46,342</b>	<b>\$ 32,206</b>	<b>\$ 31,141</b>	<b>\$ 20,461</b>	<b>\$ 33,694</b>	<b>\$ 67,220</b>	<b>\$ 58,220</b>	<b>\$ 47,428</b>	<b>\$ 56,836</b>	<b>\$ 65,295</b>	<b>\$ 62,976</b>	<b>\$ 53,756</b>	<b>\$ 53,756</b>

**Exhibit B**

**Disposition Milestones**

**FILED UNDER SEAL**