

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

3 In re
4 VERITY HEALTH SYSTEM OF
5 CALIFORNIA, INC., *et al.*,
6 Debtors and Debtors In Possession.

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

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

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

Chapter 11 Cases
Hon. Judge Ernest M. Robles

**AMENDED JOINT CHAPTER 11 PLAN
OF LIQUIDATION (DATED JUNE 16,
2020) OF THE DEBTORS, THE
PREPETITION SECURED CREDITORS,
AND THE COMMITTEE**

Plan Confirmation Hearing:
Date: [To Be Scheduled]
Time: [To Be Scheduled] (Pacific Time)
Place: Courtroom 1568
255 E. Temple Street
Los Angeles, CA 90012

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1 **INTRODUCTION**¹

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

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

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

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

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

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

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

1 **SECTION 1. DEFINITIONS AND INTERPRETATION**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

13
14 1.18 **Assets** means all legal or equitable interests of the Estates in any and all (a) property
15 of every kind, nature, character and description, whether real, personal, or mixed, whether tangible
16 or intangible (including contract rights), wherever situated and by whomever possessed, and any
17 goodwill related thereto, including any real estate, buildings, structures, improvements, privileges,
18 rights, easements, leases, subleases, goods, materials, supplies, furniture, fixtures, equipment,
19 work in process, accounts, chattel paper, cash (including, but not limited to, cash of the
20 Foundations that is not properly donor-restricted), deposit accounts, reserves, deposits, contractual
21 rights, intellectual property rights, claims, Causes of Action, securities, investments and any other
22 general intangibles, and (b) the proceeds, products, offspring, rents or profits thereof, including all
23 assets of any of the Debtors constituting “property of the estate” as described in § 541.

24
25 1.19 **Avoidance Actions** means any Causes of Action arising under any section of
26 chapter 5 of the Bankruptcy Code, including, without limitation, §§ 502, 510, 541, 542, 543, 544,
27 545, 547, 548, 549, 550, 551, and 553 or under similar or related state or federal statutes and
28 common law, including state fraudulent transfer laws.

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

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

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

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

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

8 1.25 **Bar Date Order** means any order of the Bankruptcy Court establishing Bar Dates
9 for filing Proofs of Claim or Requests for Payment in these Chapter 11 Cases, as the same may be
10 amended, modified or supplemented including, but not limited to, those orders at Docket Nos.
11 1528, 2434, 2435, 2436, 2537, and 2692.

12 1.26 **Bond and Notes Trustee(s)** means all or any of the 2005 Revenue Bonds Trustee,
13 the 2015 Notes Trustee and the 2017 Revenue Notes Trustee, as the context requires.

14 1.27 **Business Day** means any day other than a Saturday, a Sunday, or any other day on
15 which banking institutions in the State of California are required or authorized to close by law or
16 executive order.

17 1.28 **Cash** means the legal tender of the United States of America and its equivalent.

18 1.29 **Cash Collateral Orders** means, collectively, the orders authorizing use of cash
19 collateral entered under Docket Nos. 3022, 3883, 4028, 4187, and 4670, and any subsequent orders
20 authorizing the use of cash collateral, the terms of which may be agreed to between the Debtors
21 and the Prepetition Secured Creditors.

22 1.30 **Causes of Action** means any and all present or future claims, rights, legal and
23 equitable defenses, offsets, recoupments, actions in law or equity or otherwise, choses in action,
24 obligation, guaranty, controversy, demand, action suits, damages, judgments, third-party claims,
25 counter-claims, cross-claims against any Person, whether known or unknown, liquidated or
26 unliquidated, foreseen or unforeseen, existing or hereafter arising, whether based on legal or
27 equitable relief, whether arising under the Bankruptcy Code or federal, state, common, or other
28 law or equity, whether or not the subject of a pending litigation or proceedings on the Effective
Date or thereafter, including without limitation: (a) all Avoidance Actions; (b) all other claims in
avoidance, recovery, and/or subordination; (c) all SGM Claims; (d) all claims against Integrity
Healthcare, LLC and BlueMountain Capital Management LLC; and (e) all other actions described
in the Disclosure Statement, the Confirmation Order, the Schedules, or the Plan; provided,
however, (x) any claims arising under the Interim Agreements and (y) any claims or other litigation
compromised as part of a Creditor Settlement Agreement, are, in each case, excluded.

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

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

1 1.33 **Claim** has the meaning set forth in § 101(5).

2 1.34 **Claims Objection Deadline** means the first Business Day that is the later of (a) two
3 hundred ten (210) days after the Effective Date, or (b) such other later date as the Bankruptcy
4 Court may establish upon a motion by the Liquidating Trustee in accordance with the Plan.

5 1.35 **Class** means a class of Claims established pursuant to Section 4 herein.

6 1.36 **CMS** means Centers for Medicare and Medicaid Services.

7 1.37 **Committee** means the Official Committee of Unsecured Creditors appointed on
8 September 17, 2018, by the U.S. Trustee in these Chapter 11 Cases pursuant to § 1102 [Docket
9 No. 197].

10 1.38 **Confirmation Date** means the date on which the Clerk of the Bankruptcy Court
11 enters the Confirmation Order on the docket of the Lead Case.

12 1.39 **Confirmation Hearing** means the hearing to be held by the Bankruptcy Court to
13 consider confirmation of the Plan, as such hearing may be adjourned or continued from time to
14 time.

15 1.40 **Confirmation Order** means the order of the Bankruptcy Court confirming this Plan
16 pursuant to § 1129.

17 1.41 **Consent** means consent of a party that is not to be unreasonably withheld or delayed.

18 1.42 **CPFA** means the California Public Financing Authority.

19 1.43 **Creditor Settlement Agreements** mean, collectively, any settlements that the
20 Debtors enter into with creditors to resolve Causes of Action, claims, and/or litigation in
21 connection with or relating to the Plan, which shall be filed seven (7) days prior to the Ballot
22 Deadline, if not earlier, as a Plan Supplement, unless such deadline shall otherwise be extended
23 with the consent of the Plan Proponents, which shall not be unreasonably withheld or delayed.

24 1.44 **Creditor Settlement Parties** means, collectively, parties to Creditor Settlement
25 Agreements.

26 1.45 **CSCDA** means the California Statewide Communities Development Authority.

27 1.46 **Debtors** means, collectively, VHS and its sixteen affiliates, listed on Schedule 1.41
28 hereto, in their capacity as debtors and debtors in possession in these Chapter 11 Cases.

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

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

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

1 1.50 **DePaul - San Jose Dialysis** means DePaul Ventures - San Jose Dialysis, LLC, a
2 debtor and debtor in possession.

3 1.51 **DHC** means California Department of Health Care Service.

4 1.52 **DHHS** means the United States Department of Health and Human Services.

5 1.53 **Disallowed** means, with respect to any Claim or Interest, any Claim or Interest (i)
6 proof of which was required to be filed by the Bankruptcy Code or an order of the Bankruptcy
7 Court, but as to which no proof of Claim or Interest was timely or properly filed, (ii) which has
8 been withdrawn in whole or in part, by an agreement between the Debtors or the Trust and the
9 Holder thereof or unilaterally by the Holder thereof, or (iii) which has been disallowed, in whole
or in part, by a Final Order or pursuant to this Plan. In the event that a Claim is disallowed in part,
then the Claim may be an Allowed Claim with respect to amounts asserted under the Claim which
have not been disallowed.

10 1.54 **District Court** means the United States District Court for the Central District of
11 California.

12 1.55 **Disclosure Statement** means the disclosure statement filed with the Bankruptcy
13 Court by the Debtors, pursuant to § 1125, with respect to the Plan, including all exhibits and
14 schedules thereto, which was approved by the Bankruptcy Court pursuant to § 1125, as it may be
amended, modified or supplemented from time to time.

15 1.56 **Disbursing Agent** means KCC in its capacity as a disbursing agent under Section
8 hereof.

16 1.57 **Disputed** means, with respect to any Claim:

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

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

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

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

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

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

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

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

8 1.58 **Disputed Unclassified Claims** means Unclassified Claims that are Disputed.

9 1.59 **Disputed Unsecured Claims Reserve** means the reserve for Disputed General
10 Unsecured Claims established under Section 7.9(c) hereof.

11 1.60 **Effective Date** means a day, as determined by the Plan Proponents, that is a
12 Business Day as soon as reasonably practicable after all conditions to the Effective Date specified
13 in Section 12.2 hereof have been satisfied or waived.

14 1.61 **Effective Date Professional Claim Reserves.** Cash to be set aside by the
15 Liquidating Trustee on the Effective Date sufficient in the aggregate to fund a reserve on account
16 of Professional Claims not yet fixed and allowed by the Bankruptcy Court prior to or on the
17 Effective Date.

18 1.62 **ERISA** means Title IV of the Employee Retirement Income Security Act of 1974,
19 as amended.

20 1.63 **Estates** means, as to each Debtor, the estates created upon the Petition Date
21 pursuant to § 541.

22 1.64 **Executory Agreement** means any executory contract or unexpired lease subject to
23 § 365, excluding (a) the Debtors' collective bargaining agreements, and (b) any executory contract
24 or unexpired lease entered into after the Petition Date and approved by an order of the Bankruptcy
25 Court.

26 1.65 **Foundations** means collectively the following Debtor nonprofit public benefit
27 corporations that are responsible for fundraising and grant-making programs for each of their
28 respective Debtor hospitals: O'Connor Hospital Foundation, Saint Louise Regional Hospital
Foundation, St. Francis Medical Center of Lynwood Foundation, St. Vincent Foundation, and
Seton Medical Center Foundation.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

15 1.82 **Insured Claims** means a Claim against any of the Debtors, their respective Estates,
16 Assets or properties arising from any incident or occurrence that is covered by an applicable and
17 available Insurance Policy.

18 1.83 **Insured Deficiency Claim** has the definition set forth in Section 4.10 hereof.

19 1.84 **Insurer** means any entity that issued an Insurance Policy, including a successor.

20 1.85 **Intercompany Claims** means any Claims held by a Debtor or a Non-Debtor
21 Affiliate against a Debtor or Non-Debtor Affiliate, including, without limitation, any
22 Indemnification Claim between and/or among the Debtors.

23 1.86 **Intercreditor Agreement** means the Second Amended and Restated Intercreditor
24 Agreement, dated as of December 1, 2017, by and among VHS, on behalf of itself, and each
25 Obligated Group Member, the 2015 Notes Trustee, the 2017 Notes Trustee and the Master Trustee.

26 1.87 **Interests** means any ownership interest in any of the Debtors, including but not
27 limited to, membership interests or other entitlement to participate in the organizational affairs of
28 a nonprofit entity organized under the laws of the State of California or equity interests in any for-
profit corporation, partnership or limited liability company organized under the laws of any
jurisdiction, including common stock, preferred stock, stock options and restricted stock awards.

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

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

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

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

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

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

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

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

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

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

26 (a) all Remaining Cash;

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

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

(d) any proceeds of the foregoing; and

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

3 1.98 **Liquidating Trust Reserves** means one or more accounts or reserves of Cash
4 established by the Liquidating Trustee in accordance with Section 7.9.

5 1.99 **Liquidating Trustee** means such person selected pursuant to Section 6.5 of the Plan
6 or any successor or replacement officer appointed under the terms of the Plan.

7 1.100 **Local Bankruptcy Rules** means the Local Rules of the United States Bankruptcy
8 Court of the Central District of California, as amended from time to time.

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

11 1.102 **Master Trustee** means UMB Bank, N.A., as trustee for Obligations issued under
12 that certain Master Indenture of Trust, dated as of December 1, 2001, as amended and
13 supplemented, among the Daughters of Charity Health System, as predecessor in interest to VHS.

14 1.103 **Medi-Cal** means the program administered by the State of California for medical
15 assistance under title XIX of the Social Security Act.

16 1.104 **Medicare** means the federal health insurance program administered under title
17 XVIII of the Social Security Act.

18 1.105 **Mechanics Lien Claims** means all Allowed Claims arising under California Civil
19 Code §§ 8400, *et seq.*, with respect to any real property or personal property of a Debtor subject
20 to a lien provided by such law.

21 1.106 **MOB I Loan Agreement** means that certain Term Loan Agreement, dated October
22 3, 2017, between Holdings and Verity MOB Financing LLC, in the amount of \$ 46,363,096, and
23 secured by those certain Los Angeles and San Mateo Deeds of Trust, each dated October 3, 2017,
and the other security documents entered into in connection therewith.

24 1.107 **MOB II Loan Agreements** mean those certain Term Loan Agreements, dated June
25 1, 2018 and July 26, 2018, each between Holdings and Verity MOB Financing II LLC, in the
26 amount of \$20,000,000, and secured by those certain related Los Angeles, San Mateo, and Santa
27 Clara Deeds of Trust, dated June 1, 2018, as thereafter modified, and the Los Angeles Deed of
Trust, dated July 26, 2018, and the other security documents entered into in connection therewith.

28 1.108 **Non-Debtor Affiliates** means the following affiliates of the Debtors that did not file
a Chapter 11 Case: DePaul - San Jose ASC, Marillac, O'Connor Health Center I, Sports Medical
Management, Inc., St. Vincent De Paul Ethics Corporation, VHoldings, Robert F. Kennedy
Medical Center, and Robert F. Kennedy Medical Center Foundation.

1 1.109 **Nonprofit Laws** means any and all federal, state, local and other laws and
2 governmental regulations applicable to nonprofit corporations, including without limitation, any
administrative and judicial interpretations thereof (as applicable).

3 1.110 **Nonprofit Status** means status as a nonprofit corporation under applicable
4 Nonprofit Laws.

5 1.111 **Obligated Group Member** means each of the following Debtors: (i) VHS,
6 (ii) O'Connor Hospital, (iii) Saint Louise Regional Hospital, (iv) Seton, (v) SFMC, and (vi) SVMC.

7 1.112 **Obligations** means those certain undertakings by Obligated Group Members
8 arising from those certain Loan Agreements, dated December 1, 2001 and dated December 1, 2005,
9 between CSCDA and the Daughters of Charity Health System as predecessor in interest to VHS,
as amended and supplemented by those Loan Agreements dated December 1, 2015, and December
1, 2017, between CPFA and VHS.

10 1.113 **Operate** (and any such variations, such as "Operation") means to operate, oversee,
11 manage, administer, coordinate, control, supervise and/or direct the business and operations of any
12 and/or all of the Operating Assets, whether in the ordinary course of business or otherwise, and
13 including undertaking or pursuing strategies, activities, or actions with the intent of furthering the
objectives of, and otherwise to effectuate the Plan as contemplated by the provisions hereof,
including any strategies, activities or actions aimed at retaining, renewing, amending, extending
or Transferring any of the Operating Assets.

14 1.114 **Operating Account** means one or more deposit accounts of Cash established and/or
15 maintained by the Liquidating Trustee as set forth in Section 7.6.

16 1.115 **Operating Assets** means, collectively,

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

20 1.116 **Operating Budget** means the budget (as the same may be amended or modified
21 from time to time) setting forth the projected costs and expenses associated with the Operating
22 Assets (including without limitation, the cost of Operating the Operating Assets).

23 1.117 **Ordinary Course Professionals Order** means the order [Docket No. 693] entered
24 by the Bankruptcy Court granting the Debtors' motion to retain and compensate professionals
utilized by the Debtors in the ordinary course of business [Docket No. 364].

25 1.118 **Ordinary Course Professionals** means the professionals retained by the Debtors in
26 the ordinary course of their business operations, pursuant to the Ordinary Course Professionals
Order.

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

4 1.120 **PBGC** means the Pension Benefit Guaranty Corporation, a wholly owned United
5 States corporation, and agency of the United States, that administers the defined benefit pension
6 plan termination program under Title IV of the Employment Retirement Income Security Act of
1974, as amended, 29 U.S.C. §§ 1301-1461 (2012, Supp. V 2017).

7 1.121 **PBGC Claims** means the Claims that the PBGC has asserted, or is deemed to have
8 asserted, against the Debtors in relation to Verity Health System Retirement Plan A and Verity
9 Health System Retirement Plan B, including on account of alleged unfunded benefit liabilities,
10 minimum funding contributions, fixed and variable rate premiums, and termination premiums,
11 which are identified as (i) the Proofs of Claim filed by PBGC in the Lead Case, denominated as
Proofs of Claim No. 4281, 4282, 4287, 4318, 4325, and 4327, and (ii) deemed to have been filed
in each of the Chapter 11 Cases identified in such Proofs of Claim, pursuant to that certain
stipulation [Docket No. 1772] approved by order of the Bankruptcy Court [Docket No. 1782].

12 1.122 **PBGC Settlement** means that certain Creditor Settlement Agreement described in
13 Section 7.1(b).

14 1.123 **Person** means an individual, partnership, corporation, limited liability company,
15 business trust, joint stock company, trust, unincorporated association, joint venture, governmental
authority, Governmental Unit or other entity of whatever nature.

16 1.124 **Petition Date** means August 31, 2018, which is the date that each Debtor filed a
voluntary chapter 11 petition.

17 1.125 **Pharmacy Assets** means the portions of the Hospital Purchased Assets constituting
18 drugs, dangerous devices, pharmacy systems, or other pharmacy assets, which will be purchased
19 by and transferred to Prime and AHMC, respectively, on the dates Prime and AHMC obtain their
20 required licenses, in accordance with the SFMC Asset Purchase Agreement and the Seton Asset
Purchase Agreement.

21 1.126 **Plan** means this plan of liquidation proposed by the Plan Proponents, including the
22 Plan Supplement and the exhibits hereto and thereto, as the same may be amended, modified or
supplemented from time to time in accordance with the provisions of the Bankruptcy Code and its
terms.

23 1.127 **Plan Fund** means one or more accounts or reserves of Cash established by the
24 Liquidating Trustee in accordance with Section 7.10 hereof for the payment of, on or after the
25 Effective Date, (i) the 2005 Revenue Bonds Diminution Claim, and (ii) Allowed General
Unsecured Claims.

26 1.128 **Plan Proponents** means the Debtors, the Master Trustee, the 2005 Revenue Bonds
27 Trustee, the 2015 Notes Trustee, the 2017 Notes Trustee, [Verity MOB Financing LLC, Verity
28 MOB Financing II, LLC,] and the Committee.

1 1.129 **Plan Settlement** means that certain Creditor Settlement Agreement described in
2 Section 7.1(a).

3 1.130 **Plan Supplement** means a supplemental appendix to this Plan, as may be amended
4 from time to time on or prior to the Effective Date, which will contain the following items:

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

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

18 1.131 **Post-Effective Date Board of Directors** means the three (3) member board of
19 directors for VHS that shall be formed on the Effective Date in accordance with Section 5.8 hereof,
20 which shall also serve as the members of the subsidiary boards and any other boards required to
be in existence.

21 1.132 **Post-Effective Date Committee** means a committee that shall be formed on the
22 Effective Date in accordance with Section 7.12 hereof, consisting of (i) three (3) members
23 designated by the Committee, and (ii) until the First Priority Beneficial Trust Interests are paid in
full, the Master Trustee, as ex officio and non-voting member.

24 1.133 **Post-Effective Date Debtors** means, collectively, the Sale-Leaseback Debtors,
25 SVMC, St. Vincent Dialysis, the SCC Debtors, and VHS, which shall exist solely for the limited
duration and purposes set forth in the Plan.

26 1.134 **Prepetition Secured Creditors** means, collectively, the Master Trustee, the 2005
27 Revenue Bonds Trustee, the 2015 Notes Trustee, the 2017 Notes Trustee, Verity MOB Financing
28 LLC, and Verity MOB Financing II, LLC.

1 1.135 **Prime** means Prime Healthcare Services, Inc., or its designee under the SFMC
2 Asset Purchase Agreement.

3 1.136 **Priority Benefit Plan Claims** means Claims entitled to priority under § 507(a)(5).

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

7 1.138 **Priority Tax Claims** means Claims of any Governmental Unit entitled to priority
8 under § 507(a)(8) and 507(c).

9 1.139 **Pro Rata Share** means, as applicable, the proportion that (i) an Allowed Claim in
10 a particular Class bears to the aggregate amount of all Claims in such Class, or (ii) an Allowed
11 Claim in a particular Class bears to the aggregate amount of all Claims in such Class and all Claims
12 in any other Classes entitled to share in the same recovery. Such ratios shall be calculated as if all
13 Claims in the particular Class asserted against all Debtors are Allowed Claims as of the Effective
14 Date, unless specifically provided otherwise in the Plan.

15 1.140 **Professional** means any Person (a) retained in the Chapter 11 Cases by Final Order,
16 pursuant to §§ 327, 363, and 1103 or otherwise; or (b) awarded compensation and reimbursement
17 by the Bankruptcy Court, pursuant to § 503(b)(4); provided, however, that Professional does not
18 include any Ordinary Course Professional.

19 1.141 **Professional Claim** means an administrative claim of a Professional for
20 compensation for services rendered or reimbursement of costs, expenses, or other charges and
21 disbursements incurred relating to services rendered or expenses incurred after the Petition Date
22 and prior to and including the Effective Date.

23 1.142 **Proof of Claim** means a proof of claim, or a request for payment of an
24 Administrative Claim, filed in these Chapter 11 Cases.

25 1.143 **Provider Agreements** means (i) the Medicare Health Insurance Benefits
26 Agreements between any of the Debtors and DHHS, and (ii) the Medi-Cal Provider Agreements
27 between any of the Debtors and DHCS.

28 1.144 **Quality Assurance Fees** means the Hospital Quality Assurance Fee originally
imposed by SB 239 (Chapter 657, Statutes of 2013) on certain general acute care hospitals by
California state law in order to make supplemental and grant payments and increased capitation
payments to hospitals up to the aggregate upper payment limit and made permanent by the passage
of Proposition 52 in November 2016.

1.145 **Quality Assurance Payments** means the supplemental and grant payments and
increased capitation payments, to be funded out of the Hospital Quality Assurance Fee, to certain
general acute care hospitals as contemplated by SB 239 (Chapter 657, Statutes of 2013) up to the
aggregate upper payment limit and made permanent by the passage of Proposition 52 in November
2016.

1 1.146 **Records Retention Order** means one or more orders entered by the Bankruptcy
2 Court related to the retention and/or destruction of records.

3 1.147 **Released Party** means, individually and collectively, the Estates, the Debtors, the
4 Committee, the members of the Committee, the Indenture Trustees and their affiliates, and each
5 current and/or former member, manager, officer, director, employee, counsel, advisor, professional,
6 or agents of each of the foregoing who were employed or otherwise serving in such capacity before
7 or after the Petition Date.

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

14 1.149 **Request for Payment** means a request for payment of an Administrative Claim filed
15 in these Chapter 11 Cases.

16 1.150 **Sale-Leaseback Debtors** means, collectively, SFMC and Seton.

17 1.151 **Sale Order** means any Final Order of the Court entered pursuant to a request of, or
18 motion by, the Debtors for authority to sell assets of the Estates pursuant to § 363.

19 1.152 **SCC** means the County of Santa Clara, a political subdivision of the State of
20 California.

21 1.153 **SCC Debtors** means Saint Louise Regional Hospital and O'Connor Hospital,
22 collectively.

23 1.154 **SCC Sale** means the sale authorized by the order entered by the Bankruptcy Court
24 on December 27, 2018 [Docket No. 1153].

25 1.155 **Schedule of Assumed Contracts** means the schedule listing the Executory
26 Agreements to be assumed pursuant to the Plan.

27 1.156 **Scheduled** means, with respect to any Claim, the status, priority, and amount, if
28 any, of such Claim as set forth in the Schedules.

1.157 **Schedules** means the schedules of assets and liabilities and the statements of
financial affairs filed by the Debtors in the Chapter 11 Cases pursuant to § 521 and Bankruptcy
Rule 1007, which incorporate by reference the global notes and statement of limitations,
methodology, and disclaimer regarding the Debtors' schedules and statements, as such schedules
or statements have been or may be further modified, amended, or supplemented from time to time
in accordance with Bankruptcy Rule 1009 or Final Orders of the Bankruptcy Court.

1.158 **Second Priority Trust Beneficial Interests** means the second priority Trust
Beneficial Interests provided to the Holders of Allowed General Unsecured Claims in full and final

1 satisfaction of such Holders' Allowed General Unsecured Claims, which Trust Beneficial Interests
2 shall entitle such Holders, after payment in full to Holders of First Priority Trust Beneficial
3 Interests held by the Holders of the 2005 Revenue Bonds Diminution Claim, to receive *pro rata*
4 payment from all Funds in the Plan Fund until the Allowed General Unsecured Claims are fully
5 satisfied.

6 1.159 ***Secured 2005 Revenue Bond Claims*** means all Allowed Secured Claims of the
7 Master Trustee and the 2005 Revenue Bonds Trustee for, and on behalf of, the beneficial holders
8 of Series 2005 A, G, and H Revenue Bonds issued by the CSCDA.

9 1.160 ***Secured 2015 Revenue Notes Claims*** means all Allowed Secured Claims of the
10 Master Trustee and the 2015 Revenue Notes Trustee for, and on behalf of, the beneficial holders
11 of the 2015 Revenue Notes issued by the CPFA.

12 1.161 ***Secured 2017 Revenue Notes Claims*** means all Allowed Secured Claims of the
13 Master Trustee and the 2017 Notes Trustee for, and on behalf of, the beneficial holders of the 2017
14 Notes issued by the CPFA.

15 1.162 ***Secured Claim*** means a Claim that is (a) secured by a lien on any of the Assets,
16 which lien is valid, perfected, and enforceable under applicable law or by reason of a Final Order,
17 to the extent of the value of the claimant's interest in such Asset, or (b) entitled to setoff under
18 § 553, to the extent of the amount subject to such setoff, as determined pursuant to § 506(a).

19 1.163 ***Secured Mechanics Lien Claims*** means all Allowed Secured Mechanics Lien
20 Claims.

21 1.164 ***Secured MOB I Financing Claims*** means all Allowed Secured Claims of Verity
22 MOB Financing LLC arising from the MOB I Loan Agreement.

23 1.165 ***Secured MOB II Financing Claims*** means all Allowed Secured Claims of Verity
24 MOB Financing II LLC arising from the MOB II Loan Agreements.

25 1.166 ***Secured PACE Tax Financing Claims*** means those certain Agreements to Pay
26 Assessment and Finance Improvements dated May 11, 2017 and May 18, 2017 under the CSCDA
27 CaliforniaFirst Program, respectively the Clean Fund Agreement to Pay Assessment and Petros
28 Agreement to Pay Assessment, each for the limited purpose of providing bond financing for certain
renewable energy, energy efficiency, water efficiency and seismic improvements permanently
affixed to real property owned by Seton Medical Center located in Daly City, California, the
proceeds of which financings are being held as program funds for authorized improvements by
Wilmington Trust N.A. as indenture trustee under two bond indentures with CSCDA also dated
May 11, 2017 and May 18, 2017.

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

1.168 ***Seton Asset Purchase Agreement*** means that certain *Asset Purchase Agreement*,
as may be amended from time to time, by and among VHS, Holdings, and Seton, on the one hand,

1 and AHMC, on the other hand, as approved by the Bankruptcy Court pursuant to the Seton Sale
2 Order.

3 1.169 **Seton Closing Date** means the date that the transactions contemplated by the Seton
4 Asset Purchase Agreement are consummated.

5 1.170 **Seton Interim Leaseback Agreement** means that certain Sale Leaseback
6 Agreement by and between Seton, on the one hand, and AHMC and its affiliates, on the other hand.

7 1.171 **Seton Interim Management Agreement** means that certain Interim Management
8 Agreement by and between Seton, on the one hand, and AHMC and its affiliates, on the other hand.

9 1.172 **Seton Sale** means the sale authorized by the Seton Sale Order.

10 1.173 **Seton Sale Order** means that certain order [Docket No. 4634] approving the sale of
11 certain assets of Seton, Holdings, and VHS to AHMC.

12 1.174 **Settlement Released Parties** means, collectively, the parties to the Plan Settlement
13 and the PBGC Settlement who are the beneficiaries of a limited or general release under the Plan
14 Settlement and the PBGC Settlement, respectively, solely to the extent of such limited or general
15 release, as provided in this Plan.

16 1.175 **SFMC** means St. Francis Medical Center, as debtor and debtor in possession.

17 1.176 **SFMC Asset Purchase Agreement** means that certain *Asset Purchase Agreement*,
18 as may be amended from time to time, by and among VHS, Holdings, and SFMC, on the one hand,
19 and Prime, on the other hand, as approved by the Bankruptcy Court pursuant to the SFMC Sale
20 Order.

21 1.177 **SFMC Closing Date** means the date that the transactions contemplated by the
22 SFMC Asset Purchase Agreement are consummated.

23 1.178 **SFMC Interim Leaseback Agreement** means that certain Sale Leaseback
24 Agreement by and between SFMC, on the one hand, and Prime and its affiliates, on the other hand.

25 1.179 **SFMC Interim Management Agreement** means that certain Interim Management
26 Agreement by and between SFMC, on the one hand, and Prime and its affiliates, on the other hand.

27 1.180 **SFMC Sale** means the sale authorized by the SFMC Sale Order.

28 1.181 **SFMC Sale Order** means that certain order [Docket No. 4511] approving the sale
of certain assets of SFMC, Holdings, and VHS to Prime.

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

1.183 **SGM Asset Purchase Agreement** means that certain *Asset Purchase Agreement*,
dated January 8, 2019, as amended from time to time, by and among VHS, Holdings, SFMC,

1 SVMC, St. Vincent Dialysis, and Seton, on the one hand, and SGM, on the other hand, as approved
2 by the Bankruptcy Court, in connection with the SGM Sale [Docket No. 2305-1].

3 1.184 **SGM Claims** means all claims held by the Estates against SGM, its affiliates, and
4 any other Person related thereto, including those related to the SGM Asset Purchase Agreement
5 and the SGM Sale, including, but not limited to, (i) those claims asserted by the Debtors in *Verity*
6 *Health System of California, Inc., et al. v. Strategic Global Management, Inc., et al. (In re Verity*
7 *Health System of California, Inc.)*, Case No. 2:20-cv-00613-DSF, currently pending before the
8 District Court, (ii) the consolidated appeals related to the SGM Asset Purchase Agreement and the
9 SGM Sale captioned *Strategic Global Management, Inc. v. Verity Health System of California,*
10 *Inc. (In re Verity Health System of California, Inc.)*, Consolidated Case No. 2:19-cv-10352-DSF,
11 and currently pending before the District Court, and (iii) any other claims which may be asserted
12 against any Person by, among other parties, the Debtors, the Liquidating Trustee, the Committee,
13 or any other Estate representative, arising from or related to the SGM Asset Purchase Agreement,
14 the SGM Sale, or SGM's participation in the Bankruptcy Cases.

15 1.185 **SGM Sale** means the sale authorized by the *Order (A) Authorizing the Sale of*
16 *Certain of the Debtors' Assets to Strategic Global Management, Inc. Free and Clear of Liens,*
17 *Claims, Encumbrances, and Other Interests; (B) Approving the Assumption and Assignment of an*
18 *Unexpired Lease Relating Thereto; and (C) Granting Related Relief*, entered by the Bankruptcy
19 Court on May 2, 2019 [Docket No. 2306].

20 1.186 **Section 503(b)(9) Claims** means Allowed Claims pursuant to § 503(b)(9).

21 1.187 **St. Vincent Dialysis** means St. Vincent Dialysis Center, Inc., as debtor and debtor
22 in possession.

23 1.188 **Statutory Fees** means the fees payable pursuant to section 1930 of title 28 of the
24 United States Code that were incurred in connection with these Chapter 11 Cases.

25 1.189 **Subordinated General Unsecured Claims** means Allowed Claims that have been
26 found to be subject to subordination pursuant to § 510 (b) or (c) pursuant to a Final Order.

27 1.190 **SVMC** means St. Vincent Medical Center, as debtor and debtor in possession.

28 1.191 **Tax Rate** means, with respect to the 2005 Revenue Bonds, the rate of interest
utilized to calculate any "Taxable Rate Adjustment," as that term is defined in the 2005 Revenue
Bonds Indentures or the 2005 Revenue Bonds Obligated Bonds.

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

1.193 **Transition Services Agreements** or **TSAs** means those certain transition services
agreements entered into by and between (i) Prime, VHS, and the Liquidating Trust, and (ii) AHMC,
VHS, and the Liquidating Trust, each relating to (a) the services, information systems, and vendor

1 arrangements (if any) to be provided by VHS to Prime and AHMC, and (b) the services, personnel,
2 information systems, and vendor arrangements (if any) to be provided by Prime (or an affiliate)
3 and AHMC (or an affiliate) to VHS and/or the Liquidating Trust; provided, however, that the
4 services, personnel, and intellectual property utilized under the Interim Agreements shall terminate
5 pursuant to the terms of the Interim Agreements.

6 1.194 **Trust Beneficial Interests** mean, collectively, (i) the interests in the Liquidating
7 Trust of the Holders of Allowed Claims in Class 4 and their concomitant entitlement to
8 distributions to be made by the Liquidating Trust on account of the 2005 Revenue Bonds
9 Diminution Claim as set forth in Sections 8, 9, and 10, and (ii) the pro rata interests in the
10 Liquidating Trust of the Holders of Allowed Claims in Class 8 and their concomitant entitlement
11 to distributions to be made by the Liquidating Trust on account of Allowed General Unsecured
12 Claims as set forth in Sections 8, 9, and 10. The Trust Beneficial Interests shall be evidenced as
13 set forth in Section 9.4 and shall not be transferable, except to the limited extent provided in
14 Section 9.6 and related provisions of the Liquidating Trust Agreement.

15 1.195 **Trust Beneficiaries** means the holders of Trust Beneficial Interests, as of any point
16 in time.

17 1.196 **Unclassified Claims** means, collectively, Administrative Claims, Professional
18 Claims, Statutory Fees, and Priority Tax Claims.

19 1.197 **Unimpaired Claim** means a Claim that is not impaired because the Plan leaves
20 unaltered the legal, equitable, and contractual rights to which such Claim entitles the Holder of
21 such Claim, as set forth in § 1124(1).

22 1.198 **U.S. Trustee** means the Office of the United States Trustee for the Central District
23 of California.

24 1.199 **VBS** means Verity Business Services, a nonprofit public benefit corporation, as
25 debtor and debtor in possession.

26 1.200 **VHoldings** means VHoldings MOB, LLC, a Non-Debtor.

27 1.201 **VHS** means Verity Health System of California, Inc., as debtor and debtor in
28 possession.

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

B. Interpretation and Rules of Construction.

Unless otherwise specified, all Section or exhibit references in the Plan are to the respective
Section in, or exhibit to, the Plan, as the same may be amended, waived, or modified from time to
time. The words “herein,” “hereof,” “hereto,” “hereunder,” and other words of similar import refer
to the Plan as a whole and not to any particular Section, subsection, or clause contained therein.
The headings in the Plan are for convenience of reference only and shall not limit or otherwise
affect the provisions hereof. For purposes herein: (1) in the appropriate context, each term,
whether stated in the singular or the plural, shall include both the singular and the plural, and

1 pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, feminine,
2 and the neuter gender; (2) any reference herein to a contract, lease, instrument, release, indenture,
3 or other agreement or document being in a particular form or on particular terms and conditions
4 means that the referenced document shall be substantially in that form or substantially on those
5 terms and conditions; (3) unless otherwise specified, all references herein to “Sections” are
6 references to Sections hereof or hereto; (4) the rules of construction set forth in § 102 shall apply;
7 and (5) any term used in capitalized form herein that is not otherwise defined, but that is used in
8 the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning assigned to that term in the
9 Bankruptcy Code or the Bankruptcy Rules, as the case may be.

7 **C. Controlling Document.**

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

13 **SECTION 2. ADMINISTRATIVE EXPENSE AND PRIORITY CLAIMS.**

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

16 2.1 **Administrative Claims.** Except to the extent that the Debtors (or the Liquidating
17 Trust) and the Holder of an Allowed Administrative Claim agree to less favorable treatment, a
18 Holder of an Allowed Administrative Claim (other than a Professional Claim, which shall be
19 subject to Section 2.2) shall receive, in full satisfaction, settlement, release, and discharge of, and
20 in exchange for, such Administrative Claim, Cash equal to the unpaid portion of such Allowed
21 Administrative Claim either (a) on the Effective Date, (b) if the Allowed Administrative Claim is
22 based on liabilities incurred by the Debtors in the ordinary course of their businesses after the
23 Petition Date, in the ordinary course of business in accordance with the terms and conditions of
24 the particular transaction giving rise to such Allowed Administrative Claim, without any further
25 action by the Holder of such Allowed Administrative Claim, (c) on such other date as agreed
26 between the Debtors (or the Post-Effective Date Debtors) and such Holder of an Allowed
27 Administrative Claim, or (d) to the extent the Allowed Administrative Claim had not yet been
28 Allowed on the Effective Date, from the Administrative Claims Reserve pursuant to Sections 7.9(d)
and 15.3 hereof.

24 2.2 **Professional Claims.** All Professionals seeking an award by the Bankruptcy Court
25 of a Professional Claim (other than the Ordinary Course Professionals) shall file their respective
26 final applications for allowance of compensation for services rendered and reimbursement of
27 expenses incurred by the date that is sixty (60) days after the Effective Date, and shall receive, in
28 full satisfaction of such Claim, Cash in an amount equal to 100% of such Allowed Professional
Claim promptly after entry of an order of the Bankruptcy Court allowing such Claim or upon such

1 other terms as may be mutually agreed-upon between the Holder of such Professional Claim and
2 the Debtors, which Cash shall be paid out of the Effective Date Professional Claim Reserve.
3 Objections to any final applications covering Professional Claims must be filed and served on the
4 Post-Effective Date Debtors, the Liquidating Trustee, and the requesting Professional no later than
5 ninety (90) days after the Effective Date (unless otherwise agreed by the requesting Professional).

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

11 **2.4 Priority Tax Claims.** Except to the extent that a Holder of an Allowed Priority Tax
12 Claim agrees to less favorable treatment, each Holder of an Allowed Priority Tax Claim shall
13 receive, in full and final satisfaction of such Allowed Priority Tax Claim, at the option of the Plan
14 Proponents or the Liquidating Trustee, as applicable: (a) Cash in an amount equal to such Allowed
15 Priority Tax Claim on, or as soon thereafter as is reasonably practicable, the later of (i) the
16 Effective Date, to the extent such Claim is an Allowed Priority Tax Claim on the Effective Date,
17 and (ii) the first Business Day after the date that is thirty (30) calendar days after the date such
18 Priority Tax Claim becomes an Allowed Priority Tax Claim; or (b) equal annual Cash payments
19 in an aggregate amount equal to the amount of such Allowed Priority Tax Claim, together with
20 interest at the applicable rate pursuant to § 511, over a period not exceeding five (5) years from
21 and after the Petition Date; provided, however, the Debtors and Liquidating Trustee, as applicable,
22 reserve the right to prepay all or a portion of any such amounts at any time under this option at the
23 discretion of the Plan Proponents and the Liquidating Trustee.

24 **SECTION 3. CLASSIFICATION OF CLAIMS**

25 **3.1 Classification in General.**

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

29 **3.2 Grouping of Debtors for Deemed Substantive Consolidation.**

30 Consistent with the deemed substantive consolidation of the Debtors, as set forth more
31 fully in Section 7.1, the Plan groups the Debtors together for purposes of describing treatment
32 under the Plan, confirmation of the Plan, and making distributions in accordance with the Plan
33 with respect to Claims against and Interests in the Debtors under the Plan. Accordingly, pursuant
34 to the Plan, the Assets of the Debtors and their Estates, and the Claims against and Interests in the
35 Debtors, will be treated as if the Debtors and their Estates are substantively consolidated on the
36 Effective Date. Notwithstanding the foregoing, such groupings shall not affect any Debtor's status
37 as a separate legal entity, change the organizational structure of the Debtors' business enterprise,
38 constitute a change of control of any Debtor for any purpose, cause a merger or consolidation of

any legal entities, or cause the transfer of any Assets. Except as otherwise provided by or permitted under the Plan, all Debtors shall continue to exist as separate legal entities after the Effective Date.

3.3 Summary of Classification.

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

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

3.4 Special Provision Governing Unimpaired Claims.

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

3.5 Elimination of Vacant Classes.

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

SECTION 4. TREATMENT OF CLAIMS

In full and final satisfaction of all of the Claims against the Debtors (except with respect to Unclassified Claims that are satisfied in accordance with Section 2 above), the Claims shall receive

1 the treatment described below. Except to the extent expressly provided in this Section 4, the timing
2 of distributions is addressed in Section 8.3 hereof.

3 4.1 ***Class 1A: Priority Non-Tax Claims.***

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

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

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

11 4.2 ***Class 1B: Secured PACE Tax Financing Claims.***

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

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

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

18 4.3 ***Class 2: Secured 2017 Revenue Notes Claims.***

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

20 (b) *Treatment.* The Secured 2017 Revenue Notes Claims shall be paid in cash
21 on the Effective Date by the Debtors to the 2017 Notes Trustee for distribution in accordance with
22 the 2017 Revenue Notes Indentures in an amount equal to 100% of a single Allowed Claim in the
23 aggregate amount of \$42,000,000, plus (i) any accrued, but unpaid postpetition interest, if any, at
24 the rate specified in the 2017 Revenue Note Indentures, excluding any interest at a default rate,
25 any make whole premium, any applicable redemption or other premium, and (ii) any accrued but
26 unpaid reasonable, necessary out-of-pocket fees and expenses of the 2017 Notes Trustee and the
27 Master Trustee pursuant to the Final DIP Order and Cash Collateral Orders through and including
28 the Effective Date, less any amounts held by the 2017 Notes Trustee in a (x) principal or revenue
account, (y) debt service or redemption reserve, or (z) an escrow or expense reserve account. No
beneficial Holder of any Secured 2017 Revenue Notes Claims shall be entitled to receive any
distribution pursuant to the Plan, except as may be remitted to such holder by the 2017 Notes
Trustee in accordance with the 2017 Revenue Notes Indenture.

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

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

7 **4.4 Class 3: Secured 2015 Revenue Notes Claims.**

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

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

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

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

27 **4.5 Class 4: Secured 2005 Revenue Bond Claims.**

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

(b) *Treatment*. The Secured 2005 Revenue Bonds Claims shall be treated as a
single Allowed Claim in the aggregate amount of \$259,445,000 plus (i) accrued, but unpaid
postpetition interest, if any, at the rate specified in the 2005 Revenue Bond Indentures through
and including the Effective Date, excluding any interest at the default rate or the Tax Rate, or any
applicable redemption or other premium, and (ii) any accrued, but unpaid reasonable, necessary
out-of-pocket fees and expenses of the 2005 Revenue Bonds Trustee and the Master Trustee
pursuant to the Final DIP Order and Cash Collateral Orders through and including the Effective
Date. The 2005 Revenue Bonds Claims shall be paid and satisfied as follows: (i) an amount equal
to the Initial Secured 2005 Revenue Bonds Claims Payment plus (a) accrued, but unpaid
postpetition interest, if any, at the rate specified in the 2005 Revenue Bond Indentures through
and including the Effective Date, excluding any interest at the default rate or the Tax Rate, or any

1 applicable redemption or other premium, and (b) any accrued, but unpaid reasonable, necessary
2 out-of-pocket fees and expenses of the 2005 Revenue Bonds Trustee and the Master Trustee
3 pursuant to the Final DIP Order and Cash Collateral Orders through and including the Effective
4 Date, shall be paid in cash by the Debtors to the 2005 Revenue Bond Trustee on the Effective Date.
5 In addition, (x) any amounts held by the 2005 Revenue Bonds Trustee in a (1) principal or revenue
6 account, (2) debt service or redemption reserve, or (3) an escrow or expense reserve account shall
7 be applied against the Secured 2005 Revenue Bonds Claim, and (y) the 2005 Revenue Bonds
8 Trustee shall become the sole Trust Beneficiary and holder of all of the First Priority Trust
9 Beneficial Interests in the amount of the 2005 Revenue Bonds Diminution Claim, including
10 interest accruing after the Effective Date at the non-default rate provided for in the 2005 Revenue
11 Bond Indentures. The foregoing payments and distributions shall be in full and final satisfaction
12 of the Secured 2005 Revenue Bonds Claims as a single Allowed Claim. Notwithstanding
13 distribution of First Priority Trust Beneficial Interests on account of the 2005 Secured Revenue
14 Bonds Diminution Claim, the 2005 Revenue Bonds Trustee or the Master Trustee shall be entitled
15 to retain and apply Adequate Protection Payments received during the course of these Cases on or
16 on behalf of the 2005 Secured Revenue Bonds in the manner provided by the relevant indenture.
17 No beneficial Holder of any Secured Series A, G and H Revenue Bonds Claims shall be entitled
18 to receive any distribution pursuant to the Plan, except as may be remitted to such Holder by the
19 2005 Revenue Bonds Trustee.

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

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

17 **4.6 Class 5: Secured MOB I Financing Claims.**

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

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

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

28 **4.7 Class 6: Secured MOB II Financing Claims.**

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

(b) *Treatment.* The Secured MOB II Financing Claims shall be paid in cash on
the Effective Date by the Debtors in an amount equal to 100% of a single Allowed Claim in the

1 aggregate amount of \$20,061,919.48, plus (i) accrued, but unpaid postpetition interest, if any, at
2 the rate specified in the MOB II Loan Agreements, excluding any interest at the default rate, or
3 make whole premium, and (ii) any accrued but unpaid reasonable, necessary out-of-pocket fees
4 and expenses of Verity MOB Financing II LLC, pursuant to the Final DIP Order and Cash
5 Collateral Orders through and including the Effective Date.

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

8 **4.8 Class 7: Secured Mechanics Lien Claims.**

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

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

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

15 **4.9 Class 8: General Unsecured Claims.**

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

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

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

26 **4.10 Class 9: Insured Claims.**

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

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

Except to the extent that a Holder of an Insured Claim agrees to different treatment, or
unless otherwise provided by an order of the Bankruptcy Court directing such Holder's
participation in any alternative dispute resolution process, on the Effective Date, or as soon
thereafter as is reasonably practicable, each Holder of an Insured Claim will have received or shall
receive on account of its Insured Claim relief from the automatic stay under § 362 and the
injunctions provided under this Plan for the sole and limited purpose of permitting such Holder to

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

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

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

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

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

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

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

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

6 4.12 ***Class 11: Subordinated General Unsecured Claims.***

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

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

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

13 4.13 ***Class 12: Interests.***

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

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

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

19 **SECTION 5. POST-EFFECTIVE DATE GOVERNANCE**

20 5.1 ***Dissolution of Certain Debtors.*** The following Debtors shall be dissolved, under
21 applicable non-bankruptcy law on the Effective Date or shortly thereafter, as determined by the
22 Liquidating Trustee, and each respective Debtor's interests and rights shall be vested, for all
23 purposes in the Liquidating Trust, and all of the interests in such Debtors shall be cancelled and
24 terminated without further order of the Bankruptcy Court: VBS; Holdings; De Paul Ventures; and
25 De Paul - San Jose Dialysis.

26 5.2 ***Dissolution of Certain Non-Debtor Affiliates.*** On the Effective Date, the following
27 Non-Debtor Affiliates shall be dissolved, under applicable non-bankruptcy law: DePaul - San Jose
28 ASC; St. Vincent De Paul Ethics Corporation; VHoldings; Robert F. Kennedy Medical Center;
Robert F. Kennedy Medical Center Foundation; and Sports Medical Management, Inc.

29 5.3 ***Dissolution of Sale-Leaseback Debtor Foundations.***

30 (a) Dissolution of St. Francis Medical Center of Lynwood Foundation. Until
31 the SFMC Closing Date, St. Francis Medical Center of Lynwood Foundation shall continue to
32 make distributions to SFMC in the ordinary course of business, with any properly donor-restricted
33 gifts distributed in accordance with the terms and conditions of such restricted gift. After the

1 SFMC Closing Date, the properly donor-restricted charitable assets of St. Francis Medical Center
2 of Lynwood Foundation shall be transferred pursuant to approvals to be received from the Attorney
3 General of California, pursuant to section 999.2(e) of title 11 of the California Code of Regulations
4 and related statutes and regulations. Thereafter, St. Francis Medical Center of Lynwood
5 Foundation shall be dissolved under applicable non-bankruptcy law.

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

14 5.4 ***Dissolution of the SCC Debtor Foundations.*** On the Effective Date or shortly
15 thereafter, the properly donor-restricted charitable assets of Saint Louise Regional Hospital
16 Foundation and O'Connor Hospital Foundation shall be transferred pursuant to approvals to be
17 received from the Attorney General of California, pursuant to section 999.2(e) of title 11 of the
18 California Code of Regulations and related statutes and regulations. Thereafter, each respective
19 Foundation shall be dissolved under applicable non-bankruptcy law.

20 5.5 ***Dissolution of VMF.*** VMF shall be dissolved, under applicable non-bankruptcy
21 law, as soon as practicable after completion of the claims process under VMF's capitation
22 agreements.

23 5.6 ***Disposition of Marillac.*** VHS, in its capacity as a Debtor and/or a Post-Effective
24 Date Debtor, and/or the Liquidating Trustee shall take such action as reasonably necessary and
25 advisable to effectuate the sale, disposition, or other administration of the issued and outstanding
26 equity interests in, or assets of, Marillac. The net Cash proceeds of such sale, disposition, or other
27 administration, if any, shall be used to pay Holders of Claims as set forth in this Plan or as
28 otherwise agreed pursuant to a Creditor Settlement Agreement.

29 5.7 ***Continued Existence of Post-Effective Date Debtors After the Effective Date.***

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

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

- 37 (i) to maintain their corporate existence and full rights as the licensees
38 under the Hospital Licenses so Prime and AHMC may obtain their general
acute care hospital licenses from the CDPH and their hospital pharmacy

1 permits from the California State Board of Pharmacy pursuant to their
2 respective Interim Management Agreements;

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

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

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

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

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

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

28 provided, however, that, notwithstanding the foregoing, Seton shall continue in existence
solely for the limited purposes set forth in Section 5.7(c) hereof in the event that (i) the transfer of
the Seton Pharmacy Assets, (ii) the expiration of the Seton Interim Leaseback Agreement, and (iii)
the expiration of the Seton Interim Management Agreement all occur prior to the Effective Date.

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

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

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

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

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

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

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

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

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

21 (f) No Further Approvals Required. In performance of their duties hereunder,
22 Post-Effective Date Debtors shall have the rights and powers of a debtor in possession under
23 § 1107, and such other rights, powers, and duties necessary, appropriate, advisable or convenient
24 to effectuate the provisions of the Plan. On and after the Effective Date, the Post-Effective Date
25 Debtors shall not be required to obtain any approvals from the Bankruptcy Court, any court or
Governmental Unit and/or provide any notices under the Nonprofit Laws to implement the terms
of the Plan.

26 (g) Dissolution. The Liquidating Trustee will cause each Post-Effective Date
27 Debtor to be dissolved for all purposes under applicable non-bankruptcy law, as follows:
28

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

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

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

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

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

25 5.8 *Post-Effective Date Board of Directors.*

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

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

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

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

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

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

10 SECTION 6. THE LIQUIDATING TRUST

11 6.1 ***Creation***. On the Effective Date, the Liquidating Trust shall be created and all of
12 the Liquidating Trust Assets shall be transferred to the Liquidating Trust, pursuant to the terms of
13 the Liquidating Trust Agreement. Nothing in this Plan, including the implementation of the
Liquidating Trust, or actions or inactions by the Liquidating Trustee after the Effective Date, shall
14 alter, terminate, or otherwise adversely affect the Nonprofit Status of the Post-Effective Date
Debtors.

15 6.2 ***Purposes of the Liquidating Trust***. The primary purpose of the Liquidating Trust
16 shall be the liquidation and distribution of its assets, in accordance with 26 C.F.R. § 301.7701-
17 4(d). The primary functions of the Liquidating Trust are as follows: (i) to liquidate, sell, or dispose
of the Trust Assets; (ii) to cause all net proceeds of the Trust Assets, including proceeds of Causes
18 of Action on behalf of the Liquidating Trust, to be deposited into the Liquidating Trust; (iii) to
initiate actions to resolve any remaining issues regarding the allowance and payment of Claims
19 including, as necessary, initiation and/or participation in proceedings before the Court; (iv) to take
such actions as are necessary or useful to maximize the value of the Liquidating Trust; (v) to
20 effectuate the wind-down of the Debtors as set forth in the Plan; and (vi) to make the payments
and distributions to Holders of Allowed Claims, including Trust Beneficiaries, as required by the
Plan.

21 6.3 ***The Liquidating Trust Agreement***. The Liquidating Trust Agreement executed by
22 the parties thereto shall be filed not less than fourteen (14) days prior to the Ballot Deadline,
23 provided, that a copy of the Liquidating Trust Agreement in substantially final form shall be
included in the Disclosure Statement. The Liquidating Trust Agreement, including the designation
24 of the Liquidating Trustee thereunder, shall be approved by the Court, and the designated
Liquidating Trustee shall accept their duties thereunder on or before the Confirmation Date. The
25 Liquidating Trust Agreement shall, among other things, create the Liquidating Trust, identify the
Liquidating Trustee, identify the compensation of the Liquidating Trustee, and specify the
26 authorities and powers of the Liquidating Trustee and the Post-Effective Date Committee
consistent with this Plan. The Liquidating Trust Agreement may only be amended, modified
27 and/or supplemented by providing 5 business days written notice to the Plan Proponents, and if
28

1 any of the Plan Proponents shall object to such amendment, modification and/or supplement in
2 writing, subject to Bankruptcy Court approval, after notice and a hearing.

3 **6.4 *Operations of the Liquidating Trust.*** From and after the Effective Date, the
4 Liquidating Trust may use and dispose of Liquidating Trust Assets, and take any of the actions
5 consistent with this Plan and/or the Liquidating Trust Agreement without the approval of the Court
6 and free of the restrictions of the Bankruptcy Code, the Bankruptcy Rules, and the Local
7 Bankruptcy Rules, provided that the Liquidating Trust will be administered so that it qualifies as
8 a liquidating trust under 26 C.F.R. § 301.7701-4(d). The actions of the Liquidating Trust and the
9 Liquidating Trustee shall be governed by the provisions of the Liquidating Trust Agreement.

7 **6.5 *Liquidating Trustee.***

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

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

16 (i) implement this Plan and administer the Liquidating Trust;

17 (ii) hold legal title to any and all rights of the Trust Beneficiaries in or
18 arising from the Liquidating Trust Assets, including, but not limited to,
19 collecting, receiving any and all money and other property belonging to the
20 Liquidating Trust and the right to vote any claim or interest in a case under
21 the Bankruptcy Code and receive any distribution therein;

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

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

- 1 (a) oversee the management and operations of the Hospital
2 Purchased Assets pursuant to the Interim Agreements,
3 including, without limitation, the administration of all
4 obligations and claims, and the Transfer or other disposition
5 of the Hospital Purchased Assets;
- 6 (b) oversee and implement the responsibilities and duties of the
7 Sale-Leaseback Debtors;
- 8 (c) ensure compliance with the Interim Agreements;
- 9 (d) report to the respective board on a regular basis and provide
10 such information and reports that may be reasonably
11 requested by the Post-Effective Date Board of Directors;
- 12 (e) oversee SVMC's, St. Vincent Dialysis's, and the SCC
13 Debtors' collection of Quality Assurance Payments and
14 other accounts; and
- 15 (f) oversee and implement the responsibilities and duties of
16 VHS, including, but not limited to, ensuring compliance
17 with the Interim Agreements and the Transition Services
18 Agreements;
- 19 (v) protect and enforce the rights to the Liquidating Trust Assets by any
20 method deemed appropriate including, without limitation, by judicial
21 proceedings or pursuant to any applicable bankruptcy, insolvency,
22 moratorium or similar law and general principles of equity;
- 23 (vi) compromise, adjust, arbitrate, sue on or defend, pursue, prosecute,
24 abandon, or otherwise deal with and settle, in accordance with the terms of
25 the Liquidating Trust Agreement, the Causes of Action in favor of or against
26 the Liquidating Trust as the Liquidating Trustee shall deem advisable;
- 27 (vii) avoid and recover transfers of the Debtors and Non-Debtor
28 Affiliates' property as may be permitted by the Bankruptcy Code or
applicable state law, including, without limitation, those identified in the
Disclosure Statement;
- (viii) determine and satisfy any and all liabilities created, incurred or
assumed by the Liquidating Trust;
- (ix) estimate, object to and otherwise administer Claims (except for
Professional Claims and the 2005 Revenue Bonds Diminution Claim) and
Interest;

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

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

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

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

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

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

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

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

14 (c) Oversight. The Liquidating Trustee shall keep the Master Trustee informed,
15 from time to time, of the progress of the Liquidating Trust in collecting and liquidating the
16 Liquidating Trust Assets, including all offers of compromise and settlement with respect to such
17 assets. Unless and until the First Priority Trust Beneficial Interests are paid in full, any decisions
18 of the Liquidating Trustee to settle, compromise, affect, waive or release any rights of the
19 Liquidating Trust in any assets having a nominal value of \$50,000 or more (or such other minimum
amount as may be agreed to by the Liquidating Trustee and the Master Trustee) shall require the
20 consent of the Master Trustee, which consent may be withheld in its sole discretion. In the event
21 that the Liquidating Trustee intends to decline an offer of compromise or settlement that would
22 result in the payment in full of the First Priority Trust Beneficial Interests (any such offer, an "Exit
23 Offer"), such decision shall be made only if, in the reasonable determination of the Liquidating
Trustee, there is a reasonable probability that a materially greater amount can be collected within
24 a reasonable period of time. If the Master Trustee disagrees with the decision of the Liquidating
Trustee to decline an Exit Offer, the Master Trustee may commence an expedited, confidential
arbitration against the Liquidating Trustee and the Post-Effective Date Committee seeking a
determination that the Liquidating Trustee has not acted reasonably in declining to accept such
Exit Offer, and compelling the Liquidating Trustee to accept such Exit Offer.

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

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

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

22 (g) No Further Approvals Required/Transfer of Liquidating Trust Assets. In
23 performance of its duties hereunder, the Liquidating Trustee shall have the rights and powers of a
24 debtor in possession under § 1107, and such other rights, powers, and duties necessary, appropriate,
25 advisable or convenient to effectuate the provisions of the Plan. On and after the Effective Date,
26 the Liquidating Trustee shall not be required to obtain any approvals from the Bankruptcy Court,
27 any court or Governmental Unit and/or provide any notices under any applicable laws, including
28 under the Nonprofit Laws, to implement the terms of the Plan, including, without limitation, the
29 Transfer of any Liquidating Trust Assets retained by the Liquidating Trust. As further set forth in
30 the Liquidating Trust Agreement, without limitation of the foregoing, with the prior Consent of
31 the Master Trustee (until the First Priority Beneficial Trust Interests are paid in full) and the Post-
32 Effective Date Committee, the Liquidating Trustee shall be authorized pursuant to this Plan to
33 Transfer any or all of the Liquidating Trust Assets without necessity of any further notice or
34 approval of the Bankruptcy Court and/or under any applicable state or federal law, including under
35 the Nonprofit Laws. This provision shall be subject in its entirety to the Liquidating Trust
36 Agreement.

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

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

6 **6.6 Books and Records.** As more fully set forth in the Liquidating Trust Agreement,
7 the Liquidating Trustee shall maintain, with respect to the Liquidating Trust and the Trust
8 Beneficiaries, books and records relating to the Liquidating Trust Assets and income of the
9 Liquidating Trust and the payment of expenses of, and liabilities of claims against or assumed by,
10 the Liquidating Trust in such detail and for such period of time as may be necessary to enable it to
11 make full and proper accounting in respect thereof. Such books and records shall be maintained
12 on a modified cash or other comprehensive basis of accounting necessary to facilitate compliance
13 with the tax reporting requirements of the Liquidating Trust. Except as provided in the Liquidating
14 Trust Agreement and the Plan, nothing requires the Liquidating Trustee to file any accounting or
15 seek approval of any court with respect to the administration of the Liquidating Trust, or as a
16 condition for managing any payment or distribution out of the Liquidating Trust Assets.

17 **6.7 Payment of Trust Expenses.** As set forth below, the Liquidating Trust expenses
18 shall be paid, or adequate reserves created therefor, from the Liquidating Trust Administration
19 Accounts.

20 **6.8 Employment and Compensation of Professionals.** In accordance with the
21 Liquidating Trust Agreement, the Liquidating Trust may employ such counsel (which may be the
22 same counsel employed by either the Post-Effective Date Committee or the Post-Effective Date
23 Debtors), advisors and other professionals selected by the Liquidating Trustee that the Liquidating
24 Trustee reasonably requires to perform its responsibilities under the Plan without further order
25 from the Bankruptcy Court. The Liquidating Trust's professionals shall be compensated as agreed
26 to by the Liquidating Trustee and paid upon five (5) Business Days' notice to the Post-Effective
27 Date Committee, without further motion, application, notice or other order of the Bankruptcy
28 Court. The fees and expenses of the Liquidating Trust's professionals shall be satisfied solely out
of the Liquidating Trust Administrative Accounts.

**6.9 Limitation of Liability of the Liquidating Trustee and the Post-Effective Date
Committee.** The Liquidating Trustee and the Post-Effective Date Committee, and the Liquidating
Trustee's attorneys, accountants, consultants, employees, agents and assignees, shall have no
liability for any error of judgment, actions, or omissions made in good faith other than as a result
of gross negligence or willful misconduct. No provisions of this Plan shall require the Liquidating
Trustee or any of the members of the Post-Effective Date Committee to expend or risk his/her own
funds or otherwise incur personal financial liability in the performance of any of his/her duties
under this Plan or in the exercise of any of the Liquidating Trustee's and the Post-Effective Date
Committee's rights and powers. The Liquidating Trust shall indemnify and hold the Liquidating
Trustee and Post-Effective Date Committee harmless, from and against any damages, costs, claims
and other liabilities incurred by any of them in connection with their respective duties and
responsibilities hereunder, other than those damages, costs, claims and other liabilities that result
from such party's gross negligence or willful misconduct. Further, as provided in the Interim
Agreements, Prime and AHMC shall indemnify and hold the Liquidating Trustee harmless, from

1 and against any damages, costs, claims and other liabilities incurred by him/her in connection with
2 the respective duties and responsibilities hereunder, other than those damages, costs, claims and
3 other liabilities that result from the Liquidating Trustee's gross negligence or willful misconduct.
4 The Liquidating Trustee may purchase or extend existing insurance to cover potential liabilities
5 that may be incurred in the Chapter 11 Cases, and such cost shall be paid for by the Liquidating
6 Trust from the Liquidating Trust Administration Accounts..

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

19 **SECTION 7. MEANS FOR IMPLEMENTATION OF THE PLAN**

20 **7.1 Creditor Settlement Agreements.**

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

24 (i) the Holders of Secured 2005 Revenue Bond Claims shall
25 receive the treatment set forth in Section 4.5, including, but not
26 limited to, the receipt of the Initial Secured 2005 Revenue Bonds
27 Claims Payment and the First Priority Trust Beneficial Interests in
28 full and final satisfaction of the 2005 Revenue Bonds Diminution
Claim;

1 (ii) the Holders of Allowed General Unsecured Claims shall
2 receive the treatment set forth in Section 4.9, including, but not
3 limited to, the receipt of Second Priority Beneficial Trust Interests
4 in full and final satisfaction of all Allowed General Unsecured
5 Claims;

6 (iii) on the Effective Date, or as soon thereafter is reasonably
7 practicable, the following litigations and the claims asserted therein
8 shall be dismissed with prejudice: (a) the adversary proceeding
9 captioned *Official Committee of Unsecured Creditors of Verity
10 Health System of California, Inc., et al. v. U.S. Bank National
11 Association, as trustee*, Adv. Case No. 2:19-ap-01165-ER (Bankr.
12 C.D. Cal.); and (b) the adversary proceeding captioned *Official
13 Committee of Unsecured Creditors of Verity Health System of
14 California, Inc., et al. v. UMB Bank, National Association, as
15 trustee*, Adv. Case No. 2:19-ap-01166-ER (Bankr. C.D. Cal.);

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

22 (v) the Confirmation Order shall include, without limitation,
23 findings that: (a) the Prepetition Secured Creditors were oversecured
24 as of the Petition Date and are entitled to retain Adequate Protection
25 Payments as allowed postpetition interest and fees under § 506(a);
26 (b) the amount of the Prepetition Replacement Lien (as defined in
27 the Final DIP Order and the Cash Collateral Orders) that may be
28 asserted by the Master Trustee and the 2005 Revenue Bonds Trustee
is equal to or greater than the 2005 Revenue Bonds Diminution
Claim; (c) the 2005 Revenue Bonds Claim, including the 2005
Revenue Bonds Diminution Claim, constitutes an Allowed Secured
Claim for all purposes under the Plan and the Liquidating Trust
Agreement, and on and after the Effective Date shall not be subject
to any defense, reduction, setoff or counterclaim, including without
limitation, pursuant to any claims under §§ 506(c) and 552(b) of the
Bankruptcy Code; and (d) the Master Trustee and the 2005 Bonds
Trustee are authorized to enter into the Plan Settlement on behalf of
the holders of the 2005 Bonds Claims and such Trustees have
properly exercised their rights, powers and discretion pursuant to the
2005 Bonds Indenture and applicable law in entering into the Plan
Settlement, which shall be bind the Master Trustee, the 2005
Revenue Bonds Trustee and all holders of the 2005 Revenue Bonds
Claims;

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

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

11 (viii) the Indenture Trustees and their affiliates shall be Released
12 Parties under this Plan and shall be granted the benefit of the releases,
13 injunctions, and exculpations set forth herein pursuant to
14 § 1123(b)(3)(A) and the Plan Settlement; and

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

17 The entry of the Confirmation Order shall constitute the Bankruptcy Court's finding that
18 (i) entering into the Plan Settlement is in the best interests of the Debtors, their Estates, and their
19 creditors, (ii) the Plan Settlement is fair, equitable and reasonable, and (iii) the Plan Settlement
20 meets all the standards set forth in Bankruptcy Rule 9019 and § 1123(b)(3)(A).

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

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

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

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

1 (iv) any fiduciary breach claims held by the PBGC related to any
2 of the Debtors pension plan covered by title IV of the Employment
3 Retirement Income Security Act of 1974, as amended, 29 U.S.C. §§
4 1301-1461 (2006 & Supp. III 2009), shall not be not released,
5 waived, or discharged under this Plan or the Confirmation Order;

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

8 (vi) the PBGC Settlement shall be null and void in the event that
9 (A) the Plan is not confirmed or does not go into effect, (B) the
10 SFMC Sale or Seton Sale do not close, or (C) the SFMC Sale or
11 Seton Sale close for a purchase price that is materially less than the
12 contracted amount in the SFMC Asset Purchase Agreement or the
13 Seton Asset Purchase Agreement, as applicable.

14 The entry of the Confirmation Order shall constitute the Bankruptcy Court's finding that
15 (i) entering into the PBGC Settlement is in the best interests of the Debtors, their Estates, and their
16 creditors, (ii) the PBGC Settlement is fair, equitable and reasonable, and (iii) the PBGC Settlement
17 meets all the standards set forth in Bankruptcy Rule 9019 and § 1123(b)(3)(A).

18 (c) Other Creditor Settlement Agreements. Pursuant to Bankruptcy Rule 9019
19 and § 1123(b)(3), the entry of the Confirmation Order shall constitute the Bankruptcy Court's
20 approval, as of the Effective Date, of each of the Creditor Settlement Agreements and the finding
21 that (i) entering into each of the Creditor Settlement Agreements is in the best interests of the
22 Debtors, their Estates, and their creditors, (ii) each of the Creditor Settlement Agreements is fair,
23 equitable and reasonable, and (iii) each of the Creditor Settlement Agreements meets all the
24 standards set forth in Bankruptcy Rule 9019 and § 1123(b)(3). Notwithstanding anything to the
25 contrary set forth herein, all distributions contemplated by each Creditor Settlement Agreement
26 shall be made only in accordance with the terms of the respective Creditor Settlement Agreement.

27 **7.2 Deemed Substantive Consolidation.** The Plan contemplates, and is predicated on,
28 the deemed substantive consolidation of the Debtors' Estates as follows:

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

(b) The deemed substantive consolidation effected pursuant to the Plan shall
not affect, without limitation, (i) the Debtors', the Post-Effective Date Debtors', or the Liquidation
Trust's defenses to any Claim or Cause of Action, including the ability to assert any counterclaim,
provided, that, the Liquidating Trust shall neither assert nor preserve Intercompany Claims, except
to the extent necessary to preserve claims and defenses against any third parties other than the
Debtors; (ii) the Debtors', the Post-Effective Date Debtors', or the Liquidation Trust's setoff or
recoupment rights; (iii) requirements for any third party to establish mutuality prior to deemed
substantive consolidation in order to assert a right of setoff against the Debtors, the Post-Effective

1 Date Debtors, or the Liquidation Trust; (iv) distributions to the Debtors, the Estates, the Post-
2 Effective Date Debtors, or the Liquidation Trust out of any Insurance Policies or proceeds of such
3 policies; (v) distributions to the Debtors, the Estates, the Post-Effective Date Debtors, or the
4 Liquidation Trust from any governmental programs, including, but not limited to, Medicare and
5 Medi-Cal, including any fee for service payments and any Quality Assurance Payments; (vi) the
6 applicability and enforceability of any government issued licenses, including, but not limited to,
7 the Hospital Licenses, or (vii) any Avoidance Action or any other Cause of Action held by the
8 Debtors arising under §§ 541 through 550, or state laws of similar effect, against any third party
9 other than the other Debtors, except to the extent any such actions are expressly waived or settled
10 pursuant to this Plan.

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

20 (d) If the Bankruptcy Court determines that deemed substantive consolidation
21 of any given Debtors is not appropriate, then the Plan Proponents may request that the Bankruptcy
22 Court otherwise confirm the Plan and approve the treatment of and Distributions to the different
23 Classes under the Plan on an adjusted, Debtor-by-Debtor basis. Furthermore, the Debtors reserve
24 their rights, with the consent of the Plan Proponents: (i) to seek confirmation of the Plan without
25 implementing deemed consolidation of any given Debtor, and, in the Debtors' reasonable
26 discretion, to request that the Bankruptcy Court approve the treatment of and Distributions to any
27 given Class under the Plan on an adjusted, Debtor-by-Debtor basis; and (ii) to seek deemed
28 consolidation of all Debtors whether or not all Impaired Classes entitled to vote on the Plan vote
to accept the Plan.

19 **7.3 Cancellation of Existing Indentures and Related Securities.** On the Effective
20 Date, and conditioned on the irrevocable receipt of all of the Plan payments to the respective Bond
21 and Notes Trustees on behalf of Classes 2, 3, and 4 due upon the Effective Date, and the
22 effectiveness of the releases and exculpations of each of the Indenture Trustees in accordance with
23 Sections 13.5(d) and 13.7 of the Plan, the Master Indenture of Trust, dated as of December 1, 2001,
24 as amended and supplemented, among the Daughters of Charity Health System, as predecessor in
25 interest to VHS, the 2005 Revenue Bonds Indentures, the 2015 Revenue Notes Indentures and the
26 2017 Revenue Notes Indentures (collectively, the "**Indentures**"), together with the related
27 Obligations of the Debtors, loan agreements and security documents to which the Debtors are party,
28 including the Intercreditor Agreement, and the respective notes, bonds, and securities issued under
each of the Indentures shall be deemed inoperative and unenforceable against the Debtors and the
Debtors shall have no continuing obligations thereunder, and the Indenture Trustees shall each be
discharged for all purposes, provided, however, that the foregoing Indentures shall continue in
effect solely to the extent necessary to (i) allow the respective Bond and Notes Trustees to receive
and make distributions under the Plan to their respective holders, and preserving the tax attributes

1 of such distributions under such Indentures and (ii) allow the respective Indenture Trustees to
2 enforce any obligations owed to them under the Plan or their respective Indentures (including
3 compensation and reimbursement for any reasonable and documented fees and expenses pursuant
4 to their respective charging liens as provided in the Indentures, as applicable). Without limiting
5 the foregoing, the Bond and Notes Trustees, as applicable, shall receive all distributions made
6 under the Plan on account of their respective Allowed Claims and shall distribute them in any
7 manner permitted by the applicable Indentures, including on a date selected by the respective Bond
8 and Notes Trustee on or after the Effective Date for surrender and cancellation of securities. The
9 Indenture Trustees shall be entitled to receive from the Liquidating Trust their reasonable fees and
10 expenses incurred in releasing any liens and making distributions, as applicable, in accordance
11 with the relevant Indentures, the Plan, and the Confirmation Order. Notwithstanding the foregoing,
12 if any claim is ever made upon the Indenture Trustees or any Prepetition Secured Creditor subject
13 to the Intercreditor Agreement, which results in the rescission, repayment, recovery or restoration
14 of any amounts received by the Indenture Trustees (or in the case of the Prepetition Secured
15 Creditors, as distributed from the Indenture Trustees to such Prepetition Secured Creditor)
16 pursuant to the Plan, the Intercreditor Agreement shall be reinstated in full force and effect, and
17 the prior termination of the Intercreditor Agreement pursuant to this Section 7.3 shall not diminish,
18 release, discharge, impair or otherwise affect the obligations of the parties to the Intercreditor
19 Agreement from such date of reinstatement.

12 **7.4 Funding for Distributions.** The distributions to holders of Allowed Claims and
13 Trust Beneficiaries contemplated under the Plan shall be funded as set forth herein.

14 **7.5 No Further Court Authorization.** Except as provided herein or the Confirmation
15 Order, the Liquidating Trustee will continue the orderly administration of the Liquidating Trust
16 Assets and otherwise implement the provisions of this Plan without necessity of any further order
17 of the Bankruptcy Court or approval or consent of any Governmental Unit, including under the
18 Nonprofit Laws. Further, except as provided herein or the Confirmation Order, the Liquidating
19 Trustee will continue his/her oversight and related responsibilities pursuant to the Plan and Interim
20 Agreements without necessity of any further order of the Bankruptcy Court or other Governmental
21 Unit, including under the Nonprofit Laws.

19 **7.6 Operating Accounts for the Post-Effective Date Debtors.** On the Effective Date,
20 subject to the prior payment of the amounts required to be paid by the Debtors in cash on the
21 Effective Date pursuant to this Plan, Operating Accounts for Post-Effective Date Debtors shall be
22 established and funded in accordance with, or, if previously established, continued in accordance
23 with, the Operating Budget. The Liquidating Trustee shall be authorized to use the funds in the
24 Operating Accounts to preserve, administer, and continue the Operations of the Operating Assets,
25 including paying all costs and expenses associated therewith, and collection of any amounts due
26 under the Interim Agreements, each in accordance with the Operating Budget. After the Effective
27 Date, all Cash or other proceeds generated by the Operating Assets and required to fund the
28 Operating Accounts and/or Operate the Operating Assets shall not be included within the definition
of the Remaining Cash under this Plan.

26 **7.7 Transfer of Certain Funds Into the Liquidating Trust.** Post-Effective Date, the
27 Liquidating Trustee, subject to the prior payment of all amounts required to be paid by the Debtors
28 in cash on the Effective Date pursuant to this Plan, shall transfer funds received on account of any

1 Post-Effective Date Debtors to the Liquidating Trust except for funds that (i) constitute Hospital
2 Purchased Assets, or (ii) are to be retained by the Post-Effective Date Debtors under the Interim
3 Agreements and the Operating Budget. The aforementioned transfers to the Liquidating Trust
4 shall be made as soon as practicable, but no less frequently than on a quarterly basis, with the first
5 such transfer occurring as soon as practicable after the Effective Date. Further, the Liquidating
6 Trustee shall transfer all funds held or received by SVMC, St. Vincent Dialysis, and the SCC
Debtors on or after the Effective Date to the Liquidating Trust as soon as practicable, but no less
frequently than on a quarterly basis, with the first such transfer occurring as soon as practicable
after the Effective Date.

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

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

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

15 (iii) Each transfer of Liquidating Trust Assets (other than any assets
16 allocable to Liquidating Trust Reserves and the Liquidating Trust
Administration Accounts) to the Liquidating Trust shall be treated as a
17 transfer of such assets directly to the holders of Trust Beneficial Interests in
18 partial satisfaction of their Claims (with each Trust Beneficiary receiving
19 an undivided interest in such assets in accord with their economic interests
in such assets), followed by the transfer by the Trust Beneficiaries to the
Liquidating Trust of such assets in exchange for the Trust Beneficial
Interests.

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

22 (v) Allocations of the Liquidating Trust's taxable income (other than
23 income attributable to assets in the Liquidating Trust Reserves and the
24 Liquidating Trust Administration Accounts) among the beneficiaries of the
25 Liquidating Trust shall be determined by reference to the manner in which
26 an amount of Cash equal to such taxable income would be distributed
27 (without regard to any restrictions on distributions) if, immediately prior to
such deemed distribution, the Liquidating Trust had distributed all of its
28 other assets (valued at their tax book value and other than assets allocable
to Disputed Claims) to the Trust Beneficiaries, in each case up to the tax

1 book value of the assets treated as contributed by such Trust Beneficiaries,
2 adjusted for prior taxable income and loss and taking into account all prior
3 and concurrent distributions from the Liquidating Trust. Similarly, taxable
4 loss of the Liquidating Trust shall be allocated by reference to the manner
5 in which an economic loss would be borne immediately after a liquidating
6 distribution of the remaining Liquidating Trust Assets. The tax book value
7 of the Liquidating Trust Assets for this purpose shall equal their fair market
8 value on the date such assets are transferred to the Liquidating Trust,
9 adjusted in accordance with tax accounting principles prescribed by the IRC,
10 applicable Treasury Regulations, and other applicable administrative and
11 judicial authorities and pronouncements.

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

21 (vii) The Liquidating Trustee shall (x) treat the Liquidating Trust
22 Reserves as "disputed ownership funds" governed by 26 C.F.R. § 1.468B-
23 9 by timely making an election, and (y) to the extent permitted by applicable
24 law, report consistently with the foregoing for state and local income tax
25 purposes.

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

19 **7.8 Funding of the Liquidating Trust Administration Accounts.** On or prior to the
20 Effective Date, the Liquidating Trustee shall have the authority, subject to the Liquidating Trust
21 Agreement, to establish and maintain one or more Liquidating Trust Administration Accounts in
22 the name of the Liquidating Trustee pursuant to the terms of this Plan and the Liquidating Trust
23 Agreement. On the Effective Date, an amount of the Debtors' Cash on hand equal to an aggregate
24 of \$3,500,000.00 shall be deposited in the Liquidating Trust Administration Accounts as
25 designated by the Liquidating Trustee. The Liquidating Trustee shall have the authority, subject
26 to the Liquidating Trust Agreement, to utilize the funds in the Liquidating Trust Administration
27 Account to pay any and all reasonable costs and expenses incurred in implementing the terms of
28 this Plan and the Liquidating Trust Agreement, including, but not limited to, the costs of collection
and liquidation of the Liquidating Trust Assets. et. As assets are collected by the Liquidating
Trust, at least 95% of the gross amount of such collections shall be deposited into the Plan Fund,
to be paid to the Master Trustee for application against the Frist Priority Trust Beneficial Interests
until the 2005 Revenue Bonds Diminution Claim is paid in full, and the remainder of such gross
collections may be retained by the Liquidating Trust and deposited into the Liquidating Trust

1 Administration Account; provided, that, if and when the aggregate of the deposits into the
2 Liquidating Trust Administration Account, including the initial \$3,500,000.00 deposit, equals
3 \$7,500,000.00, 100% of all subsequent gross collections shall be deposited into the Plan Fund, to
4 be paid to the Master Trustee for application to the Frist Priority Trust Beneficial Interests until
5 paid in full, and then shall be used to make payments to the Holders of the Second Priority Trust
6 Beneficial Interests. Upon termination of the Liquidating Trust, if any of the 2005 Revenue Bonds
7 Diminution Claim remains unpaid, any balance in the Liquidating Trust Administration Account
shall be paid to the Master Trustee on account of the Frist Priority Trust Beneficial Interests until
the 2005 Revenue Bonds Diminution Claim is paid in full, and any remaining balance in the
Liquidating Trust Administration Account shall thereafter be paid to the Holders of the Second
Priority Trust Beneficial Interests.

8 7.9 ***Liquidating Trust Reserves.*** The Liquidating Trustee shall have the authority to
9 establish and maintain the Liquidating Trust Reserves, as follows:

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

11 (i) *Establishment.* On the Effective Date, the Liquidating Trustee shall
12 set aside Cash sufficient in the aggregate to fund a reserve on account of
13 any Disputed Unclassified Claims and Disputed Class 1A Claims. Once
14 such Disputed Unclassified Claims and Disputed Class 1A Claims, if any,
15 are resolved and become Allowed, Cash in such reserves shall be made
16 available, on a quarterly basis, for distribution to the holders of such newly
17 Allowed Claims in accordance with the Plan. If all Disputed Unclassified
18 Claims and Disputed Class 1A Claims are either Allowed and satisfied or
19 Disallowed, any remaining funds in such reserve, on a quarterly basis, shall
20 be used to first fund the Trust Administration Account (if necessary) and
21 the remainder shall be deposited into the Plan Fund.

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

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

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

5 (d) Administrative Claims Reserve. As more fully set forth below in Section
6 15.3, on the Effective Date, the Debtors shall establish the Administrative Claims Reserve. Upon
7 satisfaction of all Allowed Administrative Claims and resolution of any disputed Administrative
8 Claims for which amounts were included in the Administrative Claims Reserve, any funds
9 remaining in the Administrative Claims Reserve shall be deposited into the Plan Fund.

8 7.10 ***Plan Fund.***

9 (a) Establishment of the Plan Fund. On the Effective Date or as soon as
10 practicable thereafter, subject to the prior payment of all amounts required to be paid by the
11 Debtors on the Effective Date pursuant to this Plan, the Liquidating Trustee shall fund the Plan
12 Fund with the Remaining Cash after funding (i) the Liquidating Trust Reserves and (ii) Liquidating
13 Trust Administration Accounts. The proceeds of the Plan Fund shall be used to make distributions
14 as follows: (i) first, to pay the 2005 Revenue Bonds Diminution Claim, which shall have a First
15 Priority Trust Beneficial Interest in the Plan Fund; and (ii) second, to pay Allowed General
16 Unsecured Claims, which shall have Second Priority Trust Beneficial Interest in the Plan Fund.
As Disputed General Unsecured Claims are resolved and become Allowed, Cash in the Disputed
Unsecured Claims Reserve shall be transferred into the unreserved portion of the Plan Fund and
made available for distribution to the Holders of such newly Allowed General Unsecured Claims
in an amount of their Pro Rata Share in accordance with the Plan.

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

23 (c) Restrictions on Use of Plan Fund. Funds in the Plan Fund shall be used
24 solely to make payments to the Holders of Trust Beneficial Interests from time to time as required
25 by the terms of the Plan and the Liquidating Trust Agreement, and no funds in the Plan Fund shall
26 be used for the costs of administration of the Liquidating Trust or for any other purpose, including
27 the costs of collection and liquidation of the Liquidating Trust Assets.
28

1 7.11 *Post-Effective Date Committee.*

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

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

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

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

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

 (f) Termination of the Post-Effective Date Committee. The Post-Effective
Date Committee shall continue in existence until such time as either the Post-Effective Date
Committee deems it appropriate by a majority vote to dissolve itself or all members of the Post-
Effective Date Committee resign; provided, however, that the Post-Effective Date Committee shall

1 automatically dissolve upon the closing of the Chapter 11 Cases in accordance with the terms of
2 Section 8.9.

3 **7.12 Coordination Between Post-Effective Date Debtors and the Liquidating Trust.**
4 Notwithstanding anything herein to the contrary, in furtherance of the purposes of the Liquidating
5 Trust, at the request of the Liquidating Trustee, the Post-Effective Date Debtors (including,
6 without limitation, the Post-Effective Date Debtors' employees, agents and/or professionals) shall
7 be authorized to provide assistance and services to, or otherwise act on behalf of, the Liquidating
8 Trustee in the performance of the Liquidating Trustee's duties under the Plan and the Liquidating
Trust Agreement. Without limitation on the foregoing, the Post-Effective Date Debtors shall be
authorized to assist in the reconciliation and administration of claims, and assist in the liquidation
and/or collection of Liquidating Trust Assets (including, without limitation, litigation claims). The
Liquidating Trustee shall oversee all such services provided on behalf of the Liquidating Trustee.

9 **7.13 Destruction and Abandonment of Books and Records.** Subject to the terms of the
10 Records Retention Order with respect to the records covered thereby, on or after the Effective Date,
11 pursuant to § 554(a), the Liquidating Trustee is each authorized, from time to time, without further
12 application to the Bankruptcy Court or notice to any party, to abandon or otherwise destroy
13 documents and records (whether in electronic or paper format) that he or she determine, in his/her
14 reasonable business judgment, are no longer necessary to the administration of either the Chapter
15 11 Cases or the Plan, notwithstanding any federal, state, or local law or requirement requiring the
16 retention of the applicable documents or records; provided, that, 60 days prior to any abandonment
17 or destruction, the Liquidating Trustee will give notice to any Insurer requesting notice prior to the
18 Confirmation Date and a general description of the documents to be abandoned or destroyed, and
19 the Insurer shall have 30 days thereafter to request, at its expense, copies of the documents relevant
20 to the defense or indemnity claims covered by that Insurer. The Insurer and the Liquidating
21 Trustee shall cooperate in limiting the request to document relevant to defense or indemnity of
22 claims covered by that Insurer. The Liquidating Trustee shall comply with and shall not modify
23 the Records Retention Order without (i) the prior consent of the Post-Effective Date Committee or
24 (ii) upon motion to the Bankruptcy Court with notice and an opportunity to be heard.

19 **7.14 Preservation of Insurance.** Nothing in this Plan shall diminish, impair or
20 otherwise affect distributions from the proceeds or the enforceability of any insurance policies that
21 may cover (a) Claims by any Debtor, or (b) Claims against any Debtor or covered Persons
22 thereunder.

22 **7.15 Mutuality preserved.** Unless specifically agreed in writing by the Debtors or the
23 Liquidating Trustee, as applicable, nothing in the Plan constitutes a waiver of the mutuality
24 requirement for setoff under § 553 and each Debtor shall be treated independently for mutuality
25 and setoff purposes.

24 **SECTION 8. DISTRIBUTIONS**

25 **8.1 Party Responsible for Making Distributions.** Subject to the prior payment of the
26 amounts required to be paid by the Debtors in Cash on the Effective Date pursuant to this Plan,
27 the Liquidating Trustee shall be charged with making distributions under the Plan with respect to
28 all Allowed Claims as set forth herein.

1 8.2 ***Appointment of Disbursing Agent.*** A Disbursing Agent may be identified in the
2 Disclosure Statement or appointed pursuant to the Confirmation Order.

3 8.3 ***Timing of Distributions.***

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

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

23 8.4 ***Withholding of Distributions.*** Other than amounts paid to the Indenture Trustees,
24 all distributions under the Plan and all related agreements shall be subject to any applicable
25 withholding and reporting requirements. In addition to any other withholding authorized
26 hereunder, in the case of a Cash distribution that is subject to withholding, the Liquidating Trustee
27 may withhold from amounts distributable on account of Allowed Claims any and all amounts
28 determined in the Liquidating Trustee’s sole discretion to be required by any law, regulation, rule,
ruling, directive or other governmental requirement. In the case of a non-Cash distribution that is
subject to withholding, the distributing party may withhold an appropriate portion of such
distributed property and sell such withheld property to generate Cash necessary to pay over the
withholding tax. Holders of Allowed Claims shall, as a condition to receiving distributions,
provide such information and take such steps as the Liquidating Trustee may reasonably require
to enable it to comply with the withholding and reporting requirements and to obtain certifications
and information as may be necessary or appropriate to satisfy the provisions of any tax law.
Notwithstanding the foregoing, each holder of an Allowed Claim that receives a distribution under
the Plan shall have the sole and exclusive responsibility for any taxes imposed by any
Governmental Unit, including income, withholding, and other taxes, on account of such
distribution.

29 8.5 ***Delivery of Distributions and Undeliverable Distributions.*** Other than
30 distributions made to the Indenture Trustees, which shall be by wire transfer in accordance with
31 instructions provided to the Liquidating Trustee, subject to Bankruptcy Rule 9010, all distributions

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

15 8.6 **Setoffs.** For purposes of determining the Allowed amount of a Claim on which
16 distribution shall be made, the Liquidating Trustee may, but shall not be required to, setoff against
17 any respective Claim administered by it, any claims of any nature whatsoever that the Debtors may
18 have against the holder of such Claim, but neither the failure to do so nor the allowance of any
19 Claim hereunder shall constitute a waiver or release by the Liquidating Trustee of any such setoff
20 claim(s); provided, however, that the Secured 2005 Revenue Bond Claims shall be deemed to be
21 an Allowed Claim and shall not be subject to any setoff.

19 8.7 **De Minimis Distributions.** No distribution is required to be made to a Holder of
20 an Allowed Claim if the amount of Cash to be distributed on any distribution date under the Plan
21 on account of such Claim is \$50 or less. Any Holder of an Allowed Claim on account of which
22 the amount of Cash to be distributed is \$50 or less will have its Claim for such distribution
23 discharged and will be forever barred from asserting any such Claim against each Released Party,
24 the Post-Effective Date Debtors, the Liquidating Trustee, the Post-Effective Date Committee, and
25 the Liquidating Trust. Any Cash not distributed pursuant to this Section will, in the Liquidating
26 Trustee's discretion, be included in the Liquidating Trust Reserves and/or the Plan Fund, free of
27 any restrictions thereon, and will be distributed in accordance with the Plan.

25 8.8 **Allocation of Plan Distribution Between Principal and Interest.** All distributions
26 by the Liquidating Trustee with respect to any Allowed Claim, with the exception of the Secured
27 2005 Revenue Bond Claim, shall be allocated first to the principal amount of such Allowed Claim,
28 as determined for federal income tax purposes, and thereafter, to the remaining portion of such
Allowed Claim (including the interest portion of the Allowed Claim), if any.

1 8.9 **Entry of Final Decree in Chapter 11 Cases.** Once all the Disputed Claims have
2 become Allowed Claims or have been disallowed by Final Order, and all distributions in respect
3 of Allowed Claims have been made in accordance with this Plan, or at such earlier time as the
4 Liquidating Trustee deems appropriate, the Liquidating Trustee (i) shall seek authority from the
5 Bankruptcy Court for entry of final decrees closing the Chapter 11 Cases in accordance with the
6 Bankruptcy Code and the Bankruptcy Rules and (ii) shall be authorized under the Plan to take any
7 necessary corporate action with respect to the Debtors' continued existence without the necessity
8 for approvals or notices under any applicable state or other law, including under the Nonprofit
9 Laws. Notwithstanding the foregoing, actions with respect to the Post-Effective Date Debtors
10 shall be taken by the Liquidating Trustee. The entry of final decrees closing these Chapter 11
11 Cases shall not affect the Nonprofit Status of the Post-Effective Date Debtors to the extent they
12 have not dissolved in accordance with the Plan.

8 **SECTION 9. TRUST BENEFICIARIES**

9
10 9.1 **Identification of Trust Beneficiaries.** Each of the Trust Beneficiaries shall be
11 recorded and set forth in a schedule maintained by the Liquidating Trustee expressly for such
12 purpose based upon its Allowed Claim in Class 4 or Class 8.

13 9.2 **Beneficial Interests Only.** The ownership of Trust Beneficial Interests shall not
14 entitle any Trust Beneficiary to any title in or to the Liquidating Trust Assets or to any right to call
15 for a partition or division of such Liquidating Trust Assets or to require an accounting, except as
16 may be specifically provided herein.

17 9.3 **Ownership of Beneficial Interests Hereunder.** Subject to the requirements and
18 limitations of this Plan, including the establishment of the Liquidating Trust Reserves and
19 Liquidating Trust Administration Accounts: (i) the Holder of the First Priority Trust Beneficial
20 Interest shall have an undivided first priority interest in the Liquidating Trust equal to the amount
21 of the 2005 Revenue Bonds Diminution Claim as of the Effective Date, provided however that the
22 amount of such First Priority Trust Beneficial Interest shall be limited, on any given measurement
23 date, to the lesser of (a) the value of the Plan Fund or (b) the unpaid balance of the 2005 Revenue
24 Bonds Diminution Claim, including accrued but unpaid interest thereon; and (ii) each Holder of a
25 Second Priority Trust Beneficial Interest shall own an undivided interest in the Liquidating Trust
26 equal in proportion to such Trust Beneficiary's Pro Rata Share of Allowed Claims in Class 8.

27 9.4 **Evidence of Beneficial Interests.** Ownership of a Trust Beneficial Interest (a) shall
28 be noted in the books and records of the Liquidating Trust and (b) shall not be evidenced by any
certificate, note, or receipt or in any other form or manner whatsoever, except as maintained on
the books and records of the Liquidating Trust by the Liquidating Trustee, including the Schedule.

 9.5 **Conflicting Claims.** Except as otherwise provided in the Liquidating Trust
Agreement, if any conflicting claims or demands are made or asserted with respect to a beneficial
interest, the Liquidating Trustee shall be entitled, at its sole election, to refuse to comply with any
such conflicting claims or demands. In so refusing, the Liquidating Trustee may elect to make no
payment or distribution with respect to the beneficial interest represented by the claims or demands
involved, or any part thereof, and the Liquidating Trustee shall refer such conflicting claims or
demands to the Bankruptcy Court, which shall have exclusive jurisdiction over resolution of such

1 conflicting claims or demands. In so doing, the Liquidating Trustee shall not be or become liable
2 to any party for his/her refusal to comply with any of such conflicting claims or demands. The
3 Liquidating Trustee shall be entitled to refuse to act until either (a) the rights of the adverse
4 claimants have been adjudicated by a Final Order or (b) all differences have been resolved by a
5 written agreement among all of such parties and the Liquidating Trustee, which agreement shall
6 include a complete release of the Liquidating Trust and the Liquidating Trustee (the occurrence of
7 either (a) or (b) being referred to as a “Dispute Resolution” in this Section 9). Until a Dispute
8 Resolution is reached with respect to such conflicting claims or demands, the Liquidating Trustee
9 shall hold in a segregated interest-bearing account with a United States financial institution any
10 payments or distributions from the Liquidating Trust to be made with respect to the Beneficial
11 Interest at issue. Promptly after a Dispute Resolution is reached, the Liquidating Trustee shall
12 transfer the payments and distributions, if any, held in the segregated account, together with any
13 interest and income generated thereon, in accordance with the terms of such Dispute Resolution.

9 9.6 **Limitation on Transferability.** As set forth in more detail in the Liquidating
10 Trust Agreement, the Trust Beneficial Interests may not be transferred, sold, assigned,
11 hypothecated, or pledged, except as they may be assigned or transferred by will, intestate
12 succession, or operation of law.

12 **SECTION 10. PROCEDURES FOR TREATING AND RESOLVING DISPUTED 13 CLAIMS**

14 10.1 **Objection to Claims.** Unless otherwise ordered by the Bankruptcy Court after
15 notice and a hearing, and except as otherwise expressly provided herein, the Liquidating Trustee,
16 in consultation with the Post-Effective Date Committee, shall have the exclusive right to file,
17 prosecute, resolve and otherwise deal with objections to Claims other than Allowed Claims
18 pursuant to this Plan or a Final Order. The Liquidating Trustee shall serve a copy of each Claim
19 objection upon the holder of the Claim to which the objection is made. Claims objections with
20 respect to all Claims shall be made as soon as reasonably practical but in no event later than the
21 Claims Objection Deadline. If the Liquidating Trustee wishes to extend the Claims Objection
22 Deadline, it may do so pursuant to a motion, to be filed with the Bankruptcy Court, on notice to
23 the Post-Effective Date Committee, which may be approved without a hearing.

24 10.2 **Disallowed Claims.** The following Claims shall be automatically Disallowed and
25 expunged, without the need for filing any objections thereto, and shall not be entitled to any
26 distributions under the Plan: (a) Claims for which no Proof of Claim was filed by the applicable
27 Bar Date even though such Claims were listed on the Schedules as disputed, contingent, or
28 unliquidated; and (b) Claims covered by § 502(d) to the extent that the holder of such Claim has
not been paid the amount or turned over the property for which such holder is liable under §§ 522(i),
542, 543, 550, or 553, in accordance with § 502(d).

29 10.3 **No Distribution Pending Allowance.** Notwithstanding any other provision of this
30 Plan, if any portion of a Claim is Disputed, no payment or distribution provided hereunder shall
31 be made on account of such Claim unless and until such Disputed Claim becomes an Allowed
32 Claim.

1 10.4 ***Distributions After Allowance.*** Any Claim (or portion thereof) that is Disputed
2 and then subsequently Allowed, shall be an Allowed Claim, not a Disputed Claim, in such amount
3 and to the extent it is subsequently Allowed. Except as otherwise provided herein, if, on or after
4 the Effective Date, any Disputed Claim becomes an Allowed Claim, the Liquidating Trustee shall
5 distribute to the Holder of such Allowed Claim, from the applicable fund or reserve in accordance
6 with Sections 7.9, 7.10, and 8.3, the amount such holder would have received had its Claim been
7 Allowed on the Effective Date as determined by distributions actually made to other holders of
8 Allowed Claims.

6 10.5 ***Disputed Claims.***

7 (a) Resolution of the Disputed Claims.

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

15 (ii) The Liquidating Trustee shall notify the Post-Effective Date
16 Committee prior to settling, compromising, or allowing any Disputed Claim
17 in an liquidated amount in excess of \$250,000 for a General Unsecured
18 Claim and \$100,000 for an Unclassified Claim, Secured Claim, or Priority
19 Non-Tax Claim. The Post-Effective Date Committee shall have three (3)
20 Business Days after receipt of such notice to review the proposed settlement
21 or compromise of such Claim. If such objection is made, the Liquidating
22 Trustee shall not move forward with the matter absent Court approval after
23 at least ten (10) Business Days' notice and opportunity to object to the Post-
24 Effective Date Committee; and

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

23 (b) Estimation of Disputed Claims. The Liquidating Trustee may at any time
24 request that the Bankruptcy Court estimate any Disputed Claim pursuant to § 502(c) regardless of
25 whether the Debtors or the Liquidating Trustee previously objected to such Claim, and the
26 Bankruptcy Court shall retain jurisdiction to estimate any Claim at any time during litigation
27 concerning any objection to any Claim, including, without limitation, during the pendency of any
28 appeal relating to any such objection. In the event that the Bankruptcy Court estimates any
Disputed Claim, the amount so estimated shall constitute either the Allowed amount of such Claim
or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated

1 amount constitutes a maximum limitation on the amount of such Claim, the Liquidating Trustee,
2 as applicable, may pursue supplementary proceedings to object to the allowance of such Claim.
3 On and after the Effective Date, Claims that have been estimated may be compromised, settled,
4 withdrawn, or otherwise resolved, without further order of the Bankruptcy Court.

5 10.6 **Cumulative Effect.** All the objection, estimation, and resolution procedures set
6 forth in this Section are intended to be cumulative (where possible) and not exclusive of one
7 another.

8 SECTION 11. EXECUTORY AGREEMENTS

9 11.1 **General Treatment.** On the Effective Date, all Executory Agreements to which
10 any Debtor is a party shall be deemed rejected as of the Effective Date, except for those Executory
11 Agreements that (a) have been assumed or rejected pursuant to a Final Order of the Bankruptcy
12 Court (including pursuant to any Sale Order), (b) are the subject of a separate motion to assume,
13 assume and assign, or reject filed under § 365 on or before the Effective Date, or (c) are specifically
14 designated as a contract or lease to be assumed on the Schedule of Assumed Contracts and no
15 timely objection to the proposed assumption has been filed, provided, however, that the Debtors
16 reserve the right to amend the Plan Supplement at any time on or before thirty (30) days after the
17 Effective Date to modify the Schedule of Assumed Contracts to include or delete any Executory
18 Agreements. If the party to an Executory Agreement listed to be assumed in the Schedule of
19 Assumed Contracts wishes to object to the proposed assumption (including with respect to the cure
20 amounts), it shall do so within thirty (30) days from the service of the Schedule of Assumed
21 Contracts.

22 11.2 **Bar Date for Rejection Damages.** Claims arising out of the rejection of an
23 Executory Agreement pursuant to the Plan must be filed with the Bankruptcy Court (or as
24 otherwise provided for in the Debtors' notice of rejection) no later than thirty (30) days after the
25 Effective Date. Any Claims not filed within such time period will be forever barred from assertion
26 against the Debtors and/or their property and/or their Estates.

27 11.3 **Insurance Policies.** For the avoidance of doubt, the Debtors' rights with respect to
28 all Insurance Policies under which Debtors may be an insured beneficiary or assignee (including
all Insurance Policies that may have expired prior to the Petition Date, all Insurance Policies in
existence on the Petition Date, all Insurance Policies entered into by the Debtors after the Petition
Date, and all Insurance Policies under which the Debtors hold rights to make, amend, prosecute,
and benefit from claims) shall be transferred to the Liquidating Trust (including, without limitation,
for the Liquidating Trustee to pursue and prosecute any Causes of Action) from the Effective Date
until its dissolution, unless any such Insurance Policy is otherwise cancelled by the Liquidating
Trustee in its discretion. Notwithstanding any provision providing for the rejection of Executory
Agreements, any Insurance Policy that is deemed to be an Executory Agreements shall neither be
rejected nor assumed by operation of this Plan and shall be the subject of a specific motion by the
Liquidating Trust, which shall retain the right to assume or reject any such Executory Agreements
pursuant to and subject to the provisions of § 365 following the Effective Date, provided, that, the
Liquidating Trustee may not reject (a) any extended reporting period (tail) coverage purchased by
the Debtors and (b) any Insurance Policies assumed by the Debtors pursuant to an order of the
Bankruptcy Court.

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

9 Notwithstanding anything to the contrary in the Confirmation Order or the Plan, nothing
10 in the Confirmation Order or the Plan (including any other provision that purports to be preemptory
11 or supervening), shall in any way operate to, or have the effect of, impairing the insurers' legal,
12 equitable or contractual rights, if any, in respect of any Claims (as defined by § 101(5)), and the
13 rights of Insurers shall be determined under the Insurance Policies, and under applicable non-
14 bankruptcy law; provided that any Claim by an Insurer against a Debtor or the Liquidating Trust
15 shall also be determined under applicable bankruptcy law, and Plan and Confirmation Order
16 provisions.

17 Nothing in the Plan or in the Confirmation Order shall preclude any Person from asserting
18 in any proceeding any and all Claims, defenses, rights or causes of action that it has or may have
19 under or in connection with any Insurance Policy, and nothing in the Plan or the Confirmation
20 Order shall be deemed to waive any claims, defenses, rights or causes of action that any Person
21 has or may have under the provisions, terms, conditions, defenses and/or exclusions contained in
22 the subject Insurance Policies; provided that any Claims by an Insurer against a Debtor or the
23 Liquidating Trust shall also be determined under applicable bankruptcy law, and Plan and
24 Confirmation Order provisions.

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

26 12.1 *Conditions Precedent to Confirmation of Plan.* The confirmation of the Plan shall
27 be conditioned upon the Bankruptcy Court entering the Confirmation Order in form and substance
28 satisfactory to the Plan Proponents.

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

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

(b) The SFMC Sale shall have closed;

(c) The Seton Sale shall have closed;

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

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

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

8 12.3 **Waiver of Conditions.** The Plan Proponents may waive the conditions to
9 effectiveness of this Plan, set forth in Section 12.2 hereof, except the condition of paying the
Secured Claims as set forth herein, without leave of the Bankruptcy Court and without any formal
10 action other than proceeding with confirmation of this Plan and filing a notice of confirmation with
the Bankruptcy Court. To the extent that the Debtors believe that they are unable to comply with
11 the conditions to the effectiveness of this Plan, set forth in Section 12.2 hereof, the Plan Proponents
reserve the right to amend the Plan at such time (in accordance with the terms hereof) to address
12 such inability.

13 **SECTION 13. EFFECT OF CONFIRMATION**

14 13.1 **Vesting of Assets.** Except as provided herein or in the Confirmation Order, upon
15 the Effective Date, pursuant to § 1141(b) and (c), (a) the Liquidating Trust Assets shall vest in the
Liquidating Trust and (b) the Operating Assets shall vest in the Post-Effective Date Debtors, in
16 each case free and clear of all Claims, liens, encumbrances, charges and other interests, subject to
the rights and obligations of the parties under this Plan and the Liquidating Trust.

17 13.2 **No Discharge.** Pursuant to § 1141(d), the Debtors will not receive a discharge
18 under this Plan.

19 13.3 **Settlement of Causes of Action Relating to Claims.** Unless otherwise authorized
20 by another order of the Bankruptcy Court, pursuant to § 1123(b)(3) and Bankruptcy Rule 9019,
and in consideration for the distributions and other benefits provided under the Plan, the provisions
21 of the Plan shall constitute a good faith compromise and settlement of all Causes of Actions
relating to the rights that a holder of a Claim may have against the Debtors with respect to any
22 Allowed Claim or any distribution to be made pursuant to the Plan on account of any Allowed
Claim. Unless otherwise authorized, the entry of the Confirmation Order shall constitute the
23 Bankruptcy Court's approval, as of the Effective Date, of the compromise or settlement of all such
Causes of Action and the Bankruptcy Court's finding that all such Causes of Action are in the best
24 interests of the Debtors, their Estates, their respective property and Claim holders and are fair,
equitable and reasonable.

25 13.4 **Extension of Existing Injunctions and Stays.** Unless otherwise provided herein,
26 all injunctions or stays arising under §§ 105 or 362, any order entered during the Chapter 11 Cases
27

1 under §§ 105 or 362 or otherwise, and in existence on the Effective Date, shall remain in full force
2 and effect until the closing of the Chapter 11 Cases.

3 13.5 ***Releases.***

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

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

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

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

1 entity. Claims against any Released Party that are released pursuant to this Section 13.5(d) shall
2 be deemed waived and relinquished by this Plan for purposes of Section 13.9.

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

13 13.6 Injunctions.

14 (a) ***General Injunction.*** Except as otherwise expressly provided herein, all
15 Persons that have held, currently hold or may hold a Claim against the Debtors are permanently
16 enjoined on and after the Effective Date from taking any action in furtherance of such Claim or
17 any other Cause of Action released and discharged under the Plan, including, without limitation,
18 the following actions against any Released Party: (a) commencing, conducting or continuing in
19 any manner, directly or indirectly, any action or other proceeding with respect to a Claim;
20 (b) enforcing, levying, attaching, collecting or otherwise recovering in any manner or by any
21 means, whether directly or indirectly, any judgment, award, decree or order with respect to a Claim;
22 (c) creating, perfecting or enforcing in any manner, directly or indirectly, any lien or encumbrance
23 of any kind with respect to a Claim; (d) asserting any setoff, right of subrogation or recoupment
24 of any kind, directly or indirectly, against any debt, liability or obligation due to the Debtors, the
25 Post-Effective Date Debtors or the Liquidating Trust with respect to a Claim; or (e) commencing,
26 conducting or continuing any proceeding that does not conform to or comply with or is
27 contradictory to the provisions of this Plan; ***provided, however,*** that nothing in this injunction shall
28 (i) limit the Holder of an Insured Claim from receiving the treatment set forth in Class 9; or
(ii) preclude the Holders of Claims against the Debtors from enforcing any obligations of the
Debtors, the Post-Effective Date Debtors, the Liquidating Trust, or the Liquidating Trustee under
this Plan and the contracts, instruments, releases and other agreements delivered in connection
herewith, including, without limitation, the Confirmation Order, or any other order of the
Bankruptcy Court in the Chapter 11 Cases. By accepting a distribution made pursuant to this Plan,
each Holder of an Allowed Claim shall be deemed to have specifically consented to the injunctions
set forth in this Section.

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

1 *reimbursement for fees and expenses in defending any and all of its or their actions or inactions*
2 *in its or their capacity as, or on behalf of the Post-Effective Date Board of Directors, the Post-*
3 *Effective Date Debtors, the Liquidating Trustee, the Post-Effective Date Committee, or the*
4 *Liquidating Trust (as applicable), except for any actions or inactions found by Final Order to*
5 *involve willful misconduct, gross negligence, fraud, and/or criminal conduct. Any*
6 *indemnification claim of the Post-Effective Date Debtors, the Post-Effective Date Board of*
7 *Directors, the Liquidating Trustee, the Post-Effective Date Committee and the other parties*
8 *entitled to indemnification under this subsection shall be satisfied from either (i) the Liquidating*
9 *Trust Assets (with respect to all claims, other than those claims related to the Operating Assets),*
10 *or (ii) the Operating Assets (with respect to all claims related to the Operating Assets). The*
11 *parties subject to this Section shall be entitled to rely, in good faith, on the advice of retained*
12 *professionals, if any.*

13 13.7 ***Exculpation.*** To the maximum extent permitted by applicable law, each Released
14 Party shall not have or incur any liability for any act or omission in connection with, related to, or
15 arising out of the Chapter 11 Cases (including, without limitation, the filing of the Chapter 11
16 Cases), the marketing and the sale of Assets of the Debtors, the Plan and any related documents
17 (including, without limitation, the negotiation and consummation of the Plan, the pursuit of the
18 Effective Date, the administration of the Plan, or the property to be distributed under the Plan), or
19 each Released Party's exercise or discharge of any powers and duties set forth in the Plan, except
20 with respect to the actions found by Final Order to constitute willful misconduct, gross negligence,
21 fraud, or criminal conduct, and, in all respects, each Released Party shall be entitled to rely upon
22 the advice of counsel with respect to their duties and responsibilities under the Plan. Without
23 limitation of the foregoing, each such Released Party shall be released and exculpated from any
24 and all Causes of Action that any Person is entitled to assert in its own right or on behalf of any
25 other Person, based in whole or in part upon any act or omission, transaction, agreement, event or
26 other occurrence in any way relating to the subject matter of this Section.

27 13.8 ***No Recourse.*** If a Claim is Allowed in an amount for which after application of
28 the payment priorities established by this Plan (including, without limitation, in Sections 2 and 4
hereof) there is insufficient value to provide a recovery equal to that received by other Holders of
Allowed Claims in the respective Class, no Claim Holder shall have recourse for any such
deficiency against any of the Released Parties, the Post-Effective Date Debtors, the Post-Effective
Date Board of Directors, the Liquidating Trustee, the Post-Effective Date Committee, or the
Liquidating Trust. However, except as specifically stated otherwise in this Plan, nothing in this
Plan shall modify any right of a Holder of a Claim under § 502(j). The obligations under this Plan
of the Debtors' Estates shall (i) be contractual only and shall not create any fiduciary relationship
and (ii) be obligations of the Debtors' Estates only and no individual acting on behalf of the
Debtors, the Committee, the Post-Effective Date Debtors, the Post-Effective Date Board of
Directors, the Liquidating Trustee, the Post-Effective Date Committee, or otherwise, shall have
any personal or direct liability for these obligations. Approval of the Plan by the Confirmation
Order shall not in any way limit the foregoing.

29 13.9 ***Preservation of Causes of Action.***

30 (a) Except as provided in Section 7.1 hereof, nothing contained in this Plan
31 shall be deemed a waiver or relinquishment of any claims or Causes of Action of the Debtors that

1 are not settled with respect to Allowed Claims or specifically waived or relinquished by this Plan,
2 which shall vest in the Liquidating Trust, subject to any existing valid and perfected security
3 interest or lien in such Causes of Action. The Causes of Action preserved hereunder include,
without limitation, claims, rights or other causes of action:

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

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

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

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

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

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

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

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

25 (ix) arising from claims against health plans;

26 (x) that constitute Avoidance Actions;

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

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

8 (xiii) relating to the Operating Assets.

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

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

16 13.10 ***Termination of Responsibilities of the Patient Care Ombudsman.*** On the latter of
17 the SFMC Sale Closing Date or the Seton Sale Closing Date, the duties and responsibilities of the
18 Patient Care Ombudsman shall be terminated and the Patient Care Ombudsman shall be discharged
19 from his duties as Patient Care Ombudsman and shall not be required to file any further reports or
20 perform any additional duties as Patient Care Ombudsman. No person or entity may seek
21 discovery in any form, including but not limited to by motion, subpoena, notice of deposition or
22 request or demand for production of documents, from the Patient Care Ombudsman or his agents,
23 professionals, employees, other representatives, designees or assigns (collectively, with the Patient
24 Care Ombudsman, the "***Ombudsman Parties***") with respect to any matters arising from or relating
25 in any way to the performance of the duties of the Patient Care Ombudsman in these Chapter 11
26 Cases, including, but not limited to, pleadings, reports or other writings filed by the Patient Care
Ombudsman in connection with these Chapter 11 Cases. Nothing herein shall in any way limit or
otherwise affect the obligations of the Patient Care Ombudsman under confidentiality agreements,
if any, between the Patient Care Ombudsman and any other person or entity or shall in any way
limit or otherwise affect the Patient Care Ombudsman's obligation, under §§ 332(c) and 333(c)(1)
or other applicable law or Bankruptcy Court Orders, to maintain patient information, including
patient records, as confidential, and no such information shall be released by the Patient Care
Ombudsman without further order of the Bankruptcy Court.

1 **SECTION 14. RETENTION OF JURISDICTION**

2 14.1 ***Bankruptcy Court Jurisdiction.*** Unless otherwise provided herein or in the
3 Confirmation Order, on and after the Effective Date, the Bankruptcy Court shall retain jurisdiction
4 over all matters arising in, arising under, or related to the Chapter 11 Cases. Without limiting the
foregoing, the Bankruptcy Court shall retain jurisdiction to:

5 (a) allow, disallow determine, liquidate, classify, estimate, or establish the
6 priority or secured or unsecured status of any Claim, including the resolution of any request for
7 payment of any Administrative Claim or Professional Claim and the resolution of any objections
to the allowance or priority of Claims, and the resolution of any claim objections brought by the
Debtors or by the Liquidating Trustee on behalf of the Liquidating Trust;

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

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

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

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

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

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

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

24 (i) hear and determine any application to modify this Plan in accordance with
25 § 1127, to remedy any defect or omission or reconcile any inconsistency in this Plan, the Disclosure
Statement, any contract, instrument, release, or other agreement or document created in connection
26 therewith, or any order of the Bankruptcy Court, including the Confirmation Order, in such a
manner as may be necessary to carry out the purposes and effects thereof;

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

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

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

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

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

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

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

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

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

27 (s) enter final decrees closing the Chapter 11 Cases.
28

1 **SECTION 15. MISCELLANEOUS PROVISIONS**

2 15.1 **Termination of All Employee, Retiree and Workers' Compensation Benefits.** All
3 existing employee benefits (including, without limitation, workers' compensation benefits, health
4 care plans, disability plans, severance benefit plans, incentive plans, and life insurance plans) and
5 retiree benefits (as such term is defined under § 1114(a)) not previously terminated by the Debtors,
or assumed by the Debtors in the Schedule of Assumed Contracts, shall be terminated on or before
the Effective Date.

6 15.2 **Termination of Collective Bargaining Agreements.** Prior to the Effective Date,
7 the Debtors expect to receive approval for either the consensual or, pursuant to § 1113, the
nonconsensual modification, assignment and/or termination of collective bargaining agreements.

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

25 15.4 **Exemption from Transfer Taxes.** Pursuant to § 1146(c), the assignment or
26 surrender of any lease or sublease, or the delivery of any deed or other instrument of transfer under,
27 in furtherance of, or in connection with, this Plan, including any deeds, bills of sale or assignments
executed in connection with any disposition of assets contemplated by this Plan, whether real or
28

1 personal property, shall not be subject to any stamp, real estate transfer, mortgage recording, sales,
2 use or other similar tax.

3 15.5 **Amendments.** The Plan Proponents reserve the right, in accordance with the
4 Bankruptcy Code and the Bankruptcy Rules, to amend or modify this Plan at any time prior to the
5 entry of the Confirmation Order. After the entry of the Confirmation Order, the Plan Proponents
6 may, upon order of the Bankruptcy Court, amend or modify this Plan, in accordance with § 1127(b),
7 or remedy any defect or omission or reconcile any inconsistency in this Plan in such manner as
8 may be necessary to carry out the purpose and intent of this Plan. A holder of an Allowed Claim
9 that is deemed to have accepted this Plan shall be deemed to have accepted this Plan as modified
10 if the proposed modification does not materially and adversely change the treatment of the Claim
11 of such holder.

12 15.6 **Revocation or Withdrawal of Plan.** The Plan Proponents may withdraw or revoke
13 this Plan at any time prior to the Effective Date. If the Plan Proponents revoke or withdraw this
14 Plan prior to the Effective Date, or if the Effective Date does not occur, then this Plan shall be
15 deemed null and void. In such event, nothing contained herein shall be deemed to constitute a
16 waiver or release of any Claim by or against the respective Debtor or any other Person or to
17 prejudice in any manner the rights of the respective Debtor or any other Person in any further
18 proceedings involving the respective Debtor.

19 15.7 **Severability.** In the event that the Bankruptcy Court determines, prior to the
20 Effective Date, that any provision of this Plan is invalid, void or unenforceable, the Bankruptcy
21 Court shall, with the Consent of the Plan Proponents, have the power to alter and interpret such
22 term or provision to make it valid or enforceable to the maximum extent practicable, consistently
23 with the original purpose of the term or provision held to be invalid, void or unenforceable, and
24 such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such
25 holding, alteration or interpretation, the remainder of the terms and provisions of this Plan shall
26 remain in full force and effect and shall in no way be affected, impaired or invalidated by such
27 holding, alteration or interpretation. The Confirmation Order shall constitute a judicial
28 determination and shall provide that each term and provision of this Plan, as it may have been
altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its
terms.

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

15.9 **U.S. Trustee Quarterly Fees and Post-Confirmation Status Reports.** All fees
payable under 28 U.S.C. § 1930(a)(6) shall be paid by each Debtor in the amounts and at the times
such fees may become due up to and including the Effective Date. The Liquidating Trust shall
pay all fees payable by each Debtor under 28 U.S.C. § 1930(a)(6) until the Chapter 11 Cases are
closed, dismissed or converted; provided, however, that the Sale-Leaseback Debtors shall pay all
fees payable under 28 U.S.C. § 1930(a)(6) in their respective Chapter 11 Cases until the expiration
of their respective Interim Management Agreements and Interim Leaseback Agreements. Upon
the Effective Date, the Liquidating Trust and the Post-Effective Date Debtors shall be relieved

1 from the duty to make the reports and summaries required under Bankruptcy Rule 2015(a).
2 Notwithstanding the foregoing, the Liquidating Trust and Post-Effective Date Debtors shall File
3 and serve the status reports required by Local Bankruptcy Rule 3020-1(b) at such times and for
such period as may be set forth in the Confirmation Order.

4 15.10 **Courts of Competent Jurisdiction.** If the Bankruptcy Court abstains from
5 exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter
6 arising out of this Plan, such abstention, refusal or failure of jurisdiction shall have no effect upon
and shall not control, prohibit or limit the exercise of jurisdiction by any other court having
competent jurisdiction with respect to such matter.

7 15.11 **Governing Law.** Except to the extent that the Bankruptcy Code or Bankruptcy
8 Rules are applicable, the rights, duties and obligations arising under this Plan shall be governed
9 by, and construed and enforced in accordance with, the laws of the State of California, without
giving effect to the principles of conflict of laws thereof.

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

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

19 15.14 **Business Day Transactions.** In the event that any payment or act under this Plan
20 is required to be made or performed on a date that is not a Business Day, then the making of such
21 payment or the performance of such act may be completed on or as soon as reasonably practicable
on the next succeeding Business Day, but shall be deemed to have been completed as of the initial
due date.

22 15.15 **Headings.** Headings are used in this Plan for convenience and reference only and
23 shall not constitute a part of this Plan for any other purpose.

24 15.16 **Exhibits.** All Exhibits and schedules to this Plan are incorporated into and are a
part of this Plan as if set forth in full herein.

25 15.17 **Notices.** Any notices to or requests by parties in interest under or in connection
26 with this Plan shall be in writing and served either by (i) certified mail, return receipt requested,
27 postage prepaid, (ii) hand delivery or (iii) reputable overnight delivery service, all charges prepaid,
and shall be deemed to have been given when received by the following parties:

1 If to the Debtors:

2 Verity Health System of California, Inc.
3 601 South Figueroa Street
4 Suite 4050
5 Los Angeles, California 90017
6 Attn: Peter C. Chadwick

7 with copies to:

8 Dentons US LLP
9 *Attorneys for the Debtors and Debtors-In-Possession*
10 601 South Figueroa Street
11 Suite 2500
12 Los Angeles, California 90017
13 (213) 623-9300
14 Attn: Samuel R. Maizel
15 Tania M. Moyron
16 Nicholas A. Koffroth

17 If to the Liquidating Trustee:

18 []

19 If to the Master Trustee:

20 Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.
21 One Financial Center
22 Boston, Massachusetts 02111
23 (617) 542-6000
24 Attn: Daniel S. Bleck
25 Paul J. Ricotta

26 If to the Committee:

27 Milbank LLP
28 2029 Century Park East
33rd Floor
Los Angeles, California 90067
(424) 386-4000
Attn: Mark Shinderman

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

Jones Day
250 Vesey Street

1 New York, New York 10281
2 (424) 386-4000
3 Attn: Bruce Bennett
4 Benjamin Rosenblum
5 Peter Saba

6 15.18 ***Post-Effective Date Notices.*** Following the Effective Date, except as otherwise
7 provided herein, notices shall only be served on the Post-Effective Date Debtors, the Liquidating
8 Trustee, the U.S. Trustee, and those Persons who File with the Court and serve upon the
9 Liquidating Trust a request, which includes such Person's name, contact person, address,
10 telephone number, facsimile number, and email, that such Person receive notice of post-Effective
11 Date matters. Persons who had previously filed with the Court requests for special notice of the
12 proceedings and other filings in the Chapter 11 Case shall not receive notice of post-Effective Date
13 matters unless such Persons File a new request in accordance with this Section.

14 15.19 ***Conflict of Terms.*** In the event of a conflict between the terms of this Plan and the
15 Disclosure Statement, the terms of this Plan shall control.

16 Dated: Los Angeles, California
17 As of June 16, 2020
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