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

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

Lead Case No. 2:18-bk-20151-ER  
Jointly Administered With:  
Case No. 2:18-bk-20162-ER  
Case No. 2:18-bk-20163-ER  
Case No. 2:18-bk-20164-ER  
Case No. 2:18-bk-20165-ER  
Case No. 2:18-bk-20167-ER  
Case No. 2:18-bk-20168-ER  
Case No. 2:18-bk-20169-ER  
Case No. 2:18-bk-20171-ER  
Case No. 2:18-bk-20172-ER  
Case No. 2:18-bk-20173-ER  
Case No. 2:18-bk-20175-ER  
Case No. 2:18-bk-20176-ER  
Case No. 2:18-bk-20178-ER  
Case No. 2:18-bk-20179-ER  
Case No. 2:18-bk-20180-ER  
Case No. 2:18-bk-20181-ER

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

Hon. Judge Ernest M. Robles

**SUPPLEMENT REGARDING (I) RESOLUTION  
OF APPLICARE CONFIRMATION  
OBJECTION, (II) REDLINE OF MODIFIED  
SECOND AMENDED JOINT CHAPTER 11 PLAN  
OF LIQUIDATION (DATED JULY 2, 2020) OF  
THE DEBTORS, THE PREPETITION SECURED  
CREDITORS, AND THE COMMITTEE;  
(III) REVISED CONFIRMATION ORDER;  
(IV) REDLINED CONFIRMATION ORDER; AND  
(V) UPDATED SECTION 15.3 EXHIBIT TO  
CONFIRMATION BRIEF**

**[RELATES TO DOCKET NOS. 4993, 5385, 5419,  
5425, 5455, 5466]**

**Hearing:**

Date: August 12, 2020  
Time: 10:00 am  
Place: Courtroom 1568

255 E. Temple St., Los Angeles, CA

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



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1 Verity Health System of California, Inc. (“VHS”) and the affiliated debtors, the debtors  
2 and debtors in possession (collectively, the “Debtors”) in the above-captioned chapter 11  
3 bankruptcy cases (the “Cases”), hereby file this supplement (the “Supplement”): (i) to the  
4 *Memorandum of Law in Support of Confirmation of Second Amended Joint Chapter 11 Plan*  
5 *(Dated July 2, 2020) of the Debtors, the Committee, and the Prepetition Secured Creditors*  
6 [Docket No. 5385] (the “Confirmation Brief”);<sup>1</sup> (ii) in support of the *Modified Second Amended*  
7 *Joint Chapter 11 Plan of Liquidation (Dated July 2, 2020) of the Debtors, the Prepetition Secured*  
8 *Creditors, and the Committee* [Docket No. 5466], as may be amended and supplemented from  
9 time to time (the “Joint Plan”), and (iii) in response to the *AppleCare Medical Group, Inc.,*  
10 *AppleCare Medical Group St. Francis, Inc., and AppleCare Medical Management, LLC’s*  
11 *Objection to Confirmation of Joint Chapter 11 Plan of Liquidation of Verity Health System of*  
12 *California and its Affiliated Debtors* [Docket No. 5339] (the “AppleCare Objection”) filed by  
13 AppleCare Medical Group, Inc., AppleCare Medical Group St. Francis, Inc., and AppleCare  
14 Medical Management, LLC (collectively, “AppleCare” or the “Group”). In support of the  
15 Supplement, the Debtors respectfully state as follows:

16 **I.**

17 **MODIFIED JOINT PLAN OF LIQUIDATION AND REDLINE**

18 On August 11, 2020, the Debtors filed the Joint Plan, which modifies the *Second Amended*  
19 *Joint Chapter 11 Plan (Dated July 2, 2020) of the Debtors, the Prepetition Secured Creditors,*  
20 *and the Committee* [Docket No. 4993]. The Debtors attach hereto, as **Exhibit “A,”** a redline  
21 comparison of the Joint Plan against the *Second Amended Joint Chapter 11 Plan (Dated July 2,*  
22 *2020) of the Debtors, the Prepetition Secured Creditors, and the Committee* [Docket No. 4993].

23 **II.**

24 **CONFIRMATION ORDER AND REDLINE**

25 On August 5, 2020, the Debtors filed the Confirmation Brief. The Debtors attached a  
26 draft of the proposed order confirming the Plan to the Confirmation Brief as Exhibit “A”.

27 \_\_\_\_\_  
28 <sup>1</sup> Unless otherwise defined herein, all capitalized terms have the definitions set forth in the Confirmation Brief.

1 Attached hereto, as **Exhibit “B,”** is a revised version of the proposed confirmation order, and,  
2 attached hereto, as **Exhibit “C,”** is a redline comparison of the proposed confirmation order  
3 against the draft version attached as Exhibit “A” to the Confirmation Brief.

4 **III.**

5 **THE AMENDED SECTION 15.3 EXHIBIT**

6 The Debtors attached the Administrative Claims Reserve, pursuant to Section 15.3 of the  
7 Plan (the “Section 15.3 Exhibit”), as Exhibit “C” to the Confirmation Brief. In light of further  
8 reconciliation and various agreements as to reserves therein, the Debtors attach hereto, as **Exhibit**  
9 **“D,”** an amended version of the Section 15.3 Exhibit.

10 **IV.**

11 **RESOLUTION OF THE APPLECARE OBJECTION**

12 On August 3, 2020, AppleCare Medical Group, Inc., AppleCare Medical Group St.  
13 Francis, Inc., and AppleCare Medical Management, LLC (collectively, “AppleCare”) filed its  
14 objection to confirmation of the Plan [Docket No. 5339] (the “AppleCare Objection”). On  
15 August 10, 2020, AppleCare filed its amended motion for the allowance of an administrative  
16 expense [Docket Nos. 5455] (“AppleCare Administrative Expense”).<sup>2</sup> The Debtors and  
17 AppleCare have agreed to resolve the AppleCare Objection as follows in the Confirmation Order:

18  
19 The Debtors shall reserve in the Administrative Claims Reserve  
20 the amount of \$9.5 million on account of the AppleCare  
21 Administrative Expense. The Debtors and the Estates shall be  
22 deemed to have waived and released any Causes of Action against  
23 AppleCare under §§ 547, 549 and 550, and any such Causes of  
24 Action shall neither be vested in the Liquidating Trust nor  
25 constitute Liquidating Trust Assets. The Debtors, the Estates and  
26 AppleCare each reserve all rights and defenses with respect to: (a)  
27 the allowance of the AppleCare Administrative Claim; (b) the  
28 characterization—as either a General Unsecured Claim or an  
Administrative Claim—of unpaid amounts due to AppleCare for  
20% of the CMS risk adjustment sweep revenue; and (c) the past  
or future inclusion of CMS risk adjustment sweep revenue in the  
risk pools under the Risk Sharing Agreements. Notwithstanding

<sup>2</sup> All capitalized term used in this paragraph has the meaning set forth in the AppleCare Objection or the Plan.

1 rejection of the Management Agreement, the parties' post-  
2 termination rights under such agreement shall not be affected.  
3 SFMC elects, in accordance with Section 4.2 of the Management  
4 Agreement, to have AppleCare Medical Management, LLC  
5 perform the run-out services described thereunder on mutually  
6 acceptable terms consistent with the terms of the Management  
7 Agreement. Based on the foregoing, the AppleCare Objection is  
8 deemed withdrawn with prejudice.

6 Dated: August 12, 2020

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**Exhibit A**

**Plan Redline**

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

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- 24  Affects De Paul Ventures - San Jose ASC, LLC

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CASE NO.: 2:18-bk-20180-ER  
CASE NO.: 2:18-bk-20181-ER

Chapter 11 Cases

Hon. Judge Ernest M. Robles

MODIFIED SECOND AMENDED JOINT CHAPTER 11 PLAN OF LIQUIDATION (DATED JULY 2, 2020) OF THE DEBTORS, THE PREPETITION SECURED CREDITORS, AND THE COMMITTEE

Plan Confirmation Hearing:

Date: August 12, 2020  
Time: 10:00 a.m. (Pacific Time)  
Place: Courtroom 1568  
255 E. Temple Street  
Los Angeles, CA 90012

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**INTRODUCTION**<sup>1</sup>

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

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

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

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.

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

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

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

21 1.2 **2005 Revenue Bonds Trustee** means Wells Fargo Bank, National  
22 Association, as trustee for those certain bonds issued pursuant to the 2005  
23 Revenue Bonds Indentures.

24 1.3 **2005 Series A, G and H Revenue Bonds** means those series of  
25 outstanding bonds issued by the CSCDA, pursuant to the terms of the 2005  
26 Revenue Bonds Indentures.

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

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

7           1.8 **2016 Data Breach Claims** means all timely filed Claims for  
8           damages asserted by any individual whose personally identifiable information  
9           was disclosed, in the data breach occurring on April 27, 2016, and subject to the  
10          extended Bar Date set forth in the Bankruptcy Court's order [Docket No. 2434].

11          1.9 **2017 Notes Trustee** means U.S. Bank, National Association, solely  
12          in its capacity, as trustee for those certain notes issues pursuant to the 2017  
13          Revenue Notes Indentures, dated as of December 1, 2017, pursuant to the 2017  
14          Revenue Notes Indentures.

15          1.10       **2017 Revenue Notes** means those outstanding Series A, B,  
16          C and D notes issued by the CPFA, pursuant to the terms of the 2017 Revenue  
17          Notes Indentures.

18          1.11       **2017 Revenue Notes Indentures** means those certain note  
19          indentures, dated as of December 1, 2017, between the CPFA and the 2017  
20          Notes Trustee, supported by the Obligations arising in connection with those  
21          certain Loan Agreements, dated as of December 1, 2017, between VHS and  
22          CPFA and secured by the collateral pledged to the Master Trustee for the  
23          benefit of the 2017 Revenue Notes.

24          1.12       **Adequate Protection Payments** means any and all payments  
25          made by the Debtors prior to the Effective Date to or for the benefit of the  
26          Prepetition Secured Creditors pursuant to the section 5(b) of Final DIP Order  
27          and/or the Cash Collateral Orders.

28          1.13       **Administrative Claim** means a Request for Payment of an  
29          administrative expense of a kind specified in § 503(b) and entitled to priority  
30          pursuant to § 507(a)(2), including, but not limited to, the actual, necessary costs  
31          and expenses, incurred on or after the Petition Date, of preserving the Estates  
32          and operating the business of the Debtors, including wages, salaries, or  
33          commissions for services rendered after the commencement of the Chapter 11  
34          Cases, Section 503(b)(9) Claims, and Allowed Claims that are entitled to be  
35          treated as Administrative Claims pursuant to a Final Order of the Bankruptcy  
36          Court (under § 546(c)(2)(A) or otherwise), but excluding Professional Claims,  
37          and Statutory Fees, which are separately defined below.

38          1.14       **Administrative Claims Bar Date** means the deadline set by  
39          an order of the Bankruptcy Court by which holders of Administrative Claims,  
40          other than Administrative Claims arising in the ordinary course of business for



1 the Debtors, must assert Administrative Claims or be forever barred, which  
2 shall be not less than 14 days prior to the date of the Confirmation Hearing.

3 1.15 **Administrative Claims Reserve** means Cash to be set aside  
4 by the Debtors on the Effective Date in an aggregate amount sufficient to fund a  
5 reserve for the payment of all unpaid Allowed Administrative Claims that will  
6 be paid after the Effective Date and all Administrative Claims that are not yet  
7 Allowed as of the Effective Date. The amount of such reserve shall be  
8 determined and approved by the Bankruptcy Court at the Confirmation Hearing  
9 in accordance with the procedures established in Section 15.3.

10 1.16 **AHMC** means AHMC Healthcare Inc., or its designee under  
11 the Seton Asset Purchase Agreement.

12 1.17 **Allowed** means for distribution purposes, a Claim, or any  
13 portion thereof, or a particular Class of Claims (a) that is Allowed by a Final  
14 Order of the Bankruptcy Court (or such other court [as provided by the Plan or](#) as  
15 the Liquidating Trustee and the Holder of such Claim agree may adjudicate  
16 such Claim and objections thereto), (b) that is Allowed by this Plan and/or  
17 Confirmation Order, (c) which is not the subject of a Proof of Claim timely filed  
18 with the Bankruptcy Court and is Scheduled as liquidated and noncontingent  
19 (other than a Claim that is Scheduled at zero, in an unknown amount, or as  
20 disputed), but only to the extent such Claim is Scheduled as liquidated and  
21 noncontingent, (d) for which a Proof of Claim in a liquidated amount has been  
22 timely filed with the Bankruptcy Court pursuant to the Bankruptcy Code or  
23 deemed timely filed by any Final Order of the Bankruptcy Court or other  
24 applicable bankruptcy law, and as to which (i) no objection to its allowance has  
25 been filed within the periods of limitation fixed by the Plan, the Bankruptcy  
26 Code, or by any order of the Bankruptcy Court, (ii) any objection to its  
27 allowance has been settled or withdrawn, or has been denied by a Final Order of  
28 the Bankruptcy Court, or, (iii) following the Effective Date, with respect to  
General Unsecured Claims, as otherwise may be determined by the Liquidating  
Trust in accordance with the Plan and the Liquidating Trust Agreement, or (d)  
that is expressly allowed in a liquidated amount pursuant to this Plan.

1.18 **Assets** means all legal or equitable interests of the Estates in  
any and all (a) property of every kind, nature, character and description,  
whether real, personal, or mixed, whether tangible or intangible (including  
contract rights), wherever situated and by whomever possessed, and any  
goodwill related thereto, including any real estate, buildings, structures,  
improvements, privileges, rights, easements, leases, subleases, goods,  
materials, supplies, furniture, fixtures, equipment, work in process, accounts,  
chattel paper, cash (including, but not limited to, cash of the Foundations that is  
not properly donor-restricted), deposit accounts, reserves, deposits, contractual  
rights, intellectual property rights, claims, Causes of Action, securities,  
investments and any other general intangibles, and (b) the proceeds, products,



1 offspring, rents or profits thereof, including all assets of any of the Debtors  
2 constituting “property of the estate” as described in § 541.

3 1.19 **Avoidance Actions** means any Causes of Action arising  
4 under any section of chapter 5 of the Bankruptcy Code, including, without  
5 limitation, §§ 502, 510, 541, 542, 543, 544, 545, 547, 548, 549, 550, 551, and  
6 553 or under similar or related state or federal statutes and common law,  
7 including state fraudulent transfer laws.

8 1.20 **Ballot Deadline** means the date all Ballots must be properly  
9 executed, completed and delivered by First Class Mail, overnight courier, or  
10 hand delivery, to KCC, at 222 N. Pacific Coast Highway, 3rd Floor, El  
11 Segundo, CA 90245, so as to be actually received by KCC no later than 4:00  
12 p.m. (Pacific Time), on the date set by the Bankruptcy Court in the Disclosure  
13 Statement Order.

14 1.21 **Bankruptcy Code** means title 11 of the United States Code,  
15 11 U.S.C. §§ 101, *et seq.*, as amended.

16 1.22 **Bankruptcy Court** means the United States Bankruptcy  
17 Court for the Central District of California, except to the extent the  
18 jurisdictional reference of the Bankruptcy Court has been withdrawn to the  
19 United States District Court for the Central District of California, pursuant to  
20 section 157(d) of title 28 of the United States Code.

21 1.23 **Bankruptcy Rules** means the Federal Rules of Bankruptcy  
22 Procedure as promulgated by the United States Supreme Court under section  
23 2075 of title 28 of the United States Code, as may be amended from time to  
24 time.

25 1.24 **Bar Date** means the applicable deadlines by which a Proof  
26 of Claim or Request for Payment must be, or must have been, filed in these  
27 Chapter 11 Cases, as established by either an order of the Bankruptcy Court or  
28 this Plan, including without limitation, (a) the April 1, 2019, deadline to file  
Proofs of Claim relating to prepetition Claims, (b) the September 30, 2019  
extended deadline for 2016 Data Breach Claims, (c) the October 11, 2019  
extended deadline for certain wage and hour claims pursuant to the *Order*  
*Approving Notice of Extended Bar Date re Certain Wage and Hour Claims*  
[Docket No. 2692], and (d) the Administrative Claims Bar Date..

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

1                   1.26       **Bond and Notes Trustee(s)** means all or any of the 2005  
2 Revenue Bonds Trustee, the 2015 Notes Trustee and the 2017 Revenue Notes  
3 Trustee, as the context requires.

4                   1.27       **Business Day** means any day other than a Saturday, a  
5 Sunday, or any other day on which banking institutions in the State of  
6 California are required or authorized to close by law or executive order.

7                   1.28       **Cash** means the legal tender of the United States of America  
8 and its equivalent.

9                   1.29       **Cash Collateral Orders** means, collectively, the orders  
10 authorizing use of cash collateral entered under Docket Nos. 3022, 3883, 4028,  
11 4187, and 4670, and any subsequent orders authorizing the use of cash  
12 collateral, the terms of which may be agreed to between the Debtors and the  
13 Prepetition Secured Creditors.

14                   1.30       **Causes of Action** means any and all present or future claims,  
15 rights, legal and equitable defenses, offsets, recoupments, actions in law or  
16 equity or otherwise, choses in action, obligation, guaranty, controversy,  
17 demand, action suits, damages, judgments, third-party claims, counter-claims,  
18 cross-claims against any Person, whether known or unknown, liquidated or  
19 unliquidated, foreseen or unforeseen, existing or hereafter arising, whether  
20 based on legal or equitable relief, whether arising under the Bankruptcy Code  
21 or federal, state, common, or other law or equity, whether or not the subject of a  
22 pending litigation or proceedings on the Effective Date or thereafter, including  
23 without limitation: (a) all Avoidance Actions; (b) all other claims in avoidance,  
24 recovery, and/or subordination; (c) all SGM Claims; (d) all claims against  
25 Integrity Healthcare, LLC and BlueMountain Capital Management LLC; and  
26 (e) all other actions described in the Disclosure Statement, the Confirmation  
27 Order, the Schedules, or the Plan; provided, however, (x) any claims arising  
28 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                   1.31       **CDPH** means the California Department of Public Health.

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

8                   1.33       **Claim** has the meaning set forth in § 101(5).

9                   1.34       **Claims Objection Deadline** means the first Business Day  
10 that is the later of (a) two hundred ten (210) days after the Effective Date, or (b)

1 such other later date as the Bankruptcy Court may establish upon a motion by  
2 the Liquidating Trustee in accordance with the Plan.

3 1.35 **Class** means a class of Claims established pursuant to  
4 Section 4 herein.

5 1.36 **CMS** means Centers for Medicare and Medicaid Services.

6 1.37 **Committee** means the Official Committee of Unsecured  
7 Creditors appointed on September 17, 2018, by the U.S. Trustee in these  
8 Chapter 11 Cases pursuant to § 1102 [Docket No. 197].

9 1.38 **Confirmation Date** means the date on which the Clerk of the  
10 Bankruptcy Court enters the Confirmation Order on the docket of the Lead  
11 Case.

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

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

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

19 1.42 **CPFA** means the California Public Financing Authority.

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

27 1.44 **Creditor Settlement Parties** means, collectively, parties to  
28 Creditor Settlement Agreements.

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

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

1 1.47 **Defined Contribution Plans** means, collectively, the  
2 qualified and non-qualified 401(a), 401(k), 403(b), and 457(b) defined  
3 contribution plans maintained by certain Debtors.

4 1.48 **DePaul Ventures** means DePaul Ventures, LLC, a debtor  
5 and debtor in possession.

6 1.49 **DePaul - San Jose ASC** means De Paul Ventures - San Jose  
7 ASC, LLC, a Non-Debtor Affiliate.

8 1.50 **DePaul - San Jose Dialysis** means DePaul Ventures - San  
9 Jose Dialysis, LLC, a debtor and debtor in possession.

10 1.51 **DHC** means California Department of Health Care Service.

11 1.52 **DHHS** means the United States Department of Health and  
12 Human Services.

13 1.53 **Disallowed** means, with respect to any Claim or Interest, any  
14 Claim or Interest (i) proof of which was required to be filed by the Bankruptcy  
15 Code or an order of the Bankruptcy Court, but as to which no proof of Claim or  
16 Interest was timely or properly filed, (ii) which has been withdrawn in whole or  
17 in part, by an agreement between the Debtors or the Trust and the Holder  
18 thereof or unilaterally by the Holder thereof, or (iii) which has been disallowed,  
19 in whole or in part, by a Final Order or pursuant to this Plan. In the event that a  
20 Claim is disallowed in part, then the Claim may be an Allowed Claim with  
21 respect to amounts asserted under the Claim which have not been disallowed.

22 1.54 **District Court** means the United States District Court for the  
23 Central District of California.

24 1.55 **Disclosure Statement** means the disclosure statement filed  
25 with the Bankruptcy Court by the Debtors, pursuant to § 1125, with respect to  
26 the Plan, including all exhibits and schedules thereto, which was approved by  
27 the Bankruptcy Court pursuant to § 1125, as it may be amended, modified or  
28 supplemented from time to time.

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

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

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

is:

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

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

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

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

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

8 (iii) a corresponding Claim is listed on the Schedules not as disputed,  
9 contingent, or unliquidated, but the nature or amount of the Claim as  
10 asserted in the Proof of Claim varies from the nature and amount of such  
11 Claim as listed on the Schedules; or

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

15 1.58 ***Disputed Unclassified Claims*** means Unclassified Claims  
16 that are Disputed.

17 1.59 ***Disputed Unsecured Claims Reserve*** means the reserve for  
18 Disputed General Unsecured Claims established under Section 7.9(c) hereof.

19 1.60 ***Effective Date*** means a day, as determined by the Plan  
20 Proponents, that is a Business Day as soon as reasonably practicable after all  
21 conditions to the Effective Date specified in Section 12.2 hereof have been  
22 satisfied or waived.

23 1.61 ***Effective Date Professional Claim Reserves***. Cash to be set  
24 aside by the Liquidating Trustee on the Effective Date sufficient in the  
25 aggregate to fund a reserve on account of Professional Claims not yet fixed and  
26 allowed by the Bankruptcy Court prior to or on the Effective Date.

27 1.62 ***ERISA*** means Title IV of the Employee Retirement Income  
28 Security Act of 1974, as amended.

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

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

1                   1.65       **Foundations** means collectively the following Debtor  
2 nonprofit public benefit corporations that are responsible for fundraising and  
3 grant-making programs for each of their respective Debtor hospitals: O'Connor  
4 Hospital Foundation, Saint Louise Regional Hospital Foundation, St. Francis  
5 Medical Center of Lynwood Foundation, St. Vincent Foundation, and Seton  
6 Medical Center Foundation.

7                   1.66       **Final DIP Order** means the *Final Order (I) Authorizing*  
8 *Postpetition Financing, (II) Authorizing Use of Cash Collateral, (III) Granting*  
9 *Liens and Providing Superpriority Administrative Expense Status, (IV)*  
10 *Granting Adequate Protection, (V) Modifying Automatic Stay, and (VI)*  
11 *Granting Related Relief* [Docket No. 409] entered by the Bankruptcy Court on  
12 October 5, 2018.

13                   1.67       **Final Order** means an order or judgment, the operation or  
14 effect of which has not been reversed, stayed, modified, or amended, is in full  
15 force and effect, and as to which order or judgment (or any reversal, stay,  
16 modification, or amendment thereof) (a) the time to appeal, seek *certiorari*, or  
17 request reargument, further review, or rehearing has expired and no appeal,  
18 petition for *certiorari*, request for reargument or further review, or rehearing  
19 has been timely filed, or (b) any appeal that has been or may be taken, or any  
20 petition for *certiorari* or request for reargument or further review or rehearing  
21 that has been or may be filed, has been resolved by the highest court to which  
22 the order or judgment was appealed, from which *certiorari* was sought, or to  
23 which the request was made, and no further appeal, petition for *certiorari*,  
24 request for reargument, or further review or rehearing has been or can be taken  
25 or granted; provided, however, that the possibility that a motion under Rule 60  
26 of the Federal Rules of Civil Procedure, or any analogous rule under the  
27 Bankruptcy Rules, may be filed relating to such order shall not prevent such  
28 order from being a Final Order; provided, further, that the Debtors or  
Liquidating Trustee, as applicable, reserve the right to waive any appeal period  
for an order or judgment to become a Final Order.

1                   1.68       **First Priority Trust Beneficial Interests** means the first  
2 priority Trust Beneficial Interest in the Plan Fund provided to the Holders of the  
3 Secured 2005 Revenue Bonds Claims which shall entitle such Holders to  
4 receive payment on the 2005 Revenue Bonds Diminution Claim until fully  
5 satisfied and before any payment on account of Second Priority Trust  
6 Beneficial Interests held by Holders of Allowed General Unsecured Claims.

7                   1.69       **General Unsecured Claim** means (i) any unsecured claim  
8 that is not an Insured Claim, 2016 Data Breach Claim, or Subordinated General  
9 Unsecured Claim, (ii) any Claim for damages resulting from or based on the  
10 Debtors' rejection of an Executory Agreement, or (iii) any Claim that is  
11 determined by the Bankruptcy Court to be a prepetition general unsecured  
12 claim that is not entitled to priority or subject to subordination pursuant to this  
13 Plan.



1 1.70 **Governmental Unit** has the definition set forth in § 101(27).

2 1.71 **Holder** means a holder of a Claim against, or Interest in, the  
3 Debtors.

4 1.72 **Holdings** means Verity Holdings, LLC, as debtor and debtor  
5 in possession.

6 1.73 **Hospital Licenses** means licenses and permits issued by the  
7 CDPH and the California State Board of Pharmacy.

8 1.74 **Hospital Premises** means all locations where SFMC and  
9 Seton provide hospital services, including their primary locations at (i) 3630  
10 East Imperial Highway, Lynwood, California 90262; (ii) 1900 Sullivan  
11 Avenue, Daly City, California 94015; (iii) 600 Marine Boulevard, Moss Beach,  
12 California 94038, respectively; and such other locations where SFMC and  
13 Seton provide hospital services.

14 1.75 **Hospital Purchased Assets** means the assets purchased by  
15 Prime and AHMC pursuant to the SFMC Asset Purchase Agreement and Seton  
16 Asset Purchase Agreement, respectively. For the avoidance of doubt, the  
17 Hospital Purchased Assets relate only to the Hospitals subject to the SFMC  
18 Sale and Seton Sale.

19 1.76 **Hospitals** means the hospitals and related facilities operated  
20 by SFMC and Seton subject to the SFMC Sale and Seton Sale.

21 1.77 **Impaired** means, with respect to a Class of Claims, that such  
22 Class is “impaired” within the meaning of § 1124.

23 1.78 **Indenture Trustees** means, collectively, the Master Trustee,  
24 the 2005 Revenue Bonds Trustee, the 2015 Notes Trustee and the 2017 Notes  
25 Trustee.

26 1.79 **Indemnification Claim** means any Claim for  
27 indemnification, subrogation, contribution, or reimbursement for all liabilities,  
28 loss, damages, costs and expenses of whatever kind, including attorneys’ fees.

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

1 1.81 **Insurance Policy** means any insurance policy maintained by  
2 or for the benefit of the Debtors, regardless of whether such Insurance Policy is  
3 set forth in a schedule to the Plan Supplement.

4 1.82 **Insured Claims** means a Claim against any of the Debtors,  
5 their respective Estates, Assets or properties arising from any incident or  
6 occurrence that is covered by an applicable and available Insurance Policy.

7 1.83 **Insured Deficiency Claim** has the definition set forth in  
8 Section 4.10 hereof.

9 1.84 **Insurer** means any entity that issued an Insurance Policy,  
10 including ~~a successor~~ any successors.

11 1.85 **Intercompany Claims** means any Claims held by a Debtor  
12 or a Non-Debtor Affiliate against a Debtor or Non-Debtor Affiliate, including,  
13 without limitation, any Indemnification Claim between and/or among the  
14 Debtors.

15 1.86 **Intercreditor Agreement** means the Second Amended and  
16 Restated Intercreditor Agreement, dated as of December 1, 2017, by and among  
17 VHS, on behalf of itself, and each Obligated Group Member, the 2015 Notes  
18 Trustee, the 2017 Notes Trustee and the Master Trustee.

19 1.87 **Interests** means any ownership interest in any of the  
20 Debtors, including but not limited to, membership interests or other entitlement  
21 to participate in the organizational affairs of a nonprofit entity organized under  
22 the laws of the State of California or equity interests in any for-profit  
23 corporation, partnership or limited liability company organized under the laws  
24 of any jurisdiction, including common stock, preferred stock, stock options and  
25 restricted stock awards.

26 1.88 **Interim Agreements** means, collectively, the Seton Interim  
27 Management Agreement, the Seton Interim Leaseback Agreement, the SFMC  
28 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.

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

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



1 1.92 **KCC** means Kurtzman Carson Consultants LLC.

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

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

8 1.95 **Liquidating Trust Administration Accounts** means one or  
9 more deposit accounts to be established pursuant to Section 7.8 of the Plan and  
10 maintained by the Liquidating Trustee to pay any and all reasonable costs and  
11 expenses incurred in implementing the terms of the Plan, as set forth in the  
12 Liquidating Trust Agreement.

13 1.96 **Liquidating Trust Agreement** means the Liquidating Trust  
14 Agreement, to be dated on or prior to the Effective Date, between the Debtors  
15 and the Liquidating Trustee, governing the disposition of the Liquidating Trust  
16 Assets, the distribution of the proceeds thereof in accordance with the Plan, and  
17 setting forth the duties and obligations of the Liquidating Trustee.

18 1.97 **Liquidating Trust Assets** means any and all Assets of the  
19 Estates (other than the Operating Assets, the Hospital Purchased Assets, the  
20 rights under the Interim Agreements and any claim, litigation or Cause of  
21 Action compromised as part of a Creditor Settlement Agreement) of every kind  
22 and character, wherever located, whether real or personal, tangible or  
23 intangible, transferred to the Liquidating Trust pursuant to the Plan and the  
24 Liquidating Trust Agreement, including, without limitation, to the extent not  
25 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  
4 reserves of Cash established by the Liquidating Trustee in accordance with  
Section 7.9.

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

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

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

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

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

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

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

20 1.106 **MOB I Loan Agreement** means that certain Term Loan  
21 Agreement, dated October 3, 2017, between Holdings and Verity MOB  
22 Financing LLC, in the amount of \$ 46,363,096, and secured by those certain  
Los Angeles and San Mateo Deeds of Trust, each dated October 3, 2017, and  
23 the other security documents entered into in connection therewith.

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

1 1.108 **Non-Debtor Affiliates** means the following affiliates of the  
2 Debtors that did not file a Chapter 11 Case: DePaul - San Jose ASC, Marillac,  
3 O'Connor Health Center I, Sports Medical Management, Inc., St. Vincent De  
4 Paul Ethics Corporation, VHoldings, Robert F. Kennedy Medical Center, and  
5 Robert F. Kennedy Medical Center Foundation.

6 1.109 **Nonprofit Laws** means any and all federal, state, local and  
7 other laws and governmental regulations applicable to nonprofit corporations,  
8 including without limitation, any administrative and judicial interpretations  
9 thereof (as applicable).

10 1.110 **Nonprofit Status** means status as a nonprofit corporation  
11 under applicable Nonprofit Laws.

12 1.111 **Obligated Group Member** means each of the following  
13 Debtors: (i) VHS, (ii) O'Connor Hospital, (iii) Saint Louise Regional Hospital,  
14 (iv) Seton, (v) SFMC, and (vi) SVMC.

15 1.112 **Obligations** means those certain undertakings by Obligated  
16 Group Members arising from those certain Loan Agreements, dated December  
17 1, 2001 and dated December 1, 2005, between CSCDA and the Daughters of  
18 Charity Health System as predecessor in interest to VHS, as amended and  
19 supplemented by those Loan Agreements dated December 1, 2015, and  
20 December 1, 2017, between CPFA and VHS.

21 1.113 **Operate** (and any such variations, such as "Operation")  
22 means to operate, oversee, manage, administer, coordinate, control, supervise  
23 and/or direct the business and operations of any and/or all of the Operating  
24 Assets, whether in the ordinary course of business or otherwise, and including  
25 undertaking or pursuing strategies, activities, or actions with the intent of  
26 furthering the objectives of, and otherwise to effectuate the Plan as  
27 contemplated by the provisions hereof, including any strategies, activities or  
28 actions aimed at retaining, renewing, amending, extending or Transferring any  
of the Operating Assets.

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

1.115 **Operating Assets** means, collectively,  
(a) the Hospitals;  
(b) the Hospital Purchased Assets; and  
(c) the Post-Effective Date Debtors' right to Quality Assurance Payments.

1           1.116     **Operating Budget** means the budget (as the same may be  
2           amended or modified from time to time) setting forth the projected costs and  
3           expenses associated with the Operating Assets (including without limitation,  
4           the cost of Operating the Operating Assets).

5           1.117     **Ordinary Course Professionals Order** means the order  
6           [Docket No. 693] entered by the Bankruptcy Court granting the Debtors'  
7           motion to retain and compensate professionals utilized by the Debtors in the  
8           ordinary course of business [Docket No. 364].

9           1.118     **Ordinary Course Professionals** means the professionals  
10          retained by the Debtors in the ordinary course of their business operations,  
11          pursuant to the Ordinary Course Professionals Order.

12          1.119     **Patient Care Ombudsman** means Dr. Jacob Nathan Rubin,  
13          MD, FACC, appointed by the U.S. Trustee to serve as the patient care  
14          ombudsman in these Chapter 11 Cases, pursuant to § 333(a), in accordance  
15          with the order [Docket No. 430] entered by the Bankruptcy Court on October 9,  
16          2018.

17          1.120     **PBGC** means the Pension Benefit Guaranty Corporation, a  
18          wholly owned United States corporation, and agency of the United States, that  
19          administers the defined benefit pension plan termination program under Title  
20          IV of the Employee Retirement Income Security Act of 1974, as amended, 29  
21          U.S.C. §§ 1301-1461 (2018).

22          1.121     **PBGC Claims** means the Claims that the PBGC has  
23          asserted, or is deemed to have asserted, against the Debtors in relation to Verity  
24          Health System Retirement Plan A and Verity Health System Retirement Plan  
25          B, including on account of alleged unfunded benefit liabilities, minimum  
26          funding contributions, fixed and variable rate premiums, and termination  
27          premiums, which are identified as (i) the Amended Proofs of Claim filed by  
28          PBGC in the Lead Case, denominated as Proofs of Claim No. 7754, 7759,  
29          7760, 7761, 7762, and 7763, and (ii) deemed to have been filed in each of the  
30          Chapter 11 Cases identified in such Proofs of Claim, pursuant to that certain  
31          stipulation [Docket No. 1772] approved by order of the Bankruptcy Court  
32          [Docket No. 1782].

33          1.122     **PBGC Settlement** means that certain Creditor Settlement  
34          Agreement described in Section 7.1(b).

35          1.123     **Person** means an individual, partnership, corporation,  
36          limited liability company, business trust, joint stock company, trust,  
37          unincorporated association, joint venture, governmental authority,  
38          Governmental Unit or other entity of whatever nature.

39          1.124     **Petition Date** means August 31, 2018, which is the date that  
40          each Debtor filed a voluntary chapter 11 petition.

1                   1.125     **Pharmacy Assets** means the portions of the Hospital  
2 Purchased Assets constituting drugs, dangerous devices, pharmacy systems, or  
3 other pharmacy assets, which will be purchased by and transferred to Prime and  
4 AHMC, respectively, on the dates Prime and AHMC obtain their required  
licenses, in accordance with the SFMC Asset Purchase Agreement and the  
Seton Asset Purchase Agreement.

5                   1.126     **Plan** means this plan of liquidation proposed by the Plan  
6 Proponents, including the Plan Supplement and the exhibits hereto and thereto,  
7 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.

8                   1.127     **Plan Fund** means one or more accounts or reserves of Cash  
9 established by the Liquidating Trustee in accordance with Section 7.10 hereof  
10 for the payment of, on or after the Effective Date, (i) the 2005 Revenue Bonds  
Diminution Claim, and (ii) Allowed General Unsecured Claims.

11                   1.128     **Plan Proponents** means the Debtors, the Master Trustee, the  
12 2005 Revenue Bonds Trustee, the 2015 Notes Trustee, the 2017 Notes Trustee,  
13 [Verity MOB Financing LLC, Verity MOB Financing II, LLC,] and the  
Committee.

14                   1.129     **Plan Settlement** means that certain Creditor Settlement  
15 Agreement described in Section 7.1(a).

16                   1.130     **Plan Supplement** means a supplemental appendix to this  
17 Plan, as may be amended from time to time on or prior to the Effective Date,  
18 which will contain the following items:

- 19                   (a)     the Schedule of Assumed Contracts;
- 20                   (b)     the schedule of Insurance Policies;
- 21                   (c)     the identity of the directors serving on the Post-Effective Date Board of  
22 Directors;
- 23                   (d)     the Transition Services Agreement;
- 24                   (e)     the initial Operating Budget;
- 25                   (f)     the identity of the initial Liquidating Trustee;
- 26                   (g)     the identity of the members of the Post-Effective Date Committee;
- 27                   (h)     the form of Liquidating Trust Agreement; and
- 28                   (i)     the Creditor Settlement Agreements, if any,

1 of which items (a) through (e) shall be filed prior to the Effective Date, items (f) through  
2 (h) shall be filed no later than fourteen (14) days before the Ballot Deadline, and item (i) shall be  
3 filed seven (7) days prior to the Ballot Deadline, if not earlier, in each case, unless otherwise  
4 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.

5 1.131 **Post-Effective Date Board of Directors** means the three (3)  
6 member board of directors for VHS that shall be formed on the Effective Date  
7 in accordance with Section 5.9 hereof, which shall also serve as the members of  
the subsidiary boards and any other boards required to be in existence.

8 1.132 **Post-Effective Date Committee** means a committee that  
9 shall be formed on the Effective Date in accordance with Section 7.11 hereof,  
10 consisting of (i) three (3) members 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.

11 1.133 **Post-Effective Date Debtors** means, collectively, the  
12 Sale-Leaseback Debtors, SVMC, St. Vincent Dialysis, the SCC Debtors, and  
13 VHS, which shall exist solely for the limited duration and purposes set forth in  
the Plan.

14 1.134 **Prepetition Secured Creditors** means, collectively, the  
15 Master Trustee, the 2005 Revenue Bonds Trustee, the 2015 Notes Trustee, the  
16 2017 Notes Trustee, Verity MOB Financing LLC, and Verity MOB Financing  
II, LLC.

17 1.135 **Prime** means Prime Healthcare Services, Inc., or its  
18 designee under the SFMC Asset Purchase Agreement.

19 1.136 **Priority Benefit Plan Claims** means Claims entitled to  
priority under § 507(a)(5).

20 1.137 **Priority Non-Tax Claim** means any Claim entitled to  
21 priority in payment as specified in § 507(a)(4), (5), (6), (7) or (9) other than  
Administrative Claims and Priority Tax Claims.

22 1.138 **Priority Tax Claims** means Claims of any Governmental  
23 Unit entitled to priority under § 507(a)(8) and 507(c).

24 1.139 **Pro Rata Share** means, as applicable, the proportion that (i)  
25 an Allowed Claim in a particular Class bears to the aggregate amount of all  
26 Claims in such Class, or (ii) an Allowed Claim in a particular Class bears to the  
aggregate amount of all Claims in such Class and all Claims in any other  
27 Classes entitled to share in the same recovery. Such ratios shall be calculated as  
if all Claims in the particular Class asserted against all Debtors are Allowed



1 Claims as of the Effective Date, unless specifically provided otherwise in the  
2 Plan.

3 1.140 **Professional** means any Person (a) retained in the Chapter  
4 11 Cases by Final Order, pursuant to §§ 327, 363, and 1103 or otherwise; or (b)  
5 awarded compensation and reimbursement by the Bankruptcy Court, pursuant  
6 to § 503(b)(4); provided, however, that Professional does not include any  
7 Ordinary Course Professional.

8 1.141 **Professional Claim** means an administrative claim of a  
9 Professional for compensation for services rendered or reimbursement of costs,  
10 expenses, or other charges and disbursements incurred relating to services  
11 rendered or expenses incurred after the Petition Date and prior to and including  
12 the Effective Date.

13 1.142 **Proof of Claim** means a proof of claim, or a request for  
14 payment of an Administrative Claim, filed in these Chapter 11 Cases.

15 1.143 **Provider Agreements** means (i) the Medicare Health  
16 Insurance Benefits Agreements between any of the Debtors and DHHS, and (ii)  
17 the Medi-Cal Provider Agreements between any of the Debtors and DHCS.

18 1.144 **Quality Assurance Fees** means the Hospital Quality  
19 Assurance Fee originally imposed by SB 239 (Chapter 657, Statutes of 2013)  
20 on certain general acute care hospitals by California state law in order to make  
21 supplemental and grant payments and increased capitation payments to  
22 hospitals up to the aggregate upper payment limit and made permanent by the  
23 passage of Proposition 52 in November 2016.

24 1.145 **Quality Assurance Payments** means the supplemental and  
25 grant payments and increased capitation payments, to be funded out of the  
26 Hospital Quality Assurance Fee, to certain general acute care hospitals as  
27 contemplated by SB 239 (Chapter 657, Statutes of 2013) up to the aggregate  
28 upper payment limit and made permanent by the passage of Proposition 52 in  
November 2016.

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

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

1.148 **Remaining Cash** means the actual sum of Cash that  
constitutes Liquidating Trust Assets after (i) the payment of Cash necessary to

1 satisfy all Unclassified Claims and Class 1A Claims that are Allowed on or  
2 prior to the Effective Date, (ii) the payment of all Allowed Claims payable on  
3 the Effective Date as set forth in Classes 2, 3, 4, 5, 6, and 7, and (iii) the transfer  
4 into or maintenance of funds in the Operating Accounts for the Post Effective  
5 Date Debtors on the Effective Date in accordance with the Section 7.6.

6 1.149 ***Request for Payment*** means a request for payment of an  
7 Administrative Claim filed in these Chapter 11 Cases.

8 1.150 ***Sale-Leaseback Debtors*** means, collectively, SFMC and  
9 Seton.

10 1.151 ***Sale Order*** means any Final Order of the Court entered  
11 pursuant to a request of, or motion by, the Debtors for authority to sell assets of  
12 the Estates pursuant to § 363.

13 1.152 ***SCC*** means the County of Santa Clara, a political  
14 subdivision of the State of California.

15 1.153 ***SCC Debtors*** means Saint Louise Regional Hospital and  
16 O'Connor Hospital, collectively.

17 1.154 ***SCC Sale*** means the sale authorized by the order entered by  
18 the Bankruptcy Court on December 27, 2018 [Docket No. 1153].

19 1.155 ***Schedule of Assumed Contracts*** means the schedule listing  
20 the Executory Agreements to be assumed pursuant to the Plan.

21 1.156 ***Scheduled*** means, with respect to any Claim, the status,  
22 priority, and amount, if any, of such Claim as set forth in the Schedules.

23 1.157 ***Schedules*** means the schedules of assets and liabilities and  
24 the statements of financial affairs filed by the Debtors in the Chapter 11 Cases  
25 pursuant to § 521 and Bankruptcy Rule 1007, which incorporate by reference  
26 the global notes and statement of limitations, methodology, and disclaimer  
27 regarding the Debtors' schedules and statements, as such schedules or  
28 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 satisfaction of such Holders'  
Allowed General Unsecured Claims, which Trust Beneficial Interests shall  
entitle such Holders, after payment in full to Holders of First Priority Trust  
Beneficial Interests held by the Holders of the 2005 Revenue Bonds  
Diminution Claim, to receive *pro rata* payment from all Funds in the Plan Fund  
until the Allowed General Unsecured Claims are fully satisfied.



1                   1.159       **Secured 2005 Revenue Bond Claims** means all Allowed  
2 Secured Claims of the Master Trustee and the 2005 Revenue Bonds Trustee for,  
3 and on behalf of, the beneficial holders of Series 2005 A, G, and H Revenue  
4 Bonds issued by the CSCDA.

5                   1.160       **Secured 2015 Revenue Notes Claims** means all Allowed  
6 Secured Claims of the Master Trustee and the 2015 Revenue Notes Trustee for,  
7 and on behalf of, the beneficial holders of the 2015 Revenue Notes issued by  
8 the CPFA.

9                   1.161       **Secured 2017 Revenue Notes Claims** means all Allowed  
10 Secured Claims of the Master Trustee and the 2017 Notes Trustee for, and on  
11 behalf of, the beneficial holders of the 2017 Notes issued by the CPFA.

12                   1.162       **Secured Claim** means a Claim that is (a) secured by a lien on  
13 any of the Assets, which lien is valid, perfected, and enforceable under  
14 applicable law or by reason of a Final Order, to the extent of the value of the  
15 claimant's interest in such Asset, or (b) entitled to setoff under § 553, to the  
16 extent of the amount subject to such setoff, as determined pursuant to § 506(a).

17                   1.163       **Secured Mechanics Lien Claims** means all Allowed  
18 Secured Mechanics Lien Claims.

19                   1.164       **Secured MOB I Financing Claims** means all Allowed  
20 Secured Claims of Verity MOB Financing LLC arising from the MOB I Loan  
21 Agreement.

22                   1.165       **Secured MOB II Financing Claims** means all Allowed  
23 Secured Claims of Verity MOB Financing II LLC arising from the MOB II  
24 Loan Agreements.

25                   1.166       **Secured PACE Tax Financing Claims** means those certain  
26 Agreements to Pay Assessment and Finance Improvements dated May 11, 2017  
27 and May 18, 2017 under the CSCDA CaliforniaFirst Program, respectively the  
28 Clean Fund Agreement to Pay Assessment and Petros 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 Coastside, 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

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

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

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

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

11 1.172 **Seton Sale** means the sale authorized by the Seton Sale  
12 Order.

13 1.173 **Seton Sale Order** means that certain order [Docket No.  
14 4634] approving the sale of certain assets of Seton, Holdings, and VHS to  
15 AHMC.

16 1.174 **Settlement Released Parties** means, collectively, the parties  
17 to the Plan Settlement and the PBGC Settlement who are the beneficiaries of a  
18 limited or general release under the Plan Settlement and the PBGC Settlement,  
19 respectively, solely to the extent of such limited or general release, as provided  
20 in this Plan.

21 1.175 **SFMC** means St. Francis Medical Center, as debtor and  
22 debtor in possession.

23 1.176 **SFMC Asset Purchase Agreement** means that certain *Asset*  
24 *Purchase Agreement*, as may be amended from time to time, by and among  
25 VHS, Holdings, and SFMC, on the one hand, and Prime, on the other hand, as  
26 approved by the Bankruptcy Court pursuant to the SFMC Sale Order.

27 1.177 **SFMC Closing Date** means the date that the transactions  
28 contemplated by the SFMC Asset Purchase Agreement are consummated.

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

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

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

1 1.181 **SFMC Sale Order** means that certain order [Docket No.  
2 4511] approving the sale of certain assets of SFMC, Holdings, and VHS to  
3 Prime.

4 1.182 **SGM** means Strategic Global Management, Inc.

5 1.183 **SGM Asset Purchase Agreement** means that certain *Asset*  
6 *Purchase Agreement*, dated January 8, 2019, as amended from time to time, by  
7 and among VHS, Holdings, SFMC, SVMC, St. Vincent Dialysis, and Seton, on  
8 the one hand, and SGM, on the other hand, as approved by the Bankruptcy  
9 Court, in connection with the SGM Sale [Docket No. 2305-1].

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

25 1.185 **SGM Sale** means the sale authorized by the *Order (A)*  
26 *Authorizing the Sale of Certain of the Debtors’ Assets to Strategic Global*  
27 *Management, Inc. Free and Clear of Liens, Claims, Encumbrances, and Other*  
28 *Interests; (B) Approving the Assumption and Assignment of an Unexpired*  
*Lease Relating Thereto; and (C) Granting Related Relief*, entered by the  
Bankruptcy Court on May 2, 2019 [Docket No. 2306].

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

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

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

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

1 1.190 ***SVMC*** means St. Vincent Medical Center, as debtor and  
2 debtor in possession.

3 1.191 ***Tax Rate*** means, with respect to the 2005 Revenue Bonds,  
4 the rate of interest utilized to calculate any “Taxable Rate Adjustment,” as that  
5 term is defined in the 2005 Revenue Bonds Indentures or the 2005 Revenue  
6 Bonds Obligated Bonds.

7 1.192 ***Transfer*** (and any variations such as “Transferring”) means  
8 to, directly or indirectly, sell, convey, assign, pledge, encumber, hypothecate,  
9 gift, contribute, subject to a joint venture, partnership, or similar arrangement,  
10 abandon, convey, or transfer or otherwise dispose of, either voluntarily or  
11 involuntarily, any Asset or enter into any contract for any Asset that will  
12 effectuate the foregoing whether or not the foregoing is subject to approvals or  
13 conditions.

14 1.193 ***Transition Services Agreements*** or ***TSAs*** means those  
15 certain transition services agreements entered into by and between (i) Prime,  
16 VHS, and the Liquidating Trust, and (ii) AHMC, VHS, and the Liquidating  
17 Trust, each relating to (a) the services, information systems, and vendor  
18 arrangements (if any) to be provided by VHS to Prime and AHMC, and (b) the  
19 services, personnel, information systems, and vendor arrangements (if any) to  
20 be provided by Prime (or an affiliate) and AHMC (or an affiliate) to VHS  
21 and/or the Liquidating Trust; provided, however, that the services, personnel,  
22 and intellectual property utilized under the Interim Agreements shall terminate  
23 pursuant to the terms of the Interim Agreements.

24 1.194 ***Trust Beneficial Interests*** mean, collectively, (i) the  
25 interests in the Liquidating Trust of the Holders of Allowed Claims in Class 4  
26 and their concomitant entitlement to distributions to be made by the Liquidating  
27 Trust on account of the 2005 Revenue Bonds Diminution Claim as set forth in  
28 Sections 8, 9, and 10, and (ii) the pro rata interests in the Liquidating Trust of  
the Holders of Allowed Claims in Class 8 and their concomitant entitlement to  
distributions to be made by the Liquidating Trust on account of Allowed  
General Unsecured Claims as set forth in Sections 8, 9, and 10. The Trust  
Beneficial Interests shall be evidenced as set forth in Section 9.4 and shall not  
be transferable, except to the limited extent provided in Section 9.6 and related  
provisions of the Liquidating Trust Agreement.

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

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

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

4 1.198 *U.S. Trustee* means the Office of the United States Trustee  
5 for the Central District of California.

6 1.199 *VBS* means Verity Business Services, a nonprofit public  
7 benefit corporation, as debtor and debtor in possession.

8 1.200 *VHoldings* means VHoldings MOB, LLC, a Non-Debtor.

9 1.201 *VHS* means Verity Health System of California, Inc., as  
10 debtor and debtor in possession.

11 1.202 *VMF* means Verity Medical Foundation, as debtor and  
12 debtor in possession.

### 13 **B. Interpretation and Rules of Construction.**

14 Unless otherwise specified, all Section or exhibit references in the Plan are to the  
15 respective Section in, or exhibit to, the Plan, as the same may be amended, waived, or modified  
16 from time to time. The words “herein,” “hereof,” “hereto,” “hereunder,” and other words of similar  
17 import refer to the Plan as a whole and not to any particular Section, subsection, or clause  
18 contained therein. The headings in the Plan are for convenience of reference only and shall not  
19 limit or otherwise affect the provisions hereof. For purposes herein: (1) in the appropriate context,  
20 each term, whether stated in the singular or the plural, shall include both the singular and the  
21 plural, and pronouns stated in the masculine, feminine, or neuter gender shall include the  
22 masculine, feminine, and the neuter gender; (2) any reference herein to a contract, lease,  
23 instrument, release, indenture, or other agreement or document being in a particular form or on  
24 particular terms and conditions means that the referenced document shall be substantially in that  
25 form or substantially on those terms and conditions; (3) unless otherwise specified, all references  
26 herein to “Sections” are references to Sections hereof or hereto; (4) the rules of construction set  
27 forth in § 102 shall apply; and (5) any term used in capitalized form herein that is not otherwise  
28 defined, but that is used in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning  
assigned to that term in the Bankruptcy Code or the Bankruptcy Rules, as the case may be.

### 29 **C. Controlling Document.**

30 The Plan (without reference to the Plan Supplement) shall govern and control in the event  
31 of an inconsistency between the terms and provisions in the Plan (without reference to the Plan  
32 Supplement) and the terms and provisions in the Disclosure Statement, the Plan Supplement, any  
33 other instrument or document created or executed pursuant to the Plan, or any order (other than the  
34 Confirmation Order) referenced in the Plan (or any exhibits, schedules, appendices, supplements  
35 or amendments to any of the foregoing); provided that, notwithstanding anything herein to the  
36 contrary, the Confirmation Order shall govern and control in all respects in the event of a conflict  
37 between the Confirmation Order and any provision of the Plan or the Plan Supplement.

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

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

4 2.1 **Administrative Claims.** Except to the extent that the Debtors (or the Liquidating  
5 Trust) and the Holder of an Allowed Administrative Claim agree to less favorable treatment, a  
6 Holder of an Allowed Administrative Claim (other than a Professional Claim, which shall be  
7 subject to Section 2.2) shall receive, in full satisfaction, settlement, release, and discharge of, and  
8 in exchange for, such Administrative Claim, Cash equal to the unpaid portion of such Allowed  
9 Administrative Claim either (a) on the Effective Date, (b) if the Allowed Administrative Claim is  
10 based on liabilities incurred by the Debtors in the ordinary course of their businesses after the  
11 Petition Date, in the ordinary course of business in accordance with the terms and conditions of the  
12 particular transaction giving rise to such Allowed Administrative Claim, without any further  
13 action by the Holder of such Allowed Administrative Claim, (c) on such other date as agreed  
14 between the Debtors (or the Post-Effective Date Debtors) and such Holder of an Allowed  
15 Administrative Claim, or (d) to the extent the Allowed Administrative Claim had not yet been  
16 Allowed on the Effective Date, from the Administrative Claims Reserve pursuant to Sections  
17 7.9(d) and 15.3 hereof.

18 2.2 **Professional Claims.** All Professionals seeking an award by the Bankruptcy Court  
19 of a Professional Claim (other than the Ordinary Course Professionals) shall file their respective  
20 final applications for allowance of compensation for services rendered and reimbursement of  
21 expenses incurred by the date that is sixty (60) days after the Effective Date, and shall receive, in  
22 full satisfaction of such Claim, Cash in an amount equal to 100% of such Allowed Professional  
23 Claim promptly after entry of an order of the Bankruptcy Court allowing such Claim or upon such  
24 other terms as may be mutually agreed-upon between the Holder of such Professional Claim and  
25 the Debtors, which Cash shall be paid out of the Effective Date Professional Claim Reserve.  
26 Objections to any final applications covering Professional Claims must be filed and served on the  
27 Post-Effective Date Debtors, the Liquidating Trustee, and the requesting Professional no later than  
28 ninety (90) days after the Effective Date (unless otherwise agreed by the requesting Professional).

23 2.3 **Statutory Fees.** All fees required to be paid by 28 U.S.C. § 1930(a)(6) and any  
24 interest thereon ("**U.S. Trustee Fees**") shall be paid by the Liquidating Trustee in the ordinary  
25 course of business until the closing, dismissal or conversion of these Chapter 11 Cases to another  
26 chapter of the Bankruptcy Code. Any unpaid U.S. Trustee Fees that accrued before the Effective  
27 Date shall be paid no later than thirty (30) days after the Effective Date.

28 2.4 **Priority Tax Claims.** Except to the extent that a Holder of an Allowed Priority Tax  
Claim agrees to less favorable treatment, each Holder of an Allowed Priority Tax Claim shall  
receive, in full and final satisfaction of such Allowed Priority Tax Claim, at the option of the Plan  
Proponents or the Liquidating Trustee, as applicable: (a) Cash in an amount equal to such Allowed  
Priority Tax Claim on, or as soon thereafter as is reasonably practicable, the later of (i) the  
Effective Date, to the extent such Claim is an Allowed Priority Tax Claim on the Effective Date,  
and (ii) the first Business Day after the date that is thirty (30) calendar days after the date such  
Priority Tax Claim becomes an Allowed Priority Tax Claim; or (b) equal annual Cash payments in  
an aggregate amount equal to the amount of such Allowed Priority Tax Claim, together with



1 interest at the applicable rate pursuant to § 511, over a period not exceeding five (5) years from and  
2 after the Petition Date; provided, however, the Debtors and Liquidating Trustee, as applicable,  
3 reserve the right to prepay all or a portion of any such amounts at any time under this option at the  
discretion of the Plan Proponents and the Liquidating Trustee.

### 4 **SECTION 3. CLASSIFICATION OF CLAIMS**

#### 5 3.1 *Classification in General.*

6 A Claim is placed in a particular Class for all purposes, including voting, confirmation, and  
7 distribution under the Plan and under §§ 1122 and 1123(a)(1); provided that a Claim is placed in a  
8 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.

#### 9 3.2 *Grouping of Debtors for Deemed Substantive Consolidation.*

10 Consistent with the deemed substantive consolidation of the Debtors, as set forth more  
11 fully in Section 7.1, the Plan groups the Debtors together for purposes of describing treatment  
12 under the Plan, confirmation of the Plan, and making distributions in accordance with the Plan  
13 with respect to Claims against and Interests in the Debtors under the Plan. Accordingly, pursuant  
14 to the Plan, the Assets of the Debtors and their Estates, and the Claims against and Interests in the  
Debtors, will be treated as if the Debtors and their Estates are substantively consolidated on the  
Effective Date. Notwithstanding the foregoing, such groupings shall not affect any Debtor's status  
15 as a separate legal entity, change the organizational structure of the Debtors' business enterprise,  
16 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.

#### 17 3.3 *Summary of Classification.*

18 The following table designates the Classes of Claims against each of the Debtors and  
19 specifies which of those Classes are (a) Not Impaired by the Plan, (b) Impaired by the Plan, and (c)  
20 entitled to vote to accept or reject the Plan in accordance with § 1126. In accordance with §  
21 1123(a)(1), Administrative Claims, Professional Claims, Statutory Fees, and Priority Tax Claims,  
22 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
<b>1A</b>	<b>Priority Non-Tax Claims</b>	<b>Not Impaired</b>	<b>No (deemed to accept)</b>
<b>1B</b>	<b>Secured PACE Tax Financing Claims</b>	<b>Not Impaired</b>	<b>No (deemed to accept)</b>
<b>2</b>	<b>Secured 2017 Revenue Notes Claims</b>	<b>Impaired</b>	<b>Yes</b>
<b>3</b>	<b>Secured 2015 Revenue Notes Claims</b>	<b>Impaired</b>	<b>Yes</b>
<b>4</b>	<b>Secured 2005 Revenue Bond Claims</b>	<b>Impaired</b>	<b>Yes</b>
<b>5</b>	<b>Secured MOB I Financing Claims</b>	<b>Impaired</b>	<b>Yes</b>
<b>6</b>	<b>Secured MOB II Financing Claims</b>	<b>Impaired</b>	<b>Yes</b>
<b>7</b>	<b>Secured Mechanics Lien Claims</b>	<b>Impaired</b>	<b>Yes</b>
<b>8</b>	<b>General Unsecured Claims</b>	<b>Impaired</b>	<b>Yes</b>
<b>9</b>	<b>Insured Claims</b>	<b>Impaired</b>	<b>Yes</b>
<b>10</b>	<b>2016 Data Breach Claims</b>	<b>Impaired</b>	<b>Yes</b>
<b>11</b>	<b>Subordinated General Unsecured Claims</b>	<b>Impaired</b>	<b>No (deemed to reject)</b>
<b>12</b>	<b>Interests</b>	<b>Impaired</b>	<b>No (deemed to reject)</b>

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

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

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

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



1 becomes an Allowed Priority Non-Tax Claim, in each case, or as soon as reasonably practicable  
2 thereafter in accordance with the priority scheme set forth in the Bankruptcy Code.

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

5 4.2 ***Class 1B: Secured PACE Tax Financing Claims.***

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

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

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

12 4.3 ***Class 2: Secured 2017 Revenue Notes Claims.***

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

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

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

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

1           4.4    ***Class 3: Secured 2015 Revenue Notes Claims.***

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

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

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

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

16           4.5    ***Class 4: Secured 2005 Revenue Bond Claims.***

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

19                   (b)    *Treatment.* The Secured 2005 Revenue Bonds Claims shall be treated as a  
20 single Allowed Claim in the aggregate amount of \$259,445,000 plus (i) accrued, but unpaid  
21 postpetition interest, if any, at the rate specified in the 2005 Revenue Bond Indentures through and  
22 including the Effective Date, excluding any interest at the default rate or the Tax Rate, or any  
23 applicable redemption or other premium, and (ii) any accrued, but unpaid reasonable, necessary  
24 out-of-pocket fees and expenses of the 2005 Revenue Bonds Trustee and the Master Trustee  
25 pursuant to the Final DIP Order and Cash Collateral Orders through and including the Effective  
26 Date. The 2005 Revenue Bonds Claims shall be paid and satisfied as follows: (i) an amount equal  
27 to the Initial Secured 2005 Revenue Bonds Claims Payment plus (a) accrued, but unpaid  
28 postpetition interest, if any, at the rate specified in the 2005 Revenue Bond Indentures through and  
including the Effective Date, excluding any interest at the default rate or the Tax Rate, or any  
applicable redemption or other premium, and (b) any accrued, but unpaid reasonable, necessary  
out-of-pocket fees and expenses of the 2005 Revenue Bonds Trustee and the Master Trustee  
pursuant to the Final DIP Order and Cash Collateral Orders through and including the Effective  
Date, shall be paid in cash by the Debtors to the 2005 Revenue Bond Trustee on the Effective Date.  
In addition, (x) any amounts held by the 2005 Revenue Bonds Trustee in a (1) principal or revenue

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

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

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

#### 20 4.6 ***Class 5: Secured MOB I Financing Claims.***

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

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

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

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

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

3 4.8 ***Class 7: Secured Mechanics Lien Claims.***

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

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

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

10 4.9 ***Class 8: General Unsecured Claims.***

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

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

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

21 4.10 ***Class 9: Insured Claims.***

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

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

25 Except to the extent that a Holder of an Insured Claim agrees to different treatment, or  
26 unless otherwise provided by an order of the Bankruptcy Court directing such Holder's  
27 participation in any alternative dispute resolution process, on the Effective Date, or as soon  
28 thereafter as is reasonably practicable, each Holder of an Insured Claim will have received or shall  
receive on account of its Insured Claim relief from the automatic stay under § 362 and the  
injunctions provided under this Plan for the sole and limited purpose of permitting such Holder to  
seek recovery, if any, as determined and Allowed by an order or judgment by a court of competent  
jurisdiction or under a settlement or compromise of such Holder's Insured Claim from the  
applicable and available Insurance Policies maintained by or for the benefit of any of the Debtors.  
A Holder's recovery of insurance proceeds under the applicable Insurance Policy(ies) shall be the  
sole and exclusive recovery on an Insured Claim, subject to recovery of an Insured Deficiency  
Claim, as described in the next paragraph. Any settlement of an Insured Claim within a

1 self-insured retention or deductible must be approved by the Liquidating Trustee; provided,  
2 however, that the foregoing shall not apply to workers' compensation claims resolved by Old  
3 Republic Insurance Company under its applicable workers' compensation insurance policies.

4 In the event the applicable ~~insurer~~Insurer denies the tender of defense or there are no  
5 applicable or available insurance policies, or proceeds from applicable and available insurance  
6 policies have been exhausted or are otherwise insufficient to pay in full a Holder's recovery, if any,  
7 as determined by an order or judgment by a court of competent jurisdiction or under a settlement or  
8 compromise of such Holder's Insured Claim, on account of its Insured Claim, then such Holder  
9 shall be entitled to an Allowed Claim equal to the amount of the Allowed Insured Claim less the  
10 amount of available proceeds paid such Allowed Insured Claim from the applicable and available  
11 Insurance Policies (the "**Insured Deficiency Claim**"). Such Holders' Insured Deficiency Claim  
shall be treated as an Allowed General Unsecured Claim in Class ~~108~~ of the Plan and shall be  
entitled to receive its Pro Rata Share of the distributions from the Liquidating Trust Distributions  
as set forth in the Plan in the same manner as other Holders of Allowed General Unsecured Claims  
in Class 8 of the Plan. In no event shall any Holder of an Allowed Insured Deficiency Claim be  
entitled to receive more than one hundred percent (100%) of the Allowed Amount of their  
respective Allowed Insured Deficiency Claim.

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

28 (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.

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



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

3 4.12 ***Class 11: Subordinated General Unsecured Claims.***

4 (a) *Classification:* Class 11 Claims consists of Subordinated General  
5 Unsecured Claims.

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

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

10 4.13 ***Class 12: Interests.***

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

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

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

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

17 5.1 ***Dissolution of Certain Debtors.*** The following Debtors shall be dissolved, under  
18 applicable non-bankruptcy law on the Effective Date or shortly thereafter, as determined by the  
19 Liquidating Trustee, and each respective Debtor's interests and rights shall be vested, for all  
20 purposes in the Liquidating Trust, and all of the interests in such Debtors shall be cancelled and  
21 terminated without further order of the Bankruptcy Court: VBS; Holdings; De Paul Ventures; and  
22 De Paul - San Jose Dialysis.

23 5.2 ***Dissolution of Certain Non-Debtor Affiliates.*** On the Effective Date, the  
24 following Non-Debtor Affiliates shall be dissolved, under applicable non-bankruptcy law: DePaul  
25 - San Jose ASC; St. Vincent De Paul Ethics Corporation; VHoldings; Robert F. Kennedy Medical  
26 Center; Robert F. Kennedy Medical Center Foundation; and Sports Medical Management, Inc.

27 5.3 ***Dissolution of Sale-Leaseback Debtor Foundations.***

28 (a) Dissolution of St. Francis Medical Center of Lynwood Foundation. Until  
the SFMC Closing Date, St. Francis Medical Center of Lynwood Foundation shall continue to  
make distributions to SFMC in the ordinary course of business, with any properly donor-restricted  
gifts distributed in accordance with the terms and conditions of such restricted gift. After the  
SFMC Closing Date, the properly donor-restricted charitable assets of St. Francis Medical Center  
of Lynwood Foundation shall be transferred pursuant to approvals to be received from the  
Attorney General of California, pursuant to section 999.2(e) of title 11 of the California Code of

1 Regulations and related statutes and regulations. Thereafter, St. Francis Medical Center of  
2 Lynwood Foundation shall be dissolved under applicable non-bankruptcy law.

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

12 5.4 ***Dissolution of the SCC Debtor Foundations***. On the Effective Date or shortly  
13 thereafter, the properly donor-restricted charitable assets of Saint Louise Regional Hospital  
14 Foundation and O'Connor Hospital Foundation shall be transferred pursuant to approvals to be  
15 received from the Attorney General of California, pursuant to section 999.2(e) of title 11 of the  
16 California Code of Regulations and related statutes and regulations. Thereafter, each respective  
17 Foundation shall be dissolved under applicable non-bankruptcy law.

18 5.5 ***Dissolution of St. Vincent Foundation***. On the Effective Date or shortly  
19 thereafter, the properly donor-restricted charitable assets of St. Vincent Foundation shall be  
20 transferred pursuant to approvals to be received from the Attorney General of California, pursuant  
21 to section 999.2(e) of title 11 of the California Code of Regulations and related statutes and  
22 regulations. Thereafter, St. Vincent Foundation shall be dissolved under applicable  
23 non-bankruptcy law.

24 5.6 ***Dissolution of VMF***. VMF shall be dissolved, under applicable non-bankruptcy  
25 law, as soon as practicable after completion of the claims process under VMF's capitation  
26 agreements.

27 5.7 ***Disposition of Marillac***. VHS, in its capacity as a Debtor and/or a Post-Effective  
28 Date Debtor, and/or the Liquidating Trustee shall take such action as reasonably necessary and  
advisable to effectuate the sale, disposition, or other administration of the issued and outstanding  
equity interests in, or assets of, Marillac. The net Cash proceeds of such sale, disposition, or other  
administration, if any, shall be used to pay Holders of Claims as set forth in this Plan or as  
otherwise agreed pursuant to a Creditor Settlement Agreement.

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

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

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



1 (i) to maintain their corporate existence and full rights as the licensees  
2 under the Hospital Licenses so Prime and AHMC may obtain their general  
3 acute care hospital licenses from the CDPH and their hospital pharmacy  
4 permits from the California State Board of Pharmacy pursuant to their  
5 respective Interim Management Agreements;

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

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

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

21 (v) to process claims from providers under capitation agreements, if  
22 applicable;

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

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

29 provided, however, that, notwithstanding the foregoing, Seton shall continue in existence  
30 solely for the limited purposes set forth in Section 5.8(b) hereof in the event that (i) the transfer of  
31 the Seton Pharmacy Assets, (ii) the expiration of the Seton Interim Leaseback Agreement, and (iii)  
32 the expiration of the Seton Interim Management Agreement all occur prior to the Effective Date.

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

35 (i) to maintain their corporate existence and full rights to receive any  
36 payments, including, but not limited to, payments related to Medi-Cal,  
37 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; (ii)  
20 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 to  
24 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  
18 forth above, if he or she determines that the continued existence of such Post-Effective Date  
19 Debtor is not necessary to satisfy the foregoing conditions. Such dissolution shall occur without  
20 the necessity for any other or further actions to be taken by or on behalf of the Post-Effective  
21 Debtors, or payment of any fees, charges, penalties or other amounts required by applicable  
22 non-bankruptcy law; provided, however, that the Liquidating Trustee may in its discretion file any  
23 certificates of cancellation as may be appropriate in connection with dissolution of the  
24 Post-Effective Date Debtors.

#### 25 **5.9 *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 be  
28 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 5.10 **Document Preservation**. The Liquidating Trust shall comply the Document  
Retention Policy attached as Exhibit A to Docket No. 3355.

## 11 SECTION 6. THE LIQUIDATING TRUST

12 6.1 **Creation**. On the Effective Date, the Liquidating Trust shall be created and all of  
13 the Liquidating Trust Assets shall be transferred to the Liquidating Trust, pursuant to the terms of  
14 the Liquidating Trust Agreement. Nothing in this Plan, including the implementation of the  
15 Liquidating Trust, or actions or inactions by the Liquidating Trustee after the Effective Date, shall  
16 alter, terminate, or otherwise adversely affect the Nonprofit Status of the Post-Effective Date  
Debtors; provided, further, that the transfer of Causes of Action to the Liquidating Trust shall not  
impair any parties' rights, defenses, claims, or counterclaims that have been or could be asserted  
unless otherwise settled.

17 6.2 **Purposes of the Liquidating Trust**. The primary purpose of the Liquidating Trust  
18 shall be the liquidation and distribution of its assets, in accordance with 26 C.F.R. §  
19 301.7701-4(d). The primary functions of the Liquidating Trust are as follows: (i) to liquidate, sell,  
20 or dispose of the Trust Assets; (ii) to cause all net proceeds of the Trust Assets, including proceeds  
21 of Causes of Action on behalf of the Liquidating Trust, to be deposited into the Liquidating Trust;  
22 (iii) to initiate actions to resolve any remaining issues regarding the allowance and payment of  
23 Claims 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 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.

24 6.3 **The Liquidating Trust Agreement**. The Liquidating Trust Agreement executed by  
25 the parties thereto shall be filed not less than fourteen (14) days prior to the Ballot Deadline,  
26 provided, that a copy of the Liquidating Trust Agreement in substantially final form shall be  
27 included in the Disclosure Statement. The Liquidating Trust Agreement, including the  
designated Liquidating Trustee thereunder, shall be approved by the Court, and the  
designated Liquidating Trustee shall accept their duties thereunder on or before the Confirmation

1 Date. The Liquidating Trust Agreement shall, among other things, create the Liquidating Trust,  
2 identify the Liquidating Trustee, identify the compensation of the Liquidating Trustee, and specify  
3 the authorities and powers of the Liquidating Trustee and the Post-Effective Date Committee  
4 consistent with this Plan. The Liquidating Trust Agreement may only be amended, modified  
5 and/or supplemented by providing 5 business days written notice to the Plan Proponents, and if  
6 any of the Plan Proponents shall object to such amendment, modification and/or supplement in  
7 writing, subject to Bankruptcy Court approval, after notice and a hearing.

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

10 6.5 ***Liquidating Trustee.***

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

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

- 19 (i) implement this Plan and administer the Liquidating Trust;
- 20 (ii) hold legal title to any and all rights of the Trust Beneficiaries in or  
21 arising from the Liquidating Trust Assets, including, but not limited to,  
22 collecting, receiving any and all money and other property belonging to the  
23 Liquidating Trust and the right to vote any claim or interest in a case under  
24 the Bankruptcy Code and receive any distribution therein;
- 25 (iii) perform the duties, exercise the powers, and assert the rights of a  
26 trustee under §§ 704 and 1106, including, without limitation, commencing,  
27 prosecuting or settling Causes of Action, enforcing contracts, and asserting  
28 claims, defenses, offsets and privileges and shall be deemed substituted as  
plaintiff therein without need for any further order of the Bankruptcy Court  
and shall have all of the standing, rights, powers and obligations of the

1 Debtors and the Non-Debtor Affiliates for all purposes with respect to the  
2 Liquidating Trust Assets;

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

5 (a) oversee the management and operations of the Hospital  
6 Purchased Assets pursuant to the Interim Agreements,  
7 including, without limitation, the administration of all  
8 obligations and claims, and the Transfer or other disposition  
9 of the Hospital Purchased Assets;

10 (b) oversee and implement the responsibilities and duties of the  
11 Sale-Leaseback Debtors;

12 (c) ensure compliance with the Interim Agreements;

13 (d) report to the respective board on a regular basis and provide  
14 such information and reports that may be reasonably  
15 requested by the Post-Effective Date Board of Directors;

16 (e) oversee SVMC's, St. Vincent Dialysis's, and the SCC  
17 Debtors' collection of Quality Assurance Payments and  
18 other accounts; and

19 (f) oversee and implement the responsibilities and duties of  
20 VHS, including, but not limited to, ensuring compliance  
21 with the Interim Agreements and the Transition Services  
22 Agreements;

23 (v) protect and enforce the rights to the Liquidating Trust Assets by any  
24 method deemed appropriate including, without limitation, by judicial  
25 proceedings or pursuant to any applicable bankruptcy, insolvency,  
26 moratorium or similar law and general principles of equity;

27 (vi) compromise, adjust, arbitrate, sue on or defend, pursue, prosecute,  
28 abandon, or otherwise deal with and settle, in accordance with the terms of  
the Liquidating Trust Agreement, the Causes of Action in favor of or  
against the Liquidating Trust as the Liquidating Trustee shall deem  
advisable;

(vii) avoid and recover transfers of the Debtors and Non-Debtor  
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;



1 (ix) estimate, object to, defend against and otherwise administer Claims  
2 (except for Professional Claims, the 2005 Revenue Bonds Diminution  
3 Claim, and any Allowed ~~Claim~~ Claims payable on or prior to the Effective  
4 Date) and Interest Interests or requests for payment or allowance of an  
5 administrative expense;

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

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

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

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

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

17 (xv) enforce the terms of the Interim Agreements and the Transition  
18 Services Agreements;

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

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

22 (c) Oversight. The Liquidating Trustee shall keep the Master Trustee  
23 informed, from time to time, of the progress of the Liquidating Trust in collecting and liquidating the  
24 Liquidating Trust Assets, including all offers of compromise and settlement with respect to such  
25 assets. Unless and until the First Priority Trust Beneficial Interests are paid in full, any decisions  
26 of the Liquidating Trustee to settle, compromise, affect, waive or release any rights of the  
27 Liquidating Trust in any assets having a nominal value of \$50,000 or more (or such other  
28 minimum amount as may be agreed to by the Liquidating Trustee and the Master Trustee) shall  
require the consent of the Master Trustee, which consent may be withheld in its sole discretion. In  
the event that the Liquidating Trustee intends to decline an offer of compromise or settlement that  
would result in the payment in full of the First Priority Trust Beneficial Interests (any such offer,  
an “Exit 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 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.



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

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

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

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

(h) Operation of Hospital Purchased Assets. The Liquidating Trustee shall be  
authorized (i) to continue to Operate the Hospital Purchased Assets pursuant to the Interim

1 Agreements without necessity of any further notice or approval by the Bankruptcy Court, (ii) to  
2 execute any agreement or other instrument necessary to implement the terms of the SFMC Asset  
3 Purchase Agreement, the Seton Asset Purchase Agreement, the Transition Services Agreements,  
4 and the Interim Agreements, and (iii) to enforce the terms of the Interim Agreements and the  
5 Transition Services Agreements.

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

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

23 6.7 ***Payment of Trust Expenses***. As set forth below, the Liquidating Trust expenses  
24 shall be paid, or adequate reserves created therefor, from the Liquidating Trust Administration  
25 Accounts.

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

1 under this Plan or in the exercise of any of the Liquidating Trustee's and the Post-Effective Date  
2 Committee's rights and powers. The Liquidating Trust shall indemnify and hold the Liquidating  
3 Trustee and Post-Effective Date Committee harmless, from and against any damages, costs, claims  
4 and other liabilities incurred by any of them in connection with their respective duties and  
5 responsibilities hereunder, other than those damages, costs, claims and other liabilities that result  
6 from such party's gross negligence or willful misconduct. Further, as provided in the Interim  
7 Agreements, Prime and AHMC shall indemnify and hold the Liquidating Trustee harmless, from  
8 and against any damages, costs, claims and other liabilities incurred by him/her in connection with  
9 the respective duties and responsibilities hereunder, other than those damages, costs, claims and  
10 other liabilities that result from the Liquidating Trustee's gross negligence or willful misconduct.  
11 The Liquidating Trustee may purchase or extend existing insurance to cover potential liabilities  
12 that may be incurred in the Chapter 11 Cases, and such cost shall be paid for by the Liquidating  
13 Trust from the Liquidating Trust Administration Accounts..

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

## 23 **SECTION 7. MEANS FOR IMPLEMENTATION OF THE PLAN**

### 24 **7.1 Creditor Settlement Agreements.**

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

1 (i) the Holders of Secured 2005 Revenue Bond Claims shall  
2 receive the treatment set forth in Section 4.5, including, but not  
3 limited to, the receipt of the Initial Secured 2005 Revenue Bonds  
4 Claims Payment and the First Priority Trust Beneficial Interests in  
5 full and final satisfaction of the 2005 Revenue Bonds Diminution  
6 Claim;

7 (ii) the Holders of Allowed General Unsecured Claims shall  
8 receive the treatment set forth in Section 4.9, including, but not  
9 limited to, the receipt of Second Priority Beneficial Trust Interests  
10 in full and final satisfaction of all Allowed General Unsecured  
11 Claims;

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

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

28 (v) the Confirmation Order shall include, without limitation,  
findings that: (a) the Prepetition Secured Creditors were  
oversecured as of the Petition Date and are entitled to retain  
Adequate Protection Payments as allowed postpetition interest and  
fees under § 506(a); (b) the amount of the Prepetition Replacement  
Lien (as defined in the Final DIP Order and the Cash Collateral  
Orders) that may be 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

1 into the Plan Settlement on behalf of the holders of the 2005 Bonds  
2 Claims and such Trustees have properly exercised their rights,  
3 powers and discretion pursuant to the 2005 Bonds Indenture and  
4 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;

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

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

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

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

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

24 (b) PBGC Settlement. Pursuant to Bankruptcy Rule 9019 and § 1123(b)(3)(A),  
25 the entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, as of the  
26 Effective Date, of the PBGC Settlement by and between the Debtors and the PBGC. The primary  
27 terms of the PBGC Settlement are as follows:  
28



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

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

6 (iii) the PBGC shall support confirmation of the Plan and entry  
7 of the Confirmation Order;

8 (iv) notwithstanding anything to the contrary in the Plan or  
9 Confirmation Order, any fiduciary breach claims held by the PBGC  
10 related to the Verity Health System Retirement Plan A and Verity  
11 Health System Retirement Plan B, shall not be not released, waived,  
12 or discharged under this Plan or the Confirmation Order;

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

15 (vi) the PBGC Settlement shall be null and void in the event that  
16 (A) the Plan is not confirmed or does not go into effect, or (B) the  
17 SFMC Sale or Seton Sale do not close.

18 The entry of the Confirmation Order shall constitute the Bankruptcy Court's finding that (i)  
19 entering into the PBGC Settlement is in the best interests of the Debtors, their Estates, and their  
20 creditors, (ii) the PBGC Settlement is fair, equitable and reasonable, and (iii) the PBGC Settlement  
21 meets all the standards set forth in Bankruptcy Rule 9019 and § 1123(b)(3)(A). Notwithstanding  
22 any provision in the Plan (including Section 13 hereof) or the Confirmation Order to the contrary,  
23 neither the Plan nor the Confirmation Order shall in any way be construed to discharge, release,  
24 limit, or relieve any party for a fiduciary breach related to the Verity Health System Retirement  
25 Plan A or Verity Health System Retirement Plan B. The PBGC, the Verity Health System  
26 Retirement Plan A, and the Verity Health System Retirement Plan B shall not be enjoined or  
27 precluded from enforcing such liability or responsibility by any of the provisions of the Plan or the  
28 Confirmation Order.

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

38 **7.2 Deemed Substantive Consolidation.** The Plan contemplates, and is predicated on,  
39 the deemed substantive consolidation of the Debtors' Estates as follows:

1 (a) Entry of the Confirmation Order shall constitute the approval, pursuant to  
2 §§ 105(a), 541, 1123, and 1129, of the deemed substantive consolidation of the Debtors in the  
3 manner set forth herein. Notwithstanding such deemed substantive consolidation, however, fees  
4 payable, pursuant to 28 U.S.C. § 1930, shall be due and payable by each individual Debtor.

4 (b) The deemed substantive consolidation effected pursuant to the Plan shall  
5 not affect, without limitation, (i) the Debtors', the Post-Effective Date Debtors', or the Liquidating  
6 Trust's defenses to any Claim or Cause of Action, including the ability to assert any counterclaim,  
7 provided, that, the Liquidating Trust shall neither assert nor preserve Intercompany Claims, except  
8 to the extent necessary to preserve claims and defenses against any third parties other than the  
9 Debtors; (ii) the Debtors', the Post-Effective Date Debtors', or the Liquidating Trust's setoff or  
10 recoupment rights; (iii) requirements for any third party to establish mutuality prior to deemed  
11 substantive consolidation in order to assert a right of setoff against the Debtors, the Post-Effective  
12 Date Debtors, or the Liquidating Trust; (iv) distributions to the Debtors, the Estates, the  
13 Post-Effective Date Debtors, or the Liquidating Trust out of any Insurance Policies or proceeds of  
14 such policies; (v) distributions to the Debtors, the Estates, the Post-Effective Date Debtors, or the  
15 Liquidating Trust from any governmental programs, including, but not limited to, Medicare and  
16 Medi-Cal, including any fee for service payments and any Quality Assurance Payments; (vi) the  
17 applicability and enforceability of any government issued licenses, including, but not limited to,  
18 the Hospital Licenses, or (vii) any Avoidance Action or any other Cause of Action held by the  
19 Debtors arising under §§ 541 through 550, or state laws of similar effect, against any third party  
20 other than the other Debtors, except to the extent any such actions are expressly waived or settled  
21 pursuant to this Plan.

15 (c) The Disclosure Statement and the Plan shall be deemed to be a motion  
16 requesting that the Bankruptcy Court approve the deemed substantive consolidation contemplated  
17 by the Plan. Unless an objection to the proposed deemed substantive consolidation is made in  
18 writing by any creditor purportedly affected by such deemed substantive consolidation on or  
19 before the deadline to object to confirmation of the Plan, or such other date as may be fixed by the  
20 Bankruptcy Court, the deemed substantive consolidation contemplated by the Plan may be  
21 approved by the Bankruptcy Court at the Confirmation Hearing. In the event any such objections  
22 are timely filed, a hearing with respect thereto shall be scheduled by the Bankruptcy Court, which  
23 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.

27 **7.3 Cancellation of Existing Indentures and Related Securities.** On the Effective  
28 Date, and conditioned on the irrevocable receipt of all of the Plan payments to the respective Bond



1 and Notes Trustees on behalf of Classes 2, 3, and 4 due upon the Effective Date, and the  
2 effectiveness of the releases and exculpations of each of the Indenture Trustees in accordance with  
3 Sections 13.5(d) and 13.7 of the Plan, the Master Indenture of Trust, dated as of December 1, 2001,  
4 as amended and supplemented, among the Daughters of Charity Health System, as predecessor in  
5 interest to VHS, the 2005 Revenue Bonds Indentures, the 2015 Revenue Notes Indentures and the  
6 2017 Revenue Notes Indentures (collectively, the “*Indentures*”), together with the related  
7 Obligations of the Debtors, loan agreements and security documents to which the Debtors are  
8 party, including the Intercreditor Agreement, and the respective notes, bonds, and securities issued  
9 under each of the Indentures shall be deemed inoperative and unenforceable against the Debtors  
10 and the Debtors shall have no continuing obligations thereunder, and the Indenture Trustees shall  
11 each be discharged for all purposes, provided, however, that the foregoing Indentures shall  
12 continue in effect solely to the extent necessary to (i) allow the respective Bond and Notes Trustees  
13 to receive and make distributions under the Plan to their respective holders, and preserving the tax  
14 attributes of such distributions under such Indentures and (ii) allow the respective Indenture  
15 Trustees to enforce any obligations owed to them under the Plan or their respective Indentures  
16 (including compensation and reimbursement for any reasonable and documented fees and  
17 expenses pursuant to their respective charging liens as provided in the Indentures, as applicable).  
18 Without limiting the foregoing, the Bond and Notes Trustees, as applicable, shall receive all  
19 distributions made under the Plan on account of their respective Allowed Claims and shall  
20 distribute them in any manner permitted by the applicable Indentures, including on a date selected  
21 by the respective Bond and Notes Trustee on or after the Effective Date for surrender and  
22 cancellation of securities. The Indenture Trustees shall be entitled to receive from the Liquidating  
23 Trust their reasonable fees and expenses incurred in releasing any liens and making distributions,  
24 as applicable, in accordance with the relevant Indentures, the Plan, and the Confirmation Order.  
25 Notwithstanding the foregoing, if any claim is ever made upon the Indenture Trustees or any  
26 Prepetition Secured Creditor subject to the Intercreditor Agreement, which results in the  
27 rescission, repayment, recovery or restoration of any amounts received by the Indenture Trustees  
28 (or in the case of the Prepetition Secured Creditors, as distributed from the Indenture Trustees to  
such Prepetition Secured Creditor) pursuant to the Plan, the Intercreditor Agreement shall be  
reinstated in full force and effect, and the prior termination of the Intercreditor Agreement  
pursuant to this Section 7.3 shall not diminish, release, discharge, impair or otherwise affect the  
obligations of the parties to the Intercreditor Agreement from such date of reinstatement.

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

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

7.6 ***Operating Accounts for the Post-Effective Date Debtors.*** On the Effective Date, subject to the prior payment of the amounts required to be paid by the Debtors in cash on the

1 Effective Date pursuant to this Plan, Operating Accounts for Post-Effective Date Debtors shall be  
2 established and funded in accordance with, or, if previously established, continued in accordance  
3 with, the Operating Budget. The Liquidating Trustee shall be authorized to use the funds in the  
4 Operating Accounts to preserve, administer, and continue the Operations of the Operating Assets,  
5 including paying all costs and expenses associated therewith, and collection of any amounts due  
6 under the Interim Agreements, each in accordance with the Operating Budget. After the Effective  
Date, all Cash or other proceeds generated by the Operating Assets and required to fund the  
Operating Accounts and/or Operate the Operating Assets shall not be included within the  
definition of the Remaining Cash under this Plan.

7 **7.7 *Transfer of Certain Funds Into the Liquidating Trust.*** Post-Effective Date, the  
8 Liquidating Trustee, subject to the prior payment of all amounts required to be paid by the Debtors  
9 in cash on the Effective Date pursuant to this Plan, shall transfer funds received on account of any  
10 Post-Effective Date Debtors to the Liquidating Trust except for funds that (i) constitute Hospital  
11 Purchased Assets, or (ii) are to be retained by the Post-Effective Date Debtors under the Interim  
12 Agreements and the Operating Budget. The aforementioned transfers to the Liquidating Trust  
13 shall be made 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. Further, the Liquidating  
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.

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

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

18 (ii) All parties shall treat the Liquidating Trust as a grantor trust, of  
19 which the Trust Beneficiaries are the owners and grantors, and treat the  
20 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),  
21 consistent with their economic interests therein.

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

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

4 (v) Allocations of the Liquidating Trust's taxable income (other than  
5 income attributable to assets in the Liquidating Trust Reserves and the  
6 Liquidating Trust Administration Accounts) among the beneficiaries of the  
7 Liquidating Trust shall be determined by reference to the manner in which  
8 an amount of Cash equal to such taxable income would be distributed  
9 (without regard to any restrictions on distributions) if, immediately prior to  
10 such deemed distribution, the Liquidating Trust had distributed all of its  
11 other assets (valued at their tax book value and other than assets allocable to  
12 Disputed Claims) to the Trust Beneficiaries, in each case up to the tax book  
13 value of the assets treated as contributed by such Trust Beneficiaries,  
14 adjusted for prior taxable income and loss and taking into account all prior  
15 and concurrent distributions from the Liquidating Trust. Similarly, taxable  
16 loss of the Liquidating Trust shall be allocated by reference to the manner in  
17 which an economic loss would be borne immediately after a liquidating  
18 distribution of the remaining Liquidating Trust Assets. The tax book value  
19 of the Liquidating Trust Assets for this purpose shall equal their fair market  
20 value on the date such assets are transferred to the Liquidating Trust,  
21 adjusted in accordance with tax accounting principles prescribed by the  
22 IRC, applicable Treasury Regulations, and other applicable administrative  
23 and judicial authorities and pronouncements.

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

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

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

7.8 ***Funding of the Liquidating Trust Administration Accounts.*** On or prior to the  
Effective Date, the Liquidating Trustee shall have the authority, subject to the Liquidating Trust

1 Agreement, to establish and maintain one or more Liquidating Trust Administration Accounts in  
2 the name of the Liquidating Trustee pursuant to the terms of this Plan and the Liquidating Trust  
3 Agreement. On the Effective Date, an amount of the Debtors' Cash on hand equal to an aggregate  
4 of \$3,500,000.00 shall be deposited in the Liquidating Trust Administration Accounts as  
5 designated by the Liquidating Trustee. The Liquidating Trustee shall have the authority, subject to  
6 the Liquidating Trust Agreement, to utilize the funds in the Liquidating Trust Administration  
7 Account to pay any and all reasonable costs and expenses incurred in implementing the terms of  
8 this Plan and the Liquidating Trust Agreement, including, but not limited to, the costs of collection  
9 and liquidation of the Liquidating Trust Assets. et. As assets are collected by the Liquidating  
10 Trust, at least 95% of the gross amount of such collections shall be deposited into the Plan Fund, to  
11 be paid to the Master Trustee for application against the First Priority Trust Beneficial Interests  
12 until the 2005 Revenue Bonds Diminution Claim is paid in full, and the remainder of such gross  
13 collections may be retained by the Liquidating Trust and deposited into the Liquidating Trust  
14 Administration Account; provided, that, if and when the aggregate of the deposits into the  
15 Liquidating Trust Administration Account, including the initial \$3,500,000.00 deposit, equals  
16 \$7,500,000.00, 100% of all subsequent gross collections shall be deposited into the Plan Fund, to  
17 be paid to the Master Trustee for application to the First Priority Trust Beneficial Interests until  
18 paid in full, and then shall be used to make payments to the Holders of the Second Priority Trust  
19 Beneficial Interests. Upon termination of the Liquidating Trust, if any of the 2005 Revenue Bonds  
20 Diminution Claim remains unpaid, any balance in the Liquidating Trust Administration Account  
21 shall be paid to the Master Trustee on account of the First Priority Trust Beneficial Interests until  
22 the 2005 Revenue Bonds Diminution Claim is paid in full, and any remaining balance in the  
23 Liquidating Trust Administration Account shall thereafter be paid to the Holders of the Second  
24 Priority Trust Beneficial Interests.

15 **7.9 Liquidating Trust Reserves.** The Liquidating Trustee shall have the authority to  
16 establish and maintain the Liquidating Trust Reserves, as follows:

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

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

(ii) *Funding Amount.* The Liquidating Trustee may reserve on account  
of any Disputed Unclassified Claims and Disputed Class 1A Claims based  
on the face amount of the Disputed Claim Holder's Proof of Claim (or if no  
Proof of Claim was filed, the amount set forth in the Debtors' Schedules  
with respect to such Disputed Claim or application for payment, as

1 applicable) or request that the Bankruptcy Court estimate the amount of any  
2 Disputed Claim pursuant to § 502(c), in which event the amount so  
3 estimated shall be deemed the amount of the Disputed Claim for purposes  
of funding the Disputed Claims Reserves.

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

8 (c) Disputed Unsecured Claims Reserve. As more fully set forth below in  
9 Section 7.10(b), and solely from the Plan Fund, the Liquidating Trustee shall reserve for Disputed  
10 General Unsecured Claims until such Claims are reconciled and either Allowed or Disallowed.  
11 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.

12 (d) Administrative Claims Reserve. As more fully set forth below in Section  
13 15.3, on the Effective Date, the Debtors shall establish the Administrative Claims Reserve. Upon  
14 satisfaction of all Allowed Administrative Claims and resolution of any disputed Administrative  
Claims for which amounts were included in the Administrative Claims Reserve, any funds  
remaining in the Administrative Claims Reserve shall be deposited into the Plan Fund.

15 **7.10 Plan Fund.**

16 (a) Establishment of the Plan Fund. On the Effective Date or as soon as  
17 practicable thereafter, subject to the prior payment of all amounts required to be paid by the  
18 Debtors on the Effective Date pursuant to this Plan, the Liquidating Trustee shall fund the Plan  
19 Fund with the Remaining Cash after funding (i) the Liquidating Trust Reserves and (ii)  
20 Liquidating Trust Administration Accounts. The proceeds of the Plan Fund shall be used to make  
21 distributions as follows: (i) first, to pay the 2005 Revenue Bonds Diminution Claim, which shall  
22 have a First Priority Trust Beneficial Interest in the Plan Fund; and (ii) second, to pay Allowed  
23 General 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.

24 (b) Funding Amount. After full Payment of the First Priority Trust Beneficial  
25 Interests, the Liquidating Trustee may either (i) reserve on account of Disputed General Unsecured  
26 Claims an amount necessary to satisfy such claims once they are Allowed, which shall be based  
27 upon the estimated distribution percentage for all Allowed General Unsecured Claims (using  
either the face value of the Proofs of Claim, or if no Proof of Claim was required to be filed, the  
amount 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



1 (iii) in the absence of such an agreement, reserve the amount estimated by the Bankruptcy Court  
2 under § 502(c).

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

6 7.11 *Post-Effective Date Committee.*

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

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

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

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

25 (e) Replacement. In the event that a member of the Post-Effective Date  
26 Committee resigns or is duly terminated or unable to serve as a member thereof, then a successor  
27 member shall be selected by the remaining members of the Post-Effective Date Committee, in  
28 consultation with Post-Effective Date Debtors; provided, however, that if no agreement on the

1 replacement member can be reached or if there are fewer than two (2) members remaining on the  
2 Post-Effective Date Committee, the parties shall request that the Bankruptcy Court resolve such  
dispute and/or appoint the replacement member(s).

3 (f) Termination of the Post-Effective Date Committee. The Post-Effective  
4 Date Committee shall continue in existence until such time as either the Post-Effective Date  
5 Committee deems it appropriate by a majority vote to dissolve itself or all members of the  
6 Post-Effective Date Committee resign; provided, however, that the Post-Effective Date  
Committee shall automatically dissolve upon the closing of the Chapter 11 Cases in accordance  
with the terms of Section 8.9.

7 **7.12 Coordination Between Post-Effective Date Debtors and the Liquidating Trust.**  
8 Notwithstanding anything herein to the contrary, in furtherance of the purposes of the Liquidating  
9 Trust, at the request of the Liquidating Trustee, the Post-Effective Date Debtors (including,  
10 without limitation, the Post-Effective Date Debtors' employees, agents and/or professionals) shall  
11 be authorized to provide assistance and services to, or otherwise act on behalf of, the Liquidating  
12 Trustee in the performance of the Liquidating Trustee's duties under the Plan and the Liquidating  
13 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.

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

24 **7.14 Preservation of Insurance.** Nothing in this Plan shall diminish, impair or  
25 otherwise affect distributions payments from the proceeds or the enforceability of any insurance  
26 policies Insurance Policies that may cover (a) Claims by any Debtor, or (b) Claims against any  
Debtor or covered Persons thereunder.

27 **7.15 Mutuality preserved.** Unless specifically agreed in writing by the Debtors or the  
28 Liquidating Trustee, as applicable, nothing in the Plan constitutes a waiver of the mutuality



1 requirement for setoff under § 553 and each Debtor shall be treated independently for mutuality  
2 and setoff purposes.

3 **SECTION 8. DISTRIBUTIONS**

4 8.1 ***Party Responsible for Making Distributions.*** Subject to the prior payment of the  
5 amounts required to be paid by the Debtors in Cash on the Effective Date pursuant to this Plan, the  
6 Liquidating Trustee shall be charged with making distributions under the Plan with respect to all  
7 Allowed Claims as set forth herein.

8 8.2 ***Appointment of Disbursing Agent.*** A Disbursing Agent may be identified in the  
9 Disclosure Statement or appointed pursuant to the Confirmation Order.

10 8.3 ***Timing of Distributions.***

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

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

8.4 ***Withholding of Distributions.*** Other than amounts paid to the Indenture Trustees,  
all distributions under the Plan and all related agreements shall be subject to any applicable  
withholding and reporting requirements. In addition to any other withholding authorized  
hereunder, in the case of a Cash distribution that is subject to withholding, the Liquidating Trustee  
may withhold from amounts distributable on account of Allowed Claims any and all amounts  
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

1 enable it to comply with the withholding and reporting requirements and to obtain certifications  
2 and information as may be necessary or appropriate to satisfy the provisions of any tax law.  
3 Notwithstanding the foregoing, each holder of an Allowed Claim that receives a distribution under  
4 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.

5 **8.5 Delivery of Distributions and Undeliverable Distributions.** Other than  
6 distributions made to the Indenture Trustees, which shall be by wire transfer in accordance with  
7 instructions provided to the Liquidating Trustee, subject to Bankruptcy Rule 9010, all distributions  
8 to any holder of an Allowed Claim shall be made at the address of such holder as set forth on either  
9 the Schedules or the books and records of the Debtors, unless the Liquidating Trustee has  
10 otherwise been notified by the holder in writing of a change of address, including, without  
11 limitation, by the filing of a Proof of Claim by such holder that contains an address for such holder  
12 different from the address reflected on either the Schedules or the books and records. In the event  
13 that any distribution to any holder is returned as undeliverable, no further distributions to such  
14 holder shall be made unless and until the Liquidating Trustee is notified of such holder's  
15 then-current address, at which time all missed distributions shall be made to such holder, without  
16 interest. At the option of the Liquidating Trustee, any Cash payment to be made hereunder may be  
17 made by a check or wire transfer or as otherwise required or provided in applicable agreements.  
18 Checks issued by the Liquidating Trustee in respect of Allowed Claims shall be null and void if not  
19 negotiated within ninety (90) days after the date of issuance thereof. All demands for  
20 undeliverable distributions (including requests for re-issuance of any voided check) shall be made  
to the Liquidating Trustee on or before sixty (60) days after the expiration of the ninety (90) day  
period after the date such undeliverable distribution was initially made or the check was originally  
issued, as applicable. Thereafter, the amount represented by such undeliverable distribution  
(including a voided check) shall be deemed forfeited, and any Claim in respect of such  
undeliverable distribution (including a voided check) shall be Disallowed, discharged and forever  
barred from asserting any such Claim against each Released Party, the Post-Effective Date  
Debtors, the Liquidating Trustee, the Post-Effective Date Committee, and the Liquidating Trust.  
Any distributions that are forfeited or otherwise cancelled shall be made available for  
re-distribution to other Trust Beneficiaries (other than those whose distributions are deemed  
undeliverable hereunder) in accordance with the Plan, and shall not be subject to the unclaimed  
property or escheat laws of any Governmental Unit.

21 **8.6 Setoffs.** For purposes of determining the Allowed amount of a Claim on which  
22 distribution shall be made, the Liquidating Trustee may, but shall not be required to, setoff against  
23 any respective Claim administered by it, any claims of any nature whatsoever that the Debtors may  
24 have against the holder of such Claim, but neither the failure to do so nor the allowance of any  
25 Claim hereunder shall constitute a waiver or release by the Liquidating Trustee of any such setoff  
26 claim(s); provided, however, that the Secured 2017 Revenue Notes Claims, the Secured 2015  
Revenue Notes Claims, the Secured 2005 Revenue Bond Claims, the Secured MOB I Financing  
Claims, and the Secured MOB II Financing Claims shall be deemed to be Allowed Claims and  
shall not be subject to any setoff.

27 **8.7 De Minimis Distributions.** No distribution is required to be made to a Holder of an  
28 Allowed Claim if the amount of Cash to be distributed on any distribution date under the Plan on

1 account of such Claim is \$50 or less. Any Holder of an Allowed Claim on account of which the  
2 amount of Cash to be distributed is \$50 or less will have its Claim for such distribution discharged  
3 and will be forever barred from asserting any such Claim against each Released Party, the  
4 Post-Effective Date Debtors, the Liquidating Trustee, the Post-Effective Date Committee, and the  
5 Liquidating Trust. Any Cash not distributed pursuant to this Section will, in the Liquidating  
6 Trustee's discretion, be included in the Liquidating Trust Reserves and/or the Plan Fund, free of  
7 any restrictions thereon, and will be distributed in accordance with the Plan.

8 **8.8 Allocation of Plan Distribution Between Principal and Interest.** All distributions  
9 by the Liquidating Trustee with respect to any Allowed Claim, with the exception of the Secured  
10 2005 Revenue Bond Claim, shall be allocated first to the principal amount of such Allowed Claim,  
11 as determined for federal income tax purposes, and thereafter, to the remaining portion of such  
12 Allowed Claim (including the interest portion of the Allowed Claim), if any.

13 **8.9 Entry of Final Decree in Chapter 11 Cases.** Once all the Disputed Claims have  
14 become Allowed Claims or have been disallowed by Final Order, and all distributions in respect of  
15 Allowed Claims have been made in accordance with this Plan, or at such earlier time as the  
16 Liquidating Trustee deems appropriate, the Liquidating Trustee (i) shall seek authority from the  
17 Bankruptcy Court for entry of final decrees closing the Chapter 11 Cases in accordance with the  
18 Bankruptcy Code and the Bankruptcy Rules and (ii) shall be authorized under the Plan to take any  
19 necessary corporate action with respect to the Debtors' continued existence without the necessity  
20 for approvals or notices under any applicable state or other law, including under the Nonprofit  
21 Laws. Notwithstanding the foregoing, actions with respect to the Post-Effective Date Debtors  
22 shall be taken by the Liquidating Trustee. The entry of final decrees closing these Chapter 11  
23 Cases shall not affect the Nonprofit Status of the Post-Effective Date Debtors to the extent they  
24 have not dissolved in accordance with the Plan.

## 25 **SECTION 9. TRUST BENEFICIARIES**

26 **9.1 Identification of Trust Beneficiaries.** Each of the Trust Beneficiaries shall be  
27 recorded and set forth in a schedule maintained by the Liquidating Trustee expressly for such  
28 purpose based upon its Allowed Claim in Class 4 or Class 8.

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

**9.3 Ownership of Beneficial Interests Hereunder.** Subject to the requirements and  
limitations of this Plan, including the establishment of the Liquidating Trust Reserves and  
Liquidating Trust Administration Accounts: (i) the Holder of the First Priority Trust Beneficial  
Interest shall have an undivided first priority interest in the Liquidating Trust equal to the amount  
of the 2005 Revenue Bonds Diminution Claim as of the Effective Date, provided however that the  
amount of such First Priority Trust Beneficial Interest shall be limited, on any given measurement  
date, to the lesser of (a) the value of the Plan Fund or (b) the unpaid balance of the 2005 Revenue  
Bonds Diminution Claim, including accrued but unpaid interest thereon; and (ii) each Holder of a

1 Second Priority Trust Beneficial Interest shall own an undivided interest in the Liquidating Trust  
2 equal in proportion to such Trust Beneficiary's Pro Rata Share of Allowed Claims in Class 8.

3 9.4 **Evidence of Beneficial Interests.** Ownership of a Trust Beneficial Interest (a) shall  
4 be noted in the books and records of the Liquidating Trust and (b) shall not be evidenced by any  
5 certificate, note, or receipt or in any other form or manner whatsoever, except as maintained on the  
6 books and records of the Liquidating Trust by the Liquidating Trustee, including the Schedule.

7 9.5 **Conflicting Claims.** Except as otherwise provided in the Liquidating Trust  
8 Agreement, if any conflicting claims or demands are made or asserted with respect to a beneficial  
9 interest, the Liquidating Trustee shall be entitled, at its sole election, to refuse to comply with any  
10 such conflicting claims or demands. In so refusing, the Liquidating Trustee may elect to make no  
11 payment or distribution with respect to the beneficial interest represented by the claims or  
12 demands involved, or any part thereof, and the Liquidating Trustee shall refer such conflicting  
13 claims or demands to the Bankruptcy Court, which shall have exclusive jurisdiction over  
14 resolution of such conflicting claims or demands. In so doing, the Liquidating Trustee shall not be  
15 or become liable to any party for his/her refusal to comply with any of such conflicting claims or  
16 demands. The Liquidating Trustee shall be entitled to refuse to act until either (a) the rights of the  
17 adverse claimants have been adjudicated by a Final Order or (b) all differences have been resolved  
18 by a written agreement among all of such parties and the Liquidating Trustee, which agreement  
19 shall include a complete release of the Liquidating Trust and the Liquidating Trustee (the  
20 occurrence of either (a) or (b) being referred to as a "Dispute Resolution" in this Section 9). Until  
21 a Dispute Resolution is reached with respect to such conflicting claims or demands, the  
22 Liquidating Trustee shall hold in a segregated interest-bearing account with a United States  
23 financial institution any payments or distributions from the Liquidating Trust to be made with  
24 respect to the Beneficial Interest at issue. Promptly after a Dispute Resolution is reached, the  
25 Liquidating Trustee shall transfer the payments and distributions, if any, held in the segregated  
26 account, together with any interest and income generated thereon, in accordance with the terms of  
27 such Dispute Resolution.

18 9.6 **Limitation on Transferability.** As set forth in more detail in the  
19 Liquidating Trust Agreement, the Trust Beneficial Interests may not be transferred, sold, assigned,  
20 hypothecated, or pledged, except as they may be assigned or transferred by will, intestate  
21 succession, or operation of law.

## 22 **SECTION 10. PROCEDURES FOR TREATING AND RESOLVING DISPUTED 23 CLAIMS**

24 10.1 **Objection to Claims.** Unless otherwise ordered by the Bankruptcy Court after  
25 notice and a hearing, and except as otherwise expressly provided herein, the Liquidating Trustee,  
26 in consultation with the Post-Effective Date Committee, shall have the exclusive right to file,  
27 prosecute, resolve and otherwise deal with objections to Claims other than Allowed Claims  
28 pursuant to this Plan or a Final Order. The Liquidating Trustee shall serve a copy of each Claim  
objection upon the holder of the Claim to which the objection is made. Claims objections with  
respect to all Claims shall be made as soon as reasonably practical but in no event later than the  
Claims Objection Deadline. If the Liquidating Trustee wishes to extend the Claims Objection

1 Deadline, it may do so pursuant to a motion, to be filed with the Bankruptcy Court, on notice to the  
2 Post-Effective Date Committee, which may be approved without a hearing.

3 10.2 **Disallowed Claims.** The following Claims shall be automatically Disallowed and  
4 expunged, without the need for filing any objections thereto, and shall not be entitled to any  
5 distributions under the Plan: (a) Claims for which no Proof of Claim was filed by the applicable  
6 Bar Date even though such Claims were listed on the Schedules as disputed, contingent, or  
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).

7 10.3 **No Distribution Pending Allowance.** Notwithstanding any other provision of this  
8 Plan, if any portion of a Claim is Disputed, no payment or distribution provided hereunder shall be  
9 made on account of such Claim unless and until such Disputed Claim becomes an Allowed Claim.

10 10.4 **Distributions After Allowance.** Any Claim (or portion thereof) that is Disputed  
11 and then subsequently Allowed, shall be an Allowed Claim, not a Disputed Claim, in such amount  
12 and to the extent it is subsequently Allowed. Except as otherwise provided herein, if, on or after  
13 the Effective Date, any Disputed Claim becomes an Allowed Claim, the Liquidating Trustee shall  
14 distribute to the Holder of such Allowed Claim, from the applicable fund or reserve in accordance  
with Sections 7.9, 7.10, and 8.3, the amount such holder would have received had its Claim been  
Allowed on the Effective Date as determined by distributions actually made to other holders of  
Allowed Claims.

15 10.5 **Disputed Claims.**

16 (a) Resolution of the Disputed Claims.

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

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



1 (iii) If the Liquidating Trustee and the holder of a Disputed Claim are  
2 unable to reach settlement of the Disputed Claim, such Disputed Claim  
3 shall be submitted to the Bankruptcy Court for resolution. If it is  
4 determined that 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.

5 (b) Estimation of Disputed Claims. The Liquidating Trustee may at any time  
6 request that the Bankruptcy Court estimate any Disputed Claim pursuant to § 502(c) regardless of  
7 whether the Debtors or the Liquidating Trustee previously objected to such Claim, and the  
8 Bankruptcy Court shall retain jurisdiction to estimate any Claim at any time during litigation  
9 concerning any objection to any Claim, including, without limitation, during the pendency of any  
10 appeal relating to any such objection. In the event that the Bankruptcy Court estimates any  
11 Disputed Claim, the amount so estimated shall constitute either the Allowed amount of such Claim  
12 or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated  
13 amount constitutes a maximum limitation on the amount of such Claim, the Liquidating Trustee,  
14 as applicable, may pursue supplementary proceedings to object to the allowance of such Claim.  
15 On and after the Effective Date, Claims that have been estimated may be compromised, settled,  
16 withdrawn, or otherwise resolved, without further order of the Bankruptcy Court.

17 10.6 **Cumulative Effect**. All the objection, estimation, and resolution procedures set  
18 forth in this Section are intended to be cumulative (where possible) and not exclusive of one  
19 another.

## 20 SECTION 11. EXECUTORY AGREEMENTS

21 11.1 **General Treatment**. On the Effective Date, all Executory Agreements to which  
22 any Debtor is a party shall be deemed rejected as of the Effective Date, except for those Executory  
23 Agreements that (a) have been assumed or rejected pursuant to a Final Order of the Bankruptcy  
24 Court (including pursuant to any Sale Order), (b) are the subject of a separate motion to assume,  
25 assume and assign, or reject filed under § 365 on or before the Effective Date, or (c) are  
26 specifically designated as a contract or lease to be assumed on the Schedule of Assumed Contracts  
27 and no timely objection to the proposed assumption has been filed, provided, however, that the  
28 Debtors shall, no later than five (5) business days prior to the Confirmation Hearing, provide Cigna  
(as that term is defined in Docket No. 4927) with written notice of its irrevocable decision as to  
whether or not the Debtors propose to assume or reject each of the Cigna Contracts (as that term is  
defined in Docket No. 4927) as part of the Plan. If the party to an Executory Agreement listed to  
be assumed in the Schedule of Assumed Contracts wishes to object to the proposed assumption  
(including with respect to the cure amounts), it shall do so within thirty (30) days from the service  
of the Schedule of Assumed Contracts.

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



1           11.3 **Insurance Policies.** For the avoidance of doubt, the Debtors' rights with respect to  
2 all Insurance Policies under which Debtors may be an insured beneficiary or assignee (including  
3 all Insurance Policies that may have expired prior to the Petition Date, all Insurance Policies in  
4 existence on the Petition Date, all Insurance Policies entered into by the Debtors after the Petition  
5 Date, and all Insurance Policies under which the Debtors hold rights to make, amend, prosecute,  
6 and benefit from claims) shall be transferred to the Liquidating Trust (including, without  
7 limitation, for the Liquidating Trustee to pursue and prosecute any Causes of Action) ~~from on~~  
8 the Effective Date ~~until its dissolution~~, unless any such Insurance Policy is otherwise cancelled by the  
9 Liquidating Trustee in its discretion. Notwithstanding any provision providing for the rejection of  
10 Executory Agreements, any Insurance Policy that is deemed to be an Executory  
11 ~~Agreements~~ Agreement shall neither be rejected nor assumed by operation of this Plan and shall be  
12 the subject of a specific motion by the Liquidating Trust, which shall retain the right to assume or  
13 reject any such Executory Agreements pursuant to and subject to the provisions of § 365 following  
14 the Effective Date, with all rights of the Insurers to object or otherwise contest such assumption or  
15 rejection being expressly reserved provided, that, the Liquidating Trustee may not reject (a) any  
16 extended reporting period (tail) coverage purchased by the Debtors and (b) any Insurance Policies  
17 assumed by the Debtors pursuant to an order of the Bankruptcy Court.

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

26           Notwithstanding anything to the contrary ~~in the Confirmation Order or the Plan, nothing~~ in  
27 the Confirmation Order or the Plan (including any other provision that purports to be preemptory  
28 or supervening), nothing shall in any way operate to impair, or have the effect of, impairing the  
29 ~~insurers~~ Insurers' legal, equitable or contractual rights, if any, in respect of any Claims (as defined  
30 by § 101(5)), and the rights of Insurers shall be determined under the Insurance Policies, and under  
31 applicable ~~non-bankruptcy~~ nonbankruptcy law; provided that any Claim by an Insurer against a  
32 Debtor or the Liquidating Trust shall also be determined under applicable bankruptcy law, and  
33 Plan and Confirmation Order provisions.

34           Nothing in the Plan or in the Confirmation Order shall preclude any Person from asserting  
35 in any proceeding any and all Claims, defenses, rights or causes of action that it has or may have  
36 under or in connection with any Insurance Policy, and nothing in the Plan or the Confirmation  
37 Order shall be deemed to waive any claims, defenses, rights or causes of action that any Person  
38 (including any Insurer) has or may have under the provisions, terms, conditions, defenses and/or  
39 exclusions contained in the subject Insurance Policies; provided that any Claims by an Insurer  
40 against a Debtor or the Liquidating Trust shall also be determined under applicable bankruptcy  
41 law, and Plan and Confirmation Order provisions.

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

2 12.1 *Conditions Precedent to Confirmation of Plan.* The confirmation of the Plan shall  
3 be conditioned upon the Bankruptcy Court entering the Confirmation Order in form and substance  
4 satisfactory to the Plan Proponents.

5 12.2 *Conditions to Effective Date.* The following are conditions precedent to the  
6 Effective Date:

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

12 (b) The SFMC Sale shall have closed;

13 (c) The Seton Sale shall have closed;

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

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

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

24 12.3 *Waiver of Conditions.* The Plan Proponents may waive the conditions to  
25 effectiveness of this Plan, set forth in Section 12.2 hereof, except the condition of paying the  
26 Secured Claims as set forth herein, without leave of the Bankruptcy Court and without any formal  
27 action other than proceeding with confirmation of this Plan and filing a notice of confirmation with  
28 the Bankruptcy Court. To the extent that the Debtors believe that they are unable to comply with  
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 such inability.

29 **SECTION 13. EFFECT OF CONFIRMATION**

30 13.1 *Vesting of Assets.* Except as provided herein or in the Confirmation Order, upon  
31 the Effective Date, pursuant to § 1141(b) and (c), (a) the Liquidating Trust Assets shall vest in the  
32 Liquidating Trust and (b) the Operating Assets shall vest in the Post-Effective Date Debtors, in  
33 each case free and clear of all Claims, liens, encumbrances, charges and other interests, subject to  
34 the rights and obligations of the parties under this Plan and the Liquidating Trust.

1           13.2 **No Discharge.** Pursuant to § 1141(d), the Debtors will not receive a discharge  
2 under this Plan.

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

14           13.4 **Extension of Existing Injunctions and Stays.** Unless otherwise provided herein,  
15 all injunctions or stays arising under §§ 105 or 362, any order entered during the Chapter 11 Cases  
16 under §§ 105 or 362 or otherwise, and in existence on the Effective Date, shall remain in full force  
17 and effect until the closing of the Chapter 11 Cases.

18           13.5 **Releases.**

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

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

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

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

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

### 13.6 Injunctions.

20 (a) General Injunction. Except as otherwise expressly provided herein, all  
21 Persons that have held, currently hold or may hold a Claim against the Debtors are permanently  
22 enjoined on and after the Effective Date from taking any action in furtherance of such Claim or any  
23 other Cause of Action released and discharged under the Plan, including, without limitation, the  
24 following actions against any Released Party: (a) commencing, conducting or continuing in any  
25 manner, directly or indirectly, any action or other proceeding with respect to a Claim; (b)  
26 enforcing, levying, attaching, collecting or otherwise recovering in any manner or by any means,  
27 whether directly or indirectly, any judgment, award, decree or order with respect to a Claim; (c)  
28 creating, perfecting or enforcing in any manner, directly or indirectly, any lien or encumbrance of  
any kind with respect to a Claim; (d) asserting any setoff, right of subrogation or recoupment of  
any kind, directly or indirectly, against any debt, liability or obligation due to the Debtors, the  
Post-Effective Date Debtors or the Liquidating Trust with respect to a Claim; or (e) commencing,  
conducting or continuing any proceeding that does not conform to or comply with or is  
contradictory to the provisions of this Plan; provided, however, that nothing in this injunction shall

1 (i) limit the Holder of an Insured Claim from receiving the treatment set forth in Class 9; or (ii)  
2 preclude the Holders of Claims against the Debtors from enforcing any obligations of the Debtors,  
3 the Post-Effective Date Debtors, the Liquidating Trust, or the Liquidating Trustee under this Plan  
4 and the contracts, instruments, releases and other agreements delivered in connection herewith,  
5 including, without limitation, the Confirmation Order, or any other order of the Bankruptcy Court  
6 in the Chapter 11 Cases. By accepting a distribution made pursuant to this Plan, each Holder of an  
7 Allowed Claim shall be deemed to have specifically consented to the injunctions set forth in this  
8 Section.

9 (b) **Other Injunctions.** *The Post-Effective Date Debtors, the Liquidating*  
10 *Trustee, the Post-Effective Date Committee, the Post-Effective Date Board of Directors, or the*  
11 *Liquidating Trust and their respective members, directors, officers, agents, attorneys, advisors*  
12 *or employees shall not be liable for actions taken or omitted in its or their capacity as, or on*  
13 *behalf of, the Post-Effective Date Debtors, the Post-Effective Date Board of Directors, the*  
14 *Liquidating Trustee, the Post-Effective Date Committee, or the Liquidating Trust (as*  
15 *applicable), except those acts found by Final Order to arise out of its or their willful misconduct,*  
16 *gross negligence, fraud, and/or criminal conduct, and each shall be entitled to indemnification*  
17 *and reimbursement for fees and expenses in defending any and all of its or their actions or*  
18 *inactions in its or their capacity as, or on behalf of the Post-Effective Date Board of Directors,*  
19 *the Post-Effective Date Debtors, the Liquidating Trustee, the Post-Effective Date Committee, or*  
20 *the Liquidating Trust (as applicable), except for any actions or inactions found by Final Order*  
21 *to involve willful misconduct, gross negligence, fraud, and/or criminal conduct. Any*  
22 *indemnification claim of the Post-Effective Date Debtors, the Post-Effective Date Board of*  
23 *Directors, the Liquidating Trustee, the Post-Effective Date Committee and the other parties*  
24 *entitled to indemnification under this subsection shall be satisfied from either (i) the*  
25 *Liquidating Trust Assets (with respect to all claims, other than those claims related to the*  
26 *Operating Assets), or (ii) the Operating Assets (with respect to all claims related to the*  
27 *Operating Assets). The parties subject to this Section shall be entitled to rely, in good faith, on*  
28 *the advice of retained professionals, if any.*

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

13.8 **No Recourse.** If a Claim is Allowed in an amount for which after application of the  
payment priorities established by this Plan (including, without limitation, in Sections 2 and 4



1 hereof) there is insufficient value to provide a recovery equal to that received by other Holders of  
2 Allowed Claims in the respective Class, no Claim Holder shall have recourse for any such  
3 deficiency against any of the Released Parties, the Post-Effective Date Debtors, the Post-Effective  
4 Date Board of Directors, the Liquidating Trustee, the Post-Effective Date Committee, or the  
5 Liquidating Trust. However, except as specifically stated otherwise in this Plan, nothing in this  
6 Plan shall modify any right of a Holder of a Claim under § 502(j). The obligations under this Plan  
7 of the Debtors' Estates shall (i) be contractual only and shall not create any fiduciary relationship  
8 and (ii) be obligations of the Debtors' Estates only and no individual acting on behalf of the  
9 Debtors, the Committee, the Post-Effective Date Debtors, the Post-Effective Date Board of  
10 Directors, the Liquidating Trustee, the Post-Effective Date Committee, or otherwise, shall have  
11 any personal or direct liability for these obligations. Approval of the Plan by the Confirmation  
12 Order shall not in any way limit the foregoing.

8  
9 **13.9 Preservation of Causes of Action.**

10 (a) Except as provided in Section 7.1 hereof, nothing contained in this Plan  
11 shall be deemed a waiver or relinquishment of any claims or Causes of Action of the Debtors that  
12 are not settled with respect to Allowed Claims or specifically waived or relinquished by this Plan,  
13 which shall vest in the Liquidating Trust, subject to any existing valid and perfected security  
14 interest or lien in such Causes of Action. The Causes of Action preserved hereunder include,  
15 without limitation, claims, rights or other causes of action:

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

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

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

(iv) arising from damage to Debtors' property;

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



- 1 (vi) for collection of a debt owed to any of the Debtors;
- 2 (vii) against insurance carriers, reinsurance carriers, underwriters or
- 3 surety bond issuers relating to coverage, indemnity, contribution,
- 4 reimbursement or other matters;
- 5 (viii) relating to pending litigation, including, without limitation,
- 6 litigation related to the SGM Claims and any other claims or causes of
- 7 action related thereto, and the suits, administrative proceedings, executions,
- 8 garnishments, and attachments listed in Attachment 4a to each of the
- 9 Debtors' Statements of Financial Affairs;
- 10 (ix) arising from claims against health plans;
- 11 (x) that constitute Avoidance Actions;
- 12 (xi) arising under or relating to any and/or all asset purchase agreements
- 13 and related sale documents (including, without limitation, any leases)
- 14 entered into during these Chapter 11 Cases, including, but not limited to,
- 15 enforcement of such agreements by the Debtors' Estates and/or breaches of
- 16 any and/or all such agreements by the applicable non-Debtor parties
- 17 (including, without limitation, the purchasers of the Debtors' assets under
- 18 such agreements and any and all principals and/or guarantors of the
- 19 obligations under or relating to such agreements);
- 20 (xii) all claims against Integrity Healthcare, LLC and BlueMountain
- 21 Capital Management LLC; and
- 22 (xiii) relating to the Operating Assets.

23 The Liquidating Trustee, the Post-Effective Date Committee, and the Post-Effective Date  
24 Debtors shall have, retain, reserve and be entitled to assert all such claims, rights of setoff and  
25 other legal or equitable defenses that the Debtors had immediately prior to the Petition Date as  
26 fully as if the Chapter 11 Cases had not been commenced, and all of the Debtors' legal and  
27 equitable rights respecting any claim that is not specifically waived or relinquished by this Plan  
28 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.

(b) On and after the Effective Date, in accordance with § 1123(b) and the terms  
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.

13.10 ***Termination of Responsibilities of the Patient Care Ombudsman.*** On the latter of  
the SFMC Sale Closing Date or the Seton Sale Closing Date, the duties and responsibilities of the  
Patient Care Ombudsman shall be terminated and the Patient Care Ombudsman shall be  
discharged from his duties as Patient Care Ombudsman and shall not be required to file any further  
reports or perform any additional duties as Patient Care Ombudsman. No person or entity may

1 seek discovery in any form, including but not limited to by motion, subpoena, notice of deposition  
2 or request or demand for production of documents, from the Patient Care Ombudsman or his  
3 agents, professionals, employees, other representatives, designees or assigns (collectively, with  
4 the Patient Care Ombudsman, the “*Ombudsman Parties*”) with respect to any matters arising from  
5 or relating in any way to the performance of the duties of the Patient Care Ombudsman in these  
6 Chapter 11 Cases, including, but not limited to, pleadings, reports or other writings filed by the  
7 Patient Care Ombudsman in connection with these Chapter 11 Cases. Nothing herein shall in any  
8 way limit or otherwise affect the obligations of the Patient Care Ombudsman under confidentiality  
9 agreements, if any, between the Patient Care Ombudsman and any other person or entity or shall in  
10 any way limit or otherwise affect the Patient Care Ombudsman’s obligation, under §§ 332(c) and  
11 333(c)(1) or other applicable law or Bankruptcy Court Orders, to maintain patient information,  
12 including patient records, as confidential, and no such information shall be released by the Patient  
13 Care Ombudsman without further order of the Bankruptcy Court.

9 13.11 SGM Action. In the SGM Action, SGM disputes the Debtors’ claim to the deposit  
10 set forth in the SGM Asset Purchase Agreement (the “Nonrefundable Deposit”), and SGM  
11 contends that the Nonrefundable Deposit must be returned to SGM. The Debtors and the Plan  
12 Proponents dispute the contentions and claims of SGM to the Nonrefundable Deposit, and contend  
13 that the Nonrefundable Deposit is an asset of the Debtors’ estates, free and clear of any rights or  
14 claims of SGM, and should be distributed in accordance with the Plan. On the Effective Date, in  
15 accordance with Section 13.1 hereof, all rights of the Debtors against SGM, including, without  
16 limitation, all rights to recover the Nonrefundable Deposit, are being transferred to the Liquidating  
17 Trust. The Liquidating Trust shall not distribute the Nonrefundable Deposit to creditors in  
18 accordance with the Plan or take any other action which would reduce or dissipate the  
19 Nonrefundable Deposit, unless permitted by a judgment or an order entered by the District Court  
20 having jurisdiction over the SGM Action, and such judgment or order has not been stayed. In the  
21 event an appeal is taken from any such judgment or order, the party taking the appeal shall have the  
22 right to seek a stay pursuant to the applicable Federal Rules of Civil Procedure and Federal Rules  
23 of Appellate Procedure. Nothing contained herein or the Disclosure Statement shall modify, alter  
24 or change the rights of the Debtors and the Liquidating Trust, on the one hand, and SGM, on the  
25 other hand, to any claim or rights to the Nonrefundable Deposit. All such claims and rights are  
26 expressly reserved and preserved.

## 20 SECTION 14. RETENTION OF JURISDICTION

21 14.1 *Bankruptcy Court Jurisdiction.* Unless otherwise provided herein or in the  
22 Confirmation Order, on and after the Effective Date, the Bankruptcy Court shall retain jurisdiction  
23 over all matters arising in, arising under, or related to the Chapter 11 Cases. Without limiting the  
24 foregoing, the Bankruptcy Court shall retain jurisdiction to:

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

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

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

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

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

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

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

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

17 (i) hear and determine any application to modify this Plan in accordance with §  
18 1127, to remedy any defect or omission or reconcile any inconsistency in this Plan, the Disclosure  
19 Statement, any contract, instrument, release, or other agreement or document created in  
connection 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;

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

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

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

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

3 (n) hear and determine matters concerning state, local, and federal taxes in  
4 accordance with §§ 346, 505, and 1146, including without limitation, (i) any requests for expedited  
5 determinations under § 505(b) filed, or to be filed, with respect to tax returns for any and all  
6 taxable 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;

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

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

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

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

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

## 26 SECTION 15. MISCELLANEOUS PROVISIONS

27 15.1 ***Termination of All Employee, Retiree and Workers' Compensation Benefits.*** All  
28 existing employee benefits (including, without limitation, workers' compensation benefits, health  
care plans, disability plans, severance benefit plans, incentive plans, and life insurance plans) and  
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.

15.2 ***Termination of Collective Bargaining Agreements.*** Prior to the Effective Date,  
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.

1           15.3 **Administrative Claims Bar Date.** All Requests for Payment of an Administrative  
2 Claim must be filed with the Bankruptcy Court and served on the Debtors no later than the  
3 Administrative Claims Bar Date. Such Requests for Payment may include estimates of amounts  
4 through the Effective Date. The Administrative Claims Reserve shall be established on the  
5 Effective Date in an amount determined by the Bankruptcy Court in order to satisfy all  
6 Administrative Claims that have not been Allowed as of the Effective Date and all Allowed  
7 Administrative Claims that will be paid after the Effective Date. In the event that the Debtors, the  
8 Liquidating Trustee or the Master Trustee objects to an Administrative Claim, the Bankruptcy  
9 Court shall determine the Allowed amount of such Administrative Claim. Notwithstanding the  
10 foregoing: (a) no Request for Payment need be filed with respect to an undisputed postpetition  
11 obligation which was paid or is payable by the Debtors in the ordinary course of business;  
12 provided, however, that in no event shall a postpetition obligation that is contingent or disputed  
13 and subject to liquidation through pending or prospective litigation, including, but not limited to,  
14 alleged obligations arising from personal injury, property damage, products liability, consumer  
15 complaints, employment law (excluding claims arising under workers' compensation law),  
16 secondary payor liability, or any other disputed legal or equitable claim based on tort, statute,  
17 contract, equity, or common law, be considered to be an obligation which is payable in the  
18 ordinary course of business; (b) no Request for Payment need be filed with respect to a cure  
19 amount owing under an Executory Agreement if (i) the amount of the cure is fixed or proposed to  
20 be fixed by the Confirmation Order or other order of the Bankruptcy Court either pursuant to the  
21 Plan or pursuant to a motion to assume and fix the amount of Cure filed by the Debtors, and (ii) a  
22 timely objection asserting an increased amount of the cure has been filed by the non-Debtors party  
23 to the subject contract or lease; and (c) no Request for Payment need be filed with respect to fees  
24 payable pursuant to 28 U.S.C. § 1930. All Administrative Claims that become Allowed after the  
25 Effective Date shall be paid solely from the Administrative Claims Reserve, and shall not  
26 constitute a claim against the Liquidating Trust, the Liquidating Trustee, or any of the Liquidating  
27 Trust Assets. No Holder of an Administrative Claim shall have recourse for any deficiency in the  
28 payment of its Administrative Claim 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..

19           15.4 **Exemption from Transfer Taxes.** Pursuant to § 1146(c), the assignment or  
20 surrender of any lease or sublease, or the delivery of any deed or other instrument of transfer  
21 under, in furtherance of, or in connection with, this Plan, including any deeds, bills of sale or  
22 assignments executed in connection with any disposition of assets contemplated by this Plan,  
whether real or personal property, shall not be subject to any stamp, real estate transfer, mortgage  
recording, sales, use or other similar tax.

23           15.5 **Amendments.** The Plan Proponents reserve the right, in accordance with the  
24 Bankruptcy Code and the Bankruptcy Rules, to amend or modify this Plan at any time prior to the  
25 entry of the Confirmation Order. After the entry of the Confirmation Order, the Plan Proponents  
26 may, upon order of the Bankruptcy Court, amend or modify this Plan, in accordance with §  
27 1127(b), or remedy any defect or omission or reconcile any inconsistency in this Plan in such  
28 manner as may be necessary to carry out the purpose and intent of this Plan. A holder of an  
Allowed Claim that is deemed to have accepted this Plan shall be deemed to have accepted this  
Plan as modified if the proposed modification does not materially and adversely change the  
treatment of the Claim of such holder.



1           15.6 **Revocation or Withdrawal of Plan.** The Plan Proponents may withdraw or revoke  
2 this Plan at any time prior to the Effective Date. If the Plan Proponents revoke or withdraw this  
3 Plan prior to the Effective Date, or if the Effective Date does not occur, then this Plan shall be  
4 deemed null and void. In such event, nothing contained herein shall be deemed to constitute a  
5 waiver or release of any Claim by or against the respective Debtor or any other Person or to  
6 prejudice in any manner the rights of the respective Debtor or any other Person in any further  
7 proceedings involving the respective Debtor.

8           15.7 **Severability.** In the event that the Bankruptcy Court determines, prior to the  
9 Effective Date, that any provision of this Plan is invalid, void or unenforceable, the Bankruptcy  
10 Court shall, with the Consent of the Plan Proponents, have the power to alter and interpret such  
11 term or provision to make it valid or enforceable to the maximum extent practicable, consistently  
12 with the original purpose of the term or provision held to be invalid, void or unenforceable, and  
13 such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such  
14 holding, alteration or interpretation, the remainder of the terms and provisions of this Plan shall  
15 remain in full force and effect and shall in no way be affected, impaired or invalidated by such  
16 holding, alteration or interpretation. The Confirmation Order shall constitute a judicial  
17 determination and shall provide that each term and provision of this Plan, as it may have been  
18 altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its  
19 terms.

20           15.8 **Request for Expedited Determination of Taxes.** The Plan Proponents or the  
21 Liquidating Trustee, as applicable, shall have the right to request an expedited determination under  
22 § 505(b) with respect to tax returns filed, or to be filed, for any and all taxable periods ending after  
23 the Petition Date through and including the date of final distribution under the Plan.

24           15.9 **U.S. Trustee Quarterly Fees and Post-Confirmation Status Reports.** All fees  
25 payable under 28 U.S.C. § 1930(a)(6) shall be paid by each Debtor in the amounts and at the times  
26 such fees may become due up to and including the Effective Date. The Liquidating Trust shall pay  
27 all fees payable by each Debtor under 28 U.S.C. § 1930(a)(6) until the Chapter 11 Cases are  
28 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  
from the duty to make the reports and summaries required under Bankruptcy Rule 2015(a).  
Notwithstanding the foregoing, the Liquidating Trust and Post-Effective Date Debtors shall File  
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.

          15.10 **Courts of Competent Jurisdiction.** If the Bankruptcy Court abstains from  
exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter  
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.

          15.11 **Governing Law.** Except to the extent that the Bankruptcy Code or Bankruptcy  
Rules are applicable, the rights, duties and obligations arising under this Plan shall be governed by,



1 and construed and enforced in accordance with, the laws of the State of California, without giving  
2 effect to the principles of conflict of laws thereof.

3 15.12 **Continuing Effect of the Bankruptcy Court Orders and Settlement Stipulations.**  
4 Unless otherwise set forth in the Plan or the Confirmation Order or otherwise ordered by the  
5 Bankruptcy Court, the orders of the Bankruptcy Court and any other settlement stipulations  
6 entered into by the Debtors (including without limitation, agreements to lift the automatic stay,  
7 resolve litigation claims and limit recoveries to available insurance proceeds) shall not be  
8 modified, limited or amended by the Plan and shall remain in full force and effect. To the extent of  
9 any direct conflict between the terms of this Plan and any settlement agreements, the conflicting  
10 provisions of such settlement agreements shall govern with respect to the treatment of Allowed  
11 Claims as provided for therein.

12 15.13 **Time.** In computing any period of time prescribed or allowed by this Plan, unless  
13 otherwise set forth herein or determined by the Bankruptcy Court, the provisions of Bankruptcy  
14 Rule 9006 shall apply. Any reference to “day” or “days” shall mean calendar days, unless  
15 otherwise specified herein.

16 15.14 **Business Day Transactions.** In the event that any payment or act under this Plan is  
17 required to be made or performed on a date that is not a Business Day, then the making of such  
18 payment or the performance of such act may be completed on or as soon as reasonably practicable  
19 on the next succeeding Business Day, but shall be deemed to have been completed as of the initial  
20 due date.

21 15.15 **Headings.** Headings are used in this Plan for convenience and reference only and  
22 shall not constitute a part of this Plan for any other purpose.

23 15.16 **Exhibits.** All Exhibits and schedules to this Plan are incorporated into and are a  
24 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,  
28 and shall be deemed to have been given when received by the following parties:

If to the Debtors:

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

with copies to:

Dentons US LLP  
*Attorneys for the Debtors and Debtors-In-Possession*  
601 South Figueroa Street

1 Suite 2500  
2 Los Angeles, California 90017  
3 (213) 623-9300  
4 Attn: Samuel R. Maizel  
Tania M. Moyron  
Nicholas A. Koffroth

5 If to the Liquidating Trustee:

6 [ ]

7 If to the Master Trustee:

8 Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.  
9 One Financial Center  
10 Boston, Massachusetts 02111  
(617) 542-6000  
11 Attn: Daniel S. Bleck  
Paul J. Ricotta

12 If to the Committee:

13 Milbank LLP  
14 2029 Century Park East  
15 33rd Floor  
Los Angeles, California 90067  
16 (424) 386-4000  
Attn: Mark Shinderman

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

19 Jones Day  
20 250 Vesey Street  
New York, New York 10281  
21 (212) 326-3939  
22 Attn: Bruce Bennett  
Benjamin Rosenblum  
23 Peter Saba

24 15.18 ***Post-Effective Date Notices.*** Following the Effective Date, except as otherwise  
25 provided herein, notices shall only be served on the Post-Effective Date Debtors, the Liquidating  
26 Trustee, the U.S. Trustee, and those Persons who File with the Court and serve upon the  
27 Liquidating Trust a request, which includes such Person's name, contact person, address,  
telephone number, facsimile number, and email, that such Person receive notice of post-Effective  
28 Date matters. Persons who had previously filed with the Court requests for special notice of the

1 proceedings and other filings in the Chapter 11 Case shall not receive notice of post-Effective Date  
2 matters unless such Persons File a new request in accordance with this Section.

3 15.19 ***Conflict of Terms.*** In the event of a conflict between the terms of this Plan and the  
4 Disclosure Statement, the terms of this Plan shall control.

5 Dated: Los Angeles, California  
6 As of July 2, 2020

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**Exhibit B**

**Proposed Form of Confirmation Order**



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

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

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

Hon. Judge Ernest M. Robles

**ORDER CONFIRMING MODIFIED SECOND AMENDED JOINT CHAPTER 11 PLAN OF LIQUIDATION (DATED JULY 2, 2020) OF THE DEBTORS, THE PREPETITION SECURED CREDITORS, AND THE COMMITTEE**

Hearing:

Date: August 12, 2020  
Time: 10:00 a.m.  
Location: Courtroom 1568  
255 E. Temple St., Los Angeles, CA

25 Debtors and Debtors In Possession.

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8 Debtors In Possession

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16 Indenture Trustee and Wells Fargo Bank,  
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26 Capital Notes

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Attorneys for the Official Committee of  
Unsecured Creditors

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1 Verity Health System of California, Inc. (“**VHS**”) and its affiliated Debtors in these  
2 Chapter 11 Cases (collectively, the “**Debtors**”),<sup>1</sup> in the above-referenced chapter 11 cases (the  
3 “**Chapter 11 Cases**”) and the other plan proponents listed on the previous page (collectively, the  
4 “**Plan Proponents**”) having proposed the *Modified Second Amended Joint Chapter 11 Plan of*  
5 *Liquidation (Dated July 2, 2020) of the Debtors, the Prepetition Secured Creditors and the*  
6 *Committee* [Docket No. \_\_\_\_\_] (the “**Plan**,”)<sup>2</sup> the Court having conducted a hearing to  
7 consider confirmation of the Plan (“**Confirmation**”) on August 12, 2020, (the “**Confirmation**  
8 **Hearing**”); the Court having considered: (i) the (a) *Certification of Andreas A. Estrada (of*  
9 *Kurtzman Carson Consultants LLC) With Respect to the Tabulation of Votes on the Second*  
10 *Amended Joint Chapter 11 Plan of Liquidation (Dated July 2, 2020) of the Debtors, the*  
11 *Prepetition Secured Lenders and the Committee* (the “**Voting Declaration**”) [Docket No.5371],  
12 (b) *the Affidavit of Publication of the Notice of (I) Approval of the Disclosure Statement, (II)*  
13 *Deadline for Voting on the Plan, (III) Hearing to Consider Confirmation of the Plan, (IV)*  
14 *Deadline for Filing Objections to Confirmation of the Plan, and (V) Deadline for Filing*  
15 *Administrative Expense Claims in the Los Angeles Times, San Francisco Chronicle, San Jose*  
16 *Mercury News and USA Today* [Docket No. 5358]; (c) *the Declaration of Peter Chadwick in*  
17 *Support of Confirmation of the Second Amended Joint Chapter 11 Plan of Liquidation* [Docket  
18 No. 5385] (the “**Chadwick Declaration**”); and (d) *the Declaration of Rich Adcock in Support of*  
19 *Confirmation of the Second Amended Joint Chapter 11 Plan of Liquidation* [Docket No. 5385]  
20 (the “**Adcock Declaration**”) each admitted into evidence at the Confirmation Hearing; (ii) the  
21 arguments of counsel presented at the Confirmation Hearing, and (iii) the *Memorandum of Law in*  
22 *Support of Confirmation of the Second Amended Joint Chapter 11 Plan of Liquidation* (the  
23 \_\_\_\_\_

24 <sup>1</sup> In addition to VHS the Debtors are as follows: (i) O’Connor Hospital, (ii) St. Louise Regional  
25 Hospital, (iii) St. Francis Medical Center, (iv) St. Vincent Medical Center, (v) Seton Medical  
26 Center, (vi) O’Connor Hospital Foundation, (vii) Saint Louise Regional Hospital Foundation,  
27 (viii) St. Francis Medical Center of Lynwood Foundation, (ix) St. Vincent Foundation, (x) St.  
28 Vincent Dialysis Center, Inc., (xi) Seton Medical Center Foundation, (xii) Verity Business  
Services, (xiii) Verity Medical Foundation, (xiv) Verity Holdings, LLC, (xv) De Paul Ventures,  
LLC and (xvi) De Paul Ventures - San Jose Dialysis, LLC. There are certain affiliates of VHS  
who are not Debtors.

<sup>2</sup> All capitalized terms used but not defined herein have the meanings given to them in the Plan.

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1 **“Confirmation Brief”**) [Docket No. 5385]; the additional responses and supplements filed in  
2 support of the Plan and Confirmation Brief [Docket Nos. 5419, 5425, 5443, 5455, 5456, \_\_\_];  
3 and the Court having considered the objections [Docket Nos. \_\_\_\_] (the **“Objections”**) to the  
4 Plan, and any withdrawals or settlements thereof; and the Court having taken judicial notice of  
5 the entire docket of the Debtors’ Chapter 11 Cases maintained by the Clerk of the Court and/or its  
6 duly appointed agent, and all pleadings and other documents filed, all orders entered, and  
7 evidence and arguments made, proffered, or adduced at the hearings held before the Court during  
8 the pendency of the Chapter 11 Cases; and the Court having found that due and proper notice has  
9 been given with respect to the Confirmation Hearing and the deadlines and procedures for filing  
10 objections to the Plan; and the Court having heard the statements and arguments made by counsel  
11 in respect of Confirmation of the Plan, and all objections to Confirmation (including, without  
12 limitation, any of the settlements to be approved pursuant to the Plan) having been withdrawn,  
13 resolved as stated on the record or overruled; and the appearance of all interested parties having  
14 been duly noted in the record of the Confirmation Hearing; and for the reasons set forth in the  
15 Court’s tentative ruling [Docket No. \_\_\_\_], which the Court adopts as its final ruling and which  
16 is incorporated herein by reference, upon the record of the Confirmation Hearing, and after due  
17 deliberation thereon, and sufficient cause appearing therefor;

18 **I. FINDINGS OF FACT AND CONCLUSIONS OF LAW**

19 IT IS HEREBY FOUND AND CONCLUDED, that<sup>3</sup>:

20 **JURISDICTION AND VENUE**

21 A. The Court has jurisdiction over this matter and these Chapter 11 Cases pursuant to  
22 28 U.S.C. § 1334.

23 B. Confirmation of the Plan is a core proceeding pursuant to 28 U.S.C. §  
24 157(b)(2)(L), this Court has jurisdiction to enter a final order with respect thereto, and this

25 <sup>3</sup> The findings of fact and conclusions of law set forth herein shall constitute findings of fact and  
26 conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding by  
27 Bankruptcy Rule 9014. To the extent any of the orders of this Bankruptcy Court constitute  
28 findings of fact or conclusions of law, they are adopted as such. To the extent any of the findings  
of fact or conclusions of law constitute an order of this Bankruptcy Court, they are adopted as  
such.

1 Court's exercise of such jurisdiction is constitutional in all respects. The Court has exclusive  
2 jurisdiction to determine whether the Plan complies with the applicable provisions of the  
3 Bankruptcy Code and should be confirmed.

4 C. Venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

5 D. The Debtors are proper Debtors under § 109 of title 11 of the United States Code,  
6 11 U.S.C. §§ 101 *et seq.* as amended (the "**Bankruptcy Code**"),<sup>4</sup> and the Plan Proponents are  
7 proper proponents of the Plan under § 1121(a).

8 **COMPLIANCE WITH BANKRUPTCY RULE 3016**

9 E. The Plan is dated and identifies the entities submitting and filing it, thereby  
10 complying with Bankruptcy Rule 3016(a). The filing of the Disclosure Statement complied with  
11 Bankruptcy Rule 3016(b).

12 **PROPER NOTICE**

13 F. As described below and as evidenced by the KCC Service Affidavit (defined  
14 below), due, adequate and sufficient notice of the Disclosure Statement, the Plan, the Plan  
15 Supplement, and the Confirmation Hearing, together with all deadlines for voting on or objecting  
16 to the Plan and with respect to confirmation was given in compliance with applicable law,  
17 including, without limitation, the Bankruptcy Rules, and no other or further notice is or shall be  
18 required.

19 **STANDARDS FOR CONFIRMATION UNDER § 1129 OF THE BANKRUPTCY CODE**

20 G. The Plan Proponents have met their burden of proving the elements of §§ 1129(a)  
21 and 1129(b) by a preponderance of the evidence, which is the applicable evidentiary standard for  
22 confirmation of the Plan. Further, the Plan Proponents have proven the elements of §§ 1129(a)  
23 and 1129(b) by clear and convincing evidence. The evidentiary record of the Confirmation  
24 Hearing supports the findings of fact and conclusions of law set forth in the following paragraphs.

25  
26  
27 <sup>4</sup> All references to "§" are to sections of the Bankruptcy Code; all references to "**Bankruptcy**  
28 **Rules**" are to provisions of the Federal Rules of Bankruptcy Practice; all references to "**LBR**" are  
to provisions of the Local Bankruptcy Rules of the United States Bankruptcy Court for the  
Central District of California.

1 H. **§ 1129(a)(1)**. The Plan complies with each applicable provision of the Bankruptcy  
2 Code. Pursuant to §§ 1122(a) and 1123(a)(1), Section 3 of the Plan provides for the separate  
3 classification of Claims into thirteen Classes or Sub Classes, based on reasonable and appropriate  
4 differences in the legal nature or priority of such Claims (other than Administrative Claims, US  
5 Trustee Fees, and Priority Tax Claims, which are addressed in Section 2 of the Plan and which are  
6 not required to be designated as separate Classes pursuant to § 1123(a)(1)). In particular, the Plan  
7 complies with the requirements of §§ 1122 and 1123 as follows:

8 1. In accordance with § 1122(a), Section 3 of the Plan classifies each Claim  
9 against the Debtors into a Class containing only substantially similar Claims;

10 2. In accordance with § 1123(a)(1), Section 3 of the Plan properly classifies  
11 all Claims that require classification. With respect to Claims classified in Classes  
12 8, 9 and 10, the Debtors have provided proof of a legitimate reason for the separate  
13 classification of such Claims, and such classification is justified. Separate  
14 classification was not done for any improper purpose and does not unfairly  
15 discriminate between or among holders of Claims;

16 3. In accordance with § 1123(a)(2), Section 3 of the Plan properly identifies  
17 and describes each Class of Claims that is not Impaired under the Plan;

18 4. In accordance with § 1123(a)(3), Section 4 of the Plan properly identifies  
19 and describes the treatment of each Class of Claims that is Impaired under the  
20 Plan;

21 5. In accordance with § 1123(a)(4), the Plan provides the same treatment for  
22 each Claim within a particular Class unless the holder of such a Claim has agreed  
23 to less favorable treatment;

24 6. In accordance with § 1123(a)(5), the Plan, including the Plan Supplement,  
25 provides, in detail, adequate and proper means for its implementation;

26 7. In accordance with § 1123(a)(6), i.e., that, if a debtor is a corporation, its  
27 plan must prohibit the issuance of nonvoting equity securities, the Debtors, as  
28 nonprofit entities, will not issue any stock or other securities under the Plan and  
therefore the Plan comports with § 1123(a)(6);

8. In accordance with § 1123(a)(7), the provisions of the Plan regarding the  
manner of selection of directors of Post-Effective Date Debtors are consistent with  
the interests of creditors and equity security holders (of which there are none) and  
with public policy;

9. In accordance with § 1123(b)(1), Sections 3 and 4 of the Plan impairs or  
leaves unimpaired, as the case may be, each Class of Claims;



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1 10. In accordance with § 1123(b)(2), Section 11 of the Plan provides for the  
2 assumption, assumption and assignment or rejection of the executory contracts and  
3 unexpired leases of the Debtors that have not been previously assumed, assumed  
and assigned or rejected pursuant to § 365 and orders of the Court;

4 11. In accordance with §§ 363 and 1123(b)(3) and Bankruptcy Rule 9019, the  
5 Plan provides for the good faith compromise of all Claims and controversies  
6 relating to the contractual, legal, and subordination rights that a holder of any  
7 Claim may have with respect to any Allowed Claim or any distribution to be made  
8 on account of such an Allowed Claim. Section 6 of the Plan further provides, in  
9 accordance with § 1123(b)(3), that the Liquidating Trust (with respect to the  
Liquidating Trust Assets) or the Post-Effective Date Debtors (with respect to the  
Operating Assets) will retain and may enforce any claims, demands, rights,  
defenses and Causes of Action that any Debtor or Post-Effective Date Debtor may  
hold against any entity, to the extent not expressly released under the Plan;

10 12. In accordance with § 1123(b)(5), Section 3 of the Plan modifies or leaves  
11 unaffected, as the case may be, the rights of holders of Claims in Classes 1 through  
12 11;

13 13. In accordance with § 1123(b)(6), the Plan includes additional appropriate  
14 provisions that are not inconsistent with applicable provisions of the Bankruptcy  
Code; and

15 14. In accordance with § 1123(d), Section 11 of the Plan provides for the  
16 satisfaction of cure amounts associated with each Executory Agreement to be  
17 assumed pursuant to the Plan in accordance with § 365(b)(1). All cure amounts  
will be determined in accordance with the underlying agreements and applicable  
law.

18 I. **§ 1129(a)(2).** The Plan Proponents have complied with all applicable provisions  
19 as required by § 1129(a)(2), including §§ 1122, 1123, 1124, 1125, 1126, 1127 and 1128, and  
20 Bankruptcy Rules 3017, 3018 and 3019, and all other applicable rules, laws and regulations with  
21 respect to the Plan and the solicitation of acceptances or rejections thereof. In particular,  
22 acceptances or rejections of the Plan were solicited in good faith and in compliance with the  
23 requirements of §§ 1125 and 1126 as follows:

24 1. In compliance with the *Order Granting Joint Motion for an Order*  
25 *Approving (I) Proposed Disclosure Statement, (II) Solicitation and Voting*  
26 *Procedures, (III) Notice and Objection Procedures for Confirmation of Amended*  
27 *Joint Plan, (IV) Setting Administrative Claims Bar Date; and (V) Granting Related*  
28 *Relief* entered on July 2, 2020 [Docket No. 4997] (the “**Disclosure Statement**  
**Order**”), on July 8, 2020, the Debtors, through their claims and noticing agent,  
Kurtzman Carson Consultants LLC (“KCC”), caused copies of the following  
materials to be served on all holders of Claims in Classes that were entitled to vote

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1 to accept or reject the Plan (i.e., Claims in Classes 2 through 10); see Affidavit of  
2 Service of Solicitation Materials [Docket No. 5346], dated August 4, 2020 (the  
3 “**KCC Service Affidavit**”):

- 4 • a written notice (the “**Confirmation Hearing Notice**”) of (a) the  
5 Court’s approval of the Disclosure Statement, (b) the voting deadline, (c)  
6 the date and time of the Confirmation Hearing, and (d) the Confirmation  
7 objection deadline;
- 8 • the Disclosure Statement (together with the exhibits thereto,  
9 including the Plan and the Disclosure Statement Order) in electronic  
10 format; and
- 11 • the appropriate form of Ballot with a postage prepaid return  
12 envelope.

13 2. In compliance with the Disclosure Statement Order, on July 8, 2020, the  
14 Debtors, through KCC, caused a copy of the notice of non-voting status to be  
15 served on all holders of Claims in the non-voting classes (i.e., Classes 1A, 1B and  
16 11). *See* KCC Service Affidavit at ¶ 15).

17 3. In compliance with the Disclosure Statement Order, on July 8, 2020, the  
18 Debtors, through KCC, caused a copy of the Confirmation Hearing Notice to be  
19 served on all parties in the creditor database maintained by KCC not otherwise  
20 served pursuant to paragraphs 1 and 2 above, including, but not limited to, (a) all  
21 non-Debtor parties to Executory Agreements, and (b) all holders of Administrative  
22 Claims and Priority Tax Claims. *See* KCC Service Affidavit at ¶ 14.

23 4. In compliance with the Disclosure Statement Order, on July 8, 2020, the  
24 Debtors, through KCC, caused copies of the Disclosure Statement (together with  
25 the exhibits thereto, including the Plan and the Disclosure Statement Order) and  
26 the Confirmation Hearing Notice, to be served on the parties who have requested  
27 notice of pleadings in this case. *See* KCC Service Affidavit at ¶¶ 16-17.

28 5. On the dates indicated below, the Debtors filed (and made available on  
their Debtors’ restructuring website at [www.kccllc.net/VerityHealth](http://www.kccllc.net/VerityHealth)) the following  
Plan Supplement documents:

- (a) the identity of the initial Liquidating Trustee, filed on August \_\_  
2020 [Docket No. \_\_\_\_];
- (b) the identity of the directors serving on the Post-Effective Date  
Board of Directors and other information specified in § 1129(a)(5),  
filed on August \_\_, 2020 [Docket No. \_\_\_\_];
- (c) the identity of the members of the Post-Effective Date Committee,  
filed on August 10, 2020 [Docket No. 5443];

- 1 (d) the form of Liquidating Trust Agreement, filed on August 10, 2020  
2 [Docket No. 5443]; and  
3 (e) the Plan Settlement, filed on August \_\_, 2020 [Docket No. \_\_].

4 6. In the interest of clarifying and consensually resolving outstanding issues  
5 and informal objections to confirmation of the Plan, the Plan Proponents have  
6 made certain non-material modifications to the Plan (the “**Non-Material  
Modifications**”) as set forth more fully in the Confirmation Brief and related Plan  
7 Supplements.

8 7. The Confirmation Hearing Notice provided due and proper notice of the  
9 Confirmation Hearing and all relevant dates, deadlines, procedures and other  
10 information relating to the Plan and/or the solicitation of votes thereon, including,  
11 without limitation, the voting deadline, the objection deadline, the time, date and  
12 place of the Confirmation Hearing and the release provisions in the Plan.

13 8. All persons entitled to receive notice of the Disclosure Statement, the Plan,  
14 and the Confirmation Hearing have received proper, timely and adequate notice in  
15 accordance with the Disclosure Statement Order, applicable provisions of the  
16 Bankruptcy Code and the Bankruptcy Rules, and have had an opportunity to  
17 appear and be heard with respect thereto.

18 9. The Debtors solicited votes with respect to the Plan in good faith and in a  
19 manner consistent with the Bankruptcy Code, the Bankruptcy Rules, and the  
20 Disclosure Statement Order. Accordingly, the Debtors are entitled to the  
21 protections afforded by § 1125(e) and the exculpation provisions set forth in § 13.7  
22 of the Plan.

23 10. Claims in Classes 1A and 1B under the Plan are unimpaired, and such  
24 Classes are deemed to have accepted the Plan pursuant to § 1126(f).

25 11. The Plan was voted on by both of the Classes of Impaired Claims that were  
26 entitled to vote pursuant to the Bankruptcy Code, the Bankruptcy Rules and the  
27 Disclosure Statement Order (i.e., Classes 2 through 10)

28 12. KCC has made a final determination of the validity of, and tabulation with  
respect to, all acceptances and rejections of the Plan by holders of Claims entitled  
to vote on the Plan, including the amount and number of accepting and rejecting  
Claims in Classes 2 through 10 under the Plan. See Voting Declaration at ¶ 11 and  
Exhibit A thereto.

Each of Classes 2, 3, 4, 5, 6, 7, 8, 9, and 10 have each accepted the Plan  
because holders of Claims in such Classes of at least two-thirds in amount and a  
majority in number of the Claims in such Classes actually voted to accept the Plan.  
See Voting Declaration, at ¶ 12 and Exhibit A thereto.

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1 J. **Section 1129(a)(3)**. The Plan has been proposed in good faith and not by any  
2 means forbidden by law. The Chapter 11 Cases were filed in good faith and consistent with the  
3 purposes of the Bankruptcy Code. The Plan fairly achieves a result consistent with the objectives  
4 and purposes of the Bankruptcy Code. In so finding, the Court has considered the totality of the  
5 circumstances in these Chapter 11 Cases. The Plan is the result of extensive good-faith, arms'  
6 length negotiations by and among the Plan Proponents and certain of their principal  
7 constituencies, and their respective representatives, and reflects substantial input from the  
8 principal constituencies having an interest in the Chapter 11 Cases and, as evidenced by the  
9 overwhelming acceptance of the Plan, achieves the goal of a consensual chapter 11 plan pursuant  
10 to the requirements of the Bankruptcy Code. The Plan Proponents and each of their respective  
11 officers, directors, employees, advisors and professionals (i) acted in good faith in negotiating,  
12 formulating, and proposing, where applicable, the Plan and agreements, compromises,  
13 settlements, transactions, and transfers contemplated thereby, and (ii) will be acting in good faith  
14 in proceeding to (a) consummate the Plan and the agreements, compromises, settlements,  
15 transactions, transfers, and documentation contemplated by the Plan, including, but not limited to,  
16 the Plan Supplement documents, and (b) take any actions authorized and directed or contemplated  
17 by this Order. Thus, the Plan satisfies the requirements of § 1129(a)(3).

18 K. **§ 1129(a)(4)**. The Plan provides that Professional Claims submitted by  
19 professionals for services incurred prior to the Effective Date will be entitled to payment only if  
20 they are approved by, or are subject to the approval of, the Bankruptcy Court as reasonable,  
21 thereby satisfying the requirements of § 1129(a)(4).

22 L. **§ 1129(a)(5)**. The Debtors have disclosed, or will disclose prior to the Effective  
23 Date, in one or more Plan Supplements, the identities of the Liquidating Trustee, the directors of  
24 the Post-Effective Date Board of Directors, and the Post-Effective Date Committee. The Post-  
25 Effective Date Board of Directors and the members of the Post-Effective Date Committee will  
26 not be compensated and the compensation of the Liquidating Trustee will be consistent with the  
27 Liquidating Trust Agreement. The proposed Liquidating Trustee and directors for the Post-  
28 Effective Date Debtors, each as set forth in the Plan Supplement, are qualified to perform the

1 services required of them under the Plan and their appointment to, or continuance in, such offices  
2 is consistent with the interests of holders of Claims and with public policy. The Debtors have  
3 therefore satisfied the requirements of § 1129(a)(5).

4 M. **§ 1129(a)(6)**. The Plan does not provide for any changes in rates that require  
5 regulatory approval of any governmental agency and therefore, the requirements of § 1129(a)(6)  
6 are inapplicable to confirmation of the Plan.

7 N. **§ 1129(a)(7)**. The liquidation analysis set forth in Exhibit A to the Disclosure  
8 Statement and other evidence proffered or adduced at or prior to the Confirmation Hearing, or in  
9 the Chadwick Declaration in connection with the Confirmation Hearing: (a) are reasonable,  
10 persuasive, accurate and credible, (b) utilize reasonable and appropriate methodologies and  
11 assumptions; (c) have not been controverted by any other evidence, and (d) establish that each  
12 holder of a Claim in an Impaired Class either (i) has accepted the Plan or (ii) will receive or retain  
13 under the Plan, on account of such Claim property of a value, as of the Effective Date of the Plan,  
14 that is not less than the amount that it would receive if the Debtors were liquidated under Chapter  
15 7 of the Bankruptcy Code on such date.

16 O. **§ 1129(a)(8)**. Classes 1A and 1B are not Impaired and are conclusively presumed  
17 to have accepted the Plan under § 1126(f). As set forth in the Voting Declaration, each of Classes  
18 2 through 10 have each voted to accept the Plan. The Plan therefore satisfies § 1129(a)(8).

19 P. **§ 1129(a)(9)**. The Plan provides treatment for Administrative Claims, Priority Tax  
20 Claims and Priority Non-Tax Claims that is consistent with the requirements of § 1129(a)(9).

21 Q. **§ 1129(a)(10)**. The Plan has been accepted by all classes of Impaired Claims that  
22 are entitled to vote on the Plan (i.e., Classes 2 through 10), determined without including any  
23 acceptance of the Plan by any “insider.” See Voting Declaration, Exhibit A.

24 R. **§ 1129(a)(11)**. The Plan is feasible, within the meaning of § 1129(a)(11). The  
25 projections of the liquidity and financial information, including, without limitation, the  
26 projections of Post-Effective Date Debtors as of the Effective Date, are reasonable and made in  
27 good faith. The evidence provided in support of the Plan or adduced by the Debtors or other Plan  
28 Proponents at, or before the Confirmation Hearing or in the Chadwick Declaration and the

1 Adcock Declaration: (a) is reasonable, persuasive, credible and accurate as of the dates such  
2 analysis or evidence was prepared, presented or proffered; (b) utilizes reasonable and appropriate  
3 methodologies and assumptions; and (c) has not been controverted by any other admissible  
4 evidence. The Plan Proponents have demonstrated a reasonable assurance of the Plan's prospects  
5 for success.

6 S. § 1129(a)(12). The Plan provides that fees payable pursuant to 28 U.S.C. § 1930  
7 will be paid by the Debtors on or before the Effective Date. After the Effective Date, all fees  
8 payable pursuant to 28 U.S.C. § 1930 will be paid by the Liquidating Trust until the earlier of the  
9 conversion or dismissal of the applicable Chapter 11 Case under § 1112, or the closing of the  
10 applicable Chapter 11 Case pursuant to § 350(a).

11 T. § 1129(a)(13). The Debtors are not obligated to pay any retiree benefits pursuant  
12 to § 1114, and therefore, the requirements of § 1129(a)(13) are inapplicable to confirmation of the  
13 Plan.

14 U. §§ 1129(a)(14) and (15). The Debtors do not owe any domestic support  
15 obligations and are not individuals. Therefore, the requirements of §§ 1129(a)(14) and  
16 1129(a)(15) are inapplicable to confirmation of the Plan.

17 V. § 1129(a)(16). The Plan satisfies § 1129(a)(16) and any applicable non-  
18 bankruptcy law that governs transfers of property under a plan to be made by a nonprofit entity.  
19 Section 1129(a)(16) does not require the court to remand or refer any proceeding, issue, or  
20 controversy to any court other than the Bankruptcy Court or to require the approval of any court  
21 (including, without limitation, any California court under the Not For-Profit Laws) other than the  
22 Bankruptcy Court for any prior, current or future transfer of property. Therefore, because the  
23 Plan contains the Bankruptcy Court's approval of any prior, current or future property transfers,  
24 the Plan satisfies the requirements of § 1129(a)(16).

25 W. § 1129(b). Because all Classes of Claims are either deemed to accept or voted to  
26 accept the Plan, § 1129(b) is inapplicable.

27 X. § 1129(c). The Plan (including previous versions thereof) is the only plan that has  
28 been filed in these Chapter 11 Cases that has been found to satisfy the requirements of



1 subsections (a) of § 1129. Accordingly, confirmation of the Plan complies with the requirements  
2 of § 1129(c).

3 Y. **§ 1129(d)**. No party in interest has requested that the Court deny Confirmation of  
4 the Plan on grounds that the principal purpose of the Plan is the avoidance of taxes or the  
5 avoidance of the application of § 5 of the Securities Act, and the principal purpose of the Plan is  
6 not such avoidance. Accordingly, the Plan satisfies the requirements of § 1129(d).

7 Z. **§ 1129(e)**. None of these Chapter 11 Cases is a small business case within the  
8 meaning of the Bankruptcy Code.

9 AA. Based upon the foregoing and all other pleadings and evidence proffered or  
10 adduced at or prior to the Confirmation Hearing, the Plan and the Plan Proponents satisfy the  
11 requirements for confirmation set forth in § 1129.

12 **MODIFICATIONS TO THE PLAN**

13 BB. The Non-Material Modifications do not materially and adversely affect or change  
14 the treatment of any Claim against any Debtor. The Non-Material Modifications do not require  
15 additional disclosure under § 1125 or the re-solicitation of acceptances or rejections of the Plan  
16 under § 1126.

17 CC. The filing of the Plan and Non-Material Modifications constitute due and  
18 sufficient notice thereof under the circumstances of the Chapter 11 Cases. Accordingly, the Plan  
19 is properly before the Court, and all votes cast with respect to the Plan prior to the Non-Material  
20 Modifications shall be binding and shall apply with respect to the Plan.

21 **IMPLEMENTATION OF THE PLAN**

22 DD. All documents and agreements necessary to implement the Plan, including, but not  
23 limited to, the Plan Supplement documents, are essential elements of the Plan and consummation  
24 of each agreement is in the best interests of the Debtors, the Estates and holders of Claims. The  
25 Debtors and where applicable, the other Plan Proponents, have exercised reasonable business  
26 judgment in determining to enter into the contemplated agreements, and the agreements have  
27 been negotiated in good faith, at arms'-length, are fair and reasonable, and shall, upon execution  
28 and upon the occurrence of the Effective Date, constitute legal, valid, binding, enforceable, and

1 authorized obligations of the respective parties thereto and will be enforceable in accordance with  
2 their terms. Pursuant to § 1142(a), the Plan Supplement documents, and any other agreements  
3 necessary to implement the Plan will apply and be enforceable notwithstanding any otherwise  
4 applicable non-bankruptcy law.

5 **CONDITIONS TO THE CONFIRMATION OF THE PLAN**

6 EE. Each of the conditions precedent to entry of this Order has been satisfied in  
7 accordance with Section 12.2 of the Plan or properly waived in accordance with Section 12.3 of  
8 the Plan.

9 **EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

10 FF. Pursuant to §§ 365 and 1123(b)(2), upon the occurrence of the Effective Date,  
11 Section 11 of the Plan provides for the assumption, assumption and assignment, or rejection of  
12 certain Executory Agreements. The Plan Proponents' determinations regarding the assumption,  
13 assumption and assignment, or rejection of Executory Agreements are based on and within the  
14 sound business judgment of the Plan Proponents, are necessary to the implementation of the Plan  
15 and are in the best interests of the Debtors, their Estates, holders of Claims and other parties in  
16 interest in the Chapter 11 Cases. The Debtors may elect to file a "Schedule of Assumed  
17 Contracts" as part of their the Plan Supplement (as it may be amended or supplemented) prior to  
18 the Effective Date and will provide notice to counterparties of the Debtors' determinations  
19 regarding the assumption, assumption and assignment, or rejection of Executory Agreements and  
20 any related Cure amounts. The Debtors are authorized to make modifications to the Schedule of  
21 Assumed Contracts as provided for in the Plan, including after the Effective Date.

22 **THE SETTLEMENTS UNDER THE PLAN**

23 GG. The Plan settles numerous litigable issues in the Chapter 11 Cases pursuant to  
24 Bankruptcy Rule 9019 and §§ 363 and 1123. These settlements are in consideration for the  
25 distributions and other benefits provided under the Plan. Any other compromise and settlement  
26 provisions of the Plan and the Plan itself constitute a compromise of all Claims or Causes of  
27 Action relating to the contractual, legal and subordination rights that a holder of a Claim may  
28

1 have with respect to any Allowed Claim or any distribution to be made on account of such an  
2 Allowed Claim.

3 HH. In consideration of the Creditor Settlement Agreements of numerous disputed  
4 Claims and issues embodied in the Plan, pursuant to Bankruptcy Rule 9019 and § 1123 and in  
5 consideration for the distributions, releases and other benefits provided under the Plan, the  
6 provisions of the Plan shall upon consummation constitute a good-faith compromise and  
7 settlement as reflected therein and in the Creditor Settlement Agreements arising from or related  
8 to a variety of asserted secured, administrative, priority, and general unsecured claims. The entry  
9 of this Order constitutes the Court's approval of each of the Creditor Settlement Agreements and  
10 all other compromises and settlements provided for in the Plan. The Court finds that such  
11 compromises and settlements are in the best interests of the Debtors, their estates, creditors, and  
12 other parties-in-interest, and are fair, equitable, and within the range of reasonableness and  
13 consistent with the Debtors' reasonable business judgment.

14 II. In reaching its decision on the substantive fairness of the Creditor Settlement  
15 Agreements and the Plan, the Court considered the following factors for each such settlement: (i)  
16 the balance between the litigation's probability of success and the settlement's future benefits; (ii)  
17 the likelihood of complex and protracted litigation and the risk and difficulty of collecting on the  
18 judgment; (iii) the proportion of creditors and parties in interest that support the settlement; (iv)  
19 the competency of counsel reviewing the settlement; (v) the nature and breadth of releases to be  
20 obtained by officers and directors; and (vi) the extent to which the settlement is the product of  
21 arm's length bargaining.

22 **RELEASES, EXCULPATIONS AND INJUNCTIONS OF RELEASED PARTIES**

23 JJ. Each non-Debtor Released Party that will benefit from the releases, exculpations  
24 and related injunctions set forth in the Plan (collectively, the "**Plan Releasees**") either shares an  
25 identity of interest with the Debtors, was instrumental to the successful prosecution of the Chapter  
26 11 Cases, and/or provided a substantial contribution to the Debtors, which value provided a  
27 significant benefit to the Debtors' estates and general unsecured creditors, and which will allow  
28 for distributions that would not otherwise be available but for the contributions made by such

1 non-Debtor parties. The releases in Section 13.5 of the Plan are, individually and collectively,  
2 integral to, and necessary for the successful implementation of, the Plan and are supported by  
3 reasonable consideration.

4 **WAIVER OF STAY**

5 KK. Under the circumstances, it is appropriate that the 14-day stay imposed by  
6 Bankruptcy Rules 3020(e) and 7062(a) be waived.

7 **II. ORDER**

8 BASED ON THE FOREGOING FINDINGS OF FACT AND CONCLUSIONS OF  
9 LAW, IT IS THEREFORE HEREBY ORDERED, ADJUDGED AND DECREED AS  
10 FOLLOWS:

11 1. **Confirmation of the Plan.** The Plan (including the Plan Supplement) and each of  
12 its provisions (whether or not specifically set forth and approved in this Order) is and are  
13 CONFIRMED in each and every respect, pursuant to § 1129, and the terms of the Plan and the  
14 Plan Supplement are incorporated by reference into, and are an integral part of, this order  
15 (“**Confirmation Order**”), provided, however, that if there is any direct conflict between the  
16 terms of the Plan and the terms of this Confirmation Order, the terms of this Confirmation Order  
17 shall control. The Effective Date of the Plan shall occur on the date when the conditions set forth  
18 in Section 12.2 of the Plan have been satisfied or, if applicable, have been waived in accordance  
19 with Section 12.3 of the Plan. The failure to specifically include or to refer to any particular  
20 article, section or provision of the Plan, Plan Supplement or any related document in this Order  
21 shall not diminish or impair the effectiveness of such article, section or provision, it being the  
22 intent of the Court that this Confirmation Order confirm the Plan and any related documents in  
23 their entirety.

24 2. **Notice.** Notice of the Confirmation Hearing complied with the terms of the  
25 Disclosure Statement Order, was appropriate and satisfactory based on the circumstances of the  
26 Chapter 11 Cases, and was in compliance with the provisions of applicable law, including,  
27 without limitation, the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules. In addition,  
28 due, adequate and sufficient notice of any Schedule of Assumed Contracts was provided to all

1 counterparties to Executory Agreements with the Debtors, in substantial compliance with the  
2 Disclosure Statement Order and Bankruptcy Rules 2002(b), 3017 and 3020(b), and no other or  
3 further notice is or shall be required (other than as expressly provided for in the Plan for any  
4 amendments to the Schedule of Assumed Contracts).

5 3. **Objections.** The Objections to confirmation of the Plan are OVERRULED in  
6 their entirety except as otherwise set forth herein.

7 4. **Plan Classification Controlling.** The terms of the Plan shall solely govern the  
8 classification of Claims for purposes of the distributions to be made thereunder. The  
9 classifications set forth on the Ballots tendered to or returned by the holders of Claims in  
10 connection with voting on the Plan pursuant to the Disclosure Statement Order: (a) were set forth  
11 on the Ballots solely for purposes of voting to accept or reject the Plan; (b) do not necessarily  
12 represent, and in no event shall be deemed to modify or otherwise affect, the actual classification  
13 of such Claims under the Plan for distribution purposes; (c) may not be relied upon by any holder  
14 of a Claim as representing the actual classification of such Claim under the Plan for distribution  
15 purposes; and (d) shall not be binding on the Debtors, Post-Effective Date Debtors, or Liquidating  
16 Trust except for voting purposes.

17 5. **Order Binding on All Parties.** Notwithstanding Bankruptcy Rules 3020(e) or  
18 7062 or otherwise, upon the occurrence of the Effective Date, the terms of the Plan and this Order  
19 shall be immediately binding upon, and inure to the benefit of: (a) the Debtors; (b) Post-Effective  
20 Date Debtors; (c) the Liquidating Trust; (d) any and all holders of Claims (irrespective of whether  
21 such Claims are impaired under the Plan or whether the holders of such Claims accepted, rejected  
22 or are deemed to have accepted or rejected the Plan); (e) any other person giving, acquiring or  
23 receiving property under the Plan; (f) any and all non-Debtor parties to Executory Agreements  
24 with any of the Debtors; and (g) the respective heirs, executors, administrators, trustees, affiliates,  
25 officers, directors, agents, representatives, attorneys, beneficiaries, guardians, successors or  
26 assigns, if any, of any of the foregoing. On the Effective Date, all settlements, compromises,  
27 releases, waivers, discharges, exculpations, and injunctions set forth in the Plan shall be effective  
28 and binding on all Persons.

1           6.     **Other Essential Documents and Agreements.**     The form of documents  
2 comprising the Plan Supplement, any other agreements, instruments, certificates or documents  
3 related thereto and the transactions contemplated by each of the foregoing are approved and, upon  
4 execution and delivery of the agreements and documents relating thereto by the applicable  
5 parties, shall be in full force and effect and valid, binding and enforceable in accordance with  
6 their terms without the need for any further notice to or action, order or approval of this Court, or  
7 other act or action under applicable law, regulation, order or rule. The Debtors, and after the  
8 Effective Date, Post-Effective Date Debtors and/or the Liquidating Trustee (as may be  
9 applicable), are authorized, without further approval of this Court or any other party, to execute  
10 and deliver all agreements, documents, instruments, securities and certificates relating to such  
11 agreements and perform their obligations thereunder, including, without limitation, payment of all  
12 fees due thereunder or in connection therewith.

13           7.     **Unclassified Claims.**     On and after the Effective Date, the treatment of the  
14 Unclassified Claims of the Debtors shall be effectuated pursuant to Section 2 of the Plan, which is  
15 specifically approved in all respects, is incorporated herein in its entirety, and is so ordered.

16           (a)    **Administrative Claims Bar Date.**     Pursuant to Section 2.1 of the Plan,  
17 and except as otherwise provided in Section 2 of the Plan, requests for payment of Administrative  
18 Claims were required to be filed by July 29, 2020 (unless such date was extended by stipulation  
19 with a specific potential administrative creditor) (the “**Administrative Claims Bar Date**”).  
20 Holders of Administrative Claims that were required to, but do not, file and serve a request for  
21 payment of such Administrative Claims by the Administrative Claims Bar Date shall be forever  
22 barred, estopped and enjoined from asserting such Administrative Claims against the Debtors or  
23 their property and such Administrative Claims shall be deemed discharged as of the Effective  
24 Date. For the avoidance of doubt, Administrative Claims that arise in the ordinary course of the  
25 Debtors’ ongoing business are not subject to the Administrative Claims Bar Date and shall be  
26 paid in the ordinary course of business in accordance with the terms and conditions of any  
27 agreements governing, instruments evidencing or other documents relating to such transactions.  
28

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1 (b) **Professional Claims Incurred Prior to the Effective Date.** Pursuant to  
2 Section 2.2 of the Plan, all entities seeking an award by the Bankruptcy Court of a Professional  
3 Claim (other than the Ordinary Course Professionals) shall file their respective final applications  
4 for allowance of compensation for services rendered and reimbursement of expenses incurred by  
5 the date that is sixty (60) after the Effective Date, and shall receive, in full satisfaction of such  
6 Claim, Cash in an amount equal to 100% of such amounts as are allowed by the Bankruptcy  
7 Court promptly after the date an order relating to any such Professional Claim is entered or upon  
8 such other terms as may be mutually agreed-upon between the holder of such Professional Claim  
9 and the Liquidating Trustee and the Post-Effective Date Debtors. Objections to any final  
10 applications covering Professional Claims must be filed and served on the Post-Effective Date  
11 Debtors and the Liquidating Trustee and the requesting party no later than ninety (90) days after  
12 the Effective Date (unless otherwise agreed to by the requesting Professional). Ordinary Course  
13 Professionals must submit a final invoice for their services no later than thirty (30) days after the  
14 Effective Date and may continue to receive payment of compensation and reimbursement of  
15 expenses for services rendered to the Debtors without further Bankruptcy Court review or  
16 approval (except as provided for in the Ordinary Course Professionals Order).

17 (c) **Interim Fee Procedures.** Other than as set forth herein or in the Plan, the  
18 procedures set forth in the Order Authorizing Interim Fee Procedures (the “**Interim**  
19 **Compensation Order**”) [Docket No. 661] shall remain in effect with respect to services rendered  
20 and expenses incurred through the Effective Date. Notwithstanding anything to the contrary in  
21 the Plan or this Confirmation Order, the Post-Effective Date Debtors and the Liquidating Trustee  
22 (as applicable) are authorized to pay compensation for services rendered or reimbursement of  
23 expenses incurred on or after the Effective Date in the ordinary course of business and without  
24 the need for Bankruptcy Court approval or a holdback.

25 (d) **Statutory Fees.** Pursuant to Section 2.3 of the Plan, notwithstanding  
26 anything to the contrary contained in the Plan, all fees required to be paid by 28 U.S.C. §  
27 1930(a)(6) and any interest thereon (“**U.S. Trustee Fees**”) shall be paid by the Liquidating  
28 Trustee in the ordinary course of business until the closing, dismissal or conversion of these

1 Chapter 11 Cases to another chapter of the Bankruptcy Code. Any unpaid U.S. Trustee Fees that  
2 accrued before the Effective Date shall be paid no later than thirty (30) days after the Effective  
3 Date.

4 8. **Post-Effective Date Governance.** On and after the Effective Date, the post-  
5 Effective Date governance of the Debtors shall be effectuated pursuant to Section 5 of the Plan,  
6 which is specifically approved in all respects, is incorporated herein in its entirety, and is so  
7 ordered.

8 (a) **Continued Corporate Existence and Vesting of Assets.** Pursuant to  
9 Section 5 of the Plan, and except as set forth in the Plan: (i) on the Effective Date, all of the  
10 Debtors shall be deemed dissolved without the requirement of any further actions or approvals,  
11 and their interests and rights shall be vested for all purposes in the Post-Effective Date Debtors,  
12 and all of the interests in such Debtors shall be cancelled and terminated and (ii) on and after the  
13 Effective Date, Debtors shall continue in existence as the Post-Effective Date Debtors and,  
14 pursuant to the Plan, retain their nonprofit status, with all of the powers of such a legal entity  
15 under applicable law and without prejudice to any right to alter or terminate such existence  
16 (whether by merger, dissolution or otherwise) pursuant to the Plan and without necessity of any  
17 further approvals under any other applicable laws. On and after the Effective Date, Post-  
18 Effective Date Debtors shall continue in existence, subject only to those restrictions expressly  
19 imposed by the Plan or this Confirmation Order as well as the documents and instruments  
20 executed and delivered in connection with the Plan, including the documents, exhibits,  
21 instruments, and other materials comprising the Plan Supplement. Without limiting the  
22 foregoing, Post-Effective Date Debtors may pay the charges that it incurs from and after the  
23 Effective Date for Professional Claims, disbursements, expenses or related support services  
24 without application to, or the approval of, the Court, in accordance with the Plan. On the  
25 Effective Date, all current directors of Debtors shall be deemed discharged of and from all further  
26 authority, duties, responsibilities and obligations related to, arising from and in connection with  
27 or related to their services as such through and including the Effective Date.

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1 (b) **Dissolution of the Committee.** Pursuant to Section 7.11 of the Plan, on  
2 the Effective Date, the Committee shall be dissolved (except with respect to any Professional  
3 compensation matters), and the members, employees, agents, advisors, affiliates, and  
4 representatives (including, without limitation, attorneys, financial advisors, or other professionals)  
5 of each thereof shall thereupon be released from and discharged of and from all further authority,  
6 duties, responsibilities, and obligations related thereto, arising from and in connection with or  
7 related to the Chapter 11 Cases; provided, however, that obligations arising under confidentiality  
8 agreements, joint interest agreements, and protective orders; if any, entered during the Chapter 11  
9 Cases shall remain in full force and effect according to their terms.

10 (c) **Formation of the Post-Effective Date Committee.** Pursuant to Section  
11 7.11 of the Plan, on the Effective Date, the Post-Effective Date Committee shall be appointed.  
12 The members that shall serve on the Post-Effective Date Committee were selected by the  
13 Committee and have been disclosed in the Plan Supplement.

14 9. **Means for Implementation of the Plan.** On and after the Effective Date, the  
15 Plan's implementation shall be effectuated pursuant to Section 7 of the Plan, which is specifically  
16 approved in all respects, is incorporated herein in its entirety, and is so ordered.

17 (a) **The Creditor Settlement Agreements.** Pursuant to Section 7.1(a) of the  
18 Plan, Bankruptcy Rule 9019, and § 1123(b)(3), the entry of this Confirmation Order constitutes  
19 the Bankruptcy Court's approval, as of the Effective Date, of each of the Creditor Settlement  
20 Agreements and the finding that (i) entering into each of the Creditor Settlement Agreements is in  
21 the best interests of the Debtors, their Estates, and their Claim holders, (ii) each of the Creditor  
22 Settlement Agreements is fair, equitable and reasonable, and (iii) each of the Creditor Settlement  
23 Agreements meets all the standards set forth in Bankruptcy Rule 9019 and § 1123(b)(3).  
24 Notwithstanding anything to the contrary set forth in the Plan, all distributions contemplated by  
25 each Creditor Settlement Agreement shall be made only in accordance with the terms of the  
26 respective Creditor Settlement Agreement.

27 (b) **No Further Court Authorization.** Pursuant to Section 7.5 of the Plan,  
28 and except as provided in the Plan or this Confirmation Order, on and after the Effective Date, the

1 Post-Effective Date Debtors shall not be required to obtain any approvals from the Bankruptcy  
2 Court, any court or governmental body and/or provide any notices or seek approvals under the  
3 Nonprofit Laws to implement the terms of the Plan, including, without limitation, the subsequent  
4 Transfer of any Operating Assets retained by the Post-Effective Date Debtors.

5 (c) Except as set forth in the Plan, all actions authorized to be taken pursuant  
6 to the Plan shall be effective on, prior to, or after the Effective Date pursuant to this Confirmation  
7 Order, without further application to, or order of this Court, or further action by the respective  
8 trustees, directors, or members of the Post-Effective Date Debtors and the Liquidating Trust.

9 (d) To the extent that, under applicable non-bankruptcy law, any of the  
10 foregoing actions would otherwise require the consent or approval of the directors of any of the  
11 Debtors, Post-Effective Date Debtors, or the Liquidating Trust, this Confirmation Order shall,  
12 pursuant to § 1142, constitute such consent or approval, and such actions are deemed to have  
13 been taken by unanimous action of the directors of the appropriate Debtor, the Post-Effective  
14 Date Debtors, or the Liquidating Trust, unless the Plan expressly provides that such party must  
15 provide such consent after the Effective Date.

16 (e) Each federal, state, commonwealth, local, foreign or other governmental  
17 agency is hereby directed and authorized to accept any and all documents, mortgages and  
18 instruments necessary or appropriate to effectuate, implement or consummate the transactions  
19 contemplated by the Plan and this Confirmation Order.

20 (f) All transactions effected by the Debtors during the pendency of the Chapter  
21 11 Cases from the Petition Date through the Confirmation Date are approved and ratified.

22 (g) **Preservation of Insurance.** Nothing in the Plan shall diminish, impair or  
23 otherwise affect distributions from the proceeds or the enforceability of any insurance policies  
24 that may cover (a) Claims by any Debtor, or (b) Claims against any Debtor or covered Persons  
25 thereunder, pursuant to Section 7.14 of the Plan.

26 10. **Plan Distributions.** On and after the Effective Date, distributions on account of  
27 Allowed Claims and the resolution and treatment of Disputed Claims shall be effectuated  
28 pursuant to Sections 8 and 10 of the Plan, which are specifically approved in all respects, are

1 incorporated herein in their entirety, and are so ordered. The record date for making distributions  
2 under the Plan shall be the date of entry of this Confirmation Order.

3 11. **Procedures for Treating and Resolving Disputed Claims.** On and after the  
4 Effective Date, the procedures for the treatment and resolution of Disputed Claims shall be  
5 effectuated pursuant to Section 10 of the Plan, which is specifically approved in all respects, is  
6 incorporated herein in its entirety, and is so ordered.

7 12. **Resolution of Disputed Claims.** The Liquidating Trustee shall have the right to  
8 file, settle, compromise, withdraw or litigate objections to certain Claims pursuant to the Disputed  
9 Claims resolution procedures outlined in Section 10 of the Plan. The Liquidating Trustee may  
10 settle, compromise, or withdraw any objections or proceedings without Court approval or may  
11 seek Court approval without notice to any Person.

12 13. **Executory Contracts and Unexpired Leases.** On and after the Effective Date,  
13 the treatment of Executory Agreements shall be effectuated pursuant to Section 11 of the Plan,  
14 which is specifically approved in all respects, is incorporated herein in its entirety, and is so  
15 ordered.

16 (a) **General Treatment.** Pursuant to Section 11.1 of the Plan, on the Effective  
17 Date, all Executory Agreements to which any Debtor is a party shall be deemed rejected as of the  
18 Effective Date and will receive a Notice of Rejection of Executory Agreement, substantially in  
19 the form annexed hereto as **Appendix 1**, except for those Executory Agreements that (a) have  
20 been assumed or rejected pursuant to a Final Order of the Bankruptcy Court (including pursuant  
21 to the Rejection Procedures), (b) are the subject of a separate motion to assume, assume and  
22 assign, or reject filed under § 365 on or before the Effective Date, or (c) are specifically  
23 designated as a contract or lease to be assumed on any Schedule of Assumed Contracts and no  
24 timely objection to the proposed assumption has been filed, provided, however, that the Plan  
25 Proponents reserve the right to amend the Plan Supplement at any time. If the party to the  
26 Executory Agreement listed to be assumed in any Schedule of Assumed Contracts wishes to  
27 object to the proposed assumption (including with respect to the cure amounts), it shall do so  
28 within thirty (30) days from the service of the Schedule of Assumed Contracts.

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1 (b) **Cure of Defaults.** Except to the extent that a different treatment has been  
2 agreed to by the non-Debtor party or parties to any Executory Agreement to be assumed pursuant  
3 to Section 11.1 of the Plan, the Debtors will, pursuant to the provisions of §§ 1123(a)(5)(G) and  
4 1123(b)(2) and consistent with the requirements of § 365, within thirty (30) days after (a) the  
5 Effective Date or (b) the date of the filing of the Plan Supplement listing an Executory  
6 Agreement, file with the Bankruptcy Court and serve on counterparties to Executory Agreements  
7 to be assumed, a notice listing the cure amounts of all such Executory Agreements. The  
8 scheduled cure amount (if any) shall be binding absent any timely objection to such scheduled  
9 amount. If there are any timely objections to the cure amounts filed, the Bankruptcy Court shall  
10 hold a hearing. Notwithstanding the foregoing, at all times through the date that is fifteen (15)  
11 days after the Bankruptcy Court enters a Final Order resolving and fixing the amount of a  
12 disputed cure amount, the Debtors, the Liquidating Trustee or the Post-Effective Date Debtors (as  
13 applicable) shall have the right to remove such Executory Agreement from the Schedule of  
14 Assumed Contracts and such Executory Agreement shall be deemed rejected.

15 (c) **Bar Date for Rejection Damages.** Pursuant to Section 11.2 of the Plan,  
16 Claims arising out of the rejection of an Executory Agreement pursuant to the Plan must be filed  
17 with the Bankruptcy Court no later than thirty (30) days after the later of (a) the Effective Date or  
18 (b) the date of the Debtors' notice of determination to reject an Executory Agreement. Any  
19 Claims not filed within such time period will be forever barred from assertion against the Debtors  
20 and/or their property and/or their Estates.

21 14. **Conditions Precedent to the Effective Date.** On and after the Effective Date, the  
22 conditions precedent to the Confirmation of the Plan, the conditions precedent to the Effective  
23 Date, and the waiver provisions therefor pursuant to Section 12 of the Plan are specifically  
24 approved in all respects, are incorporated herein in their entirety, and are so ordered.

25 15. **Effect of Confirmation.** On and after the Effective Date, the Plan shall be  
26 effectuated pursuant to Section 13 of the Plan, which is specifically approved in all respects, is  
27 incorporated herein in its entirety, and is so ordered.  
28



1 (a) **Vesting of Assets.** Upon the Effective Date, pursuant to Section 13.1 of  
2 the Plan and §§ 1141(b) and (c), (a) the Liquidating Trust Assets shall vest in the Liquidating  
3 Trust and (b) the Operating Assets shall vest in the Post-Effective Date Debtors, in each case free  
4 and clear of all Claims, liens, encumbrances, charges and other interests, subject to Debtors'  
5 obligations under the Plan.

6 (b) **General Settlement of Claims and Interests.** Pursuant to Section 13.3 of  
7 the Plan, as one element of, and in consideration for, an overall negotiated settlement of  
8 numerous disputed Claims and issues embodied in the Plan, pursuant to Bankruptcy Rule 9019  
9 and § 1123 and in consideration for the classification, distributions, Releases and other benefits  
10 provided under the Plan, the provisions of the Plan shall upon consummation constitute a good  
11 faith compromise and settlement of all Claims, and controversies resolved pursuant to the Plan.  
12 In accordance with the Plan, all distributions made pursuant to the Plan to holders of Allowed  
13 Claims in any Class are intended to be and shall be final.

14 (c) **Plan Discharges, Releases, Injunctions, and Exculpation.** The Plan  
15 discharge, release, and Injunction provisions set forth in Sections 13.4 through 13.7 of the Plan  
16 are approved in all respects, are incorporated herein in their entirety, are so ordered and shall be  
17 immediately effective on the Effective Date of the Plan without further order or action on the part  
18 of the Court or any other party.

19 (d) **Releases.** The Plan release provision set forth in Section 13.5 of the Plan  
20 is approved in all respects, is incorporated herein in its entirety, is so ordered and shall be  
21 immediately effective on the Effective Date of the Plan without further order or action on the part  
22 of the Court or any other party:

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

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

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

15 (iv) Debtors' Releases. Pursuant to § 1123(b), and except as otherwise  
16 specifically provided in the Plan, for good and valuable consideration, including the service of the  
17 Released Parties to facilitate the expeditious liquidation of the Debtors and the consummation of  
18 the transactions contemplated by the Plan, on and after the Effective Date, the Released Parties  
19 are deemed released and discharged by the Debtors and their Estates from any and all claims,  
20 obligations, rights, suits, damages, Causes of Action, remedies, and liabilities whatsoever,  
21 including any derivative claims asserted or assertable on behalf of the Debtors, whether known or  
22 unknown, foreseen, or unforeseen, existing or herein after arising in law, equity, or otherwise,  
23 that the Debtors or their Estates would have been legally entitled to assert in their own right  
24 (whether individually or collectively) or on behalf of the Holder of any Claim or other Person,  
25 based on or relating to, or in any manner arising from, in whole or in part, the operation of the  
26 Debtors prior to or during the Chapter 11 Cases, the transactions or events giving rise to any  
27 Claim that is treated in the Plan, the business or contractual arrangements between the Debtors  
28 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  
the Plan, the Disclosure Statement, or any related agreements, instruments, or other documents,  
other than a Claim against a Released Party arising out of the gross negligence or willful  
misconduct of any such person or entity. Claims against any Released Party that are released  
pursuant to this Section 13.5(d) shall be deemed waived and relinquished by the Plan for purposes  
of Section 13.9 of the Plan.

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

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1 (e) **General Injunction.** The Plan Injunction provision set forth in Section  
2 13.6(a) of the Plan is approved in all respects, is incorporated herein in its entirety, is so ordered  
3 and shall be immediately effective on the Effective Date of the Plan without further order or  
4 action on the part of the Court or any other party.

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

19 (f) **Other Injunctions.** The Plan Injunction provision set forth in Section  
20 13.6(b) of the Plan is approved in all respects, is incorporated herein in its entirety, is so ordered  
21 and shall be immediately effective on the Effective Date of the Plan without further order or  
22 action on the part of the Court or any other party.

23 The Post-Effective Date Debtors, the Liquidating Trustee, the Post-Effective Date  
24 Committee, the Post-Effective Date Board of Directors, or the Liquidating Trust and their  
25 respective members, directors, officers, agents, attorneys, advisors or employees shall not  
26 be liable for actions taken or omitted in its or their capacity as, or on behalf of, the Post-  
27 Effective Date Debtors, the Post-Effective Date Board of Directors, the Liquidating  
28 Trustee, the Post-Effective Date Committee, or the Liquidating Trust (as applicable),  
except those acts found by Final Order to arise out of its or their willful misconduct, gross  
negligence, fraud, and/or criminal conduct, and each shall be entitled to indemnification  
and reimbursement for fees and expenses in defending any and all of its or their actions or

1 inactions in its or their capacity as, or on behalf of the Post-Effective Date Board of  
2 Directors, the Post-Effective Date Debtors, the Liquidating Trustee, the Post-Effective  
3 Date Committee, or the Liquidating Trust (as applicable), except for any actions or  
4 inactions found by Final Order to involve willful misconduct, gross negligence, fraud,  
5 and/or criminal conduct. Any indemnification claim of the Post-Effective Date Debtors,  
6 the Post-Effective Date Board of Directors, the Liquidating Trustee, the Post-Effective  
7 Date Committee and the other parties entitled to indemnification under this subsection  
8 shall be satisfied from either (i) the Liquidating Trust Assets (with respect to all claims,  
9 other than those claims related to the Operating Assets), or (ii) the Operating Assets (with  
10 respect to all claims related to the Operating Assets). The parties subject to Section  
11 13.6(b) of the Plan shall be entitled to rely, in good faith, on the advice of retained  
12 professionals, if any.

13 (g) **Exculpation.** The Plan Exculpation provision set forth in Section 13.7 of  
14 the Plan is approved in all respects, is incorporated herein in its entirety, is so ordered and shall be  
15 immediately effective on the Effective Date of the Plan without further order or action on the part  
16 of the Court or any other party.

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

16. **Preservation of Causes of Action.** Pursuant to Section 13.9 of the Plan, nothing  
contained in the Plan shall be deemed a waiver or relinquishment of any claims or Causes of  
Action of the Debtors that are not specifically waived or relinquished by the Plan, which shall  
vest in the Liquidating Trust (with respect to the Liquidating Assets) or the Post-Effective Date  
Debtors (with respect to the Operating Assets), subject to any existing valid and perfected  
security interest or lien in such Causes of Action. Except as provided in Section 7.1 of the Plan,  
nothing contained in this Plan shall be deemed a waiver or relinquishment of any claims or

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

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

14 (b) against landlords or lessors, including, without limitation, for erroneous  
15 charges, overpayments, returns of security deposits, indemnification, or for environmental claims;

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

18 (d) arising from damage to Debtors' property;

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

21 (f) for collection of a debt owed to any of the Debtors;

22 (g) against insurance carriers, reinsurance carriers, underwriters or surety bond  
23 issuers relating to coverage, indemnity, contribution, reimbursement or other matters;

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

28 (i) arising from claims against health plans;

1 (j) that constitute Avoidance Actions;

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

8 (l) all claims against Integrity Healthcare, LLC and BlueMountain Capital  
9 Management LLC; and

10 (m) relating to the Operating Assets.

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

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

23 17. **Specific Stipulations Regarding the Plan.**

24 (a) SGM

25 The following language is included in this Confirmation Order as agreed between the Plan  
26 Proponents and SGM:

27 The Plan Proponents acknowledge that SGM disputes the Debtors' claim to the Deposit,  
28 and SGM contends that the Deposit must be returned to SGM. The Debtors and the Plan



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1 Proponents dispute the contentions and claims of SGM to the Deposit, and contend that  
2 the Deposit is an asset of the Debtors' estates, free and clear of any rights or claims of  
3 SGM, and should be distributed in accordance with the Plan. As provided in the Plan, on  
4 the Effective Date, all rights of the Debtors against SGM, including, without limitation, all  
5 rights to recover the Deposit, are being transferred to the Liquidating Trust. The  
6 Liquidating Trust shall not distribute the Deposit to creditors in accordance with the Plan  
7 or take any other action which would reduce or dissipate the Deposit, unless permitted by  
8 a judgment or an order entered by the District Court having jurisdiction over the  
9 Adversary Proceeding, and such judgment or order has not been stayed. In the event an  
10 appeal is taken from any such judgment or order, the party taking the appeal shall have the  
11 right to seek a stay pursuant to the applicable Federal Rules of Civil Procedure and  
12 Federal Rules of Appellate Procedure. Nothing contained in the Plan or the Disclosure  
13 Statement shall modify, alter or change the rights of the Debtors and the Liquidating  
14 Trust, on the one hand, and SGM, on the other hand, to any claim or rights to the  
15 Deposit. All such claims and rights are expressly reserved and preserved.

16 Further, the Releases of Debtors set forth in Section 14(d)(i) of this Confirmation Order  
17 and in Section 13.5(a) of the Plan shall not apply to any counterclaim that may be asserted by  
18 SGM against the Debtors in the SGM Action, currently pending before the District Court.

19 (b) Integrity

20 Notwithstanding anything to the contrary in the Plan or this Confirmation Order, the  
21 transfer of any claim or Cause of Action to the Liquidating Trust shall not impair Integrity  
22 Healthcare, LLC's or its current and former affiliates' respective existing rights, defenses, claims,  
23 counterclaims, rights of setoff or recoupment applicable to, arising out of, or relating to, any such  
24 claim or Cause of Action transferred to the Liquidating Trust.

25 (c) Infor

26 Prior to the Petition Date, Infor (US), Inc., previously doing business as Infinium Software,  
27 Inc. ("Infor"), entered into a number of agreements (the "Infor Agreements") with VHS,  
28 pursuant to which Infor granted to VHS certain non-exclusive, non-transferrable licenses to use  
copyrighted software and computer programs owned by Infor (collectively, the "Infor  
Software"). The Infor Agreements include, without limitation, the *Master Software License  
Agreement No. 2002-4384, Dated August 30, 2002 (Together With The Schedules Thereto, As  
Amended)* (the "MSLA"). Notwithstanding anything to the contrary contained in this  
Confirmation Order, the Plan, the Plan Supplement, or any other document related thereto, the  
Debtors' licenses to access and use the Infor Software shall remain in place until December 31,

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1 2020, at which point the MSLA shall be terminated. The cost for this three-month extension for  
2 the access and use of the Infor Software by the Debtors for the sole and exclusive benefit of the  
3 Debtors and their estates is \$24,000, which amount and applicable tax shall be paid by the  
4 Debtors to Infor pursuant to the terms of the applicable invoice. Absent timely payment of this  
5 amount by the Debtors, the MSLA shall terminate immediately and the Debtors shall comply with  
6 the termination obligations set forth in the following sentence. Unless extended by the mutual  
7 agreement of the Debtors and Infor, on or before December 31, 2020, the Debtors shall;  
8 (i) remove all copies of any on-premises Infor Software and any portions thereof from assets of  
9 the Debtors and cease accessing and using any hosted Infor Software; (ii) destroy all copies of the  
10 Infor Software contained in the Debtors' assets and related documentation and delete all access  
11 codes; and, (iii) certify to Infor in writing that the Debtors have complied with the foregoing  
12 subparagraphs (i) and (ii). Absent prior written consent, after December 31, 2020, the Infor  
13 Software shall not be transferred to or used in any way by or for the benefit of the Debtors, their  
14 estates, the Liquidating Trustee, the Liquidating Trust, or any of their respective employees,  
15 independent contractors, professionals, representatives, agents, successors, or assigns. The  
16 release, injunction, exculpation, recourse, and other provisions of the Plan, the Confirmation  
17 Order, and any other Plan-related document shall not in any way impair, impact, or otherwise  
18 affect Infor's rights, claims, defenses, and remedies as to any Debtor or any other party whether  
19 arising under Infor's contracts with the Debtors or third parties and/or applicable non-bankruptcy  
20 law that may arise on or after July 30, 2020.

21 (d) Aetna

22 On August 4, 2020, the Court entered an order [Docket No. 5350] approving the  
23 *Stipulation Among Debtors, Creditors Committee and Aetna Life Insurance Company for*  
24 *Resolution of Plan Objection* [Docket No. 5338] (the "Aetna Stipulation").<sup>5</sup> In accordance with  
25 the order approving the Aetna Stipulation, for good cause shown and after reasonable notice,  
26 Aetna's objection to the Plan is resolved as follows:

27  
28 <sup>5</sup> All capitalized terms used in this paragraph have the meaning set forth in the Aetna Stipulation.

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1 The Aetna/Holdings Amended Claim shall be an allowed General Unsecured Claim under  
2 Class 8 of the Plan in the amount of \$6,366,000.00 and shall not be subject to  
3 reconsideration, objection, reduction, increase, counterclaim, subordination, offset or  
4 recoupment, and shall be deemed allowed without necessity of any further filings or  
5 amendments, including any proof of claim. The Debtors and the Estates shall be deemed  
6 to have waived and released any Causes of Action against Aetna in connection with the  
7 Investment and/or the Guarantee, and any such Causes of Action shall neither be vested in  
8 the Liquidating Trust nor constitute Liquidating Trust Assets. Notwithstanding the  
9 foregoing, Aetna, the Debtors and the Estates shall continue to have: (a) any rights or  
10 defenses under any Aetna Agreement, (b) any rights or defenses to pursue or recover any  
11 Variances, and (c) any rights relating to assumption, assignment or rejection of any Aetna  
12 Agreement pursuant to § 365 (subject to any prior order of the Bankruptcy Court).  
13 Notwithstanding anything to the contrary in the Plan or this Confirmation Order, (i)  
14 Aetna's defenses of setoff or recoupment under, and subject to the provisions of, the  
15 Aetna Agreements shall not be impaired, and nothing in the Plan or this Confirmation  
16 Order shall prevent Aetna from asserting any defense, counterclaims, or offset against any  
17 claims brought against it to the extent that such defense, counterclaim, or offset would  
18 otherwise be available to Aetna under applicable law, provided, that, the substantive  
19 consolidation of the Estates pursuant to Section 7.2 of the Plan shall not be construed to  
20 permit Aetna to exercise any defenses of setoff or recoupment under the Aetna  
21 Agreements as if the Debtors were a unitary entity, and (ii) Section 10.2(b) of the Plan  
22 shall not apply to any Claims asserted by Aetna, including the Aetna/Holdings Amended  
23 Claim, the Prepetition Overpayment Claims and the Post-Petition Overpayment Claims.  
24 The Bankruptcy Court shall retain jurisdiction to hear and resolve any disputes related to  
25 the foregoing.

16 (e) AppleCare

17 The Debtors and AppleCare Medical Group, Inc., AppleCare Medical Group St. Francis,  
18 Inc., and AppleCare Medical Management, LLC (collectively, "AppleCare") have agreed to  
19 resolve the AppleCare's objection [Docket No. 5339] (the "AppleCare Objection")<sup>6</sup> to the Plan  
20 as follows:

21 The Debtors shall reserve in the Administrative Claims Reserve the amount of \$9.5  
22 million on account of the its amended motion for the allowance of an administrative  
23 expense [Docket Nos. 5455] ("AppleCare Administrative Expense"). The Debtors and  
24 the Estates shall be deemed to have waived and released any Causes of Action against  
25 AppleCare under §§ 547, 549 and 550, and any such Causes of Action shall neither be  
26 vested in the Liquidating Trust nor constitute Liquidating Trust Assets. The Debtors, the  
27 Estates and AppleCare each reserve all rights and defenses with respect to: (a) the  
28 allowance of the AppleCare Administrative Claim; (b) the characterization—as either a  
General Unsecured Claim or an Administrative Claim—of unpaid amounts due to  
AppleCare for 20% of the CMS risk adjustment sweep revenue; and (c) the past or future

<sup>6</sup> All capitalized term used in this paragraph has the meaning set forth in the AppleCare Objection or the Plan, as applicable.

1 inclusion of CMS risk adjustment sweep revenue in the risk pools under the Risk Sharing  
2 Agreements. Notwithstanding rejection of the Management Agreement, the parties' post-  
3 termination rights under such agreement shall not be affected. SFMC elects, in  
4 accordance with Section 4.2 of the Management Agreement, to have AppleCare Medical  
5 Management, LLC perform the run-out services described thereunder on mutually  
6 acceptable terms consistent with the terms of the Management Agreement. Based on the  
7 foregoing, the AppleCare Objection is deemed withdrawn with prejudice.

8 (f) Payor Objections

9 The following shall apply to the confirmation objections filed by UnitedHealthcare  
10 Insurance Company (collectively, with its affiliates, subsidiaries and parents, "United") [Docket  
11 No. 5326] (the "United Objection"), SCAN Health Plan ("SCAN") [Docket No. 5337] (the  
12 "SCAN Objection"), and California Physicians' Service dba Blue Shield of California, and Blue  
13 Shield of California Promise Health Plan f/k/a Care 1st Health Plan (collectively, "Blue Shield")  
14 [Docket No. 5417] (the "Blue Shield Objection"), the informal objection (the "Humana  
15 Objection") asserted by Humana Insurance Company and Humana Health Plan, Inc. (together  
16 with their affiliates and subsidiaries, "Humana") and the informal objection (the "Kaiser  
17 Objection") and, together with the United Objection, the SCAN Objection, the Blue Shield  
18 Objection, and the Humana Objection, the "Payor Objections") asserted by Kaiser Foundation  
19 Hospitals ("Kaiser" and together with United, SCAN, Blue Shield, and Kaiser, the "Payors"),  
20 shall be resolved as follows:<sup>7</sup>

21 (i) Preservation of Defenses. Notwithstanding anything to the contrary  
22 in the Plan or this Order, each Payor's defenses (including any asserted rights of setoff or  
23 recoupment) under, and subject to the provisions of, each applicable Payor Agreement shall not  
24 be impaired and nothing in the Plan or this Order shall prevent such Payor from asserting any  
25 defense, counterclaim, recoupment or offset against any claims asserted by a Debtor under an  
26 applicable Payor Agreement to the extent that such defense, counterclaim, recoupment or offset  
27 would otherwise be available to such Payor under the Bankruptcy Code or applicable law,  
28 provided that, the substantive consolidation of the Estates pursuant to Section 7.2 of the Plan shall  
not be construed to permit any Payor to exercise any defenses of setoff or recoupment under an  
applicable Payor Agreement as if the Debtors were a unitary entity.

(ii) Acceleration of Overpayment Reconciliation.

<sup>7</sup> The Payors and certain of the Debtors are parties to various fee-for-service, capitation or other  
facility participation agreements under which the Debtors are compensated for covered medical  
services provided to patients enrolled under the health benefit plans offered or administered by  
each Payor under the applicable agreement (collectively, the "Payor Agreements").

1 A. United. The Debtors shall submit claims for reimbursement  
2 under the applicable Payor Agreement between United and SFMC and between United and Seton  
3 within 60 days following the closing date of the sales of such hospitals. United shall identify and  
4 finally liquidate any overpayments made on account of all covered medical services provided by  
5 such hospitals under such agreements prior to such closing dates within 120 days following such  
6 closing dates. The foregoing timetable for reconciliation of overpayments under the applicable  
7 Payor Agreement between United and Seton shall be deemed to supersede the corresponding  
8 deadlines set forth in the *Stipulation Between Seton Medical Center and UnitedHealthcare*  
9 *Insurance Company Regarding Cure Objection* [Docket No. 5352], filed on August 4, 2020,  
10 approved by order [Docket No. 5357] of the Court, entered on August 5, 2020.

11 B. SCAN. The Debtors shall submit claims for reimbursement  
12 under the applicable Payor Agreement between SCAN and SFMC and between SCAN and Seton  
13 within 60 days following the closing date of the sales of such hospitals. SCAN shall identify and  
14 finally liquidate any overpayments made on account of all covered medical services provided by  
15 such hospitals under such agreements prior to such closing dates within 120 days following such  
16 closing dates.

17 C. Blue Shield. The Debtors shall submit claims for  
18 reimbursement under the applicable Payor Agreement between Blue Shield and SFMC and  
19 between Blue Shield and Seton within 60 days following the closing date of the sales of such  
20 hospitals. Blue Shield shall identify and finally liquidate any overpayments made on account of  
21 all covered medical services provided by such hospitals under such agreements prior to such  
22 closing dates within 120 days following such closing dates.

23 D. Humana. The Debtors shall submit claims for  
24 reimbursement under the applicable Payor Agreement between Humana and SFMC and between  
25 Humana and Seton within 60 days following the closing date of the sales of such  
26 hospitals. Humana shall identify and finally liquidate any overpayments made on account of all  
27 covered medical services provided by such hospitals under such agreements prior to such closing  
28 dates within 120 days following such closing dates.

E. Kaiser. The Debtors shall submit claims for reimbursement  
under the applicable Payor Agreement between Kaiser and SFMC and between Kaiser and Seton  
within 60 days following the closing date of the sales of such hospitals. Kaiser shall identify and  
finally liquidate any overpayments made on account of all covered medical services provided by  
such hospitals under such agreements prior to such closing dates within 120 days following such  
closing dates.

(iii) Withdrawal of Payor Objections. Each of the Payor Objections  
shall be deemed withdrawn with prejudice.

1 18. **SFMC Asset Purchase Agreement.** Notwithstanding anything contained in the  
2 Plan to the contrary, nothing in the Plan shall be deemed to affect the obligations of the parties  
3 under the SFMC Asset Purchase Agreement.

4 19. **Retention of Jurisdiction.** On and after the Effective Date, Section 14 of the  
5 Plan, which is specifically approved in all respects, is incorporated herein in its entirety, and is so  
6 ordered. Unless otherwise provided in the Plan or in this Confirmation Order, on and after the  
7 Effective Date, the Bankruptcy Court shall retain jurisdiction over all matters arising in, arising  
8 under, or related to the Chapter 11 Cases as is legally permissible, including jurisdiction over  
9 those matters and issues described in Section 14.1 of the Plan.

10 20. **Miscellaneous Provisions.** On and after the Effective Date, the miscellaneous  
11 provisions of Section 15 of the Plan, which are specifically approved in all respects, are  
12 incorporated herein in their entirety, and are so ordered.

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

25 22. **Binding Effect of Prior Orders.** Pursuant to § 1141, effective as of the  
26 Confirmation Date, but subject to the occurrence of the Effective Date and subject to the terms of  
27 the Plan and this Order, all prior orders entered in the Chapter 11 Cases, all documents and  
28 agreements executed by the Debtors as authorized and directed thereunder and all motions or



1 requests for relief by the Debtors pending before the Court as of the Effective Date shall be  
2 binding upon and shall inure to the benefit of the Debtors, Post-Effective Date Debtors, the  
3 Liquidating Trust, and their respective successors and assigns.

4 23. **Notice of Confirmation of the Plan.** Pursuant to Bankruptcy Rules 2002(f)(7)  
5 and 3020(c)(2), the Debtors or Post-Effective Date Debtors will serve a notice of the entry of this  
6 Order substantially in the form of **Appendix 2** attached hereto and incorporated herein by  
7 reference (the "**Confirmation Notice**"), to all parties in the creditor database maintained by KCC,  
8 no later than 5 Business Days after the Confirmation Date; provided, however, that the Debtors or  
9 the Post-Effective Date Debtors will serve the Confirmation Notice only on the record holders of  
10 Claims as of the Confirmation Date. The Debtors will publish the Confirmation Notice once in  
11 Los Angeles Times and San Francisco Chronicle as soon as reasonably practicable after the  
12 Confirmation Date, but no later than 5 Business Days after the Confirmation Date. As soon as  
13 practicable after the entry of this Order, the Debtors will make copies of this Order and the  
14 Confirmation Notice available on the Debtors' restructuring website at  
15 <http://www.kccllc.net/VerityHealth>. As soon as practicable after the occurrence of the Effective  
16 Date pursuant to the terms of the Plan, the Debtors will serve the notice of Effective Date,  
17 substantially in the form attached hereto as **Appendix 3** (the "**Notice of Effective Date**") on all  
18 parties served with the Confirmation Notice.

19 24. **Reserves.** The mechanisms to establish the reserves pursuant to Sections 7.6 and  
20 15.3 of the Plan are hereby approved.

21 25. **Modification of the Plan.** Pursuant to Section 15.5 of the Plan, the Plan  
22 Proponents reserve the right, in accordance with the Bankruptcy Code and the Bankruptcy Rules,  
23 to amend or modify the Plan at any time prior to the entry of this Confirmation Order. After the  
24 entry of this Confirmation Order, the Plan Proponents may, upon order of the Bankruptcy Court,  
25 amend or modify this Plan, in accordance with § 1127(b), or remedy any defect or omission or  
26 reconcile any inconsistency in this Plan in such manner as may be necessary to carry out the  
27 purpose and intent of this Plan. A holder of an Allowed Claim that is deemed to have accepted  
28

1 this Plan shall be deemed to have accepted this Plan as modified if the proposed modification  
2 does not materially and adversely change the treatment of the Claim of such holder.

3 26. **Governing Law.** Pursuant to Section 15.11 of the Plan, except to the extent that  
4 the Bankruptcy Code or Bankruptcy Rules are applicable, the rights, duties and obligations  
5 arising under the Plan shall be governed by, and construed and enforced in accordance with, the  
6 laws of the State of California, without giving effect to the principles of conflict of laws thereof;  
7 provided however that the foregoing shall not be deemed to require compliance with Not For-  
8 Profit Laws with respect to any obligations, rights or entitlements under or in furtherance of the  
9 Plan.

10 27. **Notice.** Except as otherwise provided in the Plan and this Order, notice of as of  
11 the Effective Date, all subsequent pleadings in the Chapter 11 Cases shall be limited to counsel to  
12 the Debtors, counsel to the Post-Effective Date Committee, the U.S. Trustee and any party known  
13 to be directly affected by the relief sought.

14 28. **References to Plan.** Any document related to the Plan that refers to a chapter 11  
15 plan of the Debtors other than the Plan confirmed by this Order shall be, and it hereby is, deemed  
16 to be modified such that the reference to a chapter 11 plan of the Debtors in such document shall  
17 mean the Plan confirmed by this Order, as appropriate.

18 29. **Reconciliation of Inconsistencies.** Without intending to modify any prior Order  
19 of this Court (or any agreement, instrument or document addressed by any prior Order), in the  
20 event of an inconsistency between the Plan, on the one hand, and any other agreement,  
21 instrument, or document intended to implement the provisions of the Plan, on the other, the  
22 provisions of the Plan shall govern (unless otherwise expressly provided for in such agreement,  
23 instrument, or document). In the event of any inconsistency between the Plan or any agreement,  
24 instrument, or document intended to implement the Plan, on the one hand, and this Order, on the  
25 other, the provisions of this Order shall govern.

26 30. **Automatic Stay.** Unless otherwise provided in the Plan or in this Confirmation  
27 Order, all injunctions or stays in effect in the Chapter 11 Cases pursuant to §§ 105 or 362 or any  
28 order of this Court and extant on the date of entry of this Confirmation Order (excluding any

1 injunctions or stays contained in the Plan or this Confirmation Order) shall remain in full force  
2 and effect until the Closing of the Chapter 11 Cases. All injunctions or stays contained in the  
3 Plan or this Order shall remain in full force and effect in accordance with their terms.

4 31. **Order Effective Immediately.** Notwithstanding Bankruptcy Rules 3020(e) or  
5 7062 or otherwise, the stay provided for under Bankruptcy Rule 3020(e) shall be waived and this  
6 Order shall be effective and enforceable immediately upon entry. The Debtors are authorized to  
7 consummate the Plan and the transactions contemplated thereby immediately after entry of this  
8 Order and upon, or concurrently with, satisfaction of the conditions set forth in the Plan.

9  
10 ###

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DRAFT

**Exhibit C**

**Redline of Proposed Form of Confirmation Order**

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

3 In re

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

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

Jointly Administered With:

6 Debtors and Debtors In  
7 Possession.

- 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

8  Affects All Debtors

9  Affects Verity Health System of  
10 California, Inc.

11  Affects O'Connor Hospital

12  Affects Saint Louise Regional Hospital

13  Affects St. Francis Medical Center

14  Affects St. Vincent Medical Center

15  Affects Seton Medical Center

16  Affects O'Connor Hospital Foundation

17  Affects Saint Louise Regional Hospital/  
18 Foundation

19  Affects St. Francis Medical Center of  
20 Lynwood Foundation

21  Affects St. Vincent Foundation

22  Affects St. Vincent Dialysis Center, Inc.

23  Affects Seton Medical Center  
24 Foundation

25  Affects Verity Business Services

26  Affects Verity Medical Foundation

27  Affects Verity Holdings, LLC

28  Affects De Paul Ventures, LLC

Affects De Paul Ventures - San Jose  
Dialysis, LLC

Debtors and Debtors In  
Possession.

Hon. Judge Ernest M. Robles

ORDER CONFIRMING [MODIFIED](#) SECOND  
AMENDED JOINT CHAPTER 11 PLAN OF  
LIQUIDATION (~~WITH TECHNICAL~~  
~~AMENDMENTS~~) [DATED JULY 2, 2020](#) OF THE  
[DEBTORS, THE PREPETITION SECURED](#)  
[CREDITORS, AND THE COMMITTEE](#)

**Hearing:**

Date: August 12, 2020

Time: 10:00 a.m.

Location: Courtroom 1568

255 E. Temple St., Los Angeles, CA

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1  
2 Verity Health System of California, Inc. (“**VHS**”) and its affiliated Debtors in these Chapter  
3 11 Cases (collectively, the “**Debtors**”),<sup>1</sup> in the above-referenced chapter 11 cases (the “**Chapter 11**  
4 **Cases**”) and the other plan proponents listed on the previous page (collectively, the “**Plan**  
5 **Proponents**”) having proposed the Modified Second Amended Joint Chapter 11 Plan of  
6 Liquidation (Dated July 2, 2020) of the Debtors, the Prepetition Secured Creditors and the  
7 Committee [Docket No. 4993] (the “**Plan**,” ~~an amended and restated copy including certain~~  
8 ~~Technical Plan Amendments (as hereinafter defined) of which is attached hereto as **Appendix**~~  
9 ~~1~~ \_\_\_\_\_ ] (the “**Plan**.”);<sup>2</sup> the Court having conducted a hearing to consider confirmation of the  
10 Plan (“**Confirmation**”) on August 12, 2020, (the “**Confirmation Hearing**”); the Court having  
11 considered: (i) the (a) ~~Declaration of Travis Buckingham on Behalf Certification of Andreas A.~~  
12 ~~Estrada (of Kurtzman Carson Consultants LLC Regarding Voting and) With Respect to the~~  
13 ~~Tabulation of Ballots Accepting and Rejecting Votes on the Second Amended Joint Chapter 11 Plan~~  
14 ~~of Liquidation (Dated July 2, 2020) of the Debtors, the Prepetition Secured Lenders and the~~  
15 ~~Committee (the “**Voting Declaration**”) [Docket No. \_\_\_\_\_5371], (b) the Affidavit of Publication of~~  
16 ~~the Notice of (I) Approval of the Disclosure Statement, (II) Deadline for Voting on the Plan, (III)~~  
17 ~~Hearing to Consider Confirmation of the Plan, (IV) Deadline for Filing Objections to~~  
18 ~~Confirmation of the Plan, and (V) Deadline for Filing Administrative Expense Claims in the Los~~  
19 ~~Angeles Times, San Francisco Chronicle, San Jose Mercury News and USA Today [Docket No.~~  
20 ~~5358]; (c) the Declaration of Peter Chadwick in Support of Confirmation of the Second Amended~~  
21 ~~Joint Chapter 11 Plan of Liquidation [Docket No. \_\_\_\_\_5385] (the “**Chadwick Declaration**”); and~~  
22 ~~(ed) the Declaration of Rich Adcock in Support of Confirmation of the Second Amended Joint~~  
23

24 <sup>1</sup> In addition to VHS the Debtors are as follows: (i) O’Connor Hospital, (ii) St. Louise Regional  
25 Hospital, (iii) St. Francis Medical Center, (iv) St. Vincent Medical Center, (v) Seton Medical  
26 Center, (vi) O’Connor Hospital Foundation, (vii) Saint Louise Regional Hospital Foundation, (viii)  
27 St. Francis Medical Center of Lynwood Foundation, (ix) St. Vincent Foundation, (x) St. Vincent  
28 Dialysis Center, Inc., (xi) Seton Medical Center Foundation, (xii) Verity Business Services, (xiii)  
Verity Medical Foundation, (xiv) Verity Holdings, LLC, (xv) De Paul Ventures, LLC and (xvi) De  
Paul Ventures - San Jose Dialysis, LLC. There are certain affiliates of VHS who are not Debtors.

<sup>2</sup> All capitalized terms used but not defined herein have the meanings given to them in the Plan.



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1 Chapter 11 Plan of Liquidation [Docket No. 5385] (the “**Adcock Declaration**”) each  
2 admitted into evidence at the Confirmation Hearing; (ii) the arguments of counsel presented at the  
3 Confirmation Hearing, and (iii) the *Memorandum of Law in Support of Confirmation of the Second*  
4 *Amended Joint Chapter 11 Plan of Liquidation* (the “**Confirmation Brief**”) [Docket No. 5385;  
5 ~~and the Court being familiar with the Bankruptcy Code~~ 5385]; the additional responses and  
6 supplements filed in support of the Plan and Confirmation Brief [Docket Nos. 5419, 5425, 5443,  
7 5455, 5456, \_\_\_\_\_]; and the Court having considered the objections [Docket Nos. \_\_\_\_\_] (the  
8 “Objections”) to the Plan, and any withdrawals or settlements thereof; and the Court having taken  
9 judicial notice of the entire docket of the Debtors’ Chapter 11 Cases maintained by the Clerk of the  
10 Court and/or its duly appointed agent, and all pleadings and other documents filed, all orders  
11 entered, and evidence and arguments made, proffered, or adduced at the hearings held before the  
12 Court during the pendency of the Chapter 11 Cases; and the Court having found that due and proper  
13 notice has been given with respect to the Confirmation Hearing and the deadlines and procedures  
14 for filing objections to the Plan; and the Court having heard the statements and arguments made by  
15 counsel in respect of Confirmation of the Plan, and all objections to Confirmation (including,  
16 without limitation, any of the settlements to be approved pursuant to the Plan) having been  
17 withdrawn, resolved as stated on the record or overruled; and the appearance of all interested  
18 parties having been duly noted in the record of the Confirmation Hearing; and for the reasons set  
19 forth in the Court’s tentative ruling [Docket No. \_\_\_\_\_], which the Court adopts as its final ruling  
20 and which is incorporated herein by reference, upon the record of the Confirmation Hearing, and  
21 after due deliberation thereon, and sufficient cause appearing therefor;

22 **I. FINDINGS OF FACT AND CONCLUSIONS OF LAW**

23 IT IS HEREBY FOUND AND CONCLUDED, that<sup>3</sup>:

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

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1 **JURISDICTION AND VENUE**

2 A. The Court has jurisdiction over this matter and these Chapter 11 Cases pursuant to  
3 28 U.S.C. § 1334.

4 B. Confirmation of the Plan is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(L),  
5 this Court has jurisdiction to enter a final order with respect thereto, and this Court’s exercise of  
6 such jurisdiction is constitutional in all respects. The Court has exclusive jurisdiction to determine  
7 whether the Plan complies with the applicable provisions of the Bankruptcy Code and should be  
8 confirmed.

9 C. Venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

10 D. The Debtors are proper Debtors under § 109 of title 11 of the United States Code, 11  
11 U.S.C. §§ 101 *et seq.* as amended (the “**Bankruptcy Code**”),<sup>4</sup> and the Plan Proponents are proper  
12 proponents of the Plan under § 1121(a) ~~of the Bankruptcy Code~~.

13 **COMPLIANCE WITH BANKRUPTCY RULE 3016**

14 E. The Plan is dated and identifies the entities submitting and filing it, thereby  
15 complying with ~~Rule 3016(a) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy~~  
16 ~~Rules”~~Rule 3016(a). The filing of the Disclosure Statement complied with Bankruptcy Rule  
17 3016(b).

18 **PROPER NOTICE**

19 F. As described below and as evidenced by the KCC Service Affidavit (defined  
20 below), due, adequate and sufficient notice of the Disclosure Statement, the Plan, the Plan  
21 Supplement, and the Confirmation Hearing, together with all deadlines for voting on or objecting to  
22 the Plan and with respect to confirmation was given in compliance with applicable law, including,  
23 without limitation, the Bankruptcy Rules, and no other or further notice is or shall be required.

24  
25  
26 \_\_\_\_\_  
27 <sup>4</sup> All references to “§” are to sections of the Bankruptcy Code; all references to “Bankruptcy Rules”  
28 are to provisions of the Federal Rules of Bankruptcy Practice; all references to “LBR” are to  
provisions of the Local Bankruptcy Rules of the United States Bankruptcy Court for the Central  
District of California.

1        **STANDARDS FOR CONFIRMATION UNDER § 1129 OF THE BANKRUPTCY CODE**

2            G.        The Plan Proponents have met their burden of proving the elements of §§ 1129(a)  
3 and 1129(b) ~~of the Bankruptcy Code~~ by a preponderance of the evidence, which is the applicable  
4 evidentiary standard for confirmation of the Plan. Further, the Plan Proponents have proven the  
5 elements of §§ 1129(a) and 1129(b) ~~of the Bankruptcy Code~~ by clear and convincing evidence.  
6 The evidentiary record of the Confirmation Hearing supports the findings of fact and conclusions of  
7 law set forth in the following paragraphs.

8            H.        **§ 1129(a)(1)**. The Plan complies with each applicable provision of the Bankruptcy  
9 Code. Pursuant to §§ 1122(a) and 1123(a)(1) ~~of the Bankruptcy Code, §, Section~~ 3 of the Plan  
10 provides for the separate classification of Claims into thirteen Classes or Sub Classes, based on  
11 reasonable and appropriate differences in the legal nature or priority of such Claims (other than  
12 Administrative ~~Expense~~ Claims, US Trustee Fees, and Priority Tax Claims, which are addressed in  
13 ~~§Section~~ 2 of the Plan and which are not required to be designated as separate Classes pursuant to §  
14 1123(a)(1) ~~of the Bankruptcy Code~~). In particular, the Plan complies with the requirements of §§  
15 1122 and 1123 ~~of the Bankruptcy Code~~ as follows:

- 16            1.        In accordance with § 1122(a) ~~of the Bankruptcy Code, §, Section~~ 3 of the  
17 Plan classifies each Claim against the Debtors into a Class containing only  
18 substantially similar Claims ~~and, without limiting the foregoing, taking into account~~  
~~the effects of the Intercompany Settlement;~~
- 19            2.        In accordance with § 1123(a)(1) ~~of the Bankruptcy Code, §, Section~~ 3 of the  
20 Plan properly classifies all Claims that require classification. With respect to  
21 Claims classified in Classes 8, 9 and 10, the Debtors have provided proof of a  
22 legitimate reason for the separate classification of such Claims, and such  
classification is justified. Separate classification was not done for any improper  
purpose and does not unfairly discriminate between or among holders of Claims;
- 23            3.        In accordance with § 1123(a)(2) ~~of the Bankruptcy Code, §, Section~~ 3 of the  
24 Plan properly identifies and describes each Class of Claims that is not Impaired  
under the Plan;
- 25            4.        In accordance with § 1123(a)(3) ~~of the Bankruptcy Code, §, Section~~ 4 of the  
26 Plan properly identifies and describes the treatment of each Class of Claims that is  
27 Impaired under the Plan;

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1 5. In accordance with § 1123(a)(4) ~~of the Bankruptcy Code~~, the Plan provides  
2 the same treatment for each Claim within a particular Class unless the holder of such  
3 a Claim has agreed to less favorable treatment;

4 6. In accordance with § 1123(a)(5) ~~of the Bankruptcy Code~~, the Plan, including  
5 the Plan Supplement, provides, in detail, adequate and proper means for its  
6 implementation;

7 7. In accordance with § 1123(a)(6) ~~of the Bankruptcy Code~~, i.e., that, if a  
8 debtor is a corporation, its plan must prohibit the issuance of nonvoting equity  
9 securities, the Debtors, as ~~not for profit~~ nonprofit entities, will not issue any stock or  
10 other securities under the Plan and therefore the Plan comports with § 1123(a)(6) ~~of~~  
11 ~~the Bankruptcy Code~~;

12 8. In accordance with § 1123(a)(7) ~~of the Bankruptcy Code~~, the provisions of  
13 the Plan regarding the manner of selection of directors of Post-Effective Date  
14 Debtors are consistent with the interests of creditors and equity security holders (of  
15 which there are none) and with public policy;

16 9. In accordance with § 1123(b)(1) ~~of the Bankruptcy Code~~, Sections 3 and 4 of  
17 the Plan impairs or leaves unimpaired, as the case may be, each Class of Claims;

18 10. In accordance with § 1123(b)(2) ~~of the Bankruptcy Code~~, §, Section 11 of  
19 the Plan provides for the assumption, assumption and assignment or rejection of the  
20 executory contracts and unexpired leases of the Debtors that have not been  
21 previously assumed, assumed and assigned or rejected pursuant to § 365 ~~of the~~  
22 ~~Bankruptcy Code~~ and orders of the Court;

23 11. In accordance with §§ 363 and 1123(b)(3) ~~of the Bankruptcy Code~~ and  
24 Bankruptcy Rule 9019, the Plan provides for the good faith compromise of all  
25 Claims and controversies relating to the contractual, legal, and subordination rights  
26 that a holder of any Claim may have with respect to any Allowed Claim or any  
27 distribution to be made on account of such an Allowed Claim. §Section 6 of the  
28 Plan further provides, in accordance with § 1123(b)(3) ~~of the Bankruptcy Code~~, that  
the Liquidating Trust (with respect to the Liquidating Trust Assets) or the  
Post-Effective Date Debtors (with respect to the Operating Assets) will retain and  
may enforce any claims, demands, rights, defenses and Causes of Action that any  
Debtor or Post-Effective Date Debtor may hold against any entity, to the extent not  
expressly released under the Plan;

12. In accordance with § 1123(b)(5) ~~of the Bankruptcy Code~~, §, Section 3 of the  
Plan modifies or leaves unaffected, as the case may be, the rights of holders of  
Claims in Classes 1 through 11;

13. In accordance with § 1123(b)(6) ~~of the Bankruptcy Code~~, the Plan includes  
additional appropriate provisions that are not inconsistent with applicable  
provisions of the Bankruptcy Code; and

1 14. In accordance with § 1123(d) ~~of the Bankruptcy Code~~, Section 11 of the Plan  
2 provides for the satisfaction of cure amounts associated with each Executory  
3 Agreement to be assumed pursuant to the Plan in accordance with § 365(b)(1) ~~of the~~  
4 ~~Bankruptcy Code~~. All cure amounts will be determined in accordance with the  
5 underlying agreements and applicable law.

6 I. § 1129(a)(2). The Plan Proponents have complied with all applicable provisions ~~of~~  
7 ~~the Bankruptcy Code~~ as required by § 1129(a)(2) ~~of the Bankruptcy Code~~, including §§ 1122,  
8 1123, 1124, 1125, 1126, 1127 and ~~1128 of the Bankruptcy Code~~ 1128, and Bankruptcy Rules 3017,  
9 3018 and 3019, and all other applicable rules, laws and regulations with respect to the Plan and the  
10 solicitation of acceptances or rejections thereof. In particular, acceptances or rejections of the Plan  
11 were solicited in good faith and in compliance with the requirements of §§ 1125 and 1126 ~~of the~~  
12 ~~Bankruptcy Code~~ as follows:

13 1. In compliance with the *Order Granting Joint Motion for an Order*  
14 *Approving (I) Proposed Disclosure Statement, (II) Solicitation and Voting*  
15 *Procedures, (III) Notice and Objection Procedures for Confirmation of Amended*  
16 *Joint Plan, (IV) Setting Administrative Claims Bar Date; and (V) Granting Related*  
17 *Relief* entered on July 2, 2020 [Docket No. 4997] (the “**Disclosure Statement**  
18 **Order**”), on July 8, 2020, the Debtors, through their claims and noticing agent,  
19 Kurtzman Carson Consultants LLC (“KCC”), caused copies of the following  
20 materials to be served on all holders of Claims in Classes that were entitled to vote  
21 to accept or reject the Plan (i.e., Claims in Classes 2 through 10); see Affidavit of  
22 Service of Solicitation Materials [Docket No. 5346], dated August 4, 2020 (the  
23 “**KCC Service Affidavit**”):

- 24 • a written notice (the “**Confirmation Hearing Notice**”) of (a) the Court’s  
25 approval of the Disclosure Statement, (b) the voting deadline, (c) the date  
26 and time of the Confirmation Hearing, and (d) the Confirmation objection  
27 deadline;
- 28 • the Disclosure Statement (together with the exhibits thereto, including the  
Plan and the Disclosure Statement Order) in electronic format; and
- the appropriate form of Ballot with a postage prepaid return envelope.

29 2. In compliance with the Disclosure Statement Order, on July 8, 2020, the  
30 Debtors, through KCC, caused a copy of the notice of non-voting status to be served  
31 on all holders of Claims in the non-voting classes (i.e., Classes 1A, 1B and 11). *See*  
32 *KCC Service Affidavit at ¶ 15*).

33 3. In compliance with the Disclosure Statement Order, on July 8, 2020, the  
34 Debtors, through KCC, caused a copy of the Confirmation Hearing Notice to be  
35 served on all parties in the creditor database maintained by KCC not otherwise

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1 served pursuant to paragraphs 1 and 2 above, including, but not limited to, (a) all  
2 non-Debtor parties to Executory Agreements, and (b) all holders of Administrative  
3 ~~Expense~~ Claims and Priority Tax Claims. See KCC Service Affidavit at ¶ 14.

4 4. In compliance with the Disclosure Statement Order, on July 8, 2020, the  
5 Debtors, through KCC, caused copies of the Disclosure Statement (together with the  
6 exhibits thereto, including the Plan and the Disclosure Statement Order) and the  
7 Confirmation Hearing Notice, to be served on the parties who have requested notice  
8 of pleadings in this case. See KCC Service Affidavit at ¶¶ 16-17.

9 5. On the dates indicated below, the Debtors filed (and made available on their  
10 Debtors' restructuring website at [www.kccllc.net/VerityHealth](http://www.kccllc.net/VerityHealth)) the following Plan  
11 Supplement documents:

- 12 (a) the identity of the initial Liquidating Trustee, filed on August \_\_  
13 2020 [Docket No. \_\_\_\_];
- 14 (b) the identity of the directors serving on the Post-Effective Date Board  
15 of Directors and other information specified in § 1129(a)(5) ~~of the~~  
16 ~~Bankruptcy Code~~, filed on August \_\_, 2020 [Docket No. \_\_\_\_];
- 17 (c) the identity of the members of the Post-Effective Date Committee,  
18 filed on August \_\_\_, 10, 2020 [Docket No. \_\_\_5443];
- 19 (d) the form of Liquidating Trust Agreement, filed on August \_\_\_, 10,  
20 2020 [Docket No. \_\_\_5443]; and
- 21 (e) the Plan Settlement, filed on August \_\_, 2020 [Docket No. \_\_].

22 6. ~~On August \_\_\_ In the interest of clarifying and consensually resolving~~  
23 ~~outstanding issues and informal objections to confirmation of the Plan, 2020, the~~  
24 ~~Debtors filed (and the Plan Proponents have made available on the Debtors'~~  
25 ~~restructuring website at [www.kccllc.net/VerityHealth](http://www.kccllc.net/VerityHealth)), certain~~  
26 ~~technical non-material~~ modifications to the Plan ~~as reflected in the Third Amended~~  
27 ~~and Restated Plan of Liquidation (the "Technical Plan (the "Non-Material~~  
28 ~~Modifications"))] [Docket No. \_\_] and as set forth more fully in the Confirmation~~  
Brief [Docket No. \_\_\_] and related Plan Supplements.

7. The Confirmation Hearing Notice ~~and Notice of the Technical Plan~~  
~~Modifications~~ provided due and proper notice of the Confirmation Hearing and all  
relevant dates, deadlines, procedures and other information relating to the Plan  
and/or the solicitation of votes thereon, including, without limitation, the voting  
deadline, the objection deadline, the time, date and place of the Confirmation  
Hearing and the release provisions in the Plan.

8. All persons entitled to receive notice of the Disclosure Statement, the Plan,  
and the Confirmation Hearing have received proper, timely and adequate notice in  
accordance with the Disclosure Statement Order, applicable provisions of the



1 Bankruptcy Code and the Bankruptcy Rules, and have had an opportunity to appear  
2 and be heard with respect thereto.

3 9. The Debtors solicited votes with respect to the Plan in good faith and in a  
4 manner consistent with the Bankruptcy Code, the Bankruptcy Rules, and the  
5 Disclosure Statement Order. Accordingly, the Debtors are entitled to the  
6 protections afforded by § 1125(e) ~~of the Bankruptcy Code~~ and the exculpation  
7 provisions set forth in § 13.7 of the Plan.

8 10. Claims in Classes 1A and 1B under the Plan are unimpaired, and such  
9 Classes are deemed to have accepted the Plan pursuant to § 1126(f) ~~of the~~  
10 ~~Bankruptcy Code~~.

11 11. The Plan was voted on by both of the Classes of Impaired Claims that were  
12 entitled to vote pursuant to the Bankruptcy Code, the Bankruptcy Rules and the  
13 Disclosure Statement Order (i.e., Classes 2 through 10)

14 12. KCC has made a final determination of the validity of, and tabulation with  
15 respect to, all acceptances and rejections of the Plan by holders of Claims entitled to  
16 vote on the Plan, including the amount and number of accepting and rejecting  
17 Claims in Classes 2 through 10 under the Plan. See Voting Declaration at ¶ 11  
18 and Exhibit A thereto.

19 13. Each of Classes 2, 3, 4, 5, 6, 7, 8, 9, and 10 have each accepted the Plan  
20 because holders of Claims in such Classes of at least two-thirds in amount and a  
21 majority in number of the Claims in such Classes actually voted to accept the Plan.  
22 See Voting Declaration, at ¶ 12 and Exhibit A thereto.

23 J. **Section 1129(a)(3)**. The Plan has been proposed in good faith and not by any means  
24 forbidden by law. The Chapter 11 Cases were filed in good faith and consistent with the purposes  
25 of the Bankruptcy Code, ~~including, without limitation, to transfer certain of the Debtors' healthcare~~  
26 ~~businesses as going concerns to third parties, to ensure continuity of care for their patients in a~~  
27 ~~manner consistent with their charitable mission, and to ensure that the value of the Debtors'~~  
28 ~~businesses were or are being maximized for the benefit of the creditors of the Debtors. The Plan~~  
~~was negotiated and proposed with the intention of accomplishing those goals, and for no ulterior~~  
~~purpose~~. The Plan fairly achieves a result consistent with the objectives and purposes of the  
Bankruptcy Code. In so finding, the Court has considered the totality of the circumstances in these  
Chapter 11 Cases. The Plan is the result of extensive good-faith, arms'-length negotiations by and  
among the Plan Proponents and certain of their principal constituencies, and their respective  
representatives, and reflects substantial input from the principal constituencies having an interest in



1 the Chapter 11 Cases and, as evidenced by the overwhelming acceptance of the Plan, achieves the  
2 goal of a consensual chapter 11 plan pursuant to the requirements of the Bankruptcy Code. The  
3 Plan Proponents and each of their respective officers, directors, employees, advisors and  
4 professionals (i) acted in good faith in negotiating, formulating, and proposing, where applicable,  
5 the Plan and agreements, compromises, settlements, transactions, and transfers contemplated  
6 thereby, and (ii) will be acting in good faith in proceeding to (a) consummate the Plan and the  
7 agreements, compromises, settlements, transactions, transfers, and documentation contemplated by  
8 the Plan, including, but not limited to, the Plan Supplement documents, and (b) take any actions  
9 authorized and directed or contemplated by this Order. Thus, the Plan satisfies the requirements of  
10 § 1129(a)(3) ~~of the Bankruptcy Code.~~

11 K. § 1129(a)(4). The Plan provides that Professional Claims submitted by  
12 professionals for services incurred prior to the Effective Date will be entitled to payment only if  
13 they are approved by, or are subject to the approval of, the Bankruptcy Court as reasonable, thereby  
14 satisfying the requirements of § 1129(a)(4) ~~of the Bankruptcy Code.~~

15 L. § 1129(a)(5). The Debtors have disclosed ~~in the Plan Supplement, or will disclose~~  
16 prior to the Effective Date, in one or more Plan Supplements, the identities of the Liquidating  
17 Trustee, the directors of the Post-Effective Date Board of Directors, and the Post-Effective Date  
18 Committee. The Post-Effective Date Board of Directors and the members of the Post-Effective  
19 Date Committee will not be compensated and the compensation of the Liquidating Trustee will be  
20 consistent with the Liquidating Trust Agreement. The proposed Liquidating Trustee and directors  
21 for the Post-Effective Date Debtors, each as set forth in the Plan Supplement, are qualified to  
22 perform the services required of them under the Plan and their appointment to, or continuance in,  
23 such offices is consistent with the interests of holders of Claims and with public policy. The  
24 Debtors have therefore satisfied the requirements of § 1129(a)(5) ~~of the Bankruptcy Code.~~

25 M. § 1129(a)(6). The Plan does not provide for any changes in rates that require  
26 regulatory approval of any governmental agency and therefore, the requirements of § 1129(a)(6)  
27 are inapplicable to confirmation of the Plan.  
28

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1 N. § 1129(a)(7). The liquidation analysis set forth in Exhibit A to the Disclosure  
2 Statement and other evidence proffered or adduced at or prior to the Confirmation Hearing, or in  
3 the Chadwick Declaration in connection with the Confirmation Hearing: (a) are reasonable,  
4 persuasive, accurate and credible, (b) utilize reasonable and appropriate methodologies and  
5 assumptions; (c) have not been controverted by any other evidence, and (d) establish that each  
6 holder of a Claim in an Impaired Class either (i) has accepted the Plan or (ii) will receive or retain  
7 under the Plan, on account of such Claim property of a value, as of the Effective Date of the Plan,  
8 that is not less than the amount that it would receive if the Debtors were liquidated under Chapter 7  
9 of the Bankruptcy Code on such date.

10 O. § 1129(a)(8). Classes 1A and 1B are not Impaired and are conclusively presumed to  
11 have accepted the Plan under § 1126(f) ~~of the Bankruptcy Code~~. As set forth in the Voting  
12 Declaration, each of Classes 2 through 10 have each voted to accept the Plan. The Plan therefore  
13 satisfies § 1129(a)(8) ~~of the Bankruptcy Code~~.

14 P. § 1129(a)(9). The Plan provides treatment for Administrative ~~Expense~~ Claims,  
15 Priority Tax Claims and Priority Non-Tax Claims that is consistent with the requirements of §  
16 1129(a)(9) ~~of the Bankruptcy Code~~.

17 Q. § 1129(a)(10). The Plan has been accepted by all classes of Impaired Claims that  
18 are entitled to vote on the Plan (i.e., Classes 2 through 10), determined without including any  
19 acceptance of the Plan by any “insider.” See Voting Declaration, Exhibit A.

20 R. § 1129(a)(11). The Plan is feasible, within the meaning of § 1129(a)(11) ~~of the~~  
21 ~~Bankruptcy Code~~. The projections of the liquidity and financial information, including, without  
22 limitation, the projections of Post-Effective Date Debtors as of the Effective Date, are reasonable  
23 and made in good faith. The evidence provided in support of the Plan or adduced by the Debtors or  
24 other Plan Proponents at, or before the Confirmation Hearing or in the Chadwick Declaration and  
25 the Adcock Declaration: (a) is reasonable, persuasive, credible and accurate as of the dates such  
26 analysis or evidence was prepared, presented or proffered; (b) utilizes reasonable and appropriate  
27 methodologies and assumptions; and (c) has not been controverted by any other admissible  
28

1 evidence. The Plan Proponents have demonstrated a reasonable assurance of the Plan's prospects  
2 for success.

3 S. § 1129(a)(12). The Plan provides that fees payable pursuant to 28 U.S.C. § 1930  
4 will be paid by the Debtors on or before the Effective Date. After the Effective Date, all fees  
5 payable pursuant to 28 U.S.C. § 1930 will be paid by the Liquidating Trust until the earlier of the  
6 conversion or dismissal of the applicable Chapter 11 Case under ~~§ 1112 of the Bankruptcy~~  
7 ~~Code, 1112~~, or the closing of the applicable Chapter 11 Case pursuant to ~~§ 350(a) of the Bankruptcy~~  
8 ~~Code~~.

9 T. § 1129(a)(13). The ~~Reorganized~~ Debtors are not obligated to pay any retiree  
10 benefits pursuant to ~~§ 1114 of the Bankruptcy Code, 1114~~, and therefore, the requirements of §  
11 1129(a)(13) are inapplicable to confirmation of the Plan.

12 U. §§ 1129(a)(14) and (15). The Debtors do not owe any domestic support obligations  
13 and are not individuals. Therefore, the requirements of §§ 1129(a)(14) and 1129(a)(15) are  
14 inapplicable to confirmation of the Plan.

15 V. § 1129(a)(16). The Plan satisfies ~~§ 1129(a)(16) of the Bankruptcy Code~~ and any  
16 applicable non-bankruptcy law that governs transfers of property under a plan to be made by a  
17 ~~not for profit nonprofit~~ entity. ~~§ Section 1129(a)(16) of the Bankruptcy Code~~ does not require the  
18 court to remand or refer any proceeding, issue, or controversy to any court other than the  
19 Bankruptcy Court or to require the approval of any court (including, without limitation, any  
20 California court under the Not For-Profit Laws) other than the Bankruptcy Court for any prior,  
21 current or future transfer of property. Therefore, because the Plan contains the Bankruptcy Court's  
22 approval of any prior, current or future property transfers, the Plan satisfies the requirements of §  
23 1129(a)(16) ~~of the Bankruptcy Code~~.

24 W. § 1129(b). Because all Classes of Claims are either deemed to accept or voted to  
25 accept the Plan, ~~§ 1129(b) of the Bankruptcy Code~~ is inapplicable.

26 X. § 1129(c). The Plan (including previous versions thereof) is the only plan that has  
27 been filed in these Chapter 11 Cases that has been found to satisfy the requirements of subsections  
28

1 (a) of § ~~1129 of the Bankruptcy Code.~~1129. Accordingly, confirmation of the Plan complies with  
2 the requirements of § 1129(c) ~~of the Bankruptcy Code.~~

3 Y. § 1129(d). No party in interest has requested that the Court deny Confirmation of  
4 the Plan on grounds that the principal purpose of the Plan is the avoidance of taxes or the avoidance  
5 of the application of § 5 of the Securities Act, and the principal purpose of the Plan is not such  
6 avoidance. Accordingly, the Plan satisfies the requirements of § 1129(d) ~~of the Bankruptcy Code.~~

7 Z. § 1129(e). None of these Chapter 11 Cases is a small business case within the  
8 meaning of the Bankruptcy Code.

9 AA. Based upon the foregoing and all other pleadings and evidence proffered or adduced  
10 at or prior to the Confirmation Hearing, the Plan and the Plan Proponents satisfy the requirements  
11 for confirmation set forth in § ~~1129 of the Bankruptcy Code.~~1129.

#### 12 MODIFICATIONS TO THE PLAN

13 BB. The ~~Technical Plan~~Non-Material Modifications do not materially and adversely  
14 affect or change the treatment of any Claim against any Debtor. The ~~Technical Plan~~Non-Material  
15 Modifications do not require additional disclosure under § 1125 ~~of the Bankruptcy Code~~ or the  
16 re-solicitation of acceptances or rejections of the Plan under § ~~1126 of the Bankruptcy Code.~~1126.

17 CC. The filing of the Plan and ~~Technical Plan~~Non-Material Modifications constitute due  
18 and sufficient notice thereof under the circumstances of the Chapter 11 Cases. Accordingly, the  
19 Plan is properly before the Court, and all votes cast with respect to the Plan prior to the ~~Technical~~  
20 PlanNon-Material Modifications shall be binding and shall apply with respect to the Plan.

#### 21 IMPLEMENTATION OF THE PLAN

22 DD. All documents and agreements necessary to implement the Plan, including, but not  
23 limited to, the Plan Supplement documents, are essential elements of the Plan and consummation of  
24 each agreement is in the best interests of the Debtors, the Estates and holders of Claims. The  
25 Debtors and where applicable, the other Plan Proponents, have exercised reasonable business  
26 judgment in determining to enter into the contemplated agreements, and the agreements have been  
27 negotiated in good faith, at arms'-length, are fair and reasonable, and shall, upon execution and  
28 upon the occurrence of the Effective Date, constitute legal, valid, binding, enforceable, and

1 authorized obligations of the respective parties thereto and will be enforceable in accordance with  
2 their terms. Pursuant to § 1142(a) ~~of the Bankruptcy Code~~, the Plan Supplement documents, and  
3 any other agreements necessary to implement the Plan will apply and be enforceable  
4 notwithstanding any otherwise applicable non-bankruptcy law.

5 **CONDITIONS TO THE CONFIRMATION OF THE PLAN**

6 EE. Each of the conditions precedent to entry of this Order has been satisfied in  
7 accordance with [§Section](#) 12.2 of the Plan or properly waived in accordance with [§Section](#) 12.3 of  
8 the Plan.

9 **EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

10 FF. Pursuant to §§ 365 and 1123(b)(2) ~~of the Bankruptcy Code~~, upon the occurrence of  
11 the Effective Date, Section 11 of the Plan provides for the assumption, assumption and assignment,  
12 or rejection of certain Executory Agreements. The Plan Proponents' determinations regarding the  
13 assumption, assumption and assignment, or rejection of Executory Agreements are based on and  
14 within the sound business judgment of the Plan Proponents, are necessary to the implementation of  
15 the Plan and are in the best interests of the Debtors, their Estates, holders of Claims and other  
16 parties in interest in the Chapter 11 Cases. The Debtors may elect to file a "Schedule of Assumed  
17 Contracts" as part of their the Plan Supplement (as it may be amended or supplemented) prior to the  
18 Effective Date and will provide notice to counterparties of the Debtors' determinations regarding  
19 the assumption, assumption and assignment, or rejection of Executory Agreements and any related  
20 Cure amounts. The Debtors are authorized to make modifications to the Schedule of Assumed  
21 Contracts as provided for in the Plan, including after the Effective Date.

22 **THE SETTLEMENTS UNDER THE PLAN**

23 GG. The Plan settles numerous litigable issues in the Chapter 11 Cases pursuant to  
24 Bankruptcy Rule 9019 and §§ 363 and ~~1123 of the Bankruptcy Code~~. [1123](#). These settlements are  
25 in consideration for the distributions and other benefits provided under the Plan. Any other  
26 compromise and settlement provisions of the Plan and the Plan itself constitute a compromise of all  
27 Claims or Causes of Action relating to the contractual, legal and subordination rights that a holder  
28

1 of a Claim may have with respect to any Allowed Claim or any distribution to be made on account  
2 of such an Allowed Claim.

3 HH. In consideration of the Creditor Settlement Agreements of numerous disputed  
4 Claims and issues embodied in the Plan, pursuant to Bankruptcy Rule 9019 and § 1123 ~~of the~~  
5 ~~Bankruptcy Code~~ and in consideration for the distributions, releases and other benefits provided  
6 under the Plan, the provisions of the Plan shall upon consummation constitute a good-faith  
7 compromise and settlement as reflected therein and in the Creditor Settlement Agreements arising  
8 from or related to a variety of asserted secured, administrative, priority, and general unsecured  
9 claims. The entry of this Order constitutes the Court's approval of each of the Creditor Settlement  
10 Agreements and all other compromises and settlements provided for in the Plan. The Court finds  
11 that such compromises and settlements are in the best interests of the Debtors, their estates,  
12 creditors, and other parties-in-interest, and are fair, equitable, and within the range of  
13 reasonableness and consistent with the Debtors' reasonable business judgment.

14 II. In reaching its decision on the substantive fairness of the Creditor Settlement  
15 Agreements and the Plan, the Court considered the following factors for each such settlement: (i)  
16 the balance between the litigation's probability of success and the settlement's future benefits; (ii)  
17 the likelihood of complex and protracted litigation and the risk and difficulty of collecting on the  
18 judgment; (iii) the proportion of creditors and parties in interest that support the settlement; (iv) the  
19 competency of counsel reviewing the settlement; (v) the nature and breadth of releases to be  
20 obtained by officers and directors; and (vi) the extent to which the settlement is the product of arm's  
21 length bargaining.

22 **RELEASES, EXCULPATIONS AND INJUNCTIONS OF RELEASED PARTIES**

23 JJ. Each non-Debtor Released Party that will benefit from the releases, exculpations  
24 and related injunctions set forth in the Plan (collectively, the "**Plan Releasees**") either shares an  
25 identity of interest with the Debtors, was instrumental to the successful prosecution of the Chapter  
26 11 Cases, and/or provided a substantial contribution to the Debtors, which value provided a  
27 significant benefit to the Debtors' estates and general unsecured creditors, and which will allow for  
28 distributions that would not otherwise be available but for the contributions made by such



1 non-Debtor parties. The releases in [§Section](#) 13.5 of the Plan are, individually and collectively,  
2 integral to, and necessary for the successful implementation of, the Plan and are supported by  
3 reasonable consideration.

#### 4 **WAIVER OF STAY**

5 KK. Under the circumstances, it is appropriate that the 14-day stay imposed by  
6 Bankruptcy Rules 3020(e) and 7062(a) be waived.

#### 7 **II. ORDER**

8 BASED ON THE FOREGOING FINDINGS OF FACT AND CONCLUSIONS OF LAW,  
9 IT IS THEREFORE HEREBY ORDERED, ADJUDGED AND DECREED AS FOLLOWS:

10 1. **Confirmation of the Plan.** The Plan (including the Plan Supplement) and each of  
11 its provisions (whether or not specifically set forth and approved in this Order) is and are  
12 CONFIRMED in each and every respect, pursuant to ~~§ 1129 of the Bankruptcy Code,~~[1129](#), and the  
13 terms of the Plan and the Plan Supplement are incorporated by reference into, and are an integral  
14 part of, this order ("**Confirmation Order**"), provided, however, that if there is any direct conflict  
15 between the terms of the Plan and the terms of this Confirmation Order, the terms of this  
16 Confirmation Order shall control. The Effective Date of the Plan shall occur on the date when the  
17 conditions set forth in [§Section](#) 12.2 of the Plan have been satisfied or, if applicable, have been  
18 waived in accordance with [§Section](#) 12.3 of the Plan. The failure to specifically include or to refer  
19 to any particular article, section or provision of the Plan, Plan Supplement or any related document  
20 in this Order shall not diminish or impair the effectiveness of such article, section or provision, it  
21 being the intent of the Court that this Confirmation Order confirm the Plan and any related  
22 documents in their entirety.

23 2. **Notice.** Notice of the Confirmation Hearing complied with the terms of the  
24 Disclosure Statement Order, was appropriate and satisfactory based on the circumstances of the  
25 Chapter 11 Cases, and was in compliance with the provisions of applicable law, including, without  
26 limitation, the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules. In addition, due,  
27 adequate and sufficient notice of any Schedule of Assumed Contracts was provided to all  
28 counterparties to Executory Agreements with the Debtors, in substantial compliance with the



1 Disclosure Statement Order and Bankruptcy Rules 2002(b), 3017 and 3020(b), and no other or  
2 further notice is or shall be required (other than as expressly provided for in the Plan for any  
3 amendments to the Schedule of Assumed Contracts).

4 3. **Objections.** The Objections to confirmation of the Plan are OVERRULED in their  
5 entirety except as otherwise set forth herein.

6 4. ~~3.~~ **Plan Classification Controlling.** The terms of the Plan shall solely govern the  
7 classification of Claims for purposes of the distributions to be made thereunder. The classifications  
8 set forth on the Ballots tendered to or returned by the holders of Claims in connection with voting  
9 on the Plan pursuant to the Disclosure Statement Order: (a) were set forth on the Ballots solely for  
10 purposes of voting to accept or reject the Plan; (b) do not necessarily represent, and in no event shall  
11 be deemed to modify or otherwise affect, the actual classification of such Claims under the Plan for  
12 distribution purposes; (c) may not be relied upon by any holder of a Claim as representing the actual  
13 classification of such Claim under the Plan for distribution purposes; and (d) shall not be binding on  
14 the Debtors, Post-Effective Date Debtors, or Liquidating Trust except for voting purposes.

15 5. ~~4.~~ **Order Binding on All Parties.** Notwithstanding Bankruptcy Rules 3020(e) or  
16 7062 or otherwise, upon the occurrence of the Effective Date, the terms of the Plan and this Order  
17 shall be immediately binding upon, and inure to the benefit of: (a) the Debtors; (b) Post-Effective  
18 Date Debtors; (c) the Liquidating Trust; (d) any and all holders of Claims (irrespective of whether  
19 such Claims are impaired under the Plan or whether the holders of such Claims accepted, rejected  
20 or are deemed to have accepted or rejected the Plan); (e) any other person giving, acquiring or  
21 receiving property under the Plan; (f) any and all non-Debtor parties to Executory Agreements with  
22 any of the Debtors; and (g) the respective heirs, executors, administrators, trustees, affiliates,  
23 officers, directors, agents, representatives, attorneys, beneficiaries, guardians, successors or  
24 assigns, if any, of any of the foregoing. On the Effective Date, all settlements, compromises,  
25 releases, waivers, discharges, exculpations, and injunctions set forth in the Plan shall be effective  
26 and binding on all Persons.

27 6. ~~5.~~ **Other Essential Documents and Agreements.** The form of documents  
28 comprising the Plan Supplement, any other agreements, instruments, certificates or documents

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1 related thereto and the transactions contemplated by each of the foregoing are approved and, upon  
2 execution and delivery of the agreements and documents relating thereto by the applicable parties,  
3 shall be in full force and effect and valid, binding and enforceable in accordance with their terms  
4 without the need for any further notice to or action, order or approval of this Court, or other act or  
5 action under applicable law, regulation, order or rule. The Debtors, and after the Effective Date,  
6 Post-Effective Date Debtors and/or the Liquidating Trustee (as may be applicable), are authorized,  
7 without further approval of this Court or any other party, to execute and deliver all agreements,  
8 documents, instruments, securities and certificates relating to such agreements and perform their  
9 obligations thereunder, including, without limitation, payment of all fees due thereunder or in  
10 connection therewith.

11 7. ~~6.~~ **Unclassified Claims.** On and after the Effective Date, the treatment of the  
12 Unclassified Claims of the Debtors shall be effectuated pursuant to [§Section](#) 2 of the Plan, which is  
13 specifically approved in all respects, is incorporated herein in its entirety, and is so ordered.

14 (a) **Administrative Claims Bar Date.** Pursuant to [§Section](#) 2.1 of the Plan,  
15 and except as otherwise provided in [§Section](#) 2 of the Plan, requests for payment of Administrative  
16 ~~Expense~~ Claims were required to be filed by July ~~30,~~29, 2020 (unless such date was extended by  
17 stipulation with a specific potential administrative creditor) (the “**Administrative Claims Bar**  
18 **Date**”). Holders of Administrative ~~Expense~~ Claims that were required to, but do not, file and serve  
19 a request for payment of such Administrative ~~Expense~~ Claims by the Administrative Claims Bar  
20 Date shall be forever barred, estopped and enjoined from asserting such Administrative ~~Expense~~  
21 Claims against the Debtors or their property and such Administrative ~~Expense~~ Claims shall be  
22 deemed discharged as of the Effective Date. For the avoidance of doubt, Administrative ~~Expense~~  
23 Claims that arise in the ordinary course of the Debtors’ ongoing business are not subject to the  
24 Administrative Claims Bar Date and shall be paid in the ordinary course of business in accordance  
25 with the terms and conditions of any agreements governing, instruments evidencing or other  
26 documents relating to such transactions.

27 (b) **Professional Claims Incurred Prior to the Effective Date.** Pursuant to  
28 Section 2.2 of the Plan, all entities seeking an award by the Bankruptcy Court of a Professional

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1 Claim (other than the Ordinary Course Professionals) shall file their respective final applications  
2 for allowance of compensation for services rendered and reimbursement of expenses incurred by  
3 the date that is sixty (60) after the Effective Date, and shall receive, in full satisfaction of such  
4 Claim, Cash in an amount equal to 100% of such amounts as are allowed by the Bankruptcy Court  
5 promptly after the date an order relating to any such Professional Claim is entered or upon such  
6 other terms as may be mutually agreed-upon between the holder of such Professional Claim and the  
7 Liquidating Trustee and the Post-Effective Date Debtors. Objections to any final applications  
8 covering Professional Claims must be filed and served on the Post-Effective Date Debtors and the  
9 Liquidating Trustee and the requesting party no later than ninety (90) days after the Effective Date  
10 (unless otherwise agreed to by the requesting Professional). Ordinary Course Professionals must  
11 submit a final invoice for their services no later than thirty (30) days after the Effective Date and  
12 may continue to receive payment of compensation and reimbursement of expenses for services  
13 rendered to the Debtors without further Bankruptcy Court review or approval (except as provided  
14 for in the Ordinary Course Professionals Order). ~~Notwithstanding anything to the contrary~~  
15 ~~contained in the Plan, Ombudsmen and their respective professionals are authorized to apply for~~  
16 ~~compensation after the deadline established herein if they are required to respond to any discovery~~  
17 ~~or involuntarily become a party to litigation related to the Debtors; provided, however, that the~~  
18 ~~Liquidating Trustee and the Post-Effective Date Debtors retain all rights to object to such~~  
19 ~~applications on any applicable ground.~~

20 (c) **Interim Fee Procedures.** Other than as set forth herein or in the Plan, the  
21 procedures set forth in the Order Authorizing Interim Fee Procedures (the “**Interim Compensation**  
22 **Order**”) [Docket No. 661] shall remain in effect with respect to services rendered and expenses  
23 incurred through the Effective Date. Notwithstanding anything to the contrary in the Plan or this  
24 Confirmation Order, the ~~Reorganized~~Post-Effective Date Debtors and the Liquidating Trustee (as  
25 applicable) are authorized to pay compensation for services rendered or reimbursement of expenses  
26 incurred on or after the Effective Date in the ordinary course of business and without the need for  
27 Bankruptcy Court approval or a holdback.  
28

1 (d) **Statutory Fees.** Pursuant to [§Section](#) 2.3 of the Plan, notwithstanding  
2 anything to the contrary contained in the Plan, all fees required to be paid by 28 U.S.C. § 1930(a)(6)  
3 and any interest thereon ("**U.S. Trustee Fees**") shall be paid by the Liquidating Trustee in the  
4 ordinary course of business until the closing, dismissal or conversion of these Chapter 11 Cases to  
5 another chapter of the Bankruptcy Code. Any unpaid U.S. Trustee Fees that accrued before the  
6 Effective Date shall be paid no later than thirty (30) days after the Effective Date.

7 ~~7.~~ **8. Post-Effective Date Governance.** On and after the Effective Date, the  
8 post-Effective Date governance of the Debtors shall be effectuated pursuant to [§Section](#) 5 of the  
9 Plan, which is specifically approved in all respects, is incorporated herein in its entirety, and is so  
10 ordered.

11 (a) **Continued Corporate Existence and Vesting of Assets.** Pursuant to  
12 [§Section](#) 5 of the Plan, and except as set forth in the Plan: (i) on the Effective Date, all of the  
13 Debtors (~~other than Reorganized Debtors~~) shall be deemed dissolved without the requirement of  
14 any further actions or approvals, and their interests and rights shall be vested for all purposes in the  
15 Post-Effective Date Debtors, and all of the interests in such Debtors shall be cancelled and  
16 terminated and (ii) on and after the Effective Date, Debtors shall continue in existence as the  
17 Post-Effective Date Debtors and, pursuant to the Plan, retain ~~its Not For Profit Status~~ [their](#)  
18 [nonprofit status](#), with all of the powers of such a legal entity under applicable law and without  
19 prejudice to any right to alter or terminate such existence (whether by merger, dissolution or  
20 otherwise) pursuant to the Plan and without necessity of any further approvals under any other  
21 applicable laws. On and after the Effective Date, Post-Effective Date Debtors shall continue in  
22 existence, subject only to those restrictions expressly imposed by the Plan or this Confirmation  
23 Order as well as the documents and instruments executed and delivered in connection with the  
24 Plan, including the documents, exhibits, instruments, and other materials comprising the Plan  
25 Supplement. Without limiting the foregoing, Post-Effective Date Debtors may pay the charges that  
26 it incurs from and after the Effective Date for ~~Compensation~~ [Professional](#) Claims, disbursements,  
27 expenses or related support services without application to, or the approval of, the Court, in  
28 accordance with the Plan. On the Effective Date, all current directors of Debtors shall be deemed

1 discharged of and from all further authority, duties, responsibilities and obligations related to,  
2 arising from and in connection with or related to their services as such through and including the  
3 Effective Date.

4 (b) **Dissolution of the Committee.** Pursuant to [§Section](#) 7.11 of the Plan, on  
5 the Effective Date, the Committee shall be dissolved (except with respect to any Professional  
6 compensation matters), and the members, employees, agents, advisors, affiliates, and  
7 representatives (including, without limitation, attorneys, financial advisors, or other professionals)  
8 of each thereof shall thereupon be released from and discharged of and from all further authority,  
9 duties, responsibilities, and obligations related thereto, arising from and in connection with or  
10 related to the Chapter 11 Cases; provided, however, that obligations arising under confidentiality  
11 agreements, joint interest agreements, and protective orders; if any, entered during the Chapter 11  
12 Cases shall remain in full force and effect according to their terms.

13 (c) **Formation of the Post-Effective Date Committee.** Pursuant to [§Section](#)  
14 7.11 of the Plan, on the Effective Date, the Post-Effective Date Committee shall be appointed. The  
15 members that shall serve on the Post-Effective Date Committee were selected by the Committee  
16 and have been disclosed in the Plan Supplement.

17 **9. ~~8.~~ Means for Implementation of the Plan.** On and after the Effective Date, the  
18 Plan's implementation shall be effectuated pursuant to [§Section](#) 7 of the Plan, which is specifically  
19 approved in all respects, is incorporated herein in its entirety, and is so ordered.

20 (a) **The Creditor Settlement Agreements.** Pursuant to [§Section](#) 7.1(a) of the  
21 Plan, Bankruptcy Rule 9019, and § 1123(b)(3) ~~of the Bankruptcy Code~~, the entry of this  
22 Confirmation Order constitutes the Bankruptcy Court's approval, as of the Effective Date, of each  
23 of the Creditor Settlement Agreements and the finding that (i) entering into each of the Creditor  
24 Settlement Agreements is in the best interests of the Debtors, their Estates, and their Claim holders,  
25 (ii) each of the Creditor Settlement Agreements is fair, equitable and reasonable, and (iii) each of  
26 the Creditor Settlement Agreements meets all the standards set forth in Bankruptcy Rule 9019 and  
27 § 1123(b)(3) ~~of the Bankruptcy Code~~. Notwithstanding anything to the contrary set forth in the  
28

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1 Plan, all distributions contemplated by each Creditor Settlement Agreement shall be made only in  
2 accordance with the terms of the respective Creditor Settlement Agreement.

3 (b) **No Further Court Authorization.** Pursuant to ~~§~~[Section](#) 7.5 of the Plan,  
4 and except as provided in the Plan or this Confirmation Order, on and after the Effective Date, the  
5 Post-Effective Date Debtors shall not be required to obtain any approvals from the Bankruptcy  
6 Court, any court or governmental body and/or provide any notices or seek approvals under the  
7 ~~Not For Profit~~[Nonprofit](#) Laws to implement the terms of the Plan, including, without limitation,  
8 the subsequent Transfer of any Operating Assets retained by the Post-Effective Date Debtors.

9 (c) Except as set forth in the Plan, all actions authorized to be taken pursuant to  
10 the Plan shall be effective on, prior to, or after the Effective Date pursuant to this Confirmation  
11 Order, without further application to, or order of this Court, or further action by the respective  
12 trustees, directors, or members of the Post-Effective Date Debtors and the Liquidating Trust.

13 (d) To the extent that, under applicable non-bankruptcy law, any of the  
14 foregoing actions would otherwise require the consent or approval of the directors of any of the  
15 Debtors, Post-Effective Date Debtors, or the Liquidating Trust, this Confirmation Order shall,  
16 pursuant to ~~§ 1142 of the Bankruptcy Code,~~[1142](#), constitute such consent or approval, and such  
17 actions are deemed to have been taken by unanimous action of the directors of the appropriate  
18 Debtor, the Post-Effective Date Debtors, or the Liquidating Trust, unless the Plan expressly  
19 provides that such party must provide such consent after the Effective Date.

20 (e) Each federal, state, commonwealth, local, foreign or other governmental  
21 agency is hereby directed and authorized to accept any and all documents, mortgages and  
22 instruments necessary or appropriate to effectuate, implement or consummate the transactions  
23 contemplated by the Plan and this Confirmation Order.

24 (f) All transactions effected by the Debtors during the pendency of the Chapter  
25 11 Cases from the Petition Date through the Confirmation Date are approved and ratified.

26 (g) **Preservation of Insurance.** Nothing in the Plan shall diminish, impair, or  
27 otherwise affect distributions from the proceeds or the enforceability of any insurance policies that  
28

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1 may cover (a) Claims by any Debtor, or (b) Claims against any Debtor or covered Persons  
2 thereunder, pursuant to §Section 7.14 of the Plan.

3 10. 9-Plan Distributions. On and after the Effective Date, distributions on account of  
4 Allowed Claims and the resolution and treatment of Disputed Claims shall be effectuated pursuant  
5 to §§Sections 8 and 10 of the Plan, which isare specifically approved in all respects, isare  
6 incorporated herein in ~~istheir~~ entirety, and isare so ordered. The record date for making  
7 distributions under the Plan shall be the date of entry of this Confirmation Order.

8 11. 10-Procedures for Treating and Resolving Disputed Claims. On and after the  
9 Effective Date, the procedures for the treatment and resolution of Disputed Claims shall be  
10 effectuated pursuant to §Section 10 of the Plan, which is specifically approved in all respects, is  
11 incorporated herein in its entirety, and is so ordered.

12 12. (a)-Resolution of Disputed Claims. The Liquidating Trustee shall have the right to  
13 file, settle, compromise, withdraw or litigate objections to certain Claims pursuant to the Disputed  
14 Claims resolution procedures outlined in §Section 10 of the Plan. The Liquidating Trustee may  
15 settle, compromise, or withdraw any objections or proceedings without Court approval or may seek  
16 Court approval without notice to any Person.

17 13. 11-Executory Contracts and Unexpired Leases. On and after the Effective Date,  
18 the treatment of Executory Agreements shall be effectuated pursuant to §Section 11 of the Plan,  
19 which is specifically approved in all respects, is incorporated herein in its entirety, and is so  
20 ordered.

21 (a) General Treatment. Pursuant to §Section 11.1 of the Plan, on the Effective  
22 Date, all Executory Agreements to which any Debtor is a party shall be deemed rejected as of the  
23 Effective Date and will receive a Notice of Rejection of Executory Agreement, substantially in the  
24 form annexed hereto as Appendix 2.1, except for those Executory Agreements that (a) have been  
25 assumed or rejected pursuant to a Final Order of the Bankruptcy Court (including pursuant to the  
26 Rejection Procedures), (b) are the subject of a separate motion to assume, assume and assign, or  
27 reject filed under § 365-of the Bankruptcy Code on or before the Effective Date, or (c) are  
28 specifically designated as a contract or lease to be assumed on any Schedule of Assumed Contracts



1 and no timely objection to the proposed assumption has been filed, provided, however, that the  
2 ~~Debtors or Reorganized Debtors, as applicable,~~ Plan Proponents reserve the right, ~~with the Consent~~  
3 ~~of the Committee or Post-Effective Date Committee, as applicable,~~ to amend the Plan Supplement  
4 at any time ~~on or before thirty (30) days after the Effective Date to modify any Schedule of~~  
5 ~~Assumed Contracts to include or delete any Executory Agreement~~. If the party to the Executory  
6 Agreement listed to be assumed in any Schedule of Assumed Contracts wishes to object to the  
7 proposed assumption (including with respect to the cure amounts), it shall do so within thirty (30)  
8 days from the service of the Schedule of Assumed Contracts.

9 (b) **Cure of Defaults**. Except to the extent that a different treatment has been  
10 agreed to by the non-Debtor party or parties to any Executory Agreement to be assumed pursuant to  
11 §Section 11.1 of the Plan, the Debtors will, pursuant to the provisions of §§ 1123(a)(5)(G) and  
12 1123(b)(2) ~~of the Bankruptcy Code~~ and consistent with the requirements of § ~~365 of the~~  
13 ~~Bankruptcy Code,~~ 365, within thirty (30) days after (a) the Effective Date or (b) the date of the filing  
14 of the Plan Supplement listing an Executory Agreement, file with the Bankruptcy Court and serve  
15 on counterparties to Executory Agreements to be assumed, a notice listing the cure amounts of all  
16 such Executory Agreements. The scheduled cure amount (if any) shall be binding absent any  
17 timely objection to such scheduled amount. If there are any timely objections to the cure amounts  
18 filed, the Bankruptcy Court shall hold a hearing. Notwithstanding the foregoing, at all times  
19 through the date that is fifteen (15) days after the Bankruptcy Court enters a Final Order resolving  
20 and fixing the amount of a disputed cure amount, the Debtors, the Liquidating Trustee or the  
21 ~~Reorganized~~ Post-Effective Date Debtors (as applicable) shall have the right to remove such  
22 Executory Agreement from the Schedule of Assumed Contracts and such Executory Agreement  
23 shall be deemed rejected.

24 (c) **Bar Date for Rejection Damages**. Pursuant to §Section 11.2 of the Plan,  
25 Claims arising out of the rejection of an Executory Agreement pursuant to the Plan must be filed  
26 with the Bankruptcy Court no later than thirty (30) days after the later of (a) the Effective Date or  
27 (b) the date of the Debtors' notice of determination to reject an Executory Agreement. Any Claims  
28

1 not filed within such time period will be forever barred from assertion against the Debtors and/or  
2 their property and/or their Estates.

3 14. ~~12.~~ **Conditions Precedent to the Effective Date.** On and after the Effective Date,  
4 the conditions precedent to the Confirmation of the Plan, the conditions precedent to the Effective  
5 Date, and the waiver provisions therefor pursuant to [§Section](#) 12 of the Plan are specifically  
6 approved in all respects, are incorporated herein in their entirety, and are so ordered.

7 15. ~~13.~~ **Effect of Confirmation.** On and after the Effective Date, the Plan shall be  
8 effectuated pursuant to [§Section](#) 13 of the Plan, which is specifically approved in all respects, is  
9 incorporated herein in its entirety, and is so ordered.

10 (a) **Vesting of Assets.** Upon the Effective Date, pursuant to [§Section](#) 13.1 of  
11 the Plan and §§ 1141(b) and (c) ~~of the Bankruptcy Code~~, (a) the Liquidating Trust Assets shall vest  
12 in the Liquidating Trust and (b) the Operating Assets shall vest in the Post-Effective Date Debtors,  
13 in each case free and clear of all Claims, liens, encumbrances, charges and other interests, subject to  
14 Debtors' obligations under the Plan.

15 (b) **General Settlement of Claims and Interests.** Pursuant to [§Section](#) 13.3 of  
16 the Plan, as one element of, and in consideration for, an overall negotiated settlement of numerous  
17 disputed Claims and issues embodied in the Plan, pursuant to Bankruptcy Rule 9019 and § 1123 ~~of~~  
18 ~~the Bankruptcy Code~~ and in consideration for the classification, distributions, Releases and other  
19 benefits provided under the Plan, the provisions of the Plan shall upon consummation constitute a  
20 good faith compromise and settlement of all Claims, and controversies resolved pursuant to the  
21 Plan. In accordance with the Plan, all distributions made pursuant to the Plan to holders of Allowed  
22 Claims in any Class are intended to be and shall be final.

23 (c) **Plan Discharges, Releases, Injunctions, and Exculpation.** The Plan  
24 discharge, release, and Injunction provisions set forth in [§§Sections](#) 13.4 through 13.7 of the Plan  
25 are approved in all respects, are incorporated herein in their entirety, are so ordered and shall be  
26 immediately effective on the Effective Date of the Plan without further order or action on the part of  
27 the Court or any other party.

28

1 (d) **Releases.** The Plan release provision set forth in [§Section](#) 13.5 of the Plan is  
2 approved in all respects, is incorporated herein in its entirety, is so ordered and shall be  
3 immediately effective on the Effective Date of the Plan without further order or action on the part of  
4 the Court or any other party:

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

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

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

19 (iv) ~~(d)~~ **Debtors' Releases.** Pursuant to § 1123(b), and except as  
20 otherwise specifically provided in the Plan, for good and valuable consideration, including the  
21 service of the Released Parties to facilitate the expeditious liquidation of the Debtors and the  
22 consummation of the transactions contemplated by the Plan, on and after the Effective Date, the  
23 Released Parties are deemed released and discharged by the Debtors and their Estates from any and  
24 all claims, obligations, rights, suits, damages, Causes of Action, remedies, and liabilities  
25 whatsoever, including any derivative claims asserted or assertable on behalf of the Debtors,  
26 whether known or unknown, foreseen, or unforeseen, existing or herein after arising in law, equity,  
27 or otherwise, that the Debtors or their Estates would have been legally entitled to assert in their own  
28 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 the 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 the 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

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

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

14 ~~(e)~~ ~~(f)~~ **General Injunction.** The Plan Injunction provision set forth in ~~§~~Section  
15 13.6(a) of the Plan is approved in all respects, is incorporated herein in its entirety, is so ordered and  
16 shall be immediately effective on the Effective Date of the Plan without further order or action on  
17 the part of the Court or any other party.

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

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1                    (f)    ~~(g)~~ **Other Injunctions.** The Plan Injunction provision set forth in [§Section](#)  
2 13.6(b) of the Plan is approved in all respects, is incorporated herein in its entirety, is so ordered and  
3 shall be immediately effective on the Effective Date of the Plan without further order or action on  
4 the part of the Court or any other party.

5                    The Post-Effective Date Debtors, the Liquidating Trustee, the Post-Effective Date  
6 Committee, the Post-Effective Date Board of Directors, or the Liquidating Trust and their  
7 respective members, directors, officers, agents, attorneys, advisors or employees shall not  
8 be liable for actions taken or omitted in its or their capacity as, or on behalf of, the  
9 Post-Effective Date Debtors, the Post-Effective Date Board of Directors, the Liquidating  
10 Trustee, the Post-Effective Date Committee, or the Liquidating Trust (as applicable), except  
11 those acts found by Final Order to arise out of its or their willful misconduct, gross  
12 negligence, fraud, and/or criminal conduct, and each shall be entitled to indemnification  
13 and reimbursement for fees and expenses in defending any and all of its or their actions or  
14 inactions in its or their capacity as, or on behalf of the Post-Effective Date Board of  
15 Directors, the Post-Effective Date Debtors, the Liquidating Trustee, the Post-Effective Date  
16 Committee, or the Liquidating Trust (as applicable), except for any actions or inactions  
17 found by Final Order to involve willful misconduct, gross negligence, fraud, and/or  
18 criminal conduct. Any indemnification claim of the Post-Effective Date Debtors, the  
19 Post-Effective Date Board of Directors, the Liquidating Trustee, the Post-Effective Date  
20 Committee and the other parties entitled to indemnification under this subsection shall be  
21 satisfied from either (i) the Liquidating Trust Assets (with respect to all claims, other than  
22 those claims related to the Operating Assets), or (ii) the Operating Assets (with respect to all  
23 claims related to the Operating Assets). The parties subject to Section 13.6(b) of the Plan  
24 shall be entitled to rely, in good faith, on the advice of retained professionals, if any.

17                    (g)    ~~(h)~~ **Exculpation.** The Plan Exculpation provision set forth in [§Section](#) 13.7  
18 of the Plan is approved in all respects, is incorporated herein in its entirety, is so ordered and shall  
19 be immediately effective on the Effective Date of the Plan without further order or action on the  
20 part of the Court or any other party.

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



1 other Person, based in whole or in part upon any act or omission, transaction, agreement,  
2 event or other occurrence in any way relating to the subject matter of this Section.

3 16. ~~14.~~ **Preservation of Causes of Action.** Pursuant to §Section 13.9 of the Plan,  
4 nothing contained in the Plan shall be deemed a waiver or relinquishment of any claims or Causes  
5 of Action of the Debtors that are not specifically waived or relinquished by the Plan, which shall  
6 vest in the Liquidating Trust (with respect to the Liquidating Assets) or the Post-Effective Date  
7 Debtors (with respect to the Operating Assets), subject to any existing valid and perfected security  
8 interest or lien in such Causes of Action. Except as provided in §Section 7.1 of the Plan, nothing  
9 contained in this Plan shall be deemed a waiver or relinquishment of any claims or Causes of  
10 Action of the Debtors that are not settled with respect to Allowed Claims or specifically waived or  
11 relinquished by this Plan, which shall vest in the Liquidating Trust, subject to any existing valid and  
12 perfected security interest or lien in such Causes of Action. The Causes of Action preserved  
13 hereunder include, without limitation, claims, rights or other causes of action:

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

23 (b) ~~(ii)~~ — against landlords or lessors, including, without limitation, for  
24 erroneous charges, overpayments, returns of security deposits, indemnification, or for  
25 environmental claims;

26 (c) ~~(iii)~~ — arising against current or former tenants or lessees, including,  
27 without limitation, for non-payment of rent, damages, and holdover proceedings;

28 (d) ~~(iv)~~ — arising from damage to Debtors' property;

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1           (e)    ~~(v)~~—relating to claims, rights, or other causes of action the Debtors may  
2 have to interplead third parties in actions commenced against any of the Debtors;

3           (f)    ~~(vi)~~—for collection of a debt owed to any of the Debtors;

4           (g)    ~~(vii)~~—against insurance carriers, reinsurance carriers, underwriters or  
5 surety bond issuers relating to coverage, indemnity, contribution, reimbursement or other matters;

6           (h)    ~~(viii)~~—relating to pending litigation, including, without limitation, litigation  
7 related to the SGM Claims and any other claims or causes of action related thereto, and the suits,  
8 administrative proceedings, executions, garnishments, and attachments listed in Attachment 4a to  
9 each of the Debtors’ Statements of Financial Affairs;

10          (i)    ~~(ix)~~—arising from claims against health plans;

11          (j)    ~~(x)~~—that constitute Avoidance Actions;

12          (k)    ~~(xi)~~—arising under or relating to any and/or all asset purchase agreements  
13 and related sale documents (including, without limitation, any leases) entered into during these  
14 Chapter 11 Cases, including, but not limited to, enforcement of such agreements by the Debtors’  
15 Estates and/or breaches of any and/or all such agreements by the applicable non-Debtor parties  
16 (including, without limitation, the purchasers of the Debtors’ assets under such agreements and any  
17 and all principals and/or guarantors of the obligations under or relating to such agreements);

18          (l)    ~~(xii)~~—all claims against Integrity Healthcare, LLC and BlueMountain  
19 Capital Management LLC; and

20          (m)    ~~(xiii)~~—relating to the Operating Assets.

21                15. — ~~On and after the Effective Date, in accordance with § 1123(b) and the terms~~  
22 ~~of this Plan and the Liquidating Trust Agreement, the Liquidating Trustee shall retain and have the~~  
23 ~~exclusive right to prosecute, abandon, settle or release any or all Causes of Action without the need~~  
24 ~~to obtain approval or further relief from the Bankruptcy Court. The Causes of Action preserved in~~  
25 ~~the Plan include, without limitation, claims, rights or other causes of action:~~

26                The Liquidating Trustee, the Post-Effective Date Committee, ~~the Responsible Officer~~ and  
27 the Post-Effective Date Debtors shall have, retain, reserve and be entitled to assert all such claims,  
28 rights of setoff and other legal or equitable defenses that the Debtors had immediately prior to the



1 Petition Date as fully as if the Chapter 11 Cases had not been commenced, and all of the Debtors’  
2 legal and equitable rights respecting any claim that is not specifically waived or relinquished by  
3 ~~the~~this Plan may be asserted by the Liquidating Trustee and the Post-Effective Date Committee on  
4 their behalf after the Effective Date to the same extent as if the Chapter 11 Cases had not been  
5 commenced.

6 On and after the Effective Date, in accordance with § 1123(b) ~~of the Bankruptcy Code~~ and  
7 the terms of ~~the~~this Plan and the Liquidating Trust Agreement, the Liquidating Trustee, ~~the~~  
8 ~~Post-Effective Date Committee, the Responsible Officer and the Post-Effective Date Debtors~~ shall  
9 retain and have the exclusive right to prosecute, abandon, settle or release any or all Causes of  
10 Action, ~~as they deem appropriate~~, without the need to obtain approval or ~~any other or~~ further relief  
11 from the Bankruptcy Court. ~~The Post-Effective Date Committee shall analyze potential Causes of~~  
12 ~~Action in consultation with the Liquidating Trustee, to determine whether the pursuit of these~~  
13 ~~actions would be beneficial. The Liquidating Trustee shall also confer and cooperate with the~~  
14 ~~Post-Effective Date Committee in the prosecution and defense of all Causes of Action to be brought~~  
15 ~~under the Plan. The Responsible Officer shall analyze potential Causes of Action and will confer~~  
16 ~~with the Liquidating Trustee to determine whether the pursuit of these actions should be beneficial.~~

17 17. ~~16.~~ **Specific Stipulations Regarding the Plan.**

18 (a) SGM

19 The following language is included in this Confirmation Order as agreed between the Plan  
20 Proponents and SGM:

21 The Plan Proponents acknowledge that SGM disputes the Debtors’ claim to the Deposit,  
22 and SGM contends that the Deposit must be returned to SGM. The Debtors and the Plan  
23 Proponents dispute the contentions and claims of SGM to the Deposit, and contend that the  
24 Deposit is an asset of the Debtors’ estates, free and clear of any rights or claims of SGM,  
25 and should be distributed in accordance with the Plan. As provided in the Plan, on the  
26 Effective Date, all rights of the Debtors against SGM, including, without limitation, all  
27 rights to recover the Deposit, are being transferred to the Liquidating Trust. The  
28 Liquidating Trust shall not distribute the Deposit to creditors in accordance with the Plan or  
take any other action which would reduce or dissipate the Deposit, unless permitted by a  
judgment or an order entered by the District Court having jurisdiction over the Adversary  
Proceeding, and such judgment or order has not been stayed. In the event an appeal is taken  
from any such judgment or order, the party taking the appeal shall have the right to seek a  
stay pursuant to the applicable Federal Rules of Civil Procedure and Federal Rules of

1 Appellate Procedure. Nothing contained in the Plan or the Disclosure Statement shall  
2 modify, alter or change the rights of the Debtors and the Liquidating Trust, on the one hand,  
3 and SGM, on the other hand, to any claim or rights to the Deposit. All such claims and  
rights are expressly reserved and preserved.

4 Further, the Releases of Debtors set forth in Section 14(d)(i) of this Confirmation Order and  
5 in Section 13.5(a) of the Plan shall not apply to any counterclaim that may be asserted by SGM  
6 against the Debtors in the SGM Action, currently pending before the District Court.

7 (b) Integrity

8 Notwithstanding anything to the contrary in the Plan or this Confirmation Order, the  
9 transfer of any claim or Cause of Action to the Liquidating Trust shall not impair Integrity  
10 Healthcare, LLC's or its current and former affiliates' respective existing rights, defenses, claims,  
11 counterclaims, rights of setoff or recoupment applicable to, arising out of, or relating to, any such  
12 claim or Cause of Action transferred to the Liquidating Trust.

13 (c) Infor

14 Prior to the Petition Date, Infor (US), Inc., previously doing business as Infinium Software,  
15 Inc. ("**Infor**"), entered into a number of agreements (the "**Infor Agreements**") with VHS, pursuant  
16 to which Infor granted to VHS certain non-exclusive, non-transferrable licenses to use copyrighted  
17 software and computer programs owned by Infor (collectively, the "**Infor Software**"). The Infor  
18 Agreements include, without limitation, the *Master Software License Agreement No. 2002-4384,*  
19 *Dated August 30, 2002 (Together With The Schedules Thereto, As Amended)* (the "**MSLA**").  
20 Notwithstanding anything to the contrary contained in this Confirmation Order, the Plan, the Plan  
21 Supplement, or any other document related thereto, the Debtors' licenses to access and use the Infor  
22 Software shall remain in place until December 31, 2020, at which point the MSLA shall be  
23 terminated. The cost for this three-month extension for the access and use of the Infor Software by  
24 the Debtors for the sole and exclusive benefit of the Debtors and their estates is \$24,000, which  
25 amount and applicable tax shall be paid by the Debtors to Infor pursuant to the terms of the  
26 applicable invoice. Absent timely payment of this amount by the Debtors, the MSLA shall  
27 terminate immediately and the Debtors shall comply with the termination obligations set forth in  
28 the following sentence. Unless extended by the mutual agreement of the Debtors and Infor, on or

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1 before December 31, 2020, the Debtors shall; (i) remove all copies of any on-premises Infor  
2 Software and any portions thereof from assets of the Debtors and cease accessing and using any  
3 hosted Infor Software; (ii) destroy all copies of the Infor Software contained in the Debtors' assets  
4 and related documentation and delete all access codes; and, (iii) certify to Infor in writing that the  
5 Debtors have complied with the foregoing subparagraphs (i) and (ii). Absent prior written consent,  
6 after December 31, 2020, the Infor Software shall not be transferred to or used in any way by or for  
7 the benefit of the Debtors, their estates, the Liquidating Trustee, the Liquidating Trust, or any of  
8 their respective employees, independent contractors, professionals, representatives, agents,  
9 successors, or assigns. The release, injunction, exculpation, recourse, and other provisions of the  
10 Plan, the Confirmation Order, and any other Plan-related document shall not in any way impair,  
11 impact, or otherwise affect Infor's rights, claims, defenses, and remedies as to any Debtor or any  
12 other party whether arising under Infor's contracts with the Debtors or third parties and/or  
13 applicable non-bankruptcy law that may arise on or after July 30, 2020.

14 (d) Aetna

15 On August 4, 2020, the Court entered an order [Docket No. 5350] approving the Stipulation  
16 Among Debtors, Creditors Committee and Aetna Life Insurance Company for Resolution of Plan  
17 Objection [Docket No. 5338] (the "Aetna Stipulation").<sup>5</sup> In accordance with the order approving  
18 the Aetna Stipulation, for good cause shown and after reasonable notice, Aetna's objection to the  
19 Plan is resolved as follows:

20 The Aetna/Holdings Amended Claim shall be an allowed General Unsecured Claim under  
21 Class 8 of the Plan in the amount of \$6,366,000.00 and shall not be subject to  
22 reconsideration, objection, reduction, increase, counterclaim, subordination, offset or  
23 recoupment, and shall be deemed allowed without necessity of any further filings or  
24 amendments, including any proof of claim. The Debtors and the Estates shall be deemed to  
25 have waived and released any Causes of Action against Aetna in connection with the  
26 Investment and/or the Guarantee, and any such Causes of Action shall neither be vested in  
27 the Liquidating Trust nor constitute Liquidating Trust Assets. Notwithstanding the  
28 foregoing, Aetna, the Debtors and the Estates shall continue to have: (a) any rights or  
defenses under any Aetna Agreement, (b) any rights or defenses to pursue or recover any  
Variances, and (c) any rights relating to assumption, assignment or rejection of any Aetna  
Agreement pursuant to § 365 (subject to any prior order of the Bankruptcy Court).  
Notwithstanding anything to the contrary in the Plan or this Confirmation Order, (i) Aetna's

<sup>5</sup> All capitalized terms used in this paragraph have the meaning set forth in the Aetna Stipulation.

1 defenses of setoff or recoupment under, and subject to the provisions of, the Aetna  
2 Agreements shall not be impaired, and nothing in the Plan or this Confirmation Order shall  
3 prevent Aetna from asserting any defense, counterclaims, or offset against any claims  
4 brought against it to the extent that such defense, counterclaim, or offset would otherwise be  
5 available to Aetna under applicable law, provided, that, the substantive consolidation of the  
6 Estates pursuant to Section 7.2 of the Plan shall not be construed to permit Aetna to exercise  
7 any defenses of setoff or recoupment under the Aetna Agreements as if the Debtors were a  
8 unitary entity, and (ii) Section 10.2(b) of the Plan shall not apply to any Claims asserted by  
9 Aetna, including the Aetna/Holdings Amended Claim, the Prepetition Overpayment Claims  
10 and the Post-Petition Overpayment Claims. The Bankruptcy Court shall retain jurisdiction  
11 to hear and resolve any disputes related to the foregoing.

12 (e) AppleCare

13 The Debtors and AppleCare Medical Group, Inc., AppleCare Medical Group St. Francis,  
14 Inc., and AppleCare Medical Management, LLC (collectively, “AppleCare”) have agreed to  
15 resolve the AppleCare’s objection [Docket No. 5339] (the “AppleCare Objection”)<sup>6</sup> to the Plan as  
16 follows:

17 The Debtors shall reserve in the Administrative Claims Reserve the amount of \$9.5 million  
18 on account of the its amended motion for the allowance of an administrative expense  
19 [Docket Nos. 5455] (“AppleCare Administrative Expense”). The Debtors and the  
20 Estates shall be deemed to have waived and released any Causes of Action against  
21 AppleCare under §§ 547, 549 and 550, and any such Causes of Action shall neither be  
22 vested in the Liquidating Trust nor constitute Liquidating Trust Assets. The Debtors, the  
23 Estates and AppleCare each reserve all rights and defenses with respect to: (a) the  
24 allowance of the AppleCare Administrative Claim; (b) the characterization—as either a  
25 General Unsecured Claim or an Administrative Claim—of unpaid amounts due to  
26 AppleCare for 20% of the CMS risk adjustment sweep revenue; and (c) the past or future  
27 inclusion of CMS risk adjustment sweep revenue in the risk pools under the Risk Sharing  
28 Agreements. Notwithstanding rejection of the Management Agreement, the parties’  
post-termination rights under such agreement shall not be affected. SFMC elects, in  
accordance with Section 4.2 of the Management Agreement, to have AppleCare Medical  
Management, LLC perform the run-out services described thereunder on mutually  
acceptable terms consistent with the terms of the Management Agreement. Based on the  
foregoing, the AppleCare Objection is deemed withdrawn with prejudice.

(f) Payor Objections

The following shall apply to the confirmation objections filed by UnitedHealthcare  
Insurance Company (collectively, with its affiliates, subsidiaries and parents, “United”) [Docket  
No. 5326] (the “United Objection”), SCAN Health Plan (“SCAN”) [Docket No. 5337] (the

<sup>6</sup> All capitalized term used in this paragraph has the meaning set forth in the AppleCare Objection  
or the Plan, as applicable.

1 “SCAN Objection”), and California Physicians’ Service dba Blue Shield of California, and Blue  
2 Shield of California Promise Health Plan f/k/a Care 1st Health Plan (collectively, “Blue Shield”  
3 [Docket No. 5417] (the “Blue Shield Objection”), the informal objection (the “Humana  
4 Objection”) asserted by Humana Insurance Company and Humana Health Plan, Inc. (together with  
5 their affiliates and subsidiaries, “Humana”) and the informal objection (the “Kaiser Objection”  
6 and, together with the United Objection, the SCAN Objection, the Blue Shield Objection, and the  
7 Humana Objection, the “Payor Objections”) asserted by Kaiser Foundation Hospitals (“Kaiser”  
8 and together with United, SCAN, Blue Shield, and Kaiser, the “Payors”), shall be resolved as  
9 follows:<sup>7</sup>

10 (i) Preservation of Defenses. Notwithstanding anything to the contrary  
11 in the Plan or this Order, each Payor’s defenses (including any asserted rights of setoff or  
12 recoupment) under, and subject to the provisions of, each applicable Payor Agreement shall not be  
13 impaired and nothing in the Plan or this Order shall prevent such Payor from asserting any defense,  
14 counterclaim, recoupment or offset against any claims asserted by a Debtor under an applicable  
15 Payor Agreement to the extent that such defense, counterclaim, recoupment or offset would  
16 otherwise be available to such Payor under the Bankruptcy Code or applicable law, provided that,  
17 the substantive consolidation of the Estates pursuant to Section 7.2 of the Plan shall not be  
18 construed to permit any Payor to exercise any defenses of setoff or recoupment under an applicable  
19 Payor Agreement as if the Debtors were a unitary entity.

20 (ii) Acceleration of Overpayment Reconciliation.

21 A. United. The Debtors shall submit claims for reimbursement  
22 under the applicable Payor Agreement between United and SFMC and between United and Seton  
23 within 60 days following the closing date of the sales of such hospitals. United shall identify and  
24 finally liquidate any overpayments made on account of all covered medical services provided by  
25 such hospitals under such agreements prior to such closing dates within 120 days following such  
26 closing dates. The foregoing timetable for reconciliation of overpayments under the applicable  
27 Payor Agreement between United and Seton shall be deemed to supersede the corresponding  
28 deadlines set forth in the *Stipulation Between Seton Medical Center and UnitedHealthcare*  
*Insurance Company Regarding Cure Objection* [Docket No. 5352], filed on August 4, 2020,  
approved by order [Docket No. 5357] of the Court, entered on August 5, 2020.

B. SCAN. The Debtors shall submit claims for reimbursement  
under the applicable Payor Agreement between SCAN and SFMC and between SCAN and Seton

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<sup>7</sup> The Payors and certain of the Debtors are parties to various fee-for-service, capitation or other  
facility participation agreements under which the Debtors are compensated for covered medical  
services provided to patients enrolled under the health benefit plans offered or administered by each  
Payor under the applicable agreement (collectively, the “Payor Agreements”).

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1 within 60 days following the closing date of the sales of such hospitals. SCAN shall identify and  
2 finally liquidate any overpayments made on account of all covered medical services provided by  
3 such hospitals under such agreements prior to such closing dates within 120 days following such  
4 closing dates.

5 C. Blue Shield. The Debtors shall submit claims for  
6 reimbursement under the applicable Payor Agreement between Blue Shield and SFMC and  
7 between Blue Shield and Seton within 60 days following the closing date of the sales of such  
8 hospitals. Blue Shield shall identify and finally liquidate any overpayments made on account of all  
9 covered medical services provided by such hospitals under such agreements prior to such closing  
10 dates within 120 days following such closing dates.

11 D. Humana. The Debtors shall submit claims for  
12 reimbursement under the applicable Payor Agreement between Humana and SFMC and between  
13 Humana and Seton within 60 days following the closing date of the sales of such hospitals.  
14 Humana shall identify and finally liquidate any overpayments made on account of all covered  
15 medical services provided by such hospitals under such agreements prior to such closing dates  
16 within 120 days following such closing dates.

17 E. Kaiser. The Debtors shall submit claims for reimbursement  
18 under the applicable Payor Agreement between Kaiser and SFMC and between Kaiser and Seton  
19 within 60 days following the closing date of the sales of such hospitals. Kaiser shall identify and  
20 finally liquidate any overpayments made on account of all covered medical services provided by  
21 such hospitals under such agreements prior to such closing dates within 120 days following such  
22 closing dates.

23 (iii) Withdrawal of Payor Objections. Each of the Payor Objections shall  
24 be deemed withdrawn with prejudice.

25 18. SFMC Asset Purchase Agreement. Notwithstanding anything contained in the  
26 Plan to the contrary, nothing in the Plan shall be deemed to affect the obligations of the parties  
27 under the SFMC Asset Purchase Agreement.

28 19. ~~17.~~ Retention of Jurisdiction. On and after the Effective Date, §Section 14 of the  
Plan, which is specifically approved in all respects, is incorporated herein in its entirety, and is so  
ordered. Unless otherwise provided in the Plan or in this Confirmation Order, on and after the  
Effective Date, the Bankruptcy Court shall retain jurisdiction over all matters arising in, arising  
under, or related to the Chapter 11 Cases as is legally permissible, including jurisdiction over those  
matters and issues described in §Section 14.1 of the Plan.



1            20.    ~~18.~~ **Miscellaneous Provisions.** On and after the Effective Date, the miscellaneous  
2 provisions of §Section 15 of the Plan, which are specifically approved in all respects, are  
3 incorporated herein in their entirety, and are so ordered.

4            21.    ~~19.~~ **Severability.** Pursuant to §Section 15.7 of the Plan, in the event that the  
5 Bankruptcy Court determines, prior to the Effective Date, that any provision of the Plan is invalid,  
6 void or unenforceable, the Bankruptcy Court shall, ~~with the Consent of the Debtors and the~~  
7 ~~Committee,~~ have the power to alter and interpret such term or provision to make it valid or  
8 enforceable to the maximum extent practicable, consistently with the original purpose of the term  
9 or provision held to be invalid, void or unenforceable, and such term or provision shall then be  
10 applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation,  
11 the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall  
12 in no way be affected, impaired or invalidated by such holding, alteration or interpretation. This  
13 Confirmation Order shall constitute a judicial determination and shall provide that each term and  
14 provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is  
15 valid and enforceable pursuant to its terms.

16            22.    ~~20.~~ **Binding Effect of Prior Orders.** Pursuant to ~~§ 1141 of the Bankruptcy~~  
17 ~~Code, 1141,~~ effective as of the Confirmation Date, but subject to the occurrence of the Effective  
18 Date and subject to the terms of the Plan and this Order, all prior orders entered in the Chapter 11  
19 Cases, all documents and agreements executed by the Debtors as authorized and directed  
20 thereunder and all motions or requests for relief by the Debtors pending before the Court as of the  
21 Effective Date shall be binding upon and shall inure to the benefit of the Debtors, Post-Effective  
22 Date Debtors, the Liquidating Trust, and their respective successors and assigns.

23            23.    ~~21.~~ **Notice of Confirmation of the Plan.** Pursuant to Bankruptcy Rules 2002(f)(7)  
24 and 3020(c)(2), the Debtors or Post-Effective Date Debtors will serve a notice of the entry of this  
25 Order substantially in the form of **Appendix 2** attached hereto and incorporated herein by reference  
26 (the "**Confirmation Notice**"), to all parties in the creditor database maintained by KCC, no later  
27 than 5 Business Days after the Confirmation Date; provided, however, that the Debtors or the  
28 Post-Effective Date Debtors will serve the Confirmation Notice only on the record holders of

1 Claims as of the Confirmation Date. The Debtors will publish the Confirmation Notice once in Los  
2 Angeles Times and San Francisco Chronicle as soon as reasonably practicable after the  
3 Confirmation Date, but no later than 5 Business Days after the Confirmation Date. As soon as  
4 practicable after the entry of this Order, the Debtors will make copies of this Order and the  
5 Confirmation Notice available on the Debtors' restructuring website at  
6 <http://www.kccllc.net/VerityHealth>. As soon as practicable after the occurrence of the Effective  
7 Date pursuant to the terms of the Plan, the Debtors will serve the notice of Effective Date,  
8 substantially in the form attached hereto as **Appendix 3** (the "**Notice of Effective Date**") on all  
9 parties served with the Confirmation Notice.

10 24. ~~22.~~ **Reserves.** The mechanisms to establish the reserves pursuant to §§Sections 7.6  
11 and 15.3 of the Plan are hereby approved.

12 25. ~~23.~~ **Modification of the Plan.** Pursuant to §Section 15.5 of the Plan, the  
13 ~~Debtors~~Plan Proponents reserve the right, in accordance with the Bankruptcy Code and the  
14 Bankruptcy Rules, to amend or modify the Plan at any time prior to the entry of this Confirmation  
15 Order ~~with the Consent of the Committee~~. After the entry of this Confirmation Order, the ~~Debtors~~  
16 ~~may with the Consent of the Committee~~Plan Proponents may, upon order of the Bankruptcy Court,  
17 amend or modify this Plan, in accordance with § 1127(b) ~~of the Bankruptcy Code~~, or remedy any  
18 defect or omission or reconcile any inconsistency in this Plan in such manner as may be necessary  
19 to carry out the purpose and intent of this Plan; ~~provided, however, that no Bankruptcy Court~~  
20 ~~authorization is required if the proposed amendment or modification to the Plan is not material and~~  
21 ~~consented to by the Committee~~. A holder of an Allowed Claim that is deemed to have accepted this  
22 Plan shall be deemed to have accepted this Plan as modified if the proposed modification does not  
23 materially and adversely change the treatment of the Claim of such holder.

24 26. ~~24.~~ **Governing Law.** Pursuant to §Section 15.11 of the Plan, except to the extent  
25 that the Bankruptcy Code or Bankruptcy Rules are applicable, the rights, duties and obligations  
26 arising under the Plan shall be governed by, and construed and enforced in accordance with, the  
27 laws of the State of California, without giving effect to the principles of conflict of laws thereof;  
28

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(213) 623-9300

1 provided however that the foregoing shall not be deemed to require compliance with Not For-Profit  
2 Laws with respect to any obligations, rights or entitlements under or in furtherance of the Plan.

3 27. ~~25-~~**Notice.** Except as otherwise provided in the Plan and this Order, notice of as of  
4 the Effective Date, all subsequent pleadings in the Chapter 11 Cases shall be limited to counsel to  
5 the Debtors, counsel to the Post-Effective Date Committee, the U.S. Trustee and any party known  
6 to be directly affected by the relief sought.

7 28. ~~26-~~**References to Plan.** Any document related to the Plan that refers to a chapter 11  
8 plan of the Debtors other than the Plan confirmed by this Order shall be, and it hereby is, deemed to  
9 be modified such that the reference to a chapter 11 plan of the Debtors in such document shall mean  
10 the Plan confirmed by this Order, as appropriate.

11 29. ~~27-~~**Reconciliation of Inconsistencies.** Without intending to modify any prior  
12 Order of this Court (or any agreement, instrument or document addressed by any prior Order), in  
13 the event of an inconsistency between the Plan, on the one hand, and any other agreement,  
14 instrument, or document intended to implement the provisions of the Plan, on the other, the  
15 provisions of the Plan shall govern (unless otherwise expressly provided for in such agreement,  
16 instrument, or document). In the event of any inconsistency between the Plan or any agreement,  
17 instrument, or document intended to implement the Plan, on the one hand, and this Order, on the  
18 other, the provisions of this Order shall govern.

19 30. ~~28-~~**Automatic Stay.** Unless otherwise provided in the Plan or in this Confirmation  
20 Order, all injunctions or stays in effect in the Chapter 11 Cases pursuant to §§ 105 or 362-~~of the~~  
21 ~~Bankruptcy Code~~ or any order of this Court and extant on the date of entry of this Confirmation  
22 Order (excluding any injunctions or stays contained in the Plan or this Confirmation Order) shall  
23 remain in full force and effect until the Closing of the Chapter 11 Cases. All injunctions or stays  
24 contained in the Plan or this Order shall remain in full force and effect in accordance with their  
25 terms.

26 31. ~~29-~~**Order Effective Immediately.** Notwithstanding Bankruptcy Rules 3020(e) or  
27 7062 or otherwise, the stay provided for under Bankruptcy Rule 3020(e) shall be waived and this  
28 Order shall be effective and enforceable immediately upon entry. The Debtors are authorized to

1 consummate the Plan and the transactions contemplated thereby immediately after entry of this  
2 Order and upon, or concurrently with, satisfaction of the conditions set forth in the Plan.

3

4 ~~Dated: August \_\_, 2020~~

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~~THE HONORABLE ERNEST ROBLES  
UNITED STATES BANKRUPTCY JUDGE~~

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**Exhibit D**

**Amended Section 15.3 Exhibit**



\$ in 000's

		Administrative Claim Amount Asserted	Amounts Reserved For Or Paid At PD	Docket No.
<b>Filed Administrative Claims</b>				
<b>Settled Administrative Claims</b>				
1)	California Nurses Association	SETTLED	SETTLED	#3239
1)	National Labor Relations Board, Region 21	SETTLED	SETTLED	#5089
	Pension Benefit Guaranty Corporation	SETTLED	SETTLED	#3287
	Seoul Medical Group, Inc.	SETTLED	SETTLED	#3301, #5263, #5273
2)	Smith & Nephew, Inc.	SETTLED	SETTLED	#3259
3)	<b>Settled Claims Reserve</b>	n/a	\$ (5,250)	
<b>4) Ordinary Course Creditors (OCC)</b>				
	3M Corporation	\$ (996)	\$ (996)	#3199
5)	Alcon Vision, LLC	UNLIQUIDATED	\$ (1)	#5237
	Bausch Health US, LLC	\$ (3)	\$ (3)	#5236
	Bayer HealthCare LLC	\$ (17)	\$ (17)	#3302
	Becton Dickinson and Company	\$ (2)	\$ (2)	#3321
	Bio-Medical Applications of California, Inc. and Spectra Laboratories	\$ (26)	\$ (26)	#5256
	California Physicians Service dba Blue Shield of California	\$ (338)	\$ (338)	#3242; #3243
	Emerald Textiles, LLC	\$ (124)	\$ (124)	#5235
	KForce, Inc.	\$ (285)	\$ (285)	#3304; #5243; #5244
	McKesson Technologies, Inc. n/k/a Change Healthcare Technologies,	\$ (395)	\$ (395)	#3244; #5211
6)	MedImpact Healthcare Systems, Inc.	\$ (860)	\$ (860)	#3147
	Messiahic Inc., a California Corporation d/b/a Payjunction	\$ (25)	\$ (25)	#3016
	Microsoft Corporation, a Washington Corporation, and its Subsidiary, Microsoft Licensing, GP	\$ (1,855)	\$ (1,855)	#3221; #5219
	Parallon Revenue Cycle Services, Inc. f/k/a The Outsource Group, Inc.	\$ (24)	\$ (24)	#3071; #5201
	Premier, Inc. for Itself and its Subsidiaries	UNLIQUIDATED	\$ (200)	#3246; #5257
	RightSourcing, Inc.	\$ (949)	\$ (949)	#5251
	US Foods, Inc.	\$ (42)	\$ (52)	#3235
	Varian Medical Systems, Inc.	\$ (2)	\$ (2)	#3206
<b>Payor Claimants</b>				
	Aetna Life Insurance Company and its Affiliated Entities	\$ (163)	\$ (163)	#3272; #5163
7)	Anthem Blue Cross	\$ (139)	\$ (139)	n/a
	Cigna Healthcare of California, Inc., Cigna Health and Life Insurance Company, and Life Insurance Company of North America	\$ (899)	\$ (899)	#3300; #5155
	Health Net of California, Inc.	\$ (145)	\$ (145)	Various
	Health Net, LLC	\$ (264)	\$ (264)	Various
	Health Plan of San Mateo	\$ (500)	\$ (500)	#5210
	Humana Insurance Company and Humana Health Plan, Inc	\$ (299)	\$ (299)	#5262
	SCAN Health Plan, a California Nonprofit Public Benefit Corporation	\$ (19)	\$ (19)	#3299; #5255
	UnitedHealthcare Insurance Company	\$ (353)	\$ (353)	#3216; #5223
<b>Union Claimants</b>				
8)	International Federation of Professional and Technical Engineers, Local 20 on Behalf of Members	\$ (122)	\$ (149)	#3310
9)	Service Employees International Union, United Healthcare Workers-West	\$ (18,097)	\$ (8,218)	#3250; #3274
10)	United Nurses Associations of California/Union of Health Care Professionals	UNLIQUIDATED	\$ (4,698)	#3298; #5253
<b>Other Claimants</b>				
	Blue Shield of California Promise Health Plan f/k/a Care 1st Health Plan	\$ (50)	\$ (50)	Various
11)	California Department of Tax and Fee Administration	UNLIQUIDATED	\$ (200)	#3219
	NantWorks, LLC	\$ (164)	\$ (164)	#5258
	SmithGroup, Inc.	\$ (30)	\$ (30)	#3234; #3241
12)	<b>Non-Disputed Administrative Claims Reserve</b>	\$ (27,188)	\$ (22,445)	
<b>Disputed Administrative Litigation Claimants</b>				
	Alignment Health Plan	\$ (121)	\$ -	#5193
13)	Conifer Health Solutions, LLC	UNLIQUIDATED	\$ (300)	#3309
	DaVita Inc.	\$ (1,825)	\$ (500)	#4671; #5227
14)	Garden Crest Convalescent Hospital, Inc.	\$ (155)	\$ (60)	Claim No. #8111
	Golden Gate Perfusion Inc.	\$ (728)	\$ (364)	#5215
15)	GRM Information Management Services Inc.	UNLIQUIDATED	\$ (2,000)	#5259
	QuadraMed Affinity Corporation and Picis Clinical Solutions Inc.	\$ (2,412)	\$ (412)	#5209
16)	Retirement Plan for Hospital Employees	\$ (12,298)	\$ (2,363)	#3296; #5252
17)	St. Vincent IPA Medical Corporation	\$ (2,514)	\$ (150)	#4701
18)	Strategic Global Management, Inc.	\$ (45,200)	\$ (30,000)	#5197
19)	Toyon Associates, Inc.	\$ (12,015)	\$ (250)	#3286; #5230; #5242
20)	<b>Disputed Administrative Claims Reserve</b>	\$ (77,269)	\$ (36,399)	
<b>Total Filed Administrative Claims</b>		\$ (104,457)	\$ (64,094)	
21)	<b>Less: Total amount either already paid or anticipated to be paid prior to PD (OCC, Union)</b>		(20,070)	
<b>Total Reserve for Filed Administrative Claims Upon PD</b>			\$ (14,024)	
<b>SGM Deposit</b>			(30,000)	
<b>Total Reserve for Filed Administrative Claims Upon PD (Plus SGM Deposit)</b>			\$ (44,024)	

\$ in 000's

FN	Amounts Reserved For Or Paid At PD
<b>Administrative Expense Reserves for Ordinary Course Creditors, Excepted from Bar Date Requirement</b>	
<b>Hospital expenses</b>	
Employee benefits - medical care claims	\$ (5,779)
Payroll Other / Registry	(900)
Medical Fees	(1,250)
Utilities	(184)
Supplies	(1,713)
Rental & Leases	(441)
Purchased Services	(4,442)
Capitation OON payments:	
22) SFMC Applecare	(7,495)
SFMC Angeles IPA	(1,421)
SFMC HCLA MPM	(771)
SFMC OMNICARE	(1,128)
SFMC ALL CARE MPM	(71)
SVMC SVIPA	(364)
23) MSO management fees	(220)
Capitation risk pool settlements:	
24) SFMC Applecare	(9,500)
SFMC Angeles IPA	(724)
SFMC OMNICARE	(662)
SVMC SVIPA	(150)
Add back: filed claim paid above	150
25) Other payor overpayments (Not including claims filed)	(1,661)
<b>Total administrative expense reserve for Ordinary Course Creditors</b>	<b>\$ (38,725)</b>
<b>Total Reserved for Filed Administrative Claims Upon PD from previous page (Plus SGM Deposit)</b>	<b>\$ (44,024)</b>
<b>Administrative Claims Reserve pursuant to § 15.3 (Plus SGM Deposit)</b>	<b>\$ (82,749)</b>

\$ in 000's

#### FOOTNOTES

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- 1) The CNA settlement, which will be the subject of a 9019 motion, resolves the NLRB proceeding and any other pending administrative actions brought on behalf of SVMC registered nurses and grants CNA a single, allowed administrative expense claim of \$2 million.
- 2) Smith & Nephew filed an administrative claim that was contingent upon the claimant's retrieval of equipment from hospitals that were sold. The Debtors' understanding is that this equipment has been retrieved and so the claim should be considered settled.
- 3) Amounts related to claims that have been settled are presented in the aggregate.
- 4) Ordinary course creditors are excepted from the administrative claim bar date notice requirement. Those ordinary course creditors who filed notices of administrative claims are shown here in the interest of completeness but the Debtors have either already paid their specific claims or plan to pay their claims in the ordinary course, either prior to or upon the Plan Effective Date (PD). The Debtors intend to pay the administrative expenses of all other ordinary course creditors out of the reserves detailed on Page 3 of this schedule.
- 5) **Update to previously filed Exhibit:** The parties are reconciling the amount of consigned inventory product to be returned to Alcon Vision, LLC from SFMC and the amount of consignment inventory product to be transferred from SMC to AHMC. The Debtors anticipate informally resolving the claims with Alcon, and Alcon has agreed that the reserve is sufficient.
- 6) MedImpact Healthcare Systems is an OCC that provides ongoing services to Debtors in relation to the pharmacy benefits plan the Debtors offer in conjunction with their employee ERISA plans. MedImpact is paid in the normal course and the reserve shown is intended to reflect the average outstanding payables balance. OCCs that are similar to MedImpact are reserved for within the 'Employee benefits - medical care claims' section of Page 2.
- 7) **Update to previously filed Exhibit:** Anthem Blue Cross has requested that the estimated amount of overpayment liability through June 30, 2020, to be escrowed, subject to further reconciliation.
- 8) Local 20 asserted claims on behalf of members related to PTO, ESL and severance. Reflected above as the reserved amount is the post-petition accrued PTO expected to be assumed by AHMC in the sale of Seton. Based on Verity's records, L20 member post-petition accrued ESL balances are \$0 and all employees are expected to be hired by AHMC, obviating the requirement to pay severance.
- 9) SEIU asserted claims on behalf of members at all Verity hospitals related to PTO and grievances unsettled at the time of filing, in October 2019. Reflected above as the reserved amount is i) the post-petition accrued PTO to be paid out upon the sale of St. Francis; ii) post-petition accrued PTO to be assumed by AHMC upon the sale of Seton; iii) PTO already paid in March 2019 to O'Connor and St. Louise employees in connection with the Santa Clara sale; iv) an estimate of post-petition accrued severance to be paid out to the minority of members who are not hired by the buyers of St. Francis and Seton; v) and the post-petition accrued portion of the members' full-time guarantee balances at St. Francis.
- 10) UNAC asserted claims on behalf of members related to PTO, severance and grievances unsettled at the time of filing, in October 2019. Reflected above as the reserved amount is i) the post-petition accrued PTO expected to be paid out upon the sale of SFMC; and ii) an estimate of post-petition accrued severance to be paid out to the minority of members who are not hired by the buyer of St. Francis.
- 11) The California Department of Tax and Fee Administration filed an administrative claim for sales and use tax on each anticipated hospital sale as of October 2019 and states that the purchase price allocation required in each APA should be provided to the Administration.
- 12) The differential between the 'Asserted' column and the 'Reserved' column of the administrative claims subtotaled within the 'Non-Disputed' category is attributable primarily to the SEIU claim described above. \$17.953 million of the SEIU claim is comprised of a calculation of total post-petition accrued PTO at every Verity hospital and neglects to account for employees' usage of post-petition accrued PTO, resulting in a significant difference between the filed claim and the current balances of post-petition accrued PTO.
- 13) **Update to previously filed Exhibit:** Contingent, unliquidated claim for indemnity based on alleged joint tort liability on account of wrongful death claim vs. SFMC; amount reserved reflects estimate of liability to underlying tort claimant. Claim would be deemed satisfied by settlement with underlying tort claimant. Amount reserved reflects estimate of liability to underlying tort claimant.
- 14) **Update to previously filed Exhibit:** The Debtors are in settlement negotiations with Garden Crest regarding its filed proof of claim.
- 15) Settlement negotiations ongoing with GRM. Reserved for settlement.
- 16) Reflects settlement offer made to RPHE.
- 17) SVIPA reserve for settlement.
- 18) SGM's deposit is held by the Debtors in an escrowed deposit account. The amount of the reserve is discussed in the Confirmation Brief and in Peter Chadwick's Declaration.
- 19) The reserve for Toyon is discussed in the Confirmation Brief and in Peter Chadwick's Declaration.
- 20) The differential between the 'Asserted' column and the 'Reserved' column of the administrative claims subtotaled within the 'Disputed' category is discussed in the Confirmation Brief and in Peter Chadwick's Declaration.
- 21) §15.3 of the Plan provides that the administrative claims reserve shall be established in order to satisfy all administrative claims that have not been allowed as of the Effective Date and all allowed claims that will be paid after the Effective Date. However, to be comprehensive, the Debtors have included certain filed claims that are either expected to be paid prior to PD or already have been paid. Since these will be paid, they will not need to be reserved for post plan effective date.. All 'Reserved' amounts under the Ordinary Course Creditor and Union descriptions fall under this category.
- 22) Included within this reserve for out of network payments to providers for care rendered to St. Francis capitated members is all current and future amounts owed to Long Beach Memorial. Long Beach Memorial filed a claim (#5254) related to these services and the Debtors plan to satisfy this claim in the ordinary course.
- 23) **Update to previously filed Exhibit:** Appicare MSO management fees moved to Appicare Risk Pool Settlements line item. See FN below.
- 24) **Update to previously filed Exhibit:** Reserve has been increased by \$2.5 million for both risk pool settlements and MSO management fee runoff.
- 25) **Update to previously filed Exhibit:** Anthem-Blue Cross' liquidated amount of \$139,154 was added to section titled "Payor Claimants" above (removed from original \$1.8 million reserve for non-filed payor overpayments).