

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



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

CHANGES MADE BY COURT

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

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

Hon. Judge Ernest M. Robles

**ORDER (A) AUTHORIZING THE SALE
OF CERTAIN OF THE DEBTORS'
ASSETS TO SANTA CLARA COUNTY FREE
AND CLEAR OF LIENS, CLAIMS,
ENCUMBRANCES, AND OTHER INTERESTS;
(B) APPROVING THE
ASSUMPTION AND ASSIGNMENT OF
AN UNEXPIRED LEASE RELATED
THERE TO; AND (C) GRANTING
RELATED RELIEF**

Debtors and Debtors In Possession.

Hearing:
Date: December 19, 2018
Time: 10:00 am
Location: 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



1 This matter came before the Court on the *Motion For The Entry Of (I) An Order (1)*
2 *Approving Form Of Asset Purchase Agreement For Stalking Horse Bidder And For Prospective*
3 *Overbidders To Use, (2) Approving Auction Sale Format, Bidding Procedures And Stalking*
4 *Horse Bid Protections, (3) Approving Form Of Notice To Be Provided To Interested Parties, (4)*
5 *Scheduling A Court Hearing To Consider Approval Of The Sale To The Highest Bidder And (5)*
6 *Approving Procedures Related To The Assumption Of Certain Executory Contracts And*
7 *Unexpired Leases; And (II) An Order (A) Authorizing The Sale Of Property Free And Clear Of*
8 *All Claims, Liens And Encumbrances* (the “Motion”) [Docket No. 365], filed by Verity Health
9 System of California, Inc. (“VHS”), and the above-referenced affiliated debtors and debtors in
10 possession in the above-captioned chapter 11 bankruptcy cases (the “Debtors”), for the entry of
11 an order, pursuant to §§ 105(a), 363, and 365 of title 11 of the United States Code (the
12 “Bankruptcy Code”), Rules 2002, 6004, 6006, 9007, and 9014, and LBR 6004-1.¹

13 At the previous hearing on the Motion on October 31, 2018 (the “Bidding Procedures
14 Hearing”), the Court considered various objections (the “Premature Objections”) filed by: (i) the
15 Federal Communications Commission (“FCC”) [Docket No. 437]; (ii) the United States
16 Department of Health and Human Services (“HHS”) [Docket No. 447, 562, and 613]; (iii) the
17 California Attorney General (“CAG”) [Docket No. 463, 599, 605, 608, and 619]; (iv) entities who
18 are parties to or benefit from various collective bargaining agreements with the Debtors [Docket
19 No. 450, 458, 460, 465, and 597]; (v) the Pension Benefit Guaranty Corporation (“PBGC”) [Docket
20 No. 439]; (vi) the Retirement Plan for Hospital Employees [Docket No. 460]; (vii) OCH
21 Forest 1 [Docket Nos. 452 and 561]; (viii) Premier and Infor [Doc. Nos. 444, 561, and 592]; and
22 (ix) the MOB Financing Entities [Docket No. 500]. The Debtors filed an omnibus reply to the
23 majority of the objections [Docket No. 561], and separate replies to the HHS [Docket No. 562],
24 and the CAG [Docket No. 560] objections. The Court ruled that the Premature Objections were
25 premature and preserved for the Sale Hearing, as set forth in order granting the Motion (the

26 _____
27 ¹ Unless specified otherwise, all chapter and section references are to the Bankruptcy Code, 11
28 U.S.C. §§ 101-1532, all “Rule” references are to the Federal Rules of Bankruptcy Procedure, and
all “LBR” references are to the Local Bankruptcy Rules for the United States Bankruptcy Court
for the Central District of California.

1 “Bidding Procedures Order”) [Docket No. 724]. Any additional objections that were filed and
2 overruled at the Bidding Procedures Hearing are not listed herein.

3 The Court, having reviewed the Memorandum [Docket No. 1041] and the notice of errata
4 related thereto [Docket No. 1050], the Declarations of Richard Adcock [Docket Nos. 8 and 393],
5 James Moloney [Docket Nos. 394 and 1041] and Jeffrey Smith [Docket No. 1044] in support of
6 the Motion, the *Notice to Counterparties to Executory Contracts and Unexpired Leases of the*
7 *Debtors That May Be Assumed and Assigned* [Docket No. 810], the *Supplement to Notice to*
8 *Counterparties to Executory Contracts and Unexpired Leases of the Debtors That May be*
9 *Assumed and Assigned* [Docket No. 998], the *Notice That No Auction Shall Be Held* [Docket No.
10 1005], the response by the CAG [Docket No. 1066], the *Amended Notice of Contracts Designated*
11 *by Santa Clara County for Assumption and Assignment* [Docket No. 1110], the objections filed
12 by various counter-parties to certain contracts and leases [Docket Nos. 882, 889, 904-05, 913-14,
13 919, 920-21, 923, 928-29, 931, 933, 946, 970, 986, 1016, 1018, 1043, 1046, 1057-59, 1062,
14 1068-69, 1070-71, 1080, 1085, 1088-89, 1091-96, 1120-21], as set forth on **Exhibit “A”** attached
15 to the *Notice Of Filing Listing Objections To Proposed Cure Amounts And Assumption And*
16 *Assignment Of Certain Unexpired Executory Contracts And Unexpired Leases* (the “Cure
17 Objections”) [Docket No. 1145], the California Department of Health Care Services (“DHCS”)
18 [Docket No. 906], and the California Nurses Association and Stationary Engineers Local 39
19 [Docket Nos. 1057-1062, 1067-1071], the Premature Objections and any withdrawals thereof
20 [Docket Nos. 1090 and 1100], the statements, arguments and representations of the parties made
21 at the Sale Hearing; and the entire record of these cases; and the Court, having determined that
22 the relief sought in the Motion is in the best interests of the Debtors, their estates, their creditors
23 and their shareholders, and that the legal and factual bases set forth in the Motion and presented at
24 the Sale Hearing establish just cause for the relief granted herein and for the reasons set forth in
25 the *Memorandum of Decision Overruling Objections of the California Attorney General to the*
26 *Debtor’s Sale Motion* [Docket No. 1146]; ~~Court’s tentative ruling [Docket No. ___], the Order~~
27 ~~Providing Notice Of The Court’s Intent To Authorize The Debtors To Sell Hospitals Free And~~
28

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

1 ~~Clear Of The 2015 Conditions Asserted By The California Attorney General [Docket No. 1125],~~
2 ~~and the responses thereto [Docket Nos. 1136-37, 1139-41];~~ and all objections to the Motion, if
3 any, having been withdrawn or overruled; and after due deliberation and sufficient good cause
4 appearing therefor,

5 **THE COURT HEREBY FINDS AND CONCLUDES THAT:²**

6 A. Jurisdiction and Venue. This Court has jurisdiction to hear and determine the
7 Motion pursuant to 28 U.S.C. §§ 157 and 1334. This matter relates to the administration of the
8 Debtors' bankruptcy estates and is accordingly a core proceeding pursuant to 28 U.S.C. § 157(b)
9 (2) (A), (M), (N) and (O). Venue of these cases is proper in this District and in this Court
10 pursuant to 28 U.S.C. §§ 1408 and 1409.

11 B. Statutory Predicates. The statutory predicates for the relief requested in the
12 Motion are (i) §§ 105(a), 363(b), (f), (k), (l) and (m), and 365, (ii) Rules 2002(a)(2), 2002(c)(1)
13 and (d), 6004 (a), (b), (c), (e), (f) and (h), 6006(a), (c) and (d), 9006, 9007, 9013 and 9014, and
14 (iii) LBR 6004-1 and 9013-1.

15 C. Notice. As evidenced by the affidavits of service previously filed with the Court,
16 the Debtors have provided proper, timely, adequate and sufficient notice with respect to the
17 following: (i) the Motion and the relief sought therein, including the entry of this Sale Order and
18 the transfer and sale of the assets (the "Purchased Assets"), as set forth in the Asset Purchase
19 Agreement, dated October 1, 2018, a copy of which is attached as Exhibit "A" to Docket No. 365
20 (the "APA"); (ii) the Sale Hearing; (iii) the *Notice That No Auction Shall Be Held*; and (iv) the
21 assumption and assignment of the executory contracts and unexpired leases and proposed cure
22 amounts owing under such executory contracts and unexpired leases (the "Cure Amounts"); and
23 no further notice of the Motion, the relief requested therein or the Sale Hearing is required. The
24 Debtors have also complied with all obligations to provide notice of the Auction, the Sale

25 _____
26 ² The findings and conclusions set forth herein constitute the Court's findings of fact and
27 conclusions of law pursuant to Rule 7052, made applicable to this proceeding pursuant to Rule
28 9014. To the extent that any of the following findings of fact constitute conclusions of law, they
are adopted as such. To the extent that any of the following conclusions of law constitute
findings of fact, they are adopted as such.

1 Hearing, the proposed sale and otherwise, as required by the Bidding Procedures Order. A
2 reasonable opportunity to object and to be heard regarding the relief provided herein has been
3 afforded to parties-in-interest.

4 D. Arm's Length Transaction. The APA and other documents and instruments (the
5 "Transaction Documents") related to and connected with this transaction (the "Transaction") and
6 the consummation thereof were negotiated and entered into by the Debtors and the County of
7 Santa Clara, a political subdivision of the State of California ("SCC"), as Purchaser under the
8 APA without collusion, in good faith and through an arm's length bargaining process. Neither
9 SCC nor any of its affiliates or representatives is an "insider" of the Debtors, as that term is
10 defined in § 101(31). None of the Debtors, SCC, or their respective representatives engaged in
11 any conduct that would cause or permit the APA, any of the other Transaction Documents or the
12 Transaction to be avoided under § 363(n), or have acted in any improper or collusive manner. The
13 terms and conditions of the APA and the other Transaction Documents, including, without
14 limitation, the consideration provided in respect thereof, are fair and reasonable, and are not
15 avoidable and shall not be avoided, and no damages may be assessed against SCC or any other
16 party, as set forth in § 363(n). The consideration provided by SCC is fair and adequate and
17 constitutes reasonably equivalent value and fair consideration under the Bankruptcy Code and
18 any other applicable laws of the United States, including the State of California.

19 E. Good Faith Purchaser. SCC has proceeded in good faith and without collusion in
20 all respects in connection with the sale process, in that: (i) SCC, in proposing and proceeding with
21 the Transaction in accordance with the APA, recognized that the Debtors were free to deal with
22 other interested parties; (ii) SCC agreed to provisions in the APA that would enable the Debtors
23 to accept a higher and better offer; (iii) SCC complied with all of the provisions in the Bidding
24 Procedures Order applicable to SCC; (iv) all payments to be made by SCC and other agreements
25 entered into or to be entered into between SCC and the Debtors in connection with the
26 Transaction have been disclosed; (v) the negotiation and execution of the APA and related
27 Transaction Documents were conducted in good faith and constituted an arm's length transaction;
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1 (vi) SCC did not induce or cause the chapter 11 filings by the Debtors; and (vii) the APA was not
2 entered into, and the Transaction being consummated pursuant to and in accordance with the
3 APA is not being consummated, for the purpose of hindering, delaying or defrauding creditors of
4 the Debtors. SCC is therefore entitled to all of the benefits and protections provided to a good-
5 faith purchaser under § 363(m). Accordingly, the reversal or modification on appeal of the
6 authorization provided herein to consummate the Transaction shall not affect the validity of the
7 Transaction or SCC's status as a "good faith" purchaser.

8 F. Justification for Relief. Good and sufficient reasons for approval of the APA and
9 the other Transaction Documents and the Transaction have been articulated to this Court in the
10 Motion and at the Sale Hearing, and the relief requested in the Motion and set forth in this Sale
11 Order is in the best interests of the Debtors, their estates, and their creditors. The Debtors have
12 demonstrated through the Motion and other evidence submitted at the Sale Hearing both (i) good,
13 sufficient and sound business purpose and justification and (ii) compelling circumstances for the
14 transfer and sale of the Purchased Assets as provided in the APA outside the ordinary course of
15 business, and (iii) such transfer and sale is an appropriate exercise of the Debtors' business
16 judgment and in the best interests of the Debtors, their estates, and their creditors.

17 G. Free and Clear. In accordance with §§ 363(b) and 363(f), the consummation of the
18 Transaction pursuant to the Transaction Documents will be a legal, valid, and effective transfer
19 and sale of the Purchased Assets and will vest in SCC, through the consummation of the
20 Transaction, all of the Debtors' right, title, and interest in and to the Purchased Assets, free and
21 clear of all liens, claims, interests, rights of setoff, netting and deductions, rights of first offer,
22 first refusal and any other similar contractual property, legal or equitable rights, and any
23 successor or successor-in-interest liability theories (collectively, the "Encumbrances"). The
24 Debtors have demonstrated that one or more of the standards set forth in § 363(f)(1)-(5) have
25 been satisfied. Those holders of Encumbrances who did not object, or who withdrew their
26 objections, to the Sale or the Motion are deemed to have consented pursuant to § 363(f)(2).
27 Those holders of Encumbrances who did object fall within one or more of the other subsections
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1 of § 363(f). All holders of the Encumbrances in the Purchased Assets are adequately protected by
2 having their respective Encumbrances attach to the Debtors' interests in the proceeds of the sale
3 of the Purchased Assets under the APA (subject to any Challenge within the meaning of the Final
4 DIP Order that has been, or may be, timely filed), and any related documents or instruments
5 delivered in connection therewith, whenever and wherever received (the "Sale Proceeds") to the
6 extent and manner herein provided.

7 H. Prompt Consummation. The Debtors have demonstrated good and sufficient cause
8 to waive the stay requirement under Rules 6004(h) and 6006(d). Time is of the essence in
9 consummating the Transaction, and it is in the best interests of the Debtors and their estates to
10 consummate the Transaction within the timeline set forth in the Motion and the APA. The Court
11 finds that there is no just reason for delay in the implementation of this Order, and expressly
12 directs entry of judgment as set forth in this Order.

13 I. Assumption of Executory Contracts and Unexpired Leases. The Debtors have
14 demonstrated that it is an exercise of their sound business judgment to assume and assign to SCC
15 the Currently Identified Designated Contracts (as defined and identified in paragraph 15 below)
16 and to the extent subsequently identified by SCC pursuant to paragraph 16 below, the
17 Subsequently Identified Designated Contracts (as defined in paragraph 16 below) (the Currently
18 Identified Designated Contracts and the Subsequently Identified Contracts are collectively
19 referred to herein as the "Designated Contracts") in connection with the consummation of the
20 Transaction, and the assumption and assignment of the Designated Contracts is in the best
21 interests of the Debtors and their estates.

22 J. Cure/Adequate Assurance. In connection with the Closing, and pursuant to the
23 APA, the Debtors (i.e., O'Connor Hospital ("OCH") and Saint Louise Regional Hospital
24 ("SLRH")) will have cured, unless otherwise ordered, any and all defaults existing on or prior to
25 the Closing under any of the Designated Contracts, within the meaning of § 365(b)(1)(A), by
26 payment of the amounts and in the manner set forth below. SCC has provided or will provide
27 adequate assurance of future performance of and under the Designated Contracts within the
28

1 meaning of § 365(b)(1)(C) and § 365(f)(2)(B), and shall have no further obligation to provide
2 assurance of performance to any counterparty to a Designated Contract. Pursuant to § 365(f), the
3 Designated Contracts to be assumed by the Debtors and assigned to SCC under the APA shall be
4 assigned and transferred to, and remain in full force and effect for the benefit of, SCC
5 notwithstanding any provision in such Designated Contracts prohibiting their assignment or
6 transfer. The Debtors have demonstrated that no other parties to any of the Designated Contracts
7 has incurred any actual pecuniary loss resulting from a default on or prior to the Closing under
8 any of the Designated Contracts within the meaning of § 365(b)(1)(B). Pursuant to § 365(f), the
9 Designated Contracts to be assumed by the Debtors and assigned to SCC at the Closing shall be
10 assigned and transferred to, and remain in full force and effect for the benefit of, SCC
11 notwithstanding any provision in such contracts or other restrictions prohibiting their assignment
12 or transfer.

13 K. Rejection of Executory Contracts and Unexpired Leases. The Debtors have
14 demonstrated that it is a reasonable and appropriate exercise of their sound business judgment for
15 OCH and SLRH to reject all of their executory contracts and unexpired leases, excluding (i)
16 Designated Contracts, (ii) any prepetition multiparty contract affecting more than one Debtor in
17 addition to OCH and/or SLRH, and (iii) any collective bargaining agreement, pension plan or
18 health and welfare plan providing collectively bargained benefits to which OCH and/or SLRH is
19 a party or sponsor, which matters shall be scheduled for determination as provided in paragraph
20 33 below. Each such executory contract rejection is subject only to the conditions set forth in
21 paragraphs 18, 31, and 32. The Debtors shall file an appropriate motion to reject such contracts,
22 covered by this paragraph K, prior to Closing and shall request therein that the rejection be
23 effective as of the Closing or as otherwise appropriate.

24 L. Highest or Otherwise Best Offer. The Debtors solicited offers and noticed the
25 Auction in accordance with the provisions of the Bidding Procedures Order. The Auction was
26 duly noticed, the sale process was conducted in a non-collusive manner and the Debtors afforded
27 a full, fair and reasonable opportunity for any person or entity to make a higher or otherwise
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1 better offer to purchase the Purchased Assets. No other Qualified Bid (as defined in the Bidding
2 Procedures Order) was received by the Partial Bid Deadline or the Bid Deadline (as defined in the
3 Bidding Procedures Order). Accordingly, on December 7, 2018, the Debtors filed the *Notice*
4 *That No Auction Shall Be Held*. The transfer and sale of the Purchased Assets to SCC on the
5 terms set forth in the APA constitutes the highest or otherwise best offer for the Purchased Assets
6 and will provide a greater recovery for the Debtors' estates than would be provided by any other
7 available alternative. The Debtors' determination, in consultation with the Official Committee of
8 Unsecured Creditors (the "Committee") and the Prepetition Secured Creditors (as defined in the
9 Final DIP Order defined below), that the APA constitutes the highest or best offer for the
10 Purchased Assets constitutes a valid and sound exercise of the Debtors' business judgment.

11 M. No De Facto or Sub Rosa Plan of Reorganization. The sale of the Purchased
12 Assets does not constitute a *de facto* or *sub rosa* plan of reorganization or liquidation because it
13 does not propose to (i) impair or restructure existing debt of, or equity or membership interests in,
14 the Debtors, (ii) impair or circumvent voting rights with respect to any plan proposed by the
15 Debtors, (iii) circumvent chapter 11 safeguards, including those set forth in §§ 1125 and 1129, or
16 (iv) classify claims or equity or membership interests.

17 N. Legal and Factual Bases. The legal and factual bases set forth in the Motion and at
18 the Sale Hearing establish just cause for the relief granted herein.

19 **NOW THEREFORE, IT IS HEREBY ORDERED THAT:**

20 1. The relief requested in the Motion is GRANTED and APPROVED in all respects
21 to the extent provided herein.

22 2. All objections with regard to the relief sought in the Motion that have not been
23 withdrawn, waived, settled, or provided for herein or in the Bidding Procedures Order, including
24 any reservation of rights included in such objections, are overruled on the merits with prejudice.
25 To the extent of any inconsistency between this Sale Order and the Bidding Procedures Order, the
26 terms of this Sale Order shall prevail.

1 3. Pursuant to §§ 105(a), 363(b), 363(f), and 365, the Transaction, including the
2 transfer and sale of the Purchased Assets to SCC on the terms set forth in the APA, is approved in
3 all respects, and the Debtors are authorized and directed to consummate the Transaction in
4 accordance with the APA, including, without limitation, by executing all of the Transaction
5 Documents (and any ancillary documents or instruments that may be reasonably necessary or
6 desirable to implement the APA or the Transaction) and taking all actions necessary and
7 appropriate to effectuate and consummate the Transaction (including the transfer and sale of the
8 Purchased Assets) in consideration of the Purchase Price (as defined in Section 1.1 of the APA)
9 upon the terms set forth in the APA, including, without limitation, assuming and assigning to
10 SCC the Designated Contracts. The Debtors and SCC shall have the right to make any mutually
11 agreeable, non-material changes to the APA, which shall be in writing signed by both parties,
12 without further order of the Court provided, that after reasonable notice, the Committee, the DIP
13 Agent (as defined in the Final DIP Order defined below), and the Prepetition Secured Creditors,
14 do not object to such changes. Any timely objection by the aforementioned parties to any agreed
15 non-material changes to the APA may be resolved by the Court on shortened notice.

16 4. As of the Closing, (i) the Transaction set forth in the APA shall effect a legal,
17 valid, enforceable and effective transfer and sale of the Purchased Assets to SCC free and clear of
18 all Encumbrances, as further set forth in the APA and this Sale Order; and (ii) the APA, and the
19 other Transaction Documents, and the Transaction, shall be enforceable against and binding upon,
20 and not subject to rejection or avoidance by, the Debtors, any successor thereto including a trustee
21 or estate representative appointed in the Bankruptcy Cases, the Debtors' estates, all holders of any
22 Claim(s) (as defined in the Bankruptcy Code) against the Debtors, whether known or unknown,
23 any holders of Encumbrances on all or any portion of the Purchased Assets, all counterparties to
24 the Designated Contracts and all other persons and entities.

25 5. Encumbrances in and to Purchased Assets shall attach (subject to any Challenge
26 within the meaning of the Final DIP Order that has been, or may be, timely filed) to the Sale
27 Proceeds of such Purchased Assets with each such Encumbrance having the same force, extent,
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601 SOUTH FIGUEROA STREET, SUITE 2500
LOS ANGELES, CALIFORNIA 90017-5704
(213) 623-9300

1 effect, validity and priority as such Encumbrance had on the Purchased Assets giving rise to the
2 Sale Proceeds immediately prior to the Closing. For the avoidance of doubt, the foregoing force,
3 extent, effect, validity and priority shall: (i) reflect the security interests, liens (including any
4 Prepetition Replacement Liens arising for diminution of value, if any) and rights, powers and
5 authorities that have been granted to the DIP Agent, the DIP Lender and to the Prepetition
6 Secured Creditors, as applicable, pursuant to that certain *Final Order (I) Authorizing Postpetition*
7 *Financing, (II) Authorizing Use of Cash Collateral, (III) Granting Liens and Providing*
8 *Superpriority Administrative Expense Status, (IV) Granting Adequate Protection, (V) Modifying*
9 *Automatic Stay, and (VI) Granting Related Relief* [Docket No. 409] (the “Final DIP Order”); and
10 (ii) be subject to any Challenge within the meaning of the Final DIP Order that has been, or may
11 be, timely filed. In addition, the Intercreditor Agreement (as defined in the Final DIP Order)
12 shall apply with respect to the rights of the parties thereto in and to the Sale Proceeds and the
13 Escrow Deposit Account, to the extent of and in accordance with its terms with all parties
14 reserving all rights thereunder.

15 6. Subject to the fulfillment of the terms and conditions of the APA, this Sale Order
16 shall, as of the Closing, be considered and constitute for all purposes a full and complete general
17 assignment, conveyance, and transfer of the Purchased Assets and/or a bill of sale transferring all
18 of the Debtors’ rights, title and interest in and to the Purchased Assets to SCC. Consistent with,
19 but not in limitation of the foregoing, each and every federal, state, and local governmental
20 agency or department, except as stated herein, is hereby authorized and directed to accept all
21 documents and instruments necessary and appropriate to consummate the transactions
22 contemplated by the APA and approved in this Sale Order. A certified copy of this Order may be
23 filed with the appropriate clerk and/or recorded with the appropriate recorder to cancel any
24 Encumbrances of record.

25 7. Any person or entity that is currently, or on the Closing Date may be, in
26 possession of some or all of the Purchased Assets is hereby directed to surrender possession of
27
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1 such Purchased Assets either to (a) the Debtors before the Closing or (b) to SCC or its designee
2 upon the Closing.

3 8. The transfer of the Purchased Assets pursuant to the Transaction Documents shall
4 be a legal, valid, and effective transfer and shall, in accordance with §§ 105(a) and 363(f), and
5 upon consummation of the Transaction, including, without limitation, payment of the Purchase
6 Price to the Debtors, vest SCC with all right, title, and interest in the Purchased Assets, free and
7 clear of all Encumbrances. Upon closing of the Transaction, SCC shall take title to and
8 possession of the Purchased Assets, subject only to the Assumed Obligations, as set forth in the
9 APA. The transfer of the Purchased Assets from the Debtors to SCC constitutes a transfer for
10 reasonable equivalent value and fair consideration under the Bankruptcy Code and the laws of the
11 State of California.

12 9. Following the Closing, no holder of any Encumbrance against the Debtors or upon
13 the Purchased Assets shall interfere with SCC's respective rights in, title to or use and enjoyment
14 of the Purchased Assets. All persons and entities are hereby forever prohibited and enjoined from
15 taking any action that would adversely affect or interfere with the ability of the Debtors to sell
16 and transfer the Purchased Assets to SCC, including the assumption and assignment of the
17 Designated Contracts.

18 10. SCC shall not be deemed, as a result of any action taken in connection with, or as a
19 result of the Transaction (including the transfer and sale of the Purchased Assets), to: (i) be a
20 successor, continuation or alter ego (or other such similarly situated party) to the Debtors or their
21 estates by reason of any theory of law or equity, including, without limitation, any bulk sales law,
22 doctrine or theory of successor liability, or any theory or basis of liability regardless of source of
23 origin; or (ii) have, *de facto* or otherwise, merged with or into the Debtors; or (iii) be a mere
24 continuation, *alter ego*, or substantial continuation of the Debtors. Other than the Assumed
25 Liabilities, SCC is not assuming any of the Debtors' debts.

26 11. This Sale Order (i) shall be effective as a determination that, on Closing, all
27 Encumbrances existing against the Purchased Assets before the Closing have been
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DENTONS US LLP
601 SOUTH FIGUEROA STREET, SUITE 2500
LOS ANGELES, CALIFORNIA 90017-5704
(213) 623-9300

DENTONS US LLP
601 SOUTH FIGUEROA STREET, SUITE 2500
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1 unconditionally released, discharged and terminated, and that the transfers and conveyances
2 described herein have been effected, and (ii) shall be binding upon and shall govern the acts of all
3 persons and entities. If, following a reasonable written request made by the Debtors, any person
4 or entity that has filed financing statements or other documents or agreements evidencing any
5 Encumbrances against the Purchased Assets shall not have delivered to the Debtors for use at or
6 in connection with Closing, in proper form for filing and executed by the appropriate parties,
7 termination statements, instruments of satisfaction, releases of all Encumbrances which the
8 person or entity has with respect to the Purchased Assets, then SCC and/or the Debtors are hereby
9 authorized to execute and file such statements, instruments, releases and other documents on
10 behalf of the person or entity with respect to such Purchased Assets. For the avoidance of doubt,
11 such statements, instruments, releases and other documents shall not impair Encumbrances that
12 attach (subject to any Challenge within the meaning of the Final DIP Order that has been, or may
13 be, timely filed) to the Sale Proceeds or the terms of this Order, including, but not limited to
14 paragraphs 5 and 13 hereof.

15 12. In accordance with the APA, concurrently with the Closing, SCC shall pay that
16 portion of the Purchase Price due at Closing, by wire transfer of immediately available funds, to
17 Debtors' Escrow Deposit Accounts (defined below), subject to the adjustments set forth in
18 Section 1.1.1 of the APA. Any direct expenses of the Sale shall be disclosed by Debtors to the
19 DIP Agent, the Prepetition Secured Creditors, and the Committee in advance of the Closing.

20 13. The terms and conditions of the Final DIP Order shall apply with respect to the
21 Sale Proceeds and Escrow Deposit Accounts (defined herein). Without limiting the foregoing, the
22 Debtors shall comply with paragraph 4 of the Final DIP Order in the following manner:

23 (a) the Debtors shall direct SCC and any post-closing escrow agent appointed pursuant to
24 the terms of the APA to remit all Sale Proceeds to be received by the Debtors at Closing or
25 thereafter in cash, to deposit such Sale Proceeds in separate accounts labeled "Santa Clara Sale
26 Proceeds Account," in the name of each Debtor that is a Seller within the meaning of the APA
27 (each such hereafter referred to as "Escrow Deposit Account");
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1 (b) in giving direction to SCC pursuant to sub-paragraph (a), above, the Debtors shall
2 exercise their reasonable business judgment, in good faith, and allocate the Sale Proceeds among
3 the Escrow Deposit Accounts on the basis of the value of each Debtor's Purchased Assets as of
4 the Closing (which allocation, for the avoidance of doubt, shall be subject to the reservations of
5 rights in paragraph 4 of the Final DIP Order and footnote 5 of Exhibit 1 of the Bidding
6 Procedures Order); provided further that nothing in this paragraph shall waive or limit any rights
7 the Committee may have in connection with the confirmation of a proposed chapter 11 plan for
8 any of the Debtors' cases (including the right to seek to reallocate estate values);

9 (c) without limitation of the rights of the DIP Agent and DIP Lender under the DIP
10 Financing Agreements and the Final DIP Order, no funds held in any Escrow Deposit Account
11 shall be (i) commingled with any other funds of the applicable Debtor or any of the other Debtors
12 or (ii) used by the Debtors for any purpose, except as provided in this Order, the DIP Credit
13 Agreements or Final DIP Order without further order of this Court, after reasonable notice under
14 the circumstances to the DIP Agent, the Prepetition Secured Creditors and the Committee;

15 (d) each Escrow Deposit Account shall be subject to a deposit account control agreement
16 in favor of the DIP Agent and DIP Lender, and subject to, without limitation of the rights of the
17 DIP Agent and DIP Lender under the DIP Financing Agreements and the Final DIP Order with
18 respect to the Sale Proceeds and Escrow Deposit Account, including, without limitation,
19 following the occurrence of an Event of Default or the Revolving Loan Termination Date (as
20 defined in the DIP Credit Agreement), the Debtors shall not be permitted to use the funds held in
21 any Escrow Deposit Account for any purpose, except as provided in paragraph 14, 15, 16, and 17
22 of this Order, and to fund any Purchase Price adjustment in favor of the Purchaser, without first
23 obtaining the consent of the DIP Agent, DIP Lender and the Prepetition Secured Creditors or
24 obtaining an order of the Court pursuant to §§ 363 or 1129 after reasonable notice under the
25 circumstances to the DIP Agent, the DIP Lender, the Prepetition Secured Creditors and the
26 Committee and, if necessary, a hearing thereon.

1 14. Concurrently with the Closing or as soon thereafter as is possible, and in
2 accordance with the APA, the Debtors (i.e., the Hospital Debtors defined in the APA) shall pay
3 out of the Sale Proceeds to the counter-parties to the Designated Contracts the cure amounts set
4 forth in the *Debtors' Notice to Counterparties to Executory Contracts and Unexpired Leases of*
5 *the Debtors That May Be Assumed and Assigned* [Docket No. 810], the *Supplement to Notice to*
6 *Counterparties to Executory Contracts and Unexpired Leases of the Debtors That May be*
7 *Assumed and Assigned* [Docket No. 998], the *Amended Notice of Contracts Designated by Santa*
8 *Clara County for Assumption and Assignment* [Docket No. 1110] (collectively, the "Cure
9 Notices"), or as otherwise agreed to by the Debtors, SCC and the applicable counter-parties
10 thereto or ordered by this Court after a continued hearing on the Cure Objections (the
11 "Designated Cure Amounts").

12 15. To the extent that any of the contracts and/or leases, which give rise to the
13 Designated Cure Amounts and are set forth in the *Amended Notice of Contracts Designated by*
14 *Santa Clara County for Assumption and Assignment* [Docket No. 1110] (the "Currently Identified
15 Designated Contracts") are executory contracts or unexpired leases (over which the Court is not
16 making any such determination at this time), then in connection with the Closing, the Debtors
17 shall be deemed to have assumed all such Currently Identified Designated Contracts (so that they
18 are deemed part of the Designated Contracts) and to have assigned them to SCC, and SCC shall
19 have assumed all obligations owing under all such Currently Identified Designated Contracts
20 arising after and following the Closing. In the event that the Court ultimately determines that any
21 such counter-parties to the Currently Identified Designated Contracts (the "Currently Identified
22 Designated Contract Counter-Parties") have an allowed claim against the Debtors which exceeds
23 the Designated Cure Amounts, the difference will be paid by the Debtors out of the Sale Proceeds
24 and shall not be the responsibility of SCC. The Court shall resolve any and all disputes which
25 may arise between the Debtors, SCC and any of the Currently Identified Designated Contract
26 Counter-Parties over whether the Currently Identified Designated Contracts are executory
27 contracts or unexpired leases and whether any of the Currently Identified Designated Contract
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601 SOUTH FIGUEROA STREET, SUITE 2500
LOS ANGELES, CALIFORNIA 90017-5704
(213) 623-9300

1 Counter-Parties are entitled to an allowed claim against the Debtors which exceeds the
2 Designated Cure Amounts.

3 16. All of the Currently Identified Designated Contracts, to the extent they are
4 executory contracts or unexpired leases, shall be part of the Designated Contracts that will be
5 assumed by the Debtors and assigned to SCC at the Closing. In the event that SCC elects to add
6 any other of the Debtors' executory contracts or unexpired leases to the list of Designated
7 Contracts (the "Subsequently Identified Designated Contracts"), the Debtors shall (i) file a notice
8 with the Court, by January 23, 2019, identifying all such Subsequently Identified Designated
9 Contracts and their respective cure amounts, and (ii) serve such notice by over-night mail on all
10 counter-parties to the Subsequently Identified Designated Contracts (the "Subsequently Identified
11 Designated Contract Counter-Parties"). All Subsequently Identified Designated Contracts shall
12 be assumed by the Debtors and assigned to SCC at the Closing, with the Debtors to be obligated
13 to pay all cure amounts owing to such Subsequently Identified Designated Contract Counter-
14 Parties concurrently with the Closing, as set forth in the Debtors' notice, or as otherwise agreed to
15 by the Debtors, SCC and the applicable counter-parties thereto, or ordered by the Court in
16 accordance with paragraph 36 below (the "Additional Cure Amounts").

17 17. Upon the Closing, the Debtors are authorized and directed to assume, assign and/or
18 transfer each of the Designated Contracts to SCC, including the Currently Identified Designated
19 Contracts and any Subsequently Identified Designated Contracts (all counterparties to the Currently
20 Identified Designated Contracts and any Subsequently Identified Designated Contracts collectively, the
21 "Contract Counter-Parties"). At the Closing, the Debtors shall pay out of the Sale Proceeds (i) ~~to~~ the
22 Designated Cure Amounts identified in paragraph 14 above, and (ii) the Additional Cure Amounts.
23 Payment by the Debtors of such Designated Cure Amounts and Additional Cure Amounts are deemed
24 the necessary and sufficient amounts to "cure" all "defaults" with respect to all such Currently
25 Identified Designated Contracts and Subsequently Identified Designated Contracts under § 365(b).
26 The payment by the Debtors shall (i) effect a cure of all defaults existing under all such Currently
27 Identified Designated Contracts, and (ii) compensate all such Contract Counter-Parties for any actual
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1 pecuniary loss resulting from any such default. The Debtors shall then have assumed and assigned to
2 SCC, effective as of the Closing, all of the Designated Contracts (comprised of both all Currently
3 Identified Designated Contracts and all Subsequently Identified Designated Contracts, if any), and,
4 pursuant to § 365(f), the assignment by the Debtors of all such Designated Contracts to SCC shall not
5 be a default thereunder. After the payment of the Designated Cure Amounts and the Additional Cure
6 Amounts by the Debtors, neither the Debtors nor SCC shall have any further liabilities to any Contract
7 Counter-Parties, other than SCC's obligations under the Designated Contracts that accrue and become
8 due and payable after the Closing Date. In addition, adequate assurance of future performance has
9 been demonstrated by or on behalf of SCC with respect to all of the Designated Contracts within the
10 meaning of §§ 365(b)(1)(c), 365(b)(3) (to the extent applicable) and 365(f)(2)(B). For the avoidance of
11 doubt, the Debtors shall be liable for the payment of all cure costs with respect to the Designated
12 Contracts as may be required under § 365(b)(1). SCC shall not be liable for the payment of any cure
13 costs with respect to the Designated Contracts as may be required under § 365(b)(1) or for the payment
14 of any liabilities or obligations arising from or related to (a) such Designated Contracts on or prior to
15 the Closing of the Transaction, (b) any executory contracts which the Debtors intend to reject by
16 appropriate motion at a later date and which are not being assumed and assigned to SCC as part of the
17 Transaction, (c) any prepetition multiparty contract affecting more than one Debtor in addition to
18 OCH and/or SLRH, or (d) any collective bargaining agreement, pension plan, or health and welfare
19 plan providing collectively bargained benefits to which OCH and/or SLRH is a party or sponsor.

20 18. The Debtors intend to reject, pursuant to § 365(a), all executory contracts to which
21 OCH and SLRH are a party, excluding (i) Designated Contracts, (ii) any prepetition multiparty
22 contract affecting more than one Debtor in addition to OCH and/or SLRH, and (iii) any
23 collective bargaining agreement, pension plan or health and welfare plan providing collectively
24 bargained benefits to which OCH and/or SLRH is a party or sponsor. The Debtors shall file an
25 appropriate motion to reject such contracts prior to Closing. Notwithstanding the prior statement,
26 Closing is conditioned upon the rejection, termination and/or modification of all applicable CBAs
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1 related to OCH and SLRH, pursuant to § 1113 or as otherwise agreed to between the Debtors, the
2 respective unions, and as approved by the Court.

3 19. All of the Contract Counter-Parties are forever barred, estopped, and permanently
4 enjoined from (i) raising or asserting against the Debtors or SCC, or any of their property, any
5 assignment fee, acceleration, default, breach, or claim of pecuniary loss, or condition to assignment,
6 arising under or related to the Designated Contracts, existing as of the Closing, or arising by reason of
7 the consummation of the Transaction contemplated by the APA, including, without limitation, the
8 Transaction and the assumption and assignment of the Designated Contracts, including any asserted
9 breach relating to or arising out of the change-in-control provisions in such Designated Contracts, or
10 any purported written or oral modification to the Designated Contracts and (ii) asserting against SCC
11 any claim, counterclaim, breach, or condition asserted or assertable against the Debtors existing as of
12 the Closing or arising by reason of the transfer of the Purchased Assets, except for the Assumed
13 Obligations.

14 20. Any provisions in any Designated Contracts that prohibit or condition the assignment
15 of such Designated Contract or allow the counterparty to such Designated Contract to terminate,
16 recapture, impose any penalty, condition on renewal or extension or modify any term or condition
17 upon the assignment of such Designated Contract constitute unenforceable anti-assignment provisions
18 that are void and of no force and effect with respect to the Debtors' assumption and assignment of such
19 Designated Contract to SCC in accordance with the APA, pursuant to § 363(f). **Notwithstanding the
20 foregoing, the rights of Contract Counter-Parties to assert that a Designated Contract may not be
21 assumed and assigned absent consent, on the ground that such Designated Contract pertains to the
22 licensing of intellectual property, are preserved, and any such objections may be asserted in accordance
23 with the procedures set forth in paragraphs 34, 35, and 36; provided, however, that any Contract
24 Counter-Party that has failed to object within the deadlines set forth in the applicable Cure Notice is
25 now forever barred from asserting its objection.**

26 21. The terms and provisions of this Sale Order, as well as the rights granted under the
27 Transaction Documents, shall continue in full force and effect and are binding upon any successor,
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601 SOUTH FIGUEROA STREET, SUITE 2500
LOS ANGELES, CALIFORNIA 90017-5704
(213) 623-9300

1 reorganized Debtors, or chapter 7 or chapter 11 trustee applicable to the Debtors, notwithstanding any
2 such conversion, dismissal or order entry. Nothing contained in any chapter 11 plan confirmed in the
3 Debtors' cases or in any order confirming such a plan, nor any order dismissing the cases or converting
4 the cases to a case under chapter 7, shall conflict with or derogate from the provisions of the APA, any
5 documents or instruments executed in connection therewith, or the terms of this Sale Order, provided
6 however, that in the event of a conflict between this Sale Order and an express or implied provision of
7 the APA, this Sale Order shall govern. The provisions of this Sale Order and any actions taken
8 pursuant hereto shall survive any conversion or dismissal of the cases and the entry of any other order
9 that may be entered in the cases, including any order (i) confirming any plan of reorganization; (ii)
10 converting the cases from chapter 11 to chapter 7; (iii) appointing a trustee or examiner in the cases; or
11 (iv) dismissing the cases.

12 22. The Transaction contemplated by the APA and other Transaction Documents are
13 undertaken without collusion and in "good faith," as that term is defined in § 363(m) of the Bankruptcy
14 Code. SCC is a good faith purchaser within the meaning of § 363(m) and, as such, is entitled to the
15 full protections of § 363(m). Accordingly, the reversal or modification on appeal of the authorization
16 provided herein by this Sale Order to consummate the Transaction shall not affect the validity of the
17 sale of the Purchased Assets to SCC. The APA and the Transactions contemplated thereby cannot be
18 avoided under § 363(n).

19 23. The failure to specifically include any particular provision of the APA or the other
20 Transaction Documents in this Sale Order shall not diminish or impair the effectiveness of such
21 provisions, it being the intent of the Bankruptcy Court that the Transaction, the APA and the other
22 Transaction Documents be authorized and approved in their entirety. Likewise, all of the provisions of
23 this Sale Order are non-severable and mutually dependent.

24 24. This Order constitutes a final and appealable order within the meaning of 28 U.S.C. §
25 158(a). Notwithstanding Rules 6004(h), 6006(d), 7062, or 9014, if applicable, or any other LBR or
26 otherwise, this Sale Order shall not be stayed for 14-days after the entry hereof, but shall be effective
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1 and enforceable immediately upon entry pursuant to Rule 6004(h) and 6006(d). Time is of the essence
2 in approving the Transaction (including the transfer and the sale of the Purchased Assets).

3 25. The automatic stay in effect pursuant to § 362 is hereby lifted with respect to the
4 Debtors to the extent necessary, without further order of this Court, to (i) allow SCC to deliver any
5 notice provided for in the APA and Transaction Documents and (ii) allow SCC to take any and all
6 actions permitted under the APA and Transaction Documents in accordance with the terms and
7 conditions thereof.

8 26. Unless otherwise provided in this Sale Order, to the extent any inconsistency exists
9 between the provisions of the APA and this Sale Order, the provisions contained in this Sale Order
10 shall govern.

11 27. This Court shall retain exclusive jurisdiction to interpret, construe, and enforce the
12 provisions of the APA and this Sale Order in all respects, and further, including, without limitation, to
13 (i) hear and determine all disputes between the Debtors and/or SCC, as the case may be, and any other
14 non-Debtor party to, among other things, the Designated Contracts concerning, among other things,
15 assignment thereof by the Debtors to SCC and any dispute between SCC and the Debtors as to their
16 respective obligations with respect to any asset, liability, or claim arising hereunder; (ii) compel
17 delivery of the Purchased Assets to SCC free and clear of Encumbrances; (iii) compel the delivery of
18 the Purchase Price or performance of other obligations owed to the Debtors; (iv) interpret, implement,
19 and enforce the provisions of this Sale Order; and (v) protect SCC against (A) claims made related to
20 any of the Excluded Liabilities (as defined in the APA), (B) any claims of successor or vicarious
21 liability (or similar claims or theories) related to the Purchased Assets or the Designated Contracts, or
22 (C) any Encumbrances asserted on or against SCC or the Purchased Assets.

23 28. Following the date of entry of this Sale Order, the Debtors and SCC are authorized to
24 make changes to the APA without the need for any further order of the Court provided that all such
25 changes have been approved in writing by the Debtors, SCC, the Committee, the DIP Agent, and
26 Prepetition Secured Creditors. Any other changes to the APA or this Sale Order require a further order
27 of the Court, after reasonable notice under the circumstances and a hearing.
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1 29. Notwithstanding any other provision of this Sale Order or any other Order of this
2 Court, no sale, transfer or assignment of any rights and interests of a regulated entity in any federal
3 license or authorization issued by the FCC shall take place prior to the issuance of FCC regulatory
4 approval for such sale, transfer or assignment pursuant to the Communications Act of 1934, as
5 amended, and the rules and regulations promulgated thereunder. The FCC's rights and powers to take
6 any action pursuant to its regulatory authority, including, but not limited to, imposing any regulatory
7 conditions on such sales, transfers and assignments and setting any regulatory fines or forfeitures, are
8 fully preserved, and nothing herein shall proscribe or constrain the FCC's exercise of such power or
9 authority to the extent not inconsistent with the applicable provisions of the Bankruptcy Code.

10 30. To the extent the Purchased Assets contain records of the Verity Health System
11 Retirement Plan A and Verity Health System Retirement Plan B (collectively, the "Pension Plans") or
12 employment records of participants of the Pension Plans, the SCC shall store, and preserve any such
13 records until the PBGC has completed its investigation regarding the Pension Plans and shall make
14 such documents available to the PBGC for inspection and copying. Such records include, but are not
15 limited to, any Pension Plan governing documents, actuarial documents, and employment records
16 (collectively, the "Pension Plan Documents"). The Debtors shall retain and not abandon any Pension
17 Plan Documents that are not Purchased Assets for not less than twelve (12) months after Closing and
18 shall make such documents available to the PBGC for inspection and copying.

19 31. No later than January 18, 2019, either (i) the Debtors will file a notice of a resolution of
20 the issues regarding the transfer and/or proposed assumption and assignment or rejection of the Medi-
21 Cal Provider Agreements or (b) DHCS will file a supplemental objection to the proposed transfer of
22 the Medi-Cal Provider Agreements. If necessary, the Debtors will file any reply to the supplemental
23 objection no later than 4:00 p.m. (Pacific Time), on January 25, 2019, and a hearing will be held on the
24 issues raised regarding the transfer and/or proposed assumption and assignment or rejection of the
25 Medi-Cal Provider Agreements on January 30, 2019, at 10:00 a.m. (Pacific Time); and all parties'
26 rights, claims, and defenses are preserved until that hearing. Nothing in this Sale Order shall apply to
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1 Medi-Cal Provider Agreements until and unless there is a Court order approving a settlement between
2 the Debtors and the DHCS or a Court order resolving the DHCS's objections.

3 32. No later than January 18, 2019, either (i) the Debtors will file a notice of a resolution of
4 the issues regarding the transfer and/or proposed assumption and assignment or rejection of the
5 Medicare Provider Agreements or (b) HHS will file a supplemental objection to the proposed transfer
6 of the Medicare Provider Agreements. If necessary, the Debtors will file any reply to the supplemental
7 objection no later than 4:00 p.m. (Pacific Time), on January 25, 2019, and a hearing will be held on the
8 issues raised regarding the transfer and/or proposed assumption and assignment or rejection of the
9 Medicare Provider Agreements on January 30, 2019, at 10:00 a.m. (Pacific Time); and all parties'
10 rights, claims, and defenses are preserved until that hearing. Nothing in this Sale Order shall apply to
11 Medicare Provider Agreements until and unless there is a Court order approving a settlement between
12 the Debtors and the HHS or a Court order resolving the HHS's objections.

13 33. The Debtors must have resolution of the collective bargaining agreements (the
14 "CBAs") that cover employees at Saint Louise Regional Hospital and O'Connor Hospital prior to SCC
15 closing on the proposed Sale pursuant to the APA. The hearing on the Debtors' motion(s) with respect
16 to the rejection and/or modification of such CBAs (the "**CBA Motions**") will occur on January 30,
17 2019, at 10:00 a.m. (Pacific Time). **Debtors shall file the CBA Motions by no later than January 2,**
18 **2019.** Any objection to the **CBA Motions** shall be filed on January 16, 2019, and any reply shall be
19 filed on January 23, 2019.

20 34. A continued hearing on the Cure Objections shall be held on January 30, 2019, **at 10:00**
21 **a.m. (Pacific Time).** As to the Currently Identified Designated Contracts, by no later than Friday,
22 January 18, 2019, the Debtors shall file a notice containing a list of (a) the Cure Objections that have
23 been resolved, and (b) the Cure Objections as to which Court intervention is required. As to the Cure
24 Objections for which Court intervention is required, the following briefing schedule shall apply: ~~(2)~~
25 **(1)** the Debtors' opposition to each outstanding Cure Objection shall be submitted by no later than
26 Friday, January 18, 2019; and ~~(3)~~ **(2)** the counterparties' reply in support of its Cure Objections shall be
27 submitted by no later than Friday, January 25, 2019. Nothing in this Sale Order constitutes a finding or
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1 determination on any Cure Objection. All Cure Objections are preserved until resolved either by
2 agreement between the Debtors and the contract counterparty or further order of the Court.

3 35. As to any executory contracts or unexpired leases that were listed on the Initial
4 Designated Contract List, but not listed on any prior Cure Notices, any counterparty thereto may file an
5 objection to the cure amount or assumption thereof by January 11, 2019, and all other provisions in
6 paragraph 34 shall apply to resolution thereof.

7 36. As to Subsequently Identified Designated Contracts, (i) the Debtors shall file a
8 notice with the Court, by January 23, 2019, identifying all Subsequently Identified Designated
9 Contracts and provide service thereof in accordance with paragraph 16, and (ii) to the extent that
10 any Subsequently Identified Designated Contracts were not listed on any of the prior Cure Notices,
11 counterparties subject to contracts who object to assumption and/or the proposed cure amounts must
12 file an objection no later than January 30, 2019, and any reply shall be filed on February 6, 2019. **The**
13 **request by Medical Office Building of California LLC for an extension of the January 30, 2019**
14 **objection deadline in the event that its lease is designated as a Subsequently Identified Designated**
15 **Contract is overruled.** To the extent that a negotiated resolution cannot be achieved, any objections
16 filed in connection with the Subsequently Identified Designated Contracts shall be adjudicated on
17 February 13, 2018, **at 10:00 a.m. (Pacific Time)**, where the Court shall resolve any and all disputed
18 issues related to the objection.

19 37. The Committee's and the Prepetition Secured Creditors' rights, and their ability to
20 participate and be heard at the hearings described in paragraphs 31-36 of this Sale Order, are hereby
21 reserved. To the extent that the DIP Agent, DIP Lender, Prepetition Secured Creditors or the
22 Committee desire to file pleadings related to such hearings, their respective times for filing an
23 objection or response to any of the requests for relief described in paragraphs 31-36 herein shall be the
24 same as granted to the Debtors pursuant to the notice in each such instance.

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

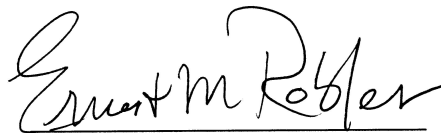
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IT IS SO ORDERED.

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

Date: December 27, 2018



Ernest M. Robles
United States Bankruptcy Judge