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Counsel for the Official Committee of Unsecured Creditors of Verity Health System of California, Inc., et al.

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
LOS ANGELES DIVISION

In re VERITY HEALTH SYSTEM OF CALIFORNIA, INC., et al. Debtors and Debtors in Possession. OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF VERITY HEALTH SYSTEM OF CALIFORNIA, INC., ET AL., Plaintiff,	Case No.: 2:18-bk-20151-ER Adv. No.: 2:19-ap-01165-ER **JOINT CASE MANAGEMENT AND SCHEDULING STIPULATION, AND PROPOSED ORDER** Complaint Filed: June 13, 2019 [No Hearing Required]

1820151190805000000000004

v.

U.S. BANK NATIONAL ASSOCIATION, as trustee,

Defendant.

Plaintiff, Official Committee of Unsecured Creditors of Verity Health System of California, Inc., et al. (the "Committee" or "Plaintiff"), and Defendant, U.S. Bank National Association, as trustee ("US Bank," or the "Defendant") (collectively, the "Parties"), by and through their undersigned counsel, hereby state and stipulate as follows (this "Stipulation"):

WHEREAS, on June 13, 2019, the Committee filed its *Complaint for Determination of the Validity, Priority, and Extent of Liens and Security Interests* against US Bank in Adversary Proceeding No. 19-01165 [Docket No. 1] (the "Complaint" and the "US Bank Adversary Proceeding");

WHEREAS, on June 13, 2019, the Committee filed its *Complaint for Determination of the Validity, Priority, and Extent of Liens and Security Interests* against UMB Bank, National Association ("UMB") in Adversary Proceeding No. 19-01166 [Docket No. 1] (the "UMB Adversary Proceeding");

WHEREAS, on June 20, 2019, this Court entered a Scheduling Order in the US Bank Adversary Proceeding [Docket No. 7] (the "US Bank Scheduling Order");

WHEREAS, the allegations and the relief sought in the UMB Adversary Proceeding and in the US Bank Adversary Proceeding are substantively identical;

WHEREAS, US Bank has requested or will request that the UMB Adversary Proceeding and the US Bank Adversary Proceeding be administratively consolidated, and UMB supports such request; and

WHEREAS, UMB, US Bank, and the Committee have met and conferred, and have agreed to proceed simultaneously with mediation and litigation in both the UMB Adversary Proceeding and in the US Bank Adversary Proceeding on an expedited schedule as set forth herein and, unless and until such Adversary Proceedings are administratively consolidated, a stipulation containing

terms that are substantively identical to this Stipulation has been filed in the UMB Adversary Proceeding.

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED, and the Parties request that the Court enter an order in the form of Exhibit A (the "Order"), as follows:

1. The US Bank Scheduling Order is superseded by this Stipulation and the Order in all respects.

2. Due to the expedited timeline set forth in this Stipulation, the status conference required by Local Bankruptcy Rule 7016-1 shall be re-scheduled at the Court's discretion pursuant to a subsequent order that may be entered by the Court.

MEDIATION

3. All claims in the US Bank Adversary Proceeding shall be submitted to private mediation (the "Mediation") jointly and simultaneously with the mediation to be held in the UMB Adversary Proceeding.

4. No later than August 5, 2019, the Parties shall agree upon a mediator (the "Mediator") to conduct the Mediation, who shall be a sitting bankruptcy court judge and who will not charge a fee or seek reimbursement of any other costs for conducting the Mediation. Defendant reserves the right to claim that any legal fees, costs and expenses incurred by the Defendant in connection with the Mediation constitute costs of collection of the Defendant's claim in the Debtors' bankruptcy cases.

5. Each Party shall submit a confidential mediation statement to the Mediator no later than August 29, 2019. US Bank reserves the right to file a joint mediation statement along with UMB.

6. The Mediation shall be scheduled for September 10, 2019, or such other, subsequent date as may be mutually agreeable to the Mediator and the Parties.

7. The Debtors in these cases may elect to participate in the Mediation. The Debtors are permitted, but not required, to submit a confidential mediation statement to the Mediator no later than August 29, 2019.

8. The Parties acknowledge that if a full or partial settlement is reached as a result of the Mediation, the Parties shall inform the Court within two (2) business days thereafter, and all subsequent dates and deadlines herein with respect to the settled claims shall be suspended until such time as the Court may rule upon and approve such settlement.

LITIGATION

9. Subject to paragraph 10 below, Defendant shall have until August 29, 2019 to answer or otherwise file a responsive motion with respect to the Complaint; Plaintiff shall file any response to any such motion made by Defendant no later than September 17, 2019; and Defendant shall file any reply to Plaintiff's response no later than September 24, 2019.

10. The Parties shall meet and confer and shall endeavor to agree by August 22, 2019 upon a set of stipulated facts with respect to those allegations and cause of action in the Complaint seeking a determination of the validity, priority and extent of the liens and security interest of US Bank in Future QAF Payments (as defined in the Complaint). If the Parties agree upon such set of stipulated facts by August 22, 2019, the Parties further agree that any motions for summary judgment with respect to such allegations and cause of action concerning Future QAF Payments shall be filed by either Party no later than August 29, 2019; any responses to such motions for summary judgment shall be filed no later than September 17, 2019; and any replies to such responses shall be filed no later than September 24, 2019.

11. In the event that Mediation does not result in a settlement of all claims under the Complaint, discovery in these proceedings shall commence immediately upon completion of Mediation with respect to any claims that are not the subject of a pending motion for summary judgment. All discovery must be completed by November 15, 2019.

12. If either Party wishes to call an expert witness during trial, such Party shall notify the other Party of the identity of such expert witness, and the subject matter of such expert's testimony, no later than October 1, 2019. Any written report of such expert witness shall be furnished to the other Party no later than October 18, 2019, and such expert shall be made available for deposition no later than November 15, 2019.

13. The Parties shall file the pretrial stipulation required by Local Bankruptcy Rule 7016-1(b) as soon as practicable after the Parties have notified each other in writing that they have completed discovery, but in no event later than December 3, 2019.

14. The Parties shall request a pre-trial conference within seven (7) days after filing their pre-trial stipulation. Absent a request for an earlier pre-trial conference, the pre-trial conference in this case shall be held on December 10, 2019 or such later date as the Court's calendar may allow.

15. After the completion of discovery, the Parties may agree to proceed by dispositive motion upon stipulated facts. Absent such agreement, trial shall commence as soon after the pre-trial conference as the Court's calendar may allow.

16. The scheduling and case management procedures set forth herein shall be subject to modification upon the consent of the Parties and the approval of this Court. Except as specifically provided herein, nothing contained in this Stipulation is intended to modify or supersede the requirements of the Local Rules of Bankruptcy Procedure of the Central District of California or any other rule applicable to the US Bank Adversary Proceeding.

[SIGNATURE PAGES FOLLOW]

DATED: August 2, 2019

MILBANK LLP

/s/ *Robert J. Liubicic*

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Counsel for the Official Committee of Unsecured Creditors of Verity Health System of California, Inc., et al.

Dated: August 2, 2019

MCDERMOTT WILL & EMERY LLP

By: /s/ *Jason D. Strabo*
Jason D. Strabo

MASLON LLP

By: /s/ *Clark T. Whitmore*
Clark T. Whitmore

Attorneys for U.S. Bank National Association, not individually but as Series 2015 Notes Trustee and Series 2017 Notes Trustee, respectively

EXHIBIT A

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
LOS ANGELES DIVISION

In re VERITY HEALTH SYSTEM OF CALIFORNIA, INC. Debtors and Debtors in Possession. OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF VERITY HEALTH SYSTEM OF CALIFORNIA, INC., ET AL., Plaintiff, v. U.S. BANK NATIONAL ASSOCIATION, as trustee, Defendant.	Case No.: 2:18-bk-20151-ER Adv. No.: 2:19-ap-01165-ER **ORDER APPROVING JOINT CASE MANAGEMENT AND SCHEDULING STIPULATION** Complaint Filed: June 13, 2019

The Court having read and considered the Joint Case Management and Scheduling Stipulation [Docket No. __] (the "Stipulation")[1], and it appearing that good cause exists to approve the Stipulation,

IT IS HEREBY ORDERED AS FOLLOWS:

1. The Stipulation is approved.

2. The scheduling order previously entered in this case is superseded by this Order in all respects.

3. Due to the expedited timeline set forth in the Stipulation, the status conference required by Local Bankruptcy Rule 7016-1 shall be re-scheduled at the Court's discretion pursuant to a subsequent order that may be entered by the Court.

[1] Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Stipulation.

MEDIATION

4. All claims in the US Bank Adversary Proceeding shall be submitted to private mediation (the "Mediation") jointly and simultaneously with the mediation to be held in the UMB Adversary Proceeding.

5. No later than August 5, 2019, the Parties shall agree upon a mediator (the "Mediator") to conduct the Mediation, who shall be a sitting bankruptcy court judge and who will not charge a fee or seek reimbursement of any other costs for conducting the Mediation. Defendant reserves the right to claim that any legal fees, costs and expenses incurred by the Defendant in connection with the Mediation constitute costs of collection of the Defendant's claim in the Debtors' bankruptcy cases.

6. Each Party shall submit a confidential mediation statement to the Mediator no later than August 29, 2019. US Bank may file a joint mediation statement along with UMB.

7. The Mediation shall be scheduled for September 10, 2019, or such other, subsequent date as may be mutually agreeable to the Mediator and the Parties.

8. The Debtors in these cases may elect to participate in the Mediation. The Debtors are permitted, but not required, to submit a confidential mediation statement to the Mediator no later than August 29, 2019.

9. The Parties acknowledge that if a full or partial settlement is reached as a result of the Mediation, the Parties shall inform the Court within two (2) business days thereafter, and all subsequent dates and deadlines herein with respect to the settled claims shall be suspended until such time as the Court may rule upon and approve such settlement.

LITIGATION

10. Subject to paragraph 11 below, Defendant shall have until August 29, 2019 to answer or otherwise file a responsive motion with respect to the Complaint; Plaintiff shall file any response to any such motion made by Defendant no later than September 17, 2019; and Defendant shall file any reply to Plaintiff's response no later than September 24, 2019.

11. The Parties shall meet and confer and shall endeavor to agree by August 22, 2019 upon a set of stipulated facts with respect to those allegations and cause of action in the Complaint seeking a determination of the validity, priority and extent of the liens and security interest of US Bank in Future QAF Payments (as defined in the Complaint). If the Parties agree upon such set of stipulated facts by August 22, 2019, the Parties further agree that any motions for summary judgment with respect to such allegations and cause of action concerning Future QAF Payments shall be filed by either Party no later than August 29, 2019; any responses to such motions for summary judgment shall be filed no later than September 17, 2019; and any replies to such responses shall be filed no later than September 24, 2019.

12. In the event that Mediation does not result in a settlement of all claims under the Complaint, discovery in these proceedings shall commence immediately upon completion of Mediation with respect to any claims that are not the subject of a pending motion for summary judgment. All discovery must be completed by November 15, 2019.

13. If either Party wishes to call an expert witness during trial, such Party shall notify the other Party of the identity of such expert witness, and the subject matter of such expert's testimony, no later than October 1, 2019. Any written report of such expert witness shall be furnished to the other Party no later than October 18, 2019, and such expert shall be made available for deposition no later than November 15, 2019.

14. The Parties shall file the pretrial stipulation required by Local Bankruptcy Rule 7016-1(b) as soon as practicable after the Parties have notified each other in writing that they have completed discovery, but in no event later than December 3, 2019.

15. The Parties shall request a pre-trial conference within seven (7) days after filing their pre-trial stipulation. Absent a request for an earlier pre-trial conference, the pre-trial conference in this case shall be held on December 10, 2019 at _____.

16. After the completion of discovery, the Parties may agree to proceed by dispositive motion upon stipulated facts. Absent such agreement, trial shall commence on

_____ at _____ am/pm.

17. The scheduling and case management procedures set forth herein shall be subject to modification upon the consent of the Parties and the approval of this Court. Except as specifically provided herein, nothing contained in this Stipulation is intended to modify or supersede the requirements of the Local Rules of Bankruptcy Procedure of the Central District of California or any other rule applicable to the US Bank Adversary Proceeding.

###

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:

2029 Century Park E, 33rd Floor, Los Angeles, CA 90067.

A true and correct copy of the foregoing document entitled (*specify*): ***JOINT CASE MANAGEMENT AND SCHEDULING STIPULATION, AND PROPOSED ORDER*** will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner stated below:

1. **TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF)**: Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*) August 2, 2019, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

☒ Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:
On (*date*) August 2, 2019, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

☒ Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (*date*) August 2, 2019, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

☒ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

August 2, 2019	James C. Behrens	/s/ James C. Behrens
Date	*Printed Name*	*Signature*

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(Via NEF)

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