

<p>Attorney or Party Name, Address, Telephone &amp; FAX Nos., State Bar No. &amp; Email Address</p> <p>SHEPPARD, MULLIN, RICHTER &amp; HAMPTON LLP JUSTIN R. BERNBROCK (admitted <i>pro hac vice</i>) CATHERINE JUN (admitted <i>pro hac vice</i>) ROBERT B. McLELLARN (admitted <i>pro hac vice</i>) 321 North Clark Street, 32nd Floor Chicago, Illinois 60654 Telephone: 312.499.6300 Facsimile: 312.499.6301 Email: jbernbrock@sheppardmullin.com           cjun@sheppardmullin.com           rmclellarn@sheppardmullin.com</p> <p>JENNIFER L. NASSIRI, SBN 209796 ALEXANDRIA G. LATTNER, SBN 314855 1901 Avenue of the Stars, Suite 1600 Los Angeles, CA 90067-6055 Telephone: 310.228.3700 Facsimile: 310.228.3701 Email: jnassiri@sheppardmullin.com           alattner@sheppardmullin.com</p> <p><input type="checkbox"/> Individual appearing without attorney <input checked="" type="checkbox"/> Proposed Counsel to the Debtors and Debtors in Possession</p>	<p>FOR COURT USE ONLY</p>
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**UNITED STATES BANKRUPTCY COURT  
CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION**

<p>In re:</p> <p>Beverly Community Hospital Association, dba Beverly Hospital</p> <p>Montebello Community Health Services, Inc.</p> <p>Beverly Hospital Foundation</p> <p style="text-align: center;">Debtors and Debtors in Possession</p> <p>-----</p> <p><input checked="" type="checkbox"/> Affects All Debtors</p> <p><input type="checkbox"/> Affects Beverly Community Hospital Association</p> <p><input type="checkbox"/> Affects Montebello Community Health Services, Inc.</p> <p><input type="checkbox"/> Affects Beverly Hospital Foundation</p>	<p>LEAD CASE NO.: 2:23-bk-12359-SK</p> <p>CHAPTER: 11</p> <p>JOINTLY ADMINISTERED WITH:</p> <p>CASE NO.: 2:23-bk-12360-SK</p> <p>CASE NO.: 2:23-bk-12361-SK</p>
<p><b>NOTICE OF SALE OF ESTATE PROPERTY</b></p>	

<b>Sale Hearing Date:</b> 07/12/2023	<b>Time:</b> 10:00 a.m. (Pacific Time)
<b>Auction Date:</b> 06/27/2023	<b>Time:</b> 10:00 a.m. (Pacific Time)
<b>Location:</b> See below.	

**Type of Sale:**    Public    Private

**Last date to file objections:** 07/03/2023

This form is mandatory. It has been approved for use in the United States Bankruptcy Court, Central District of California.

**Description of Property to be sold:**

Substantially all of the Debtors' assets.

**Terms and conditions of sale:**

The Bidding Procedures attached as Exhibit 1 to the Bidding Procedures Order, entered on June 2, 2023 [Docket No. 378], and attached hereto as **Exhibit A**.

**Proposed sale price:**

The starting bid per the Stalking Horse APA is approximately \$34 million.

**Overbid procedure (if any):**

Minimum overbid of \$500,000 plus the Bid Protections offered to the Stalking Horse Purchaser. See Exhibit 1 to the Bidding Procedures Order [Docket No. 378].

**If property is to be sold free and clear of liens or other interests, list date, time and location of hearing:**

**Auction:** The Auction shall be conducted on June 27, 2023 at 10:00 a.m. (Pacific Time) at the offices of Sheppard, Mullin, Richter & Hampton LLP, at 333 S. Hope St, 43rd Floor, Los Angeles, California 90071, or such other location as shall be timely communicated to all parties entitled to attend the Auction.

**Sale Hearing:** July 12, 2023 at 10:00 a.m. (Pacific Time). The Sale Hearing will be held via Zoom and additional information to access and attend the virtual hearing via ZoomGov may be available on the Bankruptcy Court's website by viewing Judge Klein's tentative ruling calendar for July 12, 2023.

**Contact person for potential bidders (include name, address, telephone, fax, and/or email):**

**Proposed Counsel to the Debtors:** Sheppard, Mullin, Richter & Hampton LLP, 321 N. Clark Street, 32nd Floor, Chicago, IL 60654 (Attn: Justin R. Bernbrock; Robert B. McLellarn, and Catherine Jun), Emails: jbernbrock@sheppardmullin.com, rmcllellarn@sheppardmullin.com, and cjun@sheppardmullin.com; and/or Sheppard, Mullin, Richter & Hampton LLP, Avenue of the Stars, Suite 1600 Los Angeles, CA 90067-6055 (Attn: Jennifer L. Nassiri and Alexandria G. Lattner), Emails: jnassiri@sheppardmullin.com, alattner@sheppardmullin.com.

**Proposed Investment Banker to the Debtors:** Portage Point Partners, 1330 Avenue of the Americas, 22nd Floor, New York, NY 10019 (Attn: Jason Cohen), Email: jcohen@pppllc.com and bev\_ppp@pppllc.com.

Date: 06/05/23

**Exhibit A**

**Bidding Procedures Order**

1 SHEPPARD, MULLIN, RICHTER & HAMPTON LLP  
JUSTIN R. BERNBROCK (admitted *pro hac vice*)  
2 CATHERINE JUN (admitted *pro hac vice*)  
ROBERT B. McLELLARN (admitted *pro hac vice*)  
3 321 North Clark Street, 32nd Floor  
4 Chicago, Illinois 60654  
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5 Facsimile: 312.499.6301  
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6 cjun@sheppardmullin.com  
rmclellarn@sheppardmullin.com  
7 JENNIFER L. NASSIRI, SBN 209796  
8 ALEXANDRIA G. LATTNER, SBN 314855  
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9 Los Angeles, CA 90067-6055  
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10 Facsimile: 310.228.3701  
11 Email: jnassiri@sheppardmullin.com  
alattner@sheppardmullin.com



12 Proposed Counsel to Debtors and Debtors in Possession

13 UNITED STATES BANKRUPTCY COURT  
14 CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION

15 In re:

Case No.: 2:23-bk-12359-SK

16 BEVERLY COMMUNITY HOSPITAL  
17 ASSOCIATION, dba BEVERLY HOSPITAL  
(A NONPROFIT PUBLIC BENEFIT  
18 CORPORATION), *et al*,<sup>1</sup>

Jointly administered with:

Case No: 2:23-bk-12360-SK

Case No: 2:23-bk-12361-SK

19 Debtors,

Hon. Sandra R. Klein

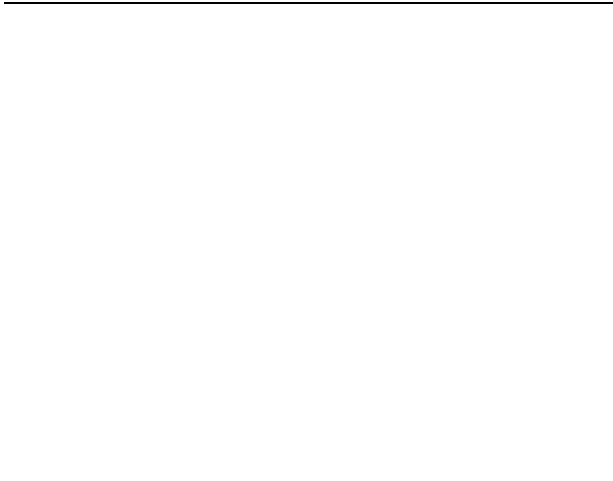
Chapter 11 Case

- 20  
21  Affects all Debtors  
22  Affects Beverly Community  
Hospital Association  
23  Affects Montebello Community Health  
24 Services, Inc.  
25  Affects Beverly Hospital Foundation

**ORDER APPROVING DEBTORS'  
MOTION FOR THE ENTRY OF AN  
ORDER (I) APPROVING ASSET  
PURCHASE AGREEMENT FOR  
STALKING HORSE PURCHASER AND  
FOR PROSPECTIVE OVERBIDDERS, (II)  
APPROVING BID PROTECTIONS, (III)  
APPROVING BIDDING PROCEDURES,**

26  
27 <sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each debtor's federal tax identification  
28 number, are: Beverly Community Hospital Association d/b/a Beverly Hospital (6005), Montebello Community  
Health Services, Inc. (3550), and Beverly Hospital Foundation (9685). The mailing address for the Debtors is 309  
W. Beverly Blvd., Montebello, California 90640.

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**(IV) SCHEDULING CERTAIN DATES  
THERE TO, (V) APPROVING FORM OF  
NOTICE, AND (VI) SCHEDULING  
COURT HEARING TO APPROVE SALE  
FREE AND CLEAR TO THE  
SUCCESSFUL BIDDER**

Date: May 31, 2023  
Time: 1:30 p.m.  
Judge: Sandra R. Klein  
Place: Zoom.Gov – or - Courtroom 1575  
255 E. Temple St.  
Los Angeles, CA 90012

This matter coming before the Court on the motion (the “Bidding Procedures Motion”)<sup>2</sup> of the above-captioned debtors and debtors in possession (the “Debtors”) for the entry of an Order, as applicable, pursuant to Sections 105(a), 363, and 365 of Title 11 of the United States Code (the “Bankruptcy Code”), Rules 2002, 6004, 6006, 9007, and 9014 of the Federal Rules of Bankruptcy Procedure (as amended from time to time, the “Bankruptcy Rules”), and Rule 6004-1 and 9013-1 of the Local Bankruptcy Rules of the United States Bankruptcy Court for the Central District of California (“LBR”) (i)(a) approving form of asset purchase agreement for the Stalking Horse Purchaser and for prospective Overbidders (the “Stalking Horse APA”); (b) approving auction sale format, bidding procedures (the “Bidding Procedures”); (c) approving stalking horse bid protections; (d) approving the form of notice to be provided to interested parties; (e) scheduling the Auction and a court hearing to consider approval of the sale to the highest bidder; and (f) approving procedures related to the assumption and assignment of certain executory contracts and unexpired leases to the Successful Bidder; (ii) authorizing the sale of property free and clear of all claims, liens and encumbrances; and (iii) granting related relief; the Court having found that (i) the Court has jurisdiction to consider the Bidding Procedures Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; (ii) venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409; (iii) this is a core proceeding pursuant to 28 U.S.C. § 157(b); and (iv) notice of the

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<sup>2</sup> Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Bidding Procedures Motion.

1 Bidding Procedures Motion was sufficient under the circumstances and properly given, and it  
2 appearing that no other or further notice need be provided; and a hearing on the proposed bid and  
3 sale procedures as detailed in the Bidding Procedures Motion having been held; and after due  
4 deliberation the Court having determined that the relief requested in the Bidding Procedures Motion  
5 with respect to proposed bid and sale procedures is in the best interests of the Debtors, their estates,  
6 and their creditors; and good and sufficient cause having been shown;

7 **AND IT IS FURTHER FOUND AND DETERMINED THAT:**<sup>3</sup>

8 A. The statutory and legal predicates for the relief requested in the Bidding Procedures  
9 Motion and provided for herein are Sections 105(a), 363, and 365 of Title 11 of the Bankruptcy  
10 Code, Bankruptcy Rules 2002, 6004, 6006, 9007, and 9014, and Local Bankruptcy Rules 6004-1,  
11 and 9013-1.

12 B. In the Bidding Procedures Motion and at the hearing on the Bidding Procedures  
13 Motion, the Debtors demonstrated that good and sufficient notice of the relief granted by this Order  
14 has been given and no further notice is required. A reasonable opportunity to object or be heard  
15 regarding the relief granted by this Order has been afforded to those parties entitled to notice  
16 pursuant to Bankruptcy Rule 2002 and all other interested parties.

17 C. The Debtors' proposed notice of the Bidding Procedures, the Auction and the hearing  
18 to approve the sale (the "Sale") of the Assets (the "Sale Hearing") is appropriate and reasonably  
19 calculated to provide all interested parties with timely and proper notice, and no other or further  
20 notice is required.

21 D. The Bidding Procedures substantially in the form attached hereto as **Exhibit 1** are  
22 fair, reasonable, and appropriate and are designed to maximize the recovery from the Sale of the  
23 Assets. The Bidding Procedures and all such steps and expenses incurred by the Debtors in  
24 connection with the implementation of the Bidding Procedures and this Order shall be deemed  
25

26 \_\_\_\_\_  
27 <sup>3</sup> The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant  
28 to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 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 reasonable and appropriate and within the sound business judgment of the Debtors pursuant to  
2 section 363 of the Bankruptcy Code.

3 E. The Bid Protections, in the amount set forth below, (i) are reasonable and appropriate  
4 given, among other things, the size and nature of the Sale and the efforts that will have been  
5 expended, and will continue to be expended, by the Stalking Horse Purchaser, and (ii) is a material  
6 inducement for, and a condition of, the Stalking Horse Purchaser's entry into the Stalking Horse  
7 APA.

8 F. The Bid Protections and the Stalking Horse APA have been negotiated by the  
9 Debtors and the Stalking Horse Purchaser at arms'-length and in good faith.

10 G. The form of the Stalking Horse APA is fair and reasonable and provides flexibility  
11 in the process to sell the Assets in a manner designed to maximize the value of the Assets.

12 H. The assumption and assignment procedures described in the Bidding Procedures  
13 Motion and provided for herein (the "Assumption and Assignment Procedures") and the Cure Notice  
14 are reasonable and appropriate and consistent with the provisions of Section 365 of the Bankruptcy  
15 Code and Bankruptcy Rule 6006. The Assumption and Assignment Procedures and the Cure Notice  
16 have been narrowly tailored to provide an adequate opportunity for all non-debtor counterparties to  
17 the Assumed Executory Contracts to assert an Assumption Objection.

18 I. The Procedures Notice, substantially in the form attached hereto as **Exhibit 3** is  
19 reasonably calculated to provide interested parties with timely and proper notice of the proposed  
20 Sale, including without limitation: (a) the date, time and place of the Auction (if any); (b) the  
21 Bidding Procedures; (c) reasonably specific identification of the Assets to be sold; and (d) a  
22 description of the Sale as being free and clear of liens, claims, encumbrances, and other interests  
23 (except as set forth in the applicable definitive Sale documentation), with all such liens claims,  
24 encumbrances, and other interests attaching with the same validity and priority to the Sale proceeds,  
25 and no other further notice of the Sale shall be required.

26 J. Entry of this Order is in the best interests of the Debtors, their estates and creditors,  
27 and all other parties in interest.

28

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

2           1.       The Bidding Procedures Motion is **GRANTED** as set forth herein.

3           2.       The Bidding Procedures attached hereto as **Exhibit 1** are **APPROVED**, subject to  
4 the following modifications.<sup>4</sup>

5                   a.   The Bidding Procedures are modified to provide notice that (i) the Stalking  
6                   Horse APA requires the Debtors to “surrender” their general acute hospital  
7                   license(s) issued by the California Department of Public Health immediately  
8                   before the “Effective Time,” as that term is defined by Paragraph 1.3 therein;  
9                   (ii) the Stalking Horse APA does not contemplate the assumption and  
10                  assignment of any Medicare or Medi-Cal provider agreements, and the  
11                  Stalking Horse Purchaser does not intend to seek to assert any rights under or  
12                  benefits from such Medicare or Medi-Cal provider agreements after the  
13                  “Effective Time”; (iii) the United States and the California Department of  
14                  Public Health have reserved rights to object to any sale which results in the  
15                  operation of a hospital at any time without an effective general acute care  
16                  license, either before or after the Effective Time; (iv) the United States and  
17                  the California Department of Health Care Services reserve their rights to  
18                  object to any sale that does not provide for continued access to reimbursement  
19                  under the Medi-Cal and Medicare provider agreements arising from  
20                  treatment of beneficiaries; and (v) to the extent that there is a successful  
21                  overbid which bid would be subject to Attorney General review, the Official  
22                  Committee of Unsecured Creditors (the Committee) reserves its right to  
23                  challenge the Attorney General’s right to impose conditions on the winning  
24                  bidder.

25                  b.   The Bidding Procedures are modified to provide notice that in connection  
26                  with the Stalking Horse APA, the Stalking Horse Purchaser intends to seek

27 \_\_\_\_\_  
28 <sup>4</sup> For the convenience of parties in interest, a chart listing important dates set forth in this Order is attached hereto as  
**Exhibit 2.**



1 approval to expand its license under Health and Safety Code section 1250.8  
2 to operate the hospital as an additional site under the Stalking Horse  
3 Purchaser's existing license.

4 c. The Bidding Procedures are modified to provide notice that the California  
5 Department of Public Health asserts that there must be an effective hospital  
6 license to operate the hospital that is sold by the Debtors, which is currently  
7 known as Beverly Hospital, at all times, before and after the "Effective Time"  
8 and that there must not be a time gap during which no effective general acute  
9 care hospital license exists to operate the hospital that is sold by the Debtors,  
10 which is currently known as Beverly Hospital.

11 d. The California Department of Health Care Services takes the position that  
12 Debtor Beverly Community Health Association's (Debtor's) Medi-Cal  
13 Provider Agreement is an executory contract that must be assumed and  
14 assigned. The Committee reserves all rights to assert that the Medi-Cal  
15 Provider Agreement is not an executory contract and, therefore, it can be sold  
16 pursuant to section 363 of the Bankruptcy Code, rather than assumed and  
17 assigned pursuant to section 365 of the Bankruptcy Code. The Court has not  
18 ruled on whether Debtor's Medi-Cal Provider Agreement is an executory  
19 contract. The California Department of Health Care Services and United  
20 States reserve all right to object to any sale of Medicare or Medi-Cal Provider  
21 Agreements.

22 3. The dates set forth attached in **Exhibit 2** are **APPROVED**.

23 4. White Memorial Medical Center d/b/a Adventist Health White Memorial, or an  
24 affiliate to be designated (the "AHWM," "Purchaser," or "Stalking Horse Purchaser") is hereby  
25 **APPROVED** to be and designated as the Stalking Horse Purchaser as to the Assets, and the form  
26 of the Stalking Horse APA, subject to the reservation of rights by the Committee, is hereby  
27 **APPROVED**.

28

1           5.       Subject to the Bidding Procedures and approval of the Sale at the Sale Hearing, the  
2 Debtors' entry into the Stalking Horse APA (including any amendments thereto) is hereby  
3 **APPROVED** subject to the following modifications:

4           6.       The Bid Protections are **APPROVED** for the reasons stated on the record. If the  
5 Stalking Horse Purchaser is not the Successful Bidder and is not then in breach, and the Stalking  
6 Horse APA has not otherwise been terminated, the Stalking Horse Purchaser shall be paid at the  
7 closing of the Sale of the Purchased Assets (i) two percent (2.0%) of the Purchase Price equal to  
8 \$692,000.00 (the "Break-Up Fee"), plus (ii) reimbursement of reasonably documented reasonable  
9 costs and expenses in an amount not to exceed \$346,000.00 (the "Expense Reimbursement" and  
10 together with the Break-Up Fee, the "Bid Protections"). In the event that the Successful Bidder  
11 other than the Stalking Horse fails to close the Sale, but a subsequent sale of the Assets is  
12 consummated, the Debtors shall pay the Stalking Horse Purchaser the Break-Up Fee and Expense  
13 Reimbursement (to the extent not already paid) from such Sale. Regardless of whether another  
14 bidder is selected as the Successful Bidder, in the event that the Stalking Horse APA is terminated  
15 for any reason other than breach by the Stalking Horse Purchaser, the Debtors shall pay the Expense  
16 Reimbursement within five (5) business days of such termination of the Stalking Horse APA.

17           7.       The Bid Protections, to the extent payable under this Order, shall constitute allowed  
18 administrative expense claims against the Debtors' estates pursuant to section 105(a), 503(b), and  
19 507(a)(2) of the Bankruptcy Code. The Debtors are authorized to pay the Break-Up Fee and the  
20 Expense Reimbursement in cash or by wire transfer of immediately available funds in accordance  
21 with this Order without any further action or order by the Court.

22           8.       The Expense Reimbursement shall be payable by the Debtors as administrative  
23 expenses without any requirement to (a) file retention or fee applications, (b) provide notice to any  
24 person other than the Debtors and the Committee, and (c) provide itemized time detail to the Debtors  
25 or any other Person, provided that the Stalking Horse Purchaser will provide additional detail as  
26 reasonably requested by the Debtors.

27           9.       Notwithstanding anything to the contrary contained herein, upon Debtors' payment  
28 of the Break-Up Fee and the Expense Reimbursement to the Stalking Horse Purchaser, the Debtors

1 and their representatives and affiliates, on the one hand, and Stalking Horse Purchaser and its  
2 respective representatives and affiliates, on the other hand, will be deemed to have fully released  
3 and discharged each other from any liability resulting from the termination of the Stalking Horse  
4 APA, and neither the Debtors and their representatives and affiliates, on the one hand, and the  
5 Stalking Horse Purchaser and its respective representatives and affiliates, on the other hand, nor any  
6 other Person, will have any other remedy or cause of action under or relating to the Stalking Horse  
7 APA, including for reimbursement of any additional expenses incurred by the Stalking Horse  
8 Purchaser in connection with the negotiation and documentation of the Stalking Horse APA and all  
9 proceedings held in connection therewith.

10 10. The Bid Deadline shall be **June 23, 2023 at 4:00 p.m. (prevailing Pacific Time)**.

11 11. The credit bid rights and protections set forth in Part IV(C)(5) of the Bidding  
12 Procedures Motion are **APPROVED** as if set forth herein and without reservation or qualification.  
13 The Court and the Debtors deem the DIP Lender to be a Qualified Bidder for the DIP Collateral and  
14 entitled to credit bid up to the full amount of the DIP Obligations (and bid cash for any amounts in  
15 excess of the DIP Obligations), including, without limitation, the right of the DIP Lender to credit  
16 bid for any of the DIP Collateral that has not been sold, in the event any Successful Bidder(s) does  
17 not purchase all of the DIP Collateral (under the Stalking Horse APA or otherwise) or fail(s) to close  
18 and the DIP Lender has not been indefeasibly paid in full for all of the DIP Obligations as required  
19 under the DIP Financing Order on or before the Maturity Date of the DIP Loan. The DIP lender  
20 further reserves all further rights set forth under the DIP Financing Order.

21 12. The Court and the Debtors deem the Master Trustee to be a Qualified Bidder to the  
22 full extent, validity, and priority of the Master Trustee's prepetition liens.

23 13. The Debtors, after consultation with the Consultation Parties (as defined in the  
24 Bidding Procedures), shall have the exclusive right to determine whether a bid is a Qualified Bid  
25 and shall notify Qualified Bidders whether their bids have been recognized as such as promptly as  
26 practicable after a Qualified Bidder delivers all of the materials required by the Bidding Procedures;  
27 provided, however, that neither the Master Trustee nor the DIP Lender shall be consulted as  
28 Consultation Parties when their respective bids are being considered.

1 14. The Auction, if necessary, shall be held on **June 27, 2023 at 10:00 a.m. (prevailing**  
2 **Pacific Time)** at the offices of Sheppard, Mullin, Richter & Hampton LLP, at 333 S. Hope St, 43<sup>rd</sup>  
3 Floor, Los Angeles, California 90071, or at such other location as shall be identified in a notice filed  
4 with the Bankruptcy Court at least 24 hours before the Auction.

5 15. At the Auction, each Qualified Bidder shall be required to confirm that it has not  
6 engaged in any collusion with respect to the bidding or the sale, and the Auction shall be conducted  
7 openly and transcribed. Within twenty-four (24) hours following the conclusion of the Auction, the  
8 Debtors shall file a notice identifying the Successful Bidder with the Court and shall serve such  
9 notice by fax, email, or if neither is available, by overnight mail to all counterparties whose contracts  
10 are to be assumed and assigned.

11 16. The Debtors, after consultation with the Consultation Parties, shall determine which  
12 offer is the highest and otherwise best offer for the Assets, giving effect to the Bid Protections  
13 payable to the Stalking Horse Purchaser as well as any additional liabilities or Cure Amounts to be  
14 assumed by the Stalking Horse Purchaser or another Qualified Bidder and any additional costs  
15 which may be imposed on the Debtors.

16 17. The Sale Hearing shall be held on **July 12, 2023 at 10:00 a.m. (prevailing Pacific**  
17 **Time)** before this Court, either by ZoomGov or at the U.S. Bankruptcy Court for the Central District  
18 of California, 255 E. Temple St., Courtroom 1575, Los Angeles, California 90012. Any objections  
19 to the Sale (other than an Assumption Objection (defined herein) which shall be governed by the  
20 procedures set forth below) (a "**Sale Objection**"), must (i) be in writing; (ii) comply with the  
21 Bankruptcy Rules and the Local Rules; (iii) set forth the specific basis for the Sale Objection; (iv)  
22 be filed with the Court, together with proof of service, **on or before 12:00 p.m. (prevailing Pacific**  
23 **Time) on July 3, 2023** (the "**Sale Objection Deadline**") and (v) be served, so as to be actually  
24 received on or before the Sale Objection Deadline, upon: (i) proposed counsel to the Debtors:  
25 Sheppard, Mullin, Richter & Hampton LLP, 321 N. Clark Street, 32<sup>nd</sup> Floor, Chicago, IL 60654  
26 (Attn: Justin R. Bernbrock; Robert B. McLellarn, and Catherine Jun), Emails:  
27 jbernbrock@sheppardmullin.com, rmclellarn@sheppardmullin.com, and  
28 cjun@sheppardmullin.com; and/or Sheppard, Mullin, Richter & Hampton LLP, Avenue of the

1 Stars, Suite 1600 Los Angeles, CA 90067-6055 (Attn: Jennifer L. Nassiri and Alexandria G.  
2 Lattner), Emails: jnassiri@sheppardmullin.com, alattner@sheppardmullin.com; (ii) the Debtors’  
3 Investment Banker: Portage Point Partners, 1330 Avenue of the Americas, 22nd Floor, New York,  
4 NY 10019 (Attn: Jason Cohen), Email: jcohen@pppllc.com and bev\_ppp@pppllc.com; (iii) counsel  
5 to the Stalking Horse Purchaser: Jones Day, 555 South Flower Street, 50th Floor, Los Angeles, CA  
6 90071, (Attn: Joshua M. Mester and Catherine A. Ehrgott), Emails: jmester@jonesday.com and  
7 cehgott@JonesDay.com; (iv) the Office of the United States Trustee (the “U.S. Trustee”): 915  
8 Wilshire Blvd., Suite 1850, Los Angeles, California 90017 (Attn: Kelly L. Morrison), Email:  
9 kelly.l.morrison@usdoj.gov; and (v) counsel to the DIP Lender, HRE Montebello, LLC: Bryan  
10 Cave Leighton Paisner, LLP, 161 North Clark Street, Suite 4300, Chicago, Illinois 60201 (Attn:  
11 Eric S. Prezant), Email: eric.prezant@bclplaw.com; 120 Broadway, Suite 300, Los Angeles,  
12 California 90401(Attn: Sharon Z. Weiss and Olivia J. Scott); sharon.weiss@bclplaw.com; and  
13 olivia.scott3@bclplaw.com; (vi) proposed counsel to the Official Committee: Dentons LLP, 601 S.  
14 Figueroa Street Suite 2500, Los Angeles, California 90017-5704, (Attn: Samuel R. Maizel and  
15 Tania M. Moyron), Emails: samuel.maizel@dentons.com and tania.moyron@dentons.com, and  
16 Sills Cummis & Gross P.C., (Attn: Andrew H. Sherman), Email: asherman@sillscummis.com; and  
17 (vii) counsel to U.S. Bank Trust Company National Association, as Master Trustee, Greenberg  
18 Traurig, LLP, One International Place, Suite 200, Boston MA, 02110 (Attn: Colleen A. Murphy,  
19 Kevin J. Walsh, and Chris Marks), Emails: colleen.murphy@gtlaw.com, kevin.walsh@gtlaw.com,  
20 and chris.marks@gtlaw.com, so as to mailed or received via Email by the Notice Parties not later  
21 than the Sale Objection Deadline.

22 18. If a Sale Objection is not filed and served on or before the Sale Objection Deadline,  
23 the objecting party may be barred from objecting to the Sale and may not be heard at the Sale  
24 Hearing, and this Court may enter the Sale Order without further notice to such party.

25 19. Replies, if any, to a Sale Objection must be filed and served by 12:00 p.m.  
26 (prevailing Pacific Time) on July 6, 2023.

27  
28

1           20.     The following forms of notice are approved: (a) the Procedures Notice, in the form  
2 substantially similar to that attached hereto as Exhibit 3 and (b) the Cure Notice, in the form  
3 substantially similar to that attached hereto as Exhibit 4.

4           21.     The Debtors shall, within one (1) business day after the entry of this Order, file with  
5 the Court and serve a copy of this Order and the Procedures Notice by first class mail, postage  
6 prepaid, on the Notice Parties and all parties which the Debtor are require to serve pursuant to LBR  
7 6004-1(b)(3).

8           22.     The Debtors shall file with the Court and serve the Cure Notice (along with a copy  
9 of this Bidding Procedures Motion) upon each counterparty to the Assumed Executory Contracts by  
10 no later than **June 9, 2023**. The Cure Notice shall state the date, time and place of the Sale Hearing  
11 as well as the date by which any Assumption Objection must be filed and served. The Cure Notice  
12 also will identify the amounts, if any, that the Debtors believe are owed to each counterparty to an  
13 Assumed Executory Contract in order to cure any defaults that exist under such contract (the “Cure  
14 Amounts”).

15           23.     To the extent there is a contract added to the list of contracts to be assumed by the  
16 Successful Bidder pursuant to the Successful Bidder’s Purchase Agreement selected at the Auction,  
17 the Bidding Procedures Motion constitutes a separate motion to assume and assign that contract to  
18 the Successful Bidder pursuant to Section 365 of the Bankruptcy Code; each such contract will be  
19 listed on an exhibit to the Successful Bidder’s Purchase Agreement, and shall be given a separate  
20 Cure Notice filed and served by overnight delivery by the Debtors within five (5) business days of  
21 the conclusion of the Auction and announcement of the Successful Bidder(s).

22           24.     The inclusion of a contract, lease, or other agreement on the Cure Notice shall not  
23 constitute or be deemed a determination or admission by the Debtors and their estates or any other  
24 party in interest that such contract, lease, or other agreement is, in fact, an executory contract or  
25 unexpired lease within the meaning of the Bankruptcy Code, and any and all rights with respect  
26 thereto shall be reserved.

27           25.     If any counterparty to an Assumed Executory Contract wishes to file an Assumption  
28 Objection, such counterparty must file and serve it so as to be actually received by the Notice Parties

1 by no later than: (i) **12:00 p.m. (prevailing Pacific Time) on July 3, 2023**, (ii) such later date  
2 otherwise specified in the Cure Notice, or (iii) solely with respect to those counterparties to Assumed  
3 Executory Contracts who are not served with a Cure Notice until a date after June 9, 2023, seven  
4 (7) days after service by overnight mail of such Cure Notice (the “Assumption Objection Deadline”),  
5 provided, however, that if any Successful Bidder is not the Stalking Horse Purchaser, any  
6 counterparty may raise at the Sale Hearing (or any time before the Sale Hearing) an objection to the  
7 assumption and assignment of the Assumed Executory Contract solely with respect to such  
8 Successful Bidder’s ability to provide adequate assurance of future performance under the Assumed  
9 Executory Contract. The Court will make any and all determinations concerning adequate assurance  
10 of future performance under the Assumed Executory Contracts pursuant to Sections 365(b) and  
11 (f)(2) of the Bankruptcy Code at the Sale Hearing.

12           26. To the extent the Assumed Executory Contract counterparty wishes to object to the  
13 Cure Amount, if any, set forth in the Cure Notice, its Assumption Objection must set forth with  
14 specificity each and every asserted default in any executory contract or unexpired lease and the  
15 monetary cure amount asserted by such counterparty to the extent it differs from the amount, if any,  
16 specified by the Debtors in the Cure Notice.

17           **27. Replies, if any, to an Assumption Objection must be filed and served by 12:00**  
18 **p.m. (prevailing Pacific Time) on July 6, 2023.**

19           28. Any counterparty to an Assumed Executory Contract that fails to timely file and  
20 serve an objection to the Cure Amounts shall be forever barred from asserting that a Cure Amount  
21 is owed in an amount in excess of that set forth in the Cure Notice.

22           29. If a Contract or Lease is assumed and assigned pursuant to Court order, the Assumed  
23 Executory Contract counterparty shall receive no later than three (3) business days following the  
24 closing of the Sale, the Cure Amount, if any, as set forth in the Cure Notice. All Cure Amounts will  
25 be funded in accordance with the terms and conditions of the Stalking Horse APA and/or the  
26 Purchase Agreement(s), as applicable.

27           30. Assumption Objections (including those related to adequate assurance of future  
28 performance) will be resolved by the Court at the Sale Hearing. Notwithstanding, in the event that

1 the Debtors and the counterparty cannot resolve the Cure Amount, such dispute may be resolved by  
2 the Court at the Sale Hearing or such later date as may be agreed to or ordered by the Court.

3 31. The Successful Bidder(s) shall be responsible for satisfying any requirements  
4 regarding adequate assurance of future performance that may be imposed under section 365(b) of  
5 the Bankruptcy Code in connection with the proposed assignment of any Assumed Executory  
6 Contract, and the failure to provide adequate assurance of future performance to any counterparty  
7 to any Assumed Executory Contract shall not excuse the Successful Bidder(s) from performance of  
8 any and all of its obligations pursuant to the Successful Bidder's Purchase Agreement.

9 32. Except to the extent otherwise provided in a Successful Bidder's Purchase  
10 Agreement, the Debtors and their estates shall be relieved of all liability accruing or arising after the  
11 assumption and assignment of the Assumed Executory Contracts pursuant to section 365(k) of the  
12 Bankruptcy Code.

13 33. All proceeds of the Sale shall be paid by the Successful Bidder(s) at Closing first to  
14 the DIP Lender in amounts necessary to satisfy the DIP Obligation in full under the DIP Financing  
15 Order, and then all remaining proceeds shall be paid to Debtors and such proceeds shall be deposited  
16 with the Debtors in a bank account to be designated by the Debtors, and all liens, claims, interests  
17 and encumbrances on the Assets sold pursuant to the Sale shall attach to the proceeds of Sale with  
18 the same force, effect, validity and priority as such liens, claims, interests and encumbrances had on  
19 such Assets prior to the Closing, subject to the liens and security interests of the DIP Lender and the  
20 Prepetition Secured Creditors under applicable law and the Final DIP Order, as applicable.

21 34. To the extent the provisions of this Order are inconsistent with the provisions of any  
22 Exhibit referenced herein or with the Bidding Procedures Motion, the provisions of this Order shall  
23 control.

24 35. As set forth in the *Declaration of Alice Cheng in Support of Chapter 11 Petitions*  
25 *and Emergency First Day Motions* filed on April 19, 2023 [Dkt. No. 9], the Beverly Hospital  
26 Foundation ("Beverly Foundation") held, as of the Petition Date, "approximately \$1.6 million in  
27 restricted funds and assets from donations" (the "Restricted Funds"). ~~The Restricted Funds remain~~  
28 ~~held by the Beverly Foundation, and have not been spent, disbursed, encumbered, or otherwise~~




1 ~~disposed of since the Petition Date.~~ Notwithstanding any provision of the Motion or of this Order,  
2 the Restricted Funds shall continue to be held by the Beverly Foundation pursuant to the terms of  
3 the restrictions applicable to them, and shall not, without further order of the Court, be spent,  
4 disbursed, encumbered, or otherwise disposed of. Whether any particular funds or assets held by  
5 the Beverly Foundation are in fact Restricted Funds depends upon the terms and conditions under  
6 which the Beverly Foundation received such funds or assets, including but not limited to by way of  
7 donation or bequest, and nothing in the Bidding Procedures Motion or in this Order shall affect the  
8 right of any party with a potential interest in the Beverly Foundation's funds or assets, including but  
9 not limited to the Attorney General, the Official Committee of Unsecured Creditors, or the Master  
10 Trustee, to investigate and contest or dispute the status of such funds or assets as Restricted Funds.

11 36. The Court shall retain jurisdiction over all matters arising from or related to the  
12 interpretation and implementation of this Order.

13 37. Notwithstanding the possible applicability of Bankruptcy Rules 6004, 6006, 7062,  
14 9014, or otherwise, the terms and conditions of this Order shall be immediately effective and  
15 enforceable.

16 ###

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23 Date: June 2, 2023

  
Sandra R. Klein  
United States Bankruptcy Judge

1 **Exhibit 1**

2 **(Bidding Procedures)**

3 **BIDDING PROCEDURES**

4 Set forth below are the bidding procedures (the “Bidding Procedures”) for the sale of all  
5 assets of (i) the assets (the “Purchased Assets”) enumerated in the Stalking Horse APA (as defined  
6 below), including but not limited to, Beverly Community Hospital Associations dba Beverly  
7 Hospital (“Beverly Hospital”), and Montebello Community Health Services, Inc. (“Montebello  
8 Health” and together with Beverly Hospital, the “APA Facilities”); and (ii) assets not otherwise  
9 enumerated in the APA, but associated with the ownership or operation of the APA Facilities and  
10 available for purchase (the “Other Assets”), in connection with the chapter 11 cases pending in the  
11 United States Bankruptcy Court for the Central District of California (the “Bankruptcy Court”),  
12 jointly administered as case number 2:23-bk-12359-RK, in the form to be approved by the  
13 Bankruptcy Court, by Order dated June [ ], 2023 (the “Bidding Procedures Order”).

14 Debtors Beverly Hospital and Montebello Health (collectively, the “Sellers”) entered into  
15 that certain Asset Purchase Agreement, dated May 23, 2023 between the Debtors, on the one hand,  
16 and White Memorial Medical Center d/b/a Adventist Health White Memorial, a California nonprofit  
17 religious corporation (“AHWM,” “Stalking Horse Purchaser,” or “Purchaser”), on the other hand,  
18 pursuant to which the Stalking Horse Purchaser shall acquire the Assets on the terms and conditions  
19 specified therein (together with the schedules and related documents thereto, the “Stalking Horse  
20 APA”). The sale transaction pursuant to the Stalking Horse APA is subject to competitive bidding  
21 as set forth herein. Capitalized terms used herein and not otherwise defined shall have the meanings  
22 set forth in the *Debtors’ Notice of Motion and Motion for the Entry of an Order (I) Approving Asset*  
23 *Purchase Agreement for Stalking Horse Purchaser and for Prospective Overbidders, (I) Approving*  
24 *Bid Protections, (III) Approving Bidding Procedures, (IV) Scheduling Certain Dates Thereto, and*  
25 *(V) Approving Form of Notice; and (VI) Scheduling Court Hearing to Approve Sale Free and Clear*  
26 *to the Successful Bidder* [Docket No. 308] (the “Bidding Procedures Motion”).

27 **II. ASSETS TO BE SOLD**

28 The Debtors seek to complete a sale of substantially all assets of the APA Facilities,  
including both the Purchased Assets and the Other Assets (the “Sale”). The Stalking Horse APA  
will serve as the “stalking-horse” bid for the Purchased Assets. The Stalking Horse APA is attached  
to the Bidding Procedures Motion as Exhibit B and can be obtained by requesting from counsel to  
the Debtors, or online free of charge at <https://www.kccellc.net/Beverly>.

1 **III. THE BID PROCEDURES**

2 In order to ensure that the Debtors receive the maximum value for the Purchased Assets  
3 and/or the Other Assets, they intend to hold a sale process for the Purchased Assets and/or the Other  
4 Assets pursuant to the procedures and on the timeline proposed herein.

5 **A. Provisions Governing Qualifications of Bidders**

6 In order to participate in the bidding process, each bidder, prior to 4:00 p.m. (prevailing  
7 Pacific Time) on June 23, 2023 (the “Bid Deadline”) other than the Stalking Horse Purchaser and  
8 the DIP Lender (as defined below), who wishes to participate in the bidding process must deliver  
9 the following to the Notice Parties (defined below under Section D. Bid Deadline):

- 10 (a) a written disclosure of the identity of each entity that will be bidding for the  
11 Purchased Assets or otherwise participating in connection with such bid; and  
12 (b) an executed confidentiality agreement (to be delivered prior to the distribution of any  
13 confidential information by the Debtors) in form and substance satisfactory to the  
14 Debtors and which shall inure to the benefit of any purchaser of the Purchased Assets  
15 and/or Other Assets; without limiting the foregoing, each confidentiality agreement  
16 executed by a potential bidder shall contain standard non-solicitation provisions.

17 A party that delivers the documents and information described above and that the Debtors  
18 and their advisors determine, after consultation with counsel to the Official Committee of Unsecured  
19 Creditors (the “Committee”), and its advisors, counsel to the DIP Lender, counsel to Master Trustee,  
20 and counsel to UNAC/UHCP; provided, however, that the DIP Lender and Master Trustee will not  
21 be consulted as consultation parties when their respective bids are being considered (collectively,  
22 the “Consultation Parties”), in their reasonable business judgment, is likely (based on availability of  
23 financing, experience, and other considerations) to be able to consummate the sale, will be deemed  
24 a potential Bidder (“Potential Bidder”).

25 As promptly as practicable after a party delivers all of the materials required above, the  
26 Debtors will determine, in consultation with the Consultation Parties, and will notify the party,  
27 whether the Debtor considers such party to be a Potential Bidder. Potential Bidders will have the  
28 opportunity to submit a bid by the Bid Deadline.

**B. Due Diligence**

Potential Bidders will be given access to the Debtors’ data room after signing a non-  
disclosure agreement. The due diligence period shall extend through and include the Auction date;  
provided, however, that any Qualified Bid (defined herein) submitted shall be irrevocable until the  
selection of the Successful Bidder(s) (defined herein) and any Back-Up Bidder(s) (defined herein).

1           **C. Provisions Governing Qualified Bids**

2           A bid submitted by a Potential Bidder will be considered a Qualified Bid (each, a “Qualified  
3 Bid”, and each such Potential Bidder thereafter a “Qualified Bidder”) only if the bid submitted  
4 complies with all of the following requirements:

- 5           (b) must clearly state which of the Purchased Assets it seeks to acquire, in cash, and  
6 which liabilities of the applicable Debtors it agrees to assume;
- 7           (c) includes a signed writing that the bidder’s offer is irrevocable until the selection of  
8 the Successful Bidder and the Back-Up Bidder, provided that if such bidder is  
9 selected as the Successful Bidder or the Back-Up Bidder then the offer shall remain  
10 irrevocable until the earlier of (i) the closing of the transaction with the Successful  
11 Bidder and (ii) the date that is one hundred days after entry of the Sale Order with  
12 respect to the Successful Bidder and one hundred and one (101) days after entry of  
13 the Sale Order with respect to the Back-Up Bidder; provided, however, that if the  
14 Stalking Horse Purchaser becomes the Back-Up Bidder, it will only be bound as  
15 Back-Up Bidder on the terms contained in the Stalking Horse APA, including the  
16 termination provisions;
- 17           (d) includes confirmation that there are no conditions precedent to the Potential Bidder’s  
18 ability to enter into a definitive agreement and that all necessary internal governance  
19 and shareholder approvals have been obtained prior to the bid;
- 20           (e) sets forth each regulatory and third-party approval required for the Potential Bidder  
21 to consummate the transaction and the time period within which the Potential Bidder  
22 expects to receive such approvals and establishes a substantial likelihood that the  
23 Potential Bidder will obtain such approvals by the stated time period;<sup>5</sup>
- 24           (f) includes a duly authorized and executed copy of a purchase or acquisition agreement  
25 in the form of the Stalking Horse APA (a “Purchase Agreement”), including the  
26 purchase price for some or all of the Purchased Assets, or alternatively, assets which  
are not currently included in the Stalking Horse Bid, or both, expressed in U.S.  
Dollars, together with all exhibits and schedules thereto, together with a redline of  
the Stalking Horse APA and proposed order to approve the sale by the Court to show  
any amendments and modifications; or in the case of a Qualified Bid for only certain  
real estate assets of the Debtors, such bid shall include a duly authorized and executed  
purchase agreement in such form as provided by the Debtors to such bidders,  
expressed in U.S. Dollars, together with all exhibits and schedules thereto, together

27 <sup>5</sup> The California Department of Public Health asserts that there must be an effective hospital license to operate the  
28 hospital that is sold by the Debtors, which is currently known as Beverly Hospital, at all times, before and after the  
“Effective Time” and that there must not be a time gap during which no effective general acute care hospital license  
exists to operate the hospital that is sold by the Debtors, which is currently known as Beverly Hospital.

- 1 with a markup of the proposed order to approve the sale by the Court to show any  
2 amendments or modifications;<sup>6</sup>
- 3 (g) includes written evidence of a firm, irrevocable commitment for financing or other  
4 evidence of ability to consummate the proposed transaction, that will allow the  
5 Debtors to make a reasonable determination as to the Potential Bidder's financial and  
6 other capabilities to consummate the transaction contemplated by the Purchase  
7 Agreement;
- 8 (h) the bid is for some or all of the Purchased Assets, it must have a value to the Debtors,  
9 in the Debtors' exercise of its reasonable business judgment after consultation with  
10 the Consultation Parties, that is greater than or equal to the sum of the Purchase Price  
11 in the Stalking Horse APA, plus the amount of the Break-Up Fee, the Expense  
12 Reimbursement, and \$500,000 (the bid increment);
- 13 (i) identifies with particularity which executory contracts and unexpired leases the  
14 Potential Bidder wishes to assume;
- 15 (j) contains sufficient information concerning the Potential Bidder's ability to provide  
16 adequate assurance of performance with respect to assumed executory contracts and  
17 unexpired leases;
- 18 (k) includes an acknowledgement and representation that the Potential Bidder: (A) has  
19 had an opportunity to conduct any and all required due diligence regarding the  
20 Purchased Assets prior to making its offer; (B) has relied solely upon its own  
21 independent review, investigation and/or inspection of any documents and/or the  
22 Purchased Assets in making its bid; (C) did not rely upon any written or oral  
23 statements, representations, promises, warranties or guaranties whatsoever, whether  
24 express or implied (by operation of law or otherwise), regarding the Purchased  
25 Assets or the completeness of any information provided in connection therewith or  
26 with the Auction (defined below), except as expressly stated in the Purchase  
27 Agreement; and (D) is not entitled to any expense reimbursement, break-up fee, or  
28 similar type of payment in connection with its bid;
- (l) includes evidence, in form and substance reasonably satisfactory to the Debtors, of  
authorization and approval from the Potential Bidder's board of directors (or  
comparable governing body) with respect to the submission, execution, delivery and  
closing of the Purchase Agreement;
- (m) is accompanied by a good faith deposit in the form of a wire transfer (to a bank  
account specified by the Debtors), certified check or such other form acceptable to

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<sup>6</sup> In connection with the Stalking Horse APA, the Stalking Horse intends to seek approval to expand its license under Health and Safety Code section 1250.8 to operate the hospital as an additional site under the Stalking Horse Purchaser's existing license.

1 the Debtors, payable to the order of the Debtors (or such other party as the Debtors  
2 may determine) in an amount equal to 6.5% of the Potential Bid purchase price,  
3 which deposit shall be forfeited if such bidder is the Successful Bidder and breaches  
4 its obligation to close, and if the overbidder is a secured creditor of the Debtors who  
5 intends to make a credit bid, evidence of the amount, priority and basis for such  
6 creditor's secured claim against the Debtors;

- 7 (n) contains a detailed description of how the Potential Bidder intends to treat current  
8 employees of the Debtors, if applicable;
- 9 (o) contains such other information reasonably requested by the Debtors; and
- 10 (p) is received prior to the Bid Deadline.

11 Only bids fulfilling the preceding requirements contained in this section may, or otherwise  
12 in the Debtors' reasonable discretion, in consultation with the Consultation Parties, be deemed to be  
13 "Qualified Bids." Notwithstanding the foregoing, the Stalking Horse Purchaser is deemed a  
14 Qualified Bidder and the Stalking Horse APA is deemed a Qualified Bid, for all purposes in  
15 connection with the Bidding Procedures, the Auction and the sale. Further, notwithstanding the  
16 foregoing, HRE Montebello, LLC (the "DIP Lender"), is deemed a Qualified Bidder and any credit  
17 bid by the DIP Lender for only the DIP Collateral (as defined in the DIP Financing Order) shall be  
18 deemed a Qualified Bid (without the need to satisfy the requirements in subsections above),  
19 provided, however, that to the extent the DIP Lender's bid is in excess of the DIP Obligations, such  
20 excess amount above the DIP Obligations shall be in cash, for all purposes in connection with the  
21 Bidding Procedures, the Auction and the sale. The DIP Lender's credit bid rights are more fully  
22 described in Section E. Credit Bidding below. The Master Trustee is deemed a Qualified Bidder  
23 and may credit bid up to the full amount of its claim on its collateral, but not the DIP Collateral or  
24 rents therefrom without the need to satisfy the requirements in subsections above, so long as it does  
25 not argue that its collateral extends to the DIP Collateral or rents flowing therefrom; provided,  
26 however, in the event that any bid (cash, or a credit bid by an entity other than the Master Trustee)  
27 for the DIP Collateral would equal or exceed the amount necessary to repay the DIP Lender in full,  
28 then the Master Trustee reserves its right to credit bid its springing lien on the DIP Collateral as long  
as such credit bid includes cash sufficient to repay the DIP Lender in full, and in such situation and  
notwithstanding anything to the contrary in these Bidding Procedures, the Master Trustee shall be  
deemed a Qualified Bidder with respect to the DIP Collateral..

25 The Debtors shall notify the Stalking Horse Purchaser, the DIP Lender, the Master Trustee,  
26 and all Qualified Bidders in writing as to whether or not any bids constitute Qualified Bids (and  
27 with respect to each Qualified Bidder that submitted a bid as to whether such Qualified Bidder's bid  
28 constitutes a Qualified Bid) and provide copies of the Purchase Agreements relating to any such

1 Qualified Bid to the Stalking Horse Purchaser, the DIP Lender, and such Qualified Bidders no later  
2 than one (1) day following the Debtors' determination that such bid is a Qualified Bid.

3 **D. Bid Deadline**

4 In order to be eligible to participate in the Auction, a Qualified Bidder that desires to make  
5 a bid will deliver written copies of its bid by mail and Email to the following parties (collectively,  
6 the "Notice Parties"): (i) proposed counsel to the Debtors: Sheppard, Mullin, Richter & Hampton  
7 LLP, 321 N. Clark Street, 32nd Floor, Chicago, IL 60654 (Attn: Justin R. Bernbrock; Robert B.  
8 McLellarn, and Catherine Jun), Emails: jbernbrock@sheppardmullin.com,  
9 rmclellarn@sheppardmullin.com, and cjun@sheppardmullin.com; and/or Sheppard, Mullin,  
10 Richter & Hampton LLP, Avenue of the Stars, Suite 1600 Los Angeles, CA 90067-6055 (Attn:  
11 Jennifer L. Nassiri and Alexandria G. Lattner), Emails: jnassiri@sheppardmullin.com,  
12 alattner@sheppardmullin.com; (ii) the Debtors' Investment Banker: Portage Point Partners, 1330  
13 Avenue of the Americas, 22nd Floor, New York, NY 10019 (Attn: Jason Cohen), Email:  
14 jcohen@pppllc.com and bev\_ppp@pppllc.com; (iii) counsel to the Stalking Horse Purchaser: Jones  
15 Day, 555 South Flower Street, 50th Floor, Los Angeles, CA 90071, Email: jmester@jonesday.com;  
16 (iv) counsel to the DIP Lender, HRE Montebello, LLC: Bryan Cave Leighton Paisner, LLP, 161  
17 North Clark Street, Suite 4300, Chicago, Illinois 60201 (Attn: Eric S. Prezant), Email:  
18 eric.prezant@bclplaw.com; 120 Broadway, Suite 300, Los Angeles, California 90401 (Attn: Sharon  
19 Z. Weiss and Olivia J. Scott); sharon.weiss@bclplaw.com and olivia.scott3@bclplaw.com; (v) U.S.  
20 Trustee: 915 Wilshire Blvd., Suite 1850, Los Angeles, California 90017 (Attn: Kelly L. Morrison),  
21 Email: kelly.l.morrison@usdoj.gov; (vi) proposed counsel to the Official Committee: Dentons,  
22 LLP, 601 S. Figueroa Street Suite 2500, Los Angeles, California 90017-5704, (Attn: Samuel R.  
23 Maizel and Tania M. Moyron), Emails: samuel.maizel@dentons.com and  
24 tania.moyron@dentons.com, and Sills Cummis & Gross P.C., (Attn: Andrew H. Sherman), Email:  
25 asherman@sillscummis.com; and (vii) counsel to U.S. Bank Trust Company National Association,  
26 as Master Trustee (the "Master Trustee"), Greenberg Traurig, LLP, One International Place, Suite  
27 200, Boston MA, 02110 (Attn: Colleen A. Murphy, Kevin J. Walsh, and Chris Marks), Emails:  
28 colleen.murphy@gtlaw.com, kevin.walsh@gtlaw.com, and chris.marks@gtlaw.com, so as to be  
mailed or received via Email by the Notice Parties not later than the Bid Deadline established in the  
Bidding Procedures Order.

25 **E. Credit Bidding**

26 It is acknowledged and agreed that the DIP Lender has a valid, properly perfected lien and  
27 security interest in the DIP Collateral in relation to the DIP Loan, as such terms are defined in the  
28 *Interim Order: (I) Authorizing the Debtors to Obtain Post-Petition Financing, (II) Granting  
Adequate Protection to Prepetition Secured Creditors, (III) Scheduling a Final Hearing, and (IV)*

1 *Granting Related Relief* [Docket No. 182] and any Final Order that is approved by the Court  
2 (collectively, the “DIP Financing Order”). As more fully and specifically described in the DIP  
3 Financing Order, the DIP Collateral generally consists of all real estate, structures, fixtures and other  
4 real estate-related assets of the Debtors, but does not include the real estate, structures, fixtures and  
5 other real estate or personal property-related assets of and underlying the hospital. In addition to  
6 the Purchased Assets being offered for sale to Qualified Bidders under the terms of the Stalking  
7 Horse APA, the Purchased Assets shall also be offered for sale to Qualified Buyers in at least two  
8 separate lots: (i) the first lot consisting of the portion of the Purchased Assets that do not constitute  
9 the DIP Collateral, and (ii) the second lot consisting of the portion of the Purchased Assets that do  
10 constitute the DIP Collateral, which lot may be offered for sale either in bulk or as individual  
11 properties. The DIP Lender shall have the right to credit bid any amount of the DIP Obligations for  
12 any portion or all of the DIP Collateral either prior to, during, or after the close of bidding by any  
13 other Qualified Bidders.

14 Notwithstanding any other provisions herein or in the Stalking Horse APA, in the event that  
15 Debtors either (i) name a Successful Bidder for the entirety of the Purchased Assets under the  
16 Stalking Horse APA at auction or by cancellation of the auction as set forth in Part IV(C)(7) of the  
17 Bidding Procedures Motion, or (ii) name one or more Successful Bidders for the lot that consists of  
18 the DIP Collateral (either in bulk or individually by property), and in either (i) or (ii) above the  
19 Successful Bidder (and the Back-Up Bidder, if any) fails to close on or before the applicable  
20 Maturity Date (including any validly exercised extensions) under the DIP Loan, then the DIP Lender  
21 shall have the right, at its sole and absolute discretion, to elect to purchase all such assets constituting  
22 DIP Collateral as a credit bid in the amount(s) bid by the DIP Lender at or after the auction. If no  
23 auction occurred and the Stalking Horse Purchaser fails to Close before the applicable Maturity Date  
24 under the DIP Loan, the DIP Lender shall have the right to credit bid in the outstanding amount of  
25 the DIP Obligations for all assets constituting the DIP Collateral. If the DIP Lender elects to make  
26 any such credit bid, it shall be deemed a Back-Up Bidder and the Debtors are authorized and directed  
27 to take all reasonable actions necessary and appropriate to sell and transfer such DIP Collateral to  
28 the DIP Lender or its designee pursuant to the Sale Order, without further court order.

29 The Master Trustee is deemed a Qualified Bidder to the full extent, validity, and priority of  
30 its prepetition liens.

31 Any other party with a valid, properly perfected security interest in any of the Purchased  
32 Assets may credit bid for the Purchased Assets in connection with the Sale pursuant to § 363(k) of  
33 the Bankruptcy Code.

34 Any credit bid made by secured creditors shall not impair or otherwise affect the Stalking  
35 Horse Purchaser’s entitlement to the protections granted under the Bidding Procedures Order,  
36 provided however, that if any portion of the Successful Bidder’s purchase price includes a credit  
37 bid, the Break-Up Fee and Expense Reimbursement shall be paid from the cash portion, if any, of  
38



1 such sale proceeds. In the event that such cash proceeds of such purchase price are insufficient to  
2 satisfy the full amount of the Break-Up Fee and Expense Reimbursement, the Debtors and their  
3 estates shall be responsible for such amount. Except as expressly set forth in this paragraph with  
4 respect to the cash portion of the sale proceeds, the DIP Lender and/or the Master Trustee shall not  
5 be obligated to pay or fund directly or indirectly any amount of such Break-Up Fee and Expense  
6 Reimbursement.

6 **F. Evaluation of Competing Bids**

7 A Qualified Bid will be valued based upon several factors including, without limitation: (i)  
8 the amount of such bid; (ii) the risks and timing associated with consummating the transactions  
9 contemplated by such bid; (iii) any proposed revisions to the form of Stalking Horse APA; and (iv)  
10 any other factors deemed relevant by the Debtors in its reasonable discretion, after consultation with  
11 the Consultation Parties, including the Qualified Bidder's intention to continue providing medical  
12 services at the Hospital.

12 **G. No Qualified Bids**

13 If no Qualified Bids other than the Stalking Horse Bid are received by the Bid Deadline,  
14 then the Debtors, in consultation with the Consultation Parties, may cancel the Auction, and  
15 designate the Stalking Horse Bid as the Successful Bid and pursue entry of an order approving a  
16 Sale to the Stalking Horse Purchaser pursuant to the Stalking Horse APA. The Debtors shall  
17 promptly file notice of any cancellation of the Auction and designation of the Stalking Horse Bid as  
18 the Successful Bid with the Bankruptcy Court.

18 **H. Auction Process**

19 If the Debtors receive one or more Qualified Bids in addition to the Stalking Horse APA,  
20 the Debtors will conduct the Auction of the Purchased Assets, as well as all other assets included in  
21 a Qualified Bid, which shall be transcribed, on **June 27, 2023, at 10:00 a.m. (prevailing Pacific  
22 Time)** (the "Auction Date"), at the offices of Sheppard, Mullin, Richter & Hampton LLP, at 333 S.  
23 Hope St, 43<sup>rd</sup> Floor, Los Angeles, California 90071, or such other location as shall be timely  
24 communicated to all parties entitled to attend the Auction. The Auction shall run in accordance with  
25 the following procedures, subject to Section E. Credit Bidding:

- 24 (a) only the Debtors, the Stalking Horse Purchaser, the Master Trustee, Qualified  
25 Bidders who have timely submitted a Qualified Bid, the DIP Lender, the U.S.  
26 Trustee, and the Consultation Parties, and each of their respective attorneys and  
27 advisors may attend the Auction;

- 1 (b) only the Stalking Horse Purchaser, the DIP Lender, the Master Trustee, and the  
2 Qualified Bidders who have timely submitted a Qualified Bid will be entitled to make  
3 any subsequent bids at the Auction;
- 4 (c) each Qualified Bidder shall be required to confirm that it has not engaged in any  
5 collusion with respect to the bidding or the sale;
- 6 (d) at least one (1) business day prior to the Auction, each Qualified Bidder who has  
7 timely submitted a Qualified Bid must inform the Debtors whether it intends to attend  
8 the Auction; provided that in the event a Qualified Bidder elects not to attend the  
9 Auction, such Qualified Bidder's Qualified Bid shall nevertheless remain fully  
10 enforceable against such Qualified Bidder until the date of the selection of the  
11 Successful Bidder and the Back-Up Bidder (defined below) at the conclusion of the  
12 Auction. At least one (1) day prior to the Auction, the Debtors will provide copies  
13 of the Qualified Bid or combination of Qualified Bids which the Debtors believe in  
14 their reasonable discretion is the highest or otherwise best offer (the "Baseline Bid")  
15 to all Qualified Bidders;
- 16 (e) all Qualified Bidders who have timely submitted Qualified Bids and the DIP Lender  
17 will be entitled to be present for all subsequent bids at the Auction and the actual  
18 identity of each Qualified Bidder will be disclosed on the record at the Auction;  
19 provided that all Qualified Bidders wishing to attend the Auction must have at least  
20 one individual representative with authority to bind such Qualified Bidder attending  
21 the Auction in person;
- 22 (f) the Debtors, after consultation with their advisors and the Consultation Parties, may  
23 employ and announce at the Auction additional procedural rules that are reasonable  
24 under the circumstances for conducting the Auction, provided that such rules are: (i)  
25 not inconsistent with the Bidding Procedures, the Stalking Horse APA, the  
26 Bankruptcy Code, or any order of the Court entered in connection herewith, and (ii)  
27 disclosed to the Stalking Horse Purchaser, the DIP Lender, the Master Trustee, and  
28 each other Qualified Bidder at the Auction;
- (g) bidding will begin with the Baseline Bid and continue in bidding increments of at  
least \$500,000 (each an "Overbid"), which shall be made and received on an open  
basis, and all material terms of each Overbid shall be fully disclosed to all other  
Qualified Bidders who submitted Qualified Bids;
- (h) The initial Overbid, if any, shall provide for total consideration to Debtors with a  
value that exceeds the value of the consideration under the Baseline Bid by an  
incremental amount that is not less than the sum of the Bid Protections. Additional  
consideration in excess of the amount set forth in the respective Baseline Bid must  
include: (1) cash or (2) in the case of a Qualified Bidder that has a valid and perfected

1           lien on any assets of Debtors' estates, a credit bid of up to the full amount of such  
2           Qualified Bidder's allowed perfected lien, subject to § 363(k) of the Bankruptcy  
3           Code, Section E. Credit Bidding, and any other restrictions set forth herein.

4           (i) To the extent the Debtors receive bids for the Debtors' real estate only, after  
5           consulting with their advisors and the Consultation Parties, the Debtors may employ  
6           and announce at the Auction additional procedural rules, including applicable  
7           bidding increments, that are reasonable under the circumstances for conducting the  
8           Auction, provided that such rules are: (i) not inconsistent with the Bidding  
9           Procedures, the Stalking Horse APA, the Bankruptcy Code, or any order of the Court  
10           entered in connection herewith, and (ii) disclosed to the Stalking Horse Purchaser,  
11           the DIP Lender, and each other Qualified Bidder at the Auction.

12           (j) Throughout the bidding rounds, the Debtors, at the times they see fit, shall announce  
13           the bid that they believe, in consultation with the Consultation Parties, to be the  
14           highest or otherwise better offer (the "Prevailing Highest Bid"). Debtors shall  
15           describe to all Qualified Bidders the material terms of any Overbid designated as the  
16           Prevailing Highest Bid as well as the value attributable by Debtors to such Prevailing  
17           Highest Bid. A round of bidding will conclude after each participating Qualified  
18           Bidder has had the opportunity to submit a Overbid with full knowledge of the  
19           Prevailing Highest Bid. Except as specifically set forth herein, for the purpose of  
20           evaluating the value of the consideration provided by Overbids, the Debtors will give  
21           effect to the Break-Up Fee payable to the Stalking Horse Purchaser as well as any  
22           additional liabilities or Cure Amounts (defined herein) to be assumed by the Stalking  
23           Horse Purchaser or a Qualified Bidder, as applicable, and any additional costs which  
24           may be imposed on the Debtors.

25           **I. Selection of Successful Bid**

26           Unless otherwise agreed to by the Debtors, the Consultation Parties, and the Successful  
27           Bidder, within two (2) business days after the conclusion of the Auction, the Successful Bidder shall  
28           complete and execute all agreements, contracts, instruments, and other documents evidencing and  
29           containing the terms and conditions upon which the Successful Bid was made. Within twenty-four  
30           (24) hours following the conclusion of the Auction, the Debtors shall file a notice identifying the  
31           Successful Bidder(s) with the Court and shall serve such notice by fax, email, or if neither is  
32           available, by overnight mail to all counterparties whose contracts are to be assumed and assigned.

33           Prior to the conclusion of the Auction, the Debtors, in consultation with the Consultation  
34           Parties, will review and evaluate each Qualified Bid in accordance with the procedures set forth  
35           herein and determine which offer or offers are the highest or otherwise best from among the  
36           Qualified Bidders submitted at the Auction (although Debtors' will ultimately make such final

1 determination) (one or more such bids, collectively the “Successful Bid” and the bidder(s) making  
2 such bid, collectively, the “Successful Bidder”), and communicate to the Qualified Bidders the  
3 identity of the Successful Bidder and the details of the Successful Bid. The Successful Bid may  
4 consist of a single Qualified Bid or multiple bids. The determination of the Successful Bid by the  
5 Debtors, after consultation with the Consultation Parties, at the conclusion of the Auction shall be  
subject to approval by the Court.

6 The Debtors will sell the Purchased Assets to the Successful Bidder pursuant to the terms of  
7 the Successful Bid upon the approval of such Successful Bid by the Court at the Sale Hearing and  
8 satisfaction of any other closing conditions set forth in the Successful Bidder’s Purchase Agreement.

8 **J. Return of Deposits**

9 All deposits shall be returned to each bidder not selected by the Debtors as the Successful  
10 Bidder or the Back-Up Bidder no later than five (5) business days following the conclusion of the  
Auction.

11 **K. Back-Up Bidder**

12 If an Auction is conducted, the Qualified Bidder or Qualified Bidders (including the Stalking  
13 Horse Purchaser) with the next highest or otherwise best Qualified Bid, as determined by the  
14 Debtors in the exercise of their business judgment, at the Auction shall be required to serve as a  
15 back-up bidder (the “Back-Up Bidder”) and keep such bid open and irrevocable for one hundred  
16 and one (101) days after entry of the Sale Order (the “Hundred and One Day Period”); provided,  
17 however, that if the Stalking Horse Purchaser is named the Back-Up Bidder, its bid will be kept  
18 open pursuant to the terms of the Stalking Horse APA, including the termination provisions. If  
19 during the Hundred and One Day Period or the period applicable to the Stalking Horse under the  
20 Stalking Horse APA, the Successful Bidder fails to consummate the approved sale because of a  
21 breach or failure to perform on the part of such Successful Bidder, the Back-Up Bidder will be  
deemed to be the new Successful Bidder, and the Debtors will be authorized, but not required, to  
consummate the sale with the Back-Up Bidder without further order of the Court.

22 **L. Bid Protections; Stalking Horse Purchaser**

23 In recognition of the expenditure of time, energy, and resources by the Stalking Horse  
24 Purchaser in negotiating and preparing the Stalking Horse APA and providing the Debtors with a  
25 baseline for their sale process to attract better and higher offers, the Debtors have agreed to provide  
26 the Stalking Horse Purchaser with the Bid Protections, which are payable at closing of the sale, and  
27 the DIP Lender will not be responsible for such Bid Protections except to the extent set forth in Part  
28 IV(c)(5) of the Bidding Procedures Motion. In the event that the Stalking Horse APA is terminated  
for any reason other than breach by the Stalking Horse Purchaser, the Debtors shall pay the Stalking  
Horse Purchaser an amount necessary to reimburse the Stalking Horse Purchaser for its out-of-

1 pocket expenses, including legal fees, in connection with the transaction, up to \$346,000.00  
2 (the “Expense Reimbursement”) within five (5) business days of such termination of the Stalking  
3 Horse APA.

4 In addition, to further compensate the Stalking Horse Purchaser for the substantial time and  
5 resources expended, the Debtors propose to pay the Stalking Horse Purchaser the break-up fee  
6 representing an amount in cash equal to 2.0% of the Purchase Price equal to \$692,000.00  
7 (the “Break-Up Fee”) plus repayment of the Expense Reimbursement in the event that the Stalking  
8 Horse Purchaser is not the Successful Bidder and an alternative transaction closes. The Break-Up  
9 Fee and Expense Reimbursement shall be payable directly to the Stalking Horse Purchaser at closing  
10 from the sale proceeds.

11 The Bid Protections shall constitute an administrative expense claim in favor of the Stalking  
12 Horse Purchaser with priority under Section 507(a) of the Bankruptcy Code. If the Debtors fail to  
13 timely pay such amounts due to the Stalking Horse Purchaser, the Debtors shall also pay the costs  
14 and expenses (including reasonable legal fees and expenses) incurred by the Stalking Horse  
15 Purchaser in connection with any action or proceeding taken to collect payment of such amounts;  
16 provided, however, to the extent any portion of the Expense Reimbursement is being contested in  
17 good faith, the Debtors shall (a) promptly pay the undisputed portion of the expense claimed by the  
18 Stalking Horse Purchaser, and (b) set aside the disputed portion of such expense in a separate interest  
19 bearing account for the sole benefit of Stalking Horse Purchaser pending the resolution of such  
20 dispute. If no alternative transaction closes, the Break-Up Fee will not be due or paid, but the  
21 Expense Reimbursement shall be paid and the Stalking Horse Purchaser’s Deposit shall be returned  
22 to it within five (5) days after the conclusion of the Auction in which the Stalking Horse Purchaser  
23 is not selected as the Successful Bidder.

24 The Debtors acknowledge that the provisions of the Break-Up Fee and Expense  
25 Reimbursement are an integral part of the Stalking Horse APA and are a material and necessary  
26 inducement for the Stalking Horse Purchaser to enter into the Stalking Horse APA and to  
27 consummate the transactions contemplated therein. In the event that the payment of the Break-Up  
28 Fee and the Expense Reimbursement (including any costs of collection) becomes due and payable  
to the Stalking Horse Purchaser, and such amounts are actually paid to the Stalking Horse Purchaser,  
such amounts will constitute liquidated damages (and not a penalty). In light of the difficulty of  
accurately determining actual damages with respect to the foregoing, the right to any such payment  
of the Break-Up Fee and the Expense Reimbursement (and any related collection costs) and the  
return of the Deposit to the Stalking Horse Purchaser constitute a reasonable estimate of the damages  
that will compensate the Stalking Horse Purchaser in the circumstances in which such fees and  
reimbursements are payable for the efforts and resources expended and the opportunities foregone  
while negotiating the Stalking Horse APA and in reliance on the Stalking Horse APA and on the  
expectation of the consummation of the transactions contemplated therein. The Debtors believe that

1 the entry into this Stalking Horse APA provides value to the Debtors' chapter 11 estates and  
2 bankruptcy cases by, among other things, inducing other Qualified Bidders to submit higher or better  
3 offers for the Purchased Assets.

3 **IV. Sale Hearing**

4 The Debtors will seek entry of the Sale Order from the Court at the Sale Hearing to begin at  
5 **10:00 a.m. Pacific Time on July 12, 2023** (or at another date and time convenient to the Court) to  
6 approve and authorize the sale transaction to the Successful Bidder(s) on terms and conditions  
7 determined in accordance with the Bidding Procedures.

8 At the Sale Hearing, the Debtors will seek Court approval of the Sale to the Successful  
9 Bidder, (or, in the event the Successful Bidder fails to close, the Back-Up Bidder), free and clear of  
10 all liens, claims, interests, and encumbrances pursuant to section 363 of the Bankruptcy Code, with  
11 all liens, claims, interests, and encumbrances to attach to the sale proceeds with the same validity  
12 and in the same order of priority as they attached to the Purchased Assets (and to the extent included  
13 in the Successful Bid, the Other Assets prior to the Sale), including the assumption by the Debtors  
14 and assignment to the Successful Bidder of the Assumed Executory Contracts and Leases pursuant  
15 to Section 365 of the Bankruptcy Code. The Debtors will submit and present additional evidence,  
16 as necessary, at the Sale Hearing demonstrating that the Sale is fair, reasonable, and in the best  
17 interest of the Debtors' estates and all interested parties, and satisfies the standards necessary to  
18 approve a sale of the Purchased Assets and/or the Other Assets. The Debtors intend to request at  
19 the Sale Hearing a finding that the Successful Bidder is a good faith purchaser entitled to the  
20 protections of section 363(m) of the Bankruptcy Code.

17 **V. Reservation**

18 The Debtors reserve the right, as they may determine in their discretion and in accordance  
19 with their business judgment to be in the best interest of their estates, in consultation with their  
20 professionals and the Consultation Parties to: (i) modify the Bidding Procedures to discontinue  
21 incremental bidding and then require that any and all bidders or potential purchasers must submit  
22 their sealed, highest and best offer for the Purchased Assets and/or Other Assets; (ii) determine  
23 which Qualified Bid is the highest or otherwise best bid and which is the next highest or otherwise  
24 best bid; (iii) waive terms and conditions set forth herein with respect to all Potential Bidders; (iv)  
25 impose additional terms and conditions with respect to all Potential Bidders; (v) extend the deadlines  
26 set forth herein; (vi) continue or cancel the Auction and/or Sale Hearing in open court without further  
27 notice; and (vii) implement additional procedural rules that the Debtors determine, in their  
28 reasonable business judgment and in consultation with the Consultation Parties will better promote  
the goals of the bidding process; provided that such modifications are disclosed to each Qualified  
Bidder participating in the Auction; provided, however, and notwithstanding the foregoing, these  
Bid Procedures shall not be modified so as to alter, extinguish or modify any rights or interests of  
the Stalking Horse Purchaser expressly set forth herein or in the Stalking Horse APA.

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**Exhibit 2**  
**(Significant Dates)**

Service of Sale Hearing Notice	June 2, 2023
Service of Cure Notice	June 9, 2023
Bid Deadline	June 23, 2023 at 4:00 p.m. (Pacific Time)
<b>Cure Objection Deadline</b>	<b>June 24, at 12:00 p.m. (Pacific Time)</b>
Auction	June 27, 2023 at 10:00 a.m. (Pacific Time)
Notice of Results of Auction & Memorandum and/or Sale Motion	June 28, 2023 at 10:00 a.m. (Pacific Time)
Service of Notice of Contracts/Leases to be Assumed and Assigned	June 29, 2023
<b>Reply Deadline to any Cure Objection</b>	<b>June 29, 2023 at 12:00 p.m. (Pacific Time)</b>
<b>Sale Objection Deadline and Assumption and Assignment Objection Deadline</b>	<b>July 3, 2023 at 12:00 p.m. (Pacific Time)</b>
<b>Reply Deadline to any objection to the Sale Motion and/or objection to Assumption and Assignment</b>	<b>July 6, 2023 at 12:00 p.m. (Pacific Time)</b>
Sale Hearing	July 12, 2023 at 10:00 a.m. (Pacific Time)
Sale Closing	TBA

**Exhibit 3**  
**(Procedures Notice)**



1 SHEPPARD, MULLIN, RICHTER & HAMPTON LLP  
JUSTIN R. BERNBROCK (admitted *pro hac vice*)  
2 CATHERINE JUN (admitted *pro hac vice*)  
ROBERT B. McLELLARN (admitted *pro hac vice*)  
3 321 North Clark Street, 32nd Floor  
Chicago, Illinois 60654  
4 Telephone: 312.499.6300  
Facsimile: 312.499.6301  
5 Email: jbernbrock@sheppardmullin.com  
6 cjun@sheppardmullin.com  
rmccllarn@sheppardmullin.com

7 JENNIFER L. NASSIRI, SBN 209796  
8 ALEXANDRIA G. LATTNER, SBN 314855  
1901 Avenue of the Stars, Suite 1600  
9 Los Angeles, CA 90067-6055  
Telephone: 310.228.3700  
10 Facsimile: 310.228.3701  
11 Email: jnassiri@sheppardmullin.com  
alattner@sheppardmullin.com

12 Proposed Counsel to Debtors and Debtors in Possession

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

14 In re:

15 BEVERLY COMMUNITY HOSPITAL  
16 ASSOCIATION, dba BEVERLY HOSPITAL  
17 (A NONPROFIT PUBLIC BENEFIT  
CORPORATION), *et al*,<sup>1</sup>

18 Debtors,

Case No.: 2:23-bk-12359-SK

Jointly administered with:

Case No: 2:23-bk-12360-SK

Case No: 2:23-bk-12361-SK

Chapter 11 Case

**NOTICE OF SALE PROCEDURES,  
AUCTION DATE, AND SALE HEARING**

Date: July 12, 2023

Time: 10:00 a.m.

Judge: Sandra R. Klein

Place: Zoom.Gov – or - Courtroom 1575  
255 E. Temple St.  
Los Angeles, CA 90012

- 19 \_\_\_\_\_
- 20  Affects all Debtors
- 21  Affects Beverly Community  
22 Hospital Association
- 23  Affects Montebello Community Health  
24 Services, Inc.
- 25  Affects Beverly Hospital Foundation
- 26 \_\_\_\_\_

27 <sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each debtor's federal tax identification  
28 number, are: Beverly Community Hospital Association d/b/a Beverly Hospital (6005), Montebello Community  
Health Services, Inc. (3550), and Beverly Hospital Foundation (9685). The mailing address for the Debtors is 309  
W. Beverly Blvd., Montebello, California 90640.

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**PLEASE TAKE NOTICE** that on May 23, 2023, the above-captioned debtors and debtors in possession (the “Debtors”) filed the *Debtors’ Notice of Motion and Motion for the Entry of an Order (I) Approving Asset Purchase Agreement for Stalking Horse Purchaser and for Prospective Overbidders, (I) Approving Bid Protections, (III) Approving Bidding Procedures, (IV) Scheduling Certain Dates Thereto, and (V) Approving Form of Notice; and (VI) Scheduling Court Hearing to Approve Sale Free and Clear to the Successful Bidder* [Docket No. 308] (the “Bidding Procedures Motion”).<sup>2</sup> The Debtors seek, among other things, to sell all assets of Beverly Community Hospital Association, Montebello Community Health Services, Inc., and Beverly Hospital Foundation (the “Assets”) to the successful bidder(s) (the “Successful Bidder”), at an auction free and clear of all liens, claims, encumbrances and other interests pursuant to Sections 363 and 365 of the Bankruptcy Code.

**PLEASE TAKE FURTHER NOTICE** that, on June [ ], 2023, the Bankruptcy Court entered an order (the “Bidding Procedures Order”) approving the Bidding Procedures Motion and the bidding procedures (the “Bidding Procedures”), which sets forth the key dates and times related to the Sale of the Assets. All interested bidders should carefully read the Bidding Procedures Order and the Bidding Procedures. To the extent that there are any inconsistencies between the Bidding Procedures Order (including the Bidding Procedures) and the summary description of its terms and conditions contained in this notice, the terms of the Bidding Procedures Order shall control.

**PLEASE TAKE FURTHER NOTICE** that, pursuant to the terms of the Bidding Procedures, an auction (the “Auction”) to sell the Assets will be conducted on **June 27, 2023 at 10:00 a.m. (prevailing Pacific Time)** at the offices of Sheppard, Mullin, Richter & Hampton LLP, at 333 S. Hope St, 43<sup>rd</sup> Floor, Los Angeles, California 90071, or at such other location as shall be identified in a notice filed with the Bankruptcy Court at least 24 hours before the Auction. Within

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<sup>2</sup> Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion.

1 twenty-four (24) hours of the conclusion of the Auction, the Debtors shall file a notice with the  
2 Bankruptcy Court identifying the Successful Bidder.

3 **PLEASE TAKE FURTHER NOTICE** that a hearing will be held to approve the sale of  
4 the Assets to the Successful Bidder (the “Sale Hearing”) before the Honorable Sandra R. Klein,  
5 United States Bankruptcy Judge, United States Bankruptcy Court for the Central District of  
6 California, 255 E. Temple St., Los Angeles, California 90012 , Courtroom 1575, on **July 12, 2023**  
7 **at 10:00 a.m. (prevailing Pacific Time)**, or at such time thereafter as counsel may be heard or at  
8 such other time as the Bankruptcy Court may determine. The Sale Hearing may be adjourned from  
9 time to time without further notice to creditors or parties in interest other than by announcement of  
10 the adjournment in open court on the date scheduled for the Sale Hearing. Objections to the Sale  
11 shall be filed with the Bankruptcy Court and served **so as to be received no later than 12:00 p.m.**  
12 **(prevailing Pacific Time) on July 3, 2023** by: (i) proposed counsel to the Debtors: Sheppard,  
13 Mullin, Richter & Hampton LLP, 321 N. Clark Street, 32<sup>nd</sup> Floor, Chicago, IL 60654 (Attn: Justin  
14 R. Bernbrock, Robert B. McLellarn, and Catherine Jun) Emails: jbernbrock@sheppardmullin.com,  
15 rmcllellarn@shepprdmullin.com & cjun@sheppardmullin.com; and/or Sheppard, Mullin, Richter &  
16 Hampton LLP, Avenue of the Stars, Suite 1600 Los Angeles, CA 90067-6055 (Attn: Jennifer L.  
17 Nassiri and Alexandria G. Lattner), Emails: jnassiri@sheppardmullin.com,  
18 alattner@sheppardmullin.com; (ii) the Debtors’ Investment Banker: Portage Point Partners, 1330  
19 Avenue of the Americas, 22<sup>nd</sup> Floor, New York, NY 10019 (Attn: Jason Cohen, Email:  
20 jcohen@pppllc.com and bev\_ppp@pppllc.com; (iii) counsel to the Stalking Horse Purchaser: Jones  
21 Day, 555 South Flower Street, 50th Floor, Los Angeles, CA 90071, Email: jmester@jonesday.com;  
22 (iv) the Office of the United States Trustee (the “U.S. Trustee”): 915 Wilshire Blvd., Suite 1850,  
23 Los Angeles, California 90017 (Attn: Kelly L. Morrison), Email: kelly.l.morrison@usdoj.gov; and  
24 (v) counsel to the DIP Lender, HRE Montebello, LLC: Bryan Cave Leighton Paisner, LLP, 161  
25 North Clark Street, Suite 4300, Chicago, Illinois 60201 (Attn: Eric S. Prezant), Email:  
26 eric.prezant@bclplaw.com; 120 Broadway, Suite 300, Los Angeles, California 90401(Attn: Sharon  
27 Z. Weiss and Olivia J. Scott); sharon.weiss@bclplaw.com and olivia.scott3@bclplaw.com; and (vi)  
28 proposed counsel to the Official Committee: Dentons, LLP, 601 S. Figueroa Street Suite 2500, Los

1 Angeles, California 90017-5704, (Attn: Samuel R. Maizel and Tania M. Moyron), Emails:  
2 samuel.maizel@dentons.com and tania.moyron@dentons.com, and Sills Cummis & Gross P.C.,  
3 (Attn: Andrew H. Sherman), Email: asherman@sillscummis.com; (vii) counsel to U.S. Bank Trust  
4 Company National Association, as Master Trustee (the “Master Trustee”), Greenberg Traurig, LLP,  
5 One International Place, Suite 200, Boston MA, 02110 (Attn: Colleen A. Murphy, Kevin J. Walsh,  
6 and Chris Marks), Emails: colleen.murphy@gtlaw.com, kevin.walsh@gtlaw.com, and  
7 chris.marks@gtlaw.com.

8           **PLEASE TAKE FURTHER NOTICE** that this notice of the Auction and Sale Hearing is  
9 subject to the full terms and conditions of the Bidding Procedures Motion, Bidding Procedures Order  
10 and Bidding Procedures, which Bidding Procedures Order shall control in the event of any conflict,  
11 and the Debtors encourage parties in interest to review such documents in their entirety. Any party  
12 that has not received a copy of the Bidding Procedures Motion or the Bidding Procedures Order that  
13 wishes to obtain a copy of the Motion, the Bidding Procedures Order (including all exhibits thereto),  
14 the Bidding Procedures, and the Stalking Horse APA, may make such a request in writing or by  
15 email to Sheppard, Mullin, Richter & Hampton LLP, 321 N. Clark Street, 32<sup>nd</sup> Floor, Chicago, IL  
16 60654 (Attn: Justin R. Bernbrock, Robert B. McLellarn, and Catherine Jun) Emails:  
17 jbernbrock@sheppardmullin.com, rmclellarn@shepprdmullin.com & cjun@sheppardmullin.com;  
18 and/or Sheppard, Mullin, Richter & Hampton LLP, Avenue of the Stars, Suite 1600 Los Angeles,

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1 CA 90067-6055 (Attn: Jennifer L. Nassiri and Alexandria G. Lattner), Emails:  
2 jnassiri@sheppardmullin.com, alattner@sheppardmullin.com or by calling (312) 499-6300.

3 Dated: June 2, 2023

4 SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

5  
6 By \_\_\_\_\_  
7 Jennifer L. Nassiri

8 JUSTIN R. BERNBROCK  
9 JENNIFER L. NASSIRI  
10 CATHERINE JUN  
11 ROBERT B. McLELLARN  
12 ALEXANDRIA G. LATTNER

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Proposed Counsel to Debtors and  
Debtors in Possession

**Exhibit 4**  
**(Cure Notice)**

1 SHEPPARD, MULLIN, RICHTER & HAMPTON LLP  
JUSTIN R. BERNBROCK (admitted *pro hac vice*)  
2 CATHERINE JUN (admitted *pro hac vice*)  
ROBERT B. McLELLARN (admitted *pro hac vice*)  
3 321 North Clark Street, 32nd Floor  
Chicago, Illinois 60654  
4 Telephone: 312.499.6300  
Facsimile: 312.499.6301  
5 Email: jbernbrock@sheppardmullin.com  
6 cjun@sheppardmullin.com  
rmccllarn@sheppardmullin.com

7 JENNIFER L. NASSIRI, SBN 209796  
8 ALEXANDRIA G. LATTNER, SBN 314855  
1901 Avenue of the Stars, Suite 1600  
9 Los Angeles, CA 90067-6055  
Telephone: 310.228.3700  
10 Facsimile: 310.228.3701  
11 Email: jnassiri@sheppardmullin.com  
alattner@sheppardmullin.com

12 Proposed Counsel to Debtors and Debtors in Possession

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

14 In re:

15 BEVERLY COMMUNITY HOSPITAL  
16 ASSOCIATION, dba BEVERLY HOSPITAL  
(A NONPROFIT PUBLIC BENEFIT  
17 CORPORATION), *et al.*<sup>9</sup>

18 Debtors,

Case No.: 2:23-bk-12359-SK

Jointly administered with:

Case No: 2:23-bk-12360-SK

Case No: 2:23-bk-12361-SK

Chapter 11 Case

- 19  Affects all Debtors  
20  Affects Beverly Community  
21 Hospital Association  
22  Affects Montebello Community Health  
23 Services, Inc.  
24  Affects Beverly Hospital Foundation

**NOTICE TO COUNTERPARTIES TO  
EXECUTORY CONTRACTS  
AND UNEXPIRED LEASES OF THE  
DEBTORS THAT MAY BE ASSUMED  
AND ASSIGNED**

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27 <sup>9</sup> The Debtors in these chapter 11 cases, along with the last four digits of each debtor's federal tax identification  
number, are: Beverly Community Hospital Association d/b/a Beverly Hospital (6005), Montebello Community  
28 Health Services, Inc. (3550), and Beverly Hospital Foundation (9685). The mailing address for the Debtors is 309  
W. Beverly Blvd., Montebello, California 90640.

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**PLEASE TAKE NOTICE** that on May 23, 2023, the above-captioned debtors and debtors in possession (the “Debtors”) filed the *Debtors’ Notice of Motion and Motion for the Entry of an Order (I) Approving Asset Purchase Agreement for Stalking Horse Purchaser and for Prospective Overbidders, (II) Approving Bid Protections, (III) Approving Bidding Procedures, (IV) Scheduling Certain Dates Thereto, and (V) Approving Form of Notice; and (VI) Scheduling Court Hearing to Approve Sale Free and Clear to the Successful Bidder* [Docket No. 308] (the “Bidding Procedures Motion”) <sup>10</sup>

**PLEASE TAKE FURTHER NOTICE** that, on June [ ], 2023, the Court entered an Order (the “Bidding Procedures Order”) approving, among other things, the Bidding Procedures requested in the Motion, which Bidding Procedures Order governs (i) the bidding process for the sale of certain assets (the “Assets”) of the Debtors and (ii) procedures for the assumption and assignment of certain of the Debtors’ executory contracts and unexpired leases.

**PLEASE TAKE FURTHER NOTICE** that the Bidding Procedures Motion also seeks Court approval of the sale (the “Sale”) of the Assets to the Successful Bidder(s), free and clear of all liens, claims, interests and encumbrances pursuant to Section 363 of the Bankruptcy Code, including the assumption by the Debtors and assignment to the buyer(s) of certain executory contracts and unexpired leases pursuant to Section 365 of the Bankruptcy Code (the “Executory Contracts Subject to Assumption”), with such liens, claims, interests and encumbrances to attach to the proceeds of the Sale with the same priority, validity and enforceability as they had prior to such Sale. Within twenty-four (24) hours following the conclusion of the Auction, the Debtors shall file a notice identifying the Successful Bidder(s) with the Bankruptcy Court and serve such notice by fax, email or overnight mail to all counterparties whose contracts are to be assumed and assigned. Any counterparty to an Executory Contracts Subject to Assumption that wishes to receive such notice by email or fax, must provide their email address or fax number to Sheppard, Mullin, Richter & Hampton LLP, 321 N. Clark Street, 32<sup>nd</sup> Floor, Chicago, IL 60654 (Attn: Justin R. Bernbrock,

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<sup>10</sup> Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion.



1 Robert B. McLellarn, and Catherine Jun) Emails: jbernbrock@sheppardmullin.com,  
2 rmcllellarn@shepprdmullin.com & cjun@sheppardmullin.com; and/or Sheppard, Mullin, Richter &  
3 Hampton LLP, Avenue of the Stars, Suite 1600 Los Angeles, CA 90067-6055 (Attn: Jennifer L.  
4 Nassiri and Alexandria G. Lattner), Emails: jnassiri@sheppardmullin.com,  
5 alattner@sheppardmullin.com or by calling (312) 499-6300 before the Auction.

6 **PLEASE TAKE FURTHER NOTICE** that an evidentiary hearing (the “Sale Hearing”) to  
7 approve the Sale and authorize the assumption and assignment of the Assumed Executory Contracts  
8 will be held on **July 12, 2023 at 10:00 a.m. (prevailing Pacific Time)**, before the Honorable Sandra  
9 R. Klein, United States Bankruptcy Judge, United States Bankruptcy Court for the Central District  
10 of California, 255 E. Temple St., Los Angeles, California 90012 , Courtroom 1575. The Sale  
11 Hearing may be adjourned from time to time without further notice to creditors or parties in interest  
12 other than by announcement of the adjournment in open court on the date scheduled for the Sale  
13 Hearing.

14 **PLEASE TAKE FURTHER NOTICE** that, consistent with the Bidding Procedures Order,  
15 the Debtors may seek to assume an executory contract or unexpired lease to which you may be a  
16 party. The Executory Contracts Subject to Assumption are described on Exhibit A attached to this  
17 Notice. The amount shown on Exhibit A hereto as the “Cure Amount” is the amount, if any, which  
18 the Debtors assert is owed to cure any defaults existing under the Assumed Executory Contract.

19 **PLEASE TAKE FURTHER NOTICE** that if you disagree with the Cure Amount shown  
20 for the Executory Contract(s) Subject to Assumption on Exhibit A to which you are a party, you  
21 must file in writing with the United States Bankruptcy Court for the Central District of California,  
22 255 E. Temple St., Los Angeles, California 90012, an objection on or before **June 24, 2023 at 12:00**  
23 **p.m. (prevailing Pacific Time)**. Any objection must set forth the specific default or defaults alleged  
24 and set forth any cure amount as alleged by you. If a contract or lease is assumed and assigned  
25 pursuant to a Court order approving same, then unless you properly file and serve an objection to  
26 the Cure Amount contained in this Notice, you will receive at the time of the closing of the sale (or  
27 as soon as reasonably practicable thereafter), the Cure Amount set forth herein, if any. Any  
28 counterparty to an Executory Contract Subject to Assumption that fails to timely file and serve an

1 objection to the Cure Amounts shall be forever barred from asserting that a Cure Amount is owed  
2 in an amount in excess of the amount, if any, set forth in the attached Exhibit A.

3 **PLEASE TAKE FURTHER NOTICE** that if you have any other objection to the Debtors'  
4 assumption and assignment of the Executory Contract Subject to Assumption (including an  
5 objection based on adequate assurance of future performance by the Stalking Horse Purchaser<sup>11</sup>  
6 under the Assumed Executory Contract) to which you may be a party, you also must file that  
7 objection in writing no later **July 3, 2023 at 12:00 p.m. (prevailing Pacific Time)**; provided,  
8 however, that if any Successful Bidder is not the Stalking Horse Purchaser, any counterparty to an  
9 Executory Contract Subject to Assumption may raise an objection to the assumption and assignment  
10 of the Executory Contracts Subject to Assumption solely with respect to such Successful Bidder's  
11 ability to provide adequate assurance of future performance under the Assumed Executory Contract  
12 at the Sale Hearing, or any time before the Sale Hearing.

13 **PLEASE TAKE FURTHER NOTICE** that any objection you may file must be served so  
14 as to be received by the following parties by the applicable objection deadline date and time: (i)  
15 proposed counsel to the Debtors: Sheppard, Mullin, Richter & Hampton LLP, 321 N. Clark Street,  
16 32<sup>nd</sup> Floor, Chicago, IL 60654 (Attn: Justin R. Bernbrock, Robert B. McLellarn, and Catherine Jun)  
17 Emails: jbernbrock@sheppardmullin.com, rmcllellarn@shepprdmullin.com &  
18 cjun@sheppardmullin.com; and/or Sheppard, Mullin, Richter & Hampton LLP, Avenue of the  
19 Stars, Suite 1600 Los Angeles, CA 90067-6055 (Attn: Jennifer L. Nassiri and Alexandria G.  
20 Lattner), Emails: jnassiri@sheppardmullin.com, alattner@sheppardmullin.com; (ii) the Debtors'  
21 Investment Banker: Portage Point Partners, 1330 Avenue of the Americas, 22<sup>nd</sup> Floor, New York,  
22 NY 10019 (Attn: Jason Cohen, Email: jcohen@pppllc.com and bev\_ppp@pppllc.com; (iii) counsel  
23 to the Stalking Horse Purchaser: Jones Day, 555 South Flower Street, 50th Floor, Los Angeles, CA  
24 90071, Email: jmester@jonesday.com; (iv) the Office of the United States Trustee (the "U.S.  
25 Trustee"): 915 Wilshire Blvd., Suite 1850, Los Angeles, California 90017 (Attn: Kelly L. Morrison),  
26 Email: kelly.l.morrison@usdoj.gov; (v) counsel to the DIP Lender, HRE Montebello, LLC: Bryan

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<sup>11</sup> The Stalking Horse Purchaser is White Memorial Medical Center d/b/a Adventist Health White Memorial.

1 Cave Leighton Paisner, LLP, 161 North Clark Street, Suite 4300, Chicago, Illinois 60201 (Attn:  
2 Eric S. Prezant), Email: eric.prezant@bclplaw.com; 120 Broadway, Suite 300, Los Angeles,  
3 California 90401(Attn: Sharon Z. Weiss and Olivia J. Scott); sharon.weiss@bclplaw.com and  
4 olivia.scott3@bclplaw.com; and (vi) proposed counsel to the Official Committee: Dentons, LLP,  
5 601 S. Figueroa Street Suite 2500, Los Angeles, California 90017-5704, (Attn: Samuel R. Maizel  
6 and Tania M. Moyron), Emails: samuel.maizel@dentons.com and tania.moyron@dentons.com, and  
7 Sills Cummis & Gross P.C., (Attn: Andrew H. Sherman), Email: asherman@sillscummis.com; (vii)  
8 counsel to U.S. Bank Trust Company National Association, as Master Trustee (the “Master  
9 Trustee”), Greenberg Traurig, LLP, One International Place, Suite 200, Boston MA, 02110 (Attn:  
10 Colleen A. Murphy, Kevin J. Walsh, and Chris Marks), Emails: colleen.murphy@gtlaw.com,  
11 kevin.walsh@gtlaw.com, and chris.marks@gtlaw.com.

12 **PLEASE TAKE FURTHER NOTICE** that the Successful Bidder shall be responsible for  
13 satisfying any requirements regarding adequate assurance of future performance that may be  
14 imposed under §§ 365(b) and (f) of the Bankruptcy Code, 11 U.S.C. § 101, *et seq.*, in connection  
15 with the proposed assignment of any Assumed Executory Contract. The Court shall make its  
16 determinations concerning adequate assurance of future performance under the Assumed Executory  
17 Contracts pursuant to 11 U.S.C. §§ 365(b) and (f) at the Sale Hearing.

18 **PLEASE TAKE FURTHER NOTICE** that Assumption Objections may be resolved by  
19 the Court at the Sale Hearing, or at a separate hearing either before or after the Sale Hearing.

20 **PLEASE TAKE FURTHER NOTICE** that, except to the extent otherwise provided in the  
21 Purchase Agreement with the Successful Bidder(s), pursuant to § 365(k) of the Bankruptcy Code,  
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1 the Debtors and their estates shall be relieved of all liability accruing or arising after the effective  
2 date of assumption and assignment of the Assumed Executory Contracts.

3 **PLEASE TAKE FURTHER NOTICE** that nothing contained herein shall obligate the  
4 Debtors to assume any Assumed Executory Contracts or to pay any Cure Amount.<sup>12</sup>

5 **PLEASE TAKE FURTHER NOTICE THAT IF YOU DO NOT TIMELY FILE AND**  
6 **SERVE AN OBJECTION AS STATED ABOVE, THE COURT MAY GRANT THE RELIEF**  
7 **REQUESTED IN THE MOTION WITH NO FURTHER NOTICE.**

8 **ANY COUNTERPARTY TO ANY ASSUMED EXECUTORY CONTRACT WHO**  
9 **DOES NOT FILE A TIMELY OBJECTION TO THE CURE AMOUNT FOR SUCH**  
10 **ASSUMED EXECUTORY CONTRACT IS DEEMED TO HAVE CONSENTED TO SUCH**  
11 **CURE AMOUNT.**

12 Dated: June [ ], 2023

13 SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

14  
15 By

\_\_\_\_\_  
Jennifer L. Nassiri

JUSTIN R. BERNBROCK  
JENNIFER L. NASSIRI  
CATHERINE JUN  
ROBERT B. McLELLARN  
ALEXANDRIA G. LATTNER

Proposed Counsel to Debtors and  
Debtors in Possession

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27 <sup>12</sup> “Executory Contracts Subject to Assumption” are those Contracts and Leases that the Debtors believe may be  
28 assumed and assigned as part of the orderly transfer of the Assets; however, the Successful Bidder may choose to  
exclude certain of the Debtors’ Contracts or Leases from the list of Assumed Executory Contracts as part of their  
Qualifying Bid, causing such Contracts and Leases not to be assumed by the Debtors.

## 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:  
222 N Pacific Coast Highway, 3rd Floor, El Segundo, CA 90245.

A true and correct copy of the foregoing document entitled (*specify*): Notice of Sale of Estate Property

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*) 06/05/2023, 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*) 06/05/2023, 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*) 06/05/2023, 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.

06/05/2023      Jonathan J. Thomson  
*Date*                      *Printed Name*

/s/ Jonathan J. Thomson  
*Signature*

CreditorName	Email
Megan M Adeyemo	madeyemo@grsm.com; asoto@grsm.com
David E Ahdoot	dahdoot@bushgottlieb.com; kprestegard@bushgottlieb.com
Joseph M Ammar	ammar@millercafield.com
Scott E Blakeley	seb@blakeleyllp.com; ecf@blakeleyllp.com
Joseph P Buchman	jbuchman@bwsllaw.com; gmitchell@bwsllaw.com
Adrian Butler	abutler@bushgottlieb.com
Augustus Curtis	augustus.t.curtis@usdoj.gov
David K Eldan	David.Eldan@doj.ca.gov, cynthia.gomez@doj.ca.gov
John-Patrick M Fritz	jpf@lnbyg.com; JPF.LNBYB@ecf.inforuptcy.com
Evelina Gentry	evelina.gentry@akerman.com; rob.diwa@akerman.com
Evan Gershbein	ECFpleadings@kccllc.com
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Melissa Hamill	melissa.hamill@doj.ca.gov
Brian T Harvey	bharvey@buchalter.com
Robert M Hirsh	rhirsh@lowenstein.com
Darryl Jay Horowitz	dhorowitz@ch-law.com; bkasst@ch-law.com
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Alexandria Lattner	alattner@sheppardmullin.com; ehwalters@sheppardmullin.com
Marc A Levinson	MALevinson@orrick.com; borozco@orrick.com
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Kelly L Morrison	kelly.l.morrison@usdoj.gov
Tania M Moyron	tania.moyron@dentons.com; malka.zeefe@dentons.com; kathryn.howard@dentons.com; derry.kalve@dentons.com; glenda.spratt@dentons.com; DOCKET.GENERAL.LIT.LOS@dentons.com
Jennifer L Nassiri	JNassiri@sheppardmullin.com
Neli Nima Palma	neli.palma@doj.ca.gov

CreditorName	Email
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Mary H Rose	mrose@buchalter.com
Nathan A Schultz	nschultzesq@gmail.com
Olivia Scott	olivia.scott3@bcplaw.com; theresa.macaulay@bcplaw.com
Howard Steinberg	steinbergh@gtlaw.com; pearsallt@gtlaw.com; howard-steinberg-6096@ecf.pacerpro.com
Tamar Terzian	tamar@terzlaw.com; sandra@terzlaw.com
United States Trustee (LA)	ustpregion16.la.ecf@usdoj.gov
Mark J Valencia	mvalencia@vclitigation.com
Emilio Eugene Varanini, IV	emilio.varanini@doj.ca.gov
Kevin Walsh	kevin.walsh@gtlaw.com
Kenneth K Wang	kenneth.wang@doj.ca.gov; Jennifer.Kim@doj.ca.gov; Stacy.McKellar@doj.ca.gov; yesenia.caro@doj.ca.gov; Christine.Murphy@doj.ca.gov
Sharon Z. Weiss	sharon.weiss@bcplaw.com; raul.morales@bcplaw.com; REC_KM_ECF_SMO@bcplaw.com
Roye Zur	rzur@elkinskalt.com; cavila@elkinskalt.com; lwageman@elkinskalt.com; 1648609420@filings.docketbird.com

SERVICE LIST (via First-Class Mail)

Description	CreditorName	CreditorNoticeName	Address1	Address2	Address3	City	State	Zip
Office of the Attorney General of the United States	Attorney General of the United States	U.S. Department of Justice	950 Pennsylvania Avenue, NW			Washington	DC	20530-0001
Banks	Bank of America	GABRIELA SANCHEZ	C/O Bank of America	330 N BRAND BLVD		GLENDALE	CA	91203
Banks	Bank of the West			75 SANSOME STREET, 19TH FLOOR		SAN FRANCISCO	CA	94111
California Department of Health Care Services	California Department of Health Care Services	Jennifer Kent, Director	1501 Capitol Avenue, Suite 4510			Sacramento	CA	95814
California Secretary of State	California Secretary of State		1500 11th Street			Sacramento	CA	95814
California State Board of Pharmacy	California State Board of Pharmacy		1625 North Market Boulevard			Sacramento	CA	95834
California Statewide Communities Development Authority	California Statewide Communities Development Authority	Chair	1100 K Street, Suite 101			Sacramento	CA	95814
Center for Medicare and Medicaid Services	Center for Medicare and Medicaid Services	Steven Chickering, the Associate Regional Administrator	90 – 7th Street, Suite 5-300			San Francisco	CA	94103-6706
Department of Health Care Services	Department of Health Care Services	Tanya Homman, Chief of Provider Enrollment Division	MS 4704, P.O. Box 997412			Sacramento	CA	95899-7412
Employment Development Dept.	Employment Development Dept.		722 Capitol Mall, MIC 92E			Sacramento	CA	95814
Equipment Leases	GE		3000 N Grandview Blvd.			Waukesha	WI	53188
Hanmi Bank	Hanmi Bank	Specialty Lending	2010 Main St. Suite 590			Irvine	CA	92614
Hanmi Bank	Hanmi Bank	Specialty Lending	1920 Main St. Suite 1140	Attn Ben Sottile		Irvine	CA	92614
Hanmi Bank	Hanmi Bank		10180 Reseda Blvd			Northridge	CA	91324
IRS	Internal Revenue Service	Attn Susanne Larson	31 Hopkins Plz Rm 1150			Baltimore	MD	21201
IRS	Internal Revenue Service	Centralized Insolvency Operation	P.O. Box 7346			Philadelphia	PA	19101-7346
IRS	Internal Revenue Service	Centralized Insolvency Operation	2970 Market St			Philadelphia	PA	19104
IRS	Internal Revenue Service		300 North Los Angeles Street			Los Angeles	CA	90012
IRS	Internal Revenue Service		600 Arch Street			Philadelphia	PA	19101
Office of the CA Attorney General	Office of the California Attorney General	Department of Justice	Jennifer Kim	300 South Spring Street, Floor 9		Los Angeles	CA	90013
Counsel to Hanmi Bank	Orrick, Herrington & Sutcliffe LLP	Brendan LaFountain	400 Capitol Hall			Sacramento	CA	95814-4497
Counsel to Hanmi Bank	Shulman Hodges & Bastian LLP	Michael J. Petersen	100 Spectrum Center Drive, Suite 600			Irvine	CA	92614
State of California Employment Development Department	State of California Employment Development Department	Bankruptcy Group MIC 92E	P. O. Box 826880			Sacramento	CA	94280-0001
U.S. Department of Health & Human Services	U.S. Department of Health & Human Services	Alex M. Azar II, Secretary	200 Independence Avenue, S.W.			Washington	DC	20201
U.S. Department of Health and Human Services	U.S. Department of Health and Human Services	Angela M. Belgrove, Assistant Regional Counsel	Office of the General Counsel, Region IX	90 7th Street, Suite 4-500		San Francisco	CA	94103-6705
United States Attorney Civil Process Clerk	United States Attorney's Office		Federal Building	Room 7516	300 North Los Angeles Street	Los Angeles	CA	90012
United States Attorney's Office	United States Attorneys Office	Central District of California	312 North Spring Street	Suite 1200		Los Angeles	CA	90012
United States Attorney's Office	United States Attorneys Office	Northern District of California	150 Almaden Boulevard	Suite 900		San Jose	CA	95113
U.S. Department of Health and Human Services, among other agencies and departments of the United States	United States Department of Justice	Civil Division	Augustus T. Curtis	P.O. Box 875	Ben Franklin Station	Washington	DC	20044-0875
United States Attorney General	United States Department of Justice	Ben Franklin Station	P. O. Box 683			Washington	DC	20044
Office of the United States Trustee	United States Trustee	Peter C. Anderson	Office of the UST/DOJ	915 Wilshire Blvd., Suite 1850		Los Angeles	CA	90017
Indenture Trustee	US Bank NA		Po Box 70870			St Paul	MN	55170-9690
Chambers	USBC Central District of California	Hon. Sandra R. Klein	Edward R. Roybal Federal Building and U.S. Courthouse	255 East Temple Street, Suite 1582		Los Angeles	CA	90012



Description	CreditorName	CreditorNoticeName	Email
TOP 30	Abbott Laboratories Inc	Nathan Scott	nathan.scott@abbott.com
TOP 30	Advantis Medical Staffing	Elayne Goldmane	goldman@advantismed.com
Counsel for Advantis Medical Staffing	Akerman LLP	Evelina Gentry and Anthony D. Sbardellati	evelina.gentry@akerman.com
TOP 30	Alhambra Hospital Medical Center	Terry Chu	terrychu@alhambrahospital.com
TOP 30	Allied Universal Security Services	Moises Rodriguez	moises.rodriguez@aus.com
Attorneys for the City of Montebello	Alvarez-Glasman & Colvin	Stephen T. Owens and Christy M. Garcia	sowens@agclawfirm.com; cgarcia@agclawfirm.com
Lienholders	Amerisourcebergen Drug Corporation		mbranzburg@klehr.com
TOP 30	Arthrex, Inc	Carla Pitcher	Carla.Pitcher@arthrex.com
TOP 30	Axis Spine Llc	DD Mate	dmate@axispineco.com
Lienholders	BANK OF THE WEST		edgar.morales@bankofthewest.com; Jorge.Padilla@bankofthewest.com
Banks	Bank of the West	Attn: Edgar Morales	edgar.morales@bankofthewest.com; Jorge.Padilla@bankofthewest.com
Equipment Leases	Baxter	Yolieth Bazan Matamoros	yolieth_bazan@baxter.com
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