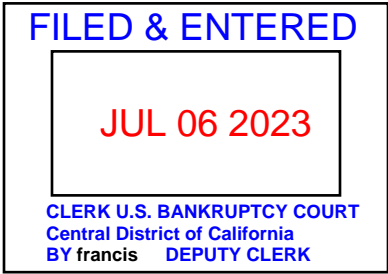


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10 UNITED STATES BANKRUPTCY COURT  
11 CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION

13 **In re:**  
14 **BEVERLY COMMUNITY HOSPITAL**  
15 **ASSOCIATION, dba BEVERLY**  
16 **HOSPITAL (A NONPROFIT PUBLIC**  
**BENEFIT CORPORATION), et al,**  
17 Debtors.

Case No.: 2:23-bk-12359-SK  
Chapter 11  
Jointly administered with:  
Case No: 2:23-bk-12360-SK  
Case No: 2:23-bk-12361-SK

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

**ORDER APPROVING JOINT STIPULATION TO:**  
25 **1) APPROVE ATTORNEY GENERAL**  
**CONDITIONS PURSUANT TO**  
**SETTLEMENT; and**  
26 **2) ENTER ORDER**  
Hearing: July 19, 2023  
Time: 10:00 a.m.  
Courtroom: 1575  
Judge: Hon. Sandra R. Klein

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1 The Court, having considered the Stipulation concerning the California Attorney  
2 General Conditions filed on July 5, 2023, and entered into by and between the Beverly  
3 Community Hospital Association, as debtor and debtor-in possession in these chapter 11  
4 cases; the California Attorney General; and American Healthcare Systems Foundation  
5 Inc., a North Carolina not-for-profit corporation [Docket No. 543], and good cause  
6 appearing,

7 **IT IS HEREBY ORDERED** that:

- 8 1. The Stipulation is APPROVED.
- 9 2. Pursuant to the written agreement of the parties, the Court enters this order  
10 approving the Attorney General Conditions attached as Exhibit A to this Order; and
- 11 3. This Court retains jurisdiction with respect to all matters arising from or related to  
12 the implementation of this Order.

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23 Date: July 6, 2023

  
Sandra R. Klein  
United States Bankruptcy Judge

1 ROB BONTA  
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10 UNITED STATES BANKRUPTCY COURT  
11 CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION

13 **In re:**

14 **BEVERLY COMMUNITY HOSPITAL**  
15 **ASSOCIATION, dba BEVERLY**  
16 **HOSPITAL (A NONPROFIT PUBLIC**  
**BENEFIT CORPORATION), et al,**

17 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

**[PROPOSED] ORDER APPROVING  
JOINT STIPULATION TO:**

19  **Affects all Debtors**

20 **Affects Beverly Community Hospital**  
21 **Association**

22 **Affects Montebello Community Health**  
23 **Services, Inc.**

24  **Affects Beverly Hospital Foundation**

**1) APPROVE ATTORNEY GENERAL  
CONDITIONS PURSUANT TO  
SETTLEMENT; and**

**2) ENTER ORDER**

Hearing: July 19, 2023

Time: 10:00 a.m.

Courtroom: 1575

Judge: Hon. Sandra R. Klein

26 ///

27 ///

1 The Court, having considered the Stipulation concerning the California Attorney  
2 General Conditions filed on July \_\_, 2023 and entered into by and between the Beverly  
3 Community Hospital Association, as debtor and debtor-in possession in these chapter 11  
4 cases; the California Attorney General; and American Healthcare Systems Foundation  
5 Inc., a North Carolina not-for-profit corporation [Docket No. \_\_], and good cause  
6 appearing,

7 **IT IS HEREBY ORDERED** that:

- 8 1. The Stipulation is APPROVED.
- 9 2. Pursuant to the written agreement of the parties, the Court enters this order  
10 approving the Attorney General Conditions attached as Exhibit A to this [Proposed] Order; and
- 11 3. This Court retains jurisdiction with respect to all matters arising from or related to  
12 the implementation of this Order.

13 Dated: July \_\_, 2023

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15 \_\_\_\_\_  
16 SANDRA R. KLEIN  
17 UNITED STATE BANKRUPTCY JUDGE  
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**Exhibit A**

California Attorney General Conditions per California Corporations Code sections 5920 et seq.

**Attorney General's Conditions to the Proposed Sale of Hospital Assets by Beverly Community Hospital Association dba Beverly Hospital, a California Nonprofit Public Benefit Corporation, and Montebello Community Health Services, a California Nonprofit Public Benefit Corporation, to American Healthcare Systems Foundation Inc., a North Carolina not-for-profit corporation.**

**I.**

These Conditions shall be legally binding on the following entities: Beverly Community Hospital Association dba Beverly Hospital, a California nonprofit public benefit corporation (Beverly), Montebello Community Health Services (Montebello), a California nonprofit public benefit corporation, American Healthcare Systems Foundation Inc., a North Carolina not-for-profit corporation (AHS), and any other subsidiary, parent, general partner, limited partner, member, affiliate, successor, successor in interest, assignee, or person or entity serving in a similar capacity of Beverly, Montebello, or AHS, and any entity succeeding thereto as a result of consolidation, affiliation, merger, or acquisition of all or substantially all of the hospital real property or operating assets of Beverly Hospital,<sup>1</sup> or the real property on which Beverly Hospital is located; any and all current and future owners, lessees, licensees, or operators of Beverly Hospital; and any and all current and future lessees and owners of the real property on which Beverly Hospital is located.

**II.**

The transaction approved by the Attorney General consists of the Asset Purchase Agreement, attached hereto as Exhibit 1, by and among Beverly, Montebello, and AHS dated July 5, 2023, and any and all amendments, agreements, or documents referenced in or attached as an exhibit or schedule to any of the foregoing agreements (Asset Purchase Agreement). The Conditions are issued by the Attorney General in connection with the Chapter 11 Bankruptcy Cases of Beverly Hospital and Montebello and the sale transaction pursuant to that Asset Purchase Agreement. The entities listed in Condition I shall fulfil the terms of the Asset Purchase Agreement including, but not limited to, any exhibits or schedules to the Asset Purchase Agreement, including any Interim Management Agreement, and shall notify the Attorney General in writing of any proposed modifications or rescissions. Such notifications shall be provided at least sixty (60) days prior to their effective date in order to allow the Attorney General to consider whether they affect the factors set forth in Corporations Code section 5923 and require the Attorney General's approval. Upon the Closing Date, Beverly and Montebello will cease to be bound by these Conditions.

**III.**

For ten (10) years from the Closing Date of the Asset Purchase Agreement, the entities listed in Condition I shall be required to provide written notice to the Attorney General sixty (60) days prior to entering into any agreement or transaction to do any of the following:

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<sup>1</sup> Throughout this document, the term "Beverly Hospital" shall include the general acute care hospital located at 309 West Beverly Boulevard, Montebello, California 90640 and its basic and supplemental services or other certifiable parts, included in the license issued to "Beverly Hospital" by the California Department of Public Health (CDPH).

- a) Sell, transfer, lease, exchange, option, convey, manage, or otherwise dispose of Beverly Hospital;
- b) Transfer control, responsibility, management, or governance of Beverly Hospital. The substitution or addition of a new corporate member or members of Beverly Hospital or AHS that transfers the control of, responsibility for, or governance of Beverly Hospital shall be deemed a transfer for purposes of this Condition. The substitution or addition of one or more members of the governing bodies of Beverly Hospital or AHS, or any arrangement, written or oral, that would transfer voting control of the members of the governing bodies of Beverly Hospital shall also be deemed a transfer for purposes of this Condition; or
- c) Repurpose of Beverly Hospital for services other than general acute care hospital services.

#### IV.

For ten (10) years from the Closing Date of the Asset Purchase Agreement, the entities listed in Condition I shall engage in Commercially Reasonable efforts to operate and maintain Beverly Hospital as a licensed general acute care hospital (as defined in Health & Safety Code section 1250) and shall maintain and provide 24-hour emergency services at its current licensure, designations and certification with the same types and levels of services, including designations as a Primary Stroke Center and Emergency Department Approved for Pediatrics (EDAP), as well as the following:<sup>2</sup>

- a) emergency room services;
- b) medical/surgical unit services;
- c) intensive unit services;
- d) coronary care;
- e) perinatal services;
- f) neonatal intensive care unit (Level I);
- g) current functioning operating rooms;
- h) diagnostic and interventional imaging center;
- i) laboratory services;
- j) cardiology services, including cardiac catheterization lab; and
- k) orthopedic services.

Further, the entities listed in Condition I shall engage in Commercially Reasonable efforts to resume the following services at Beverly Hospital:

- a) pediatric services;
- b) obstetrics, gynecology, and maternity services;
- c) Women's Pavilion & Breast Center services; and
- d) Wound Care & Hyperbaric Medicine services.

As used in these Conditions, the term "Commercially Reasonable" shall mean reasonable, diligent, and good faith efforts to accomplish such Condition as would be exercised by a

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<sup>2</sup> The term "current" here means as of June 12, 2023.

similarly situated hospital in a similar market, in California, with comparable resources, payor mix, and payor rates servicing similar community needs.

The entities listed in Condition I shall submit to the Attorney General an annual report detailing efforts to comply with this Condition consistent with Condition XIV and Condition XIII, involving consultation with the community board for Beverly Hospital.

#### V.

For 10 (ten) years from the Closing Date of the Asset Purchase Agreement, the entities listed in Condition I shall provide minimum staffing pursuant to law and regulation for Beverly Hospital, and then shall engage in all Commercially Reasonable efforts to ensure adequate staffing for Beverly Hospital beyond the levels required by law and regulation, to promote the viability of Beverly Hospital operations and in accordance with all other Conditions.

#### VI.

For ten (10) years from the Closing Date of the Asset Purchase Agreement, AHS will maintain its participation in the traditional Medicare and the traditional Medi-Cal programs. AHS will use all Commercially Reasonable efforts to contract with Medicare Managed Care payors and Medi-Cal Managed Care payors.

#### VII.

For ten (10) years from the Closing Date of the Asset Purchase Agreement, the entities listed in Condition I shall maintain privileges for current medical staff at Beverly Hospital who are in good standing as of the Closing Date of the Asset Purchase Agreement. Further, the closing of the Asset Purchase Agreement shall not change the medical staff officers, committee chairs, or independence of the medical staff, and such persons shall remain in good standing for the remainder of their tenure as medical staff officers or committee chairs at Beverly Hospital. This Condition is not intended to preclude medical staff leadership changes as warranted for operational flexibility in accordance with the medical staff bylaws in effect on the Closing Date.

#### VIII.

For ten (10) years from the Closing Date of the Asset Purchase Agreement, the entities listed in Condition I shall provide charity care (as defined below) at Beverly Hospital in compliance with California and Federal law, including providing charity care or discounted payments to patients at or below 400% of the federal poverty level (FPL) if they are either uninsured or are insured but have high medical costs, and pursuant to Health & Safety Code section 127405.

For purposes of this Condition, the term “charity care” shall mean the amount of charity care costs (not charges) incurred in connection with the operation and provision of services at Beverly Hospital. The definition and methodology for calculating “charity care” and the methodology for calculating “costs” shall be the same as that used by the California



Department of Health Care Access and Information (HCAI) for annual hospital reporting purposes.

### IX.

Within ninety (90) days from the Closing Date of the Asset Purchase Agreement and for ten (10) years from the Closing Date of the Asset Purchase Agreement, the entities listed in Condition I shall take the following steps to ensure that patients at Beverly Hospital are informed about its Financial Assistance Policy:

- a) A copy of the Financial Assistance Policy and the plain language summary of the Financial Assistance Policy shall be posted in a prominent location in the admissions area and any other location at Beverly Hospital where there is a high volume of patient traffic, including waiting rooms, billing offices, and outpatient service settings;
- b) A copy of the Financial Assistance Policy, the Financial Assistance Application Form, and the plain language summary of the Charity Care and Cash Price Policies shall be posted in a prominent place on Beverly Hospital's website;
- c) If requested by a patient, a copy of the Financial Assistance Policy, Financial Assistance Application Form, and the plain language summary shall be sent by mail at no cost to the patient;
- d) As necessary and at least on an annual basis, shall place an advertisement regarding the availability of financial assistance at Beverly Hospital in a newspaper of general circulation in the Montebello community, or issue a Press Release to widely publicize the Financial Assistance Policy to the Montebello community;
- e) On no less than an annual basis, shall work with affiliated organizations, physicians, community clinics, other healthcare providers, houses of worship, and other community-based organizations to notify members of the Montebello community (especially those who are most likely to require financial assistance) about the availability of financial assistance; and
- f) No later than sixty (60) days after the Closing Date of the Asset Purchase Agreement, shall train all staff who interact with patients and their families concerning payment of services to make patients and their families aware of and informed about the availability of financial assistance and also provide this training on an annual basis to staff who interact with patients and their families.

### X.

The entities listed in Condition I shall prohibit discrimination on the basis of any protected personal characteristic identified in state and federal civil rights laws, including Civil Code section 51 and title 42, section 18116 of the United States Code and shall adopt and implement a complaint process and procedure consistent with the policies and procedures in effect as of the Closing Date of the Asset Purchase Agreement. Categories of protected personal characteristics include:

- a) Gender, including sex, gender, gender identity, and gender expression;
- b) Intimate relationships, including sexual orientation and marital status;

- c) Ethnicity, including race, color, ancestry, national origin, citizenship, primary language, and immigration status;
- d) Religion;
- e) Age; and
- f) Disability, including disability, protected medical condition, and protected genetic information.

**XI.**

For ten (10) years from the Closing Date of the Asset Purchase Agreement, the entities listed in Condition I shall maintain communication, language, and cultural services available to patients at Beverly Hospital. These include:

- a) Financial Assistance Program applications written in English, Chinese (Cantonese and Mandarin), and Spanish;
- b) Languages spoken at the Beverly Hospital either as a primary language or through translation services; and
- c) Deaf and Hearing Impaired interpreter services and communication aids during the provision of health services or treatment, at no cost to the patient.

**XII.**

For ten (10) years from the Closing Date of the Asset Purchase Agreement, retaliation or threats of retaliation, in any form, based on any payor, entity, or individual having provided information in conjunction with these Conditions to any party or a court is prohibited.

**XIII.**

For ten (10) years from the Closing Date of the Asset Purchase Agreement, the entities listed in Condition I shall maintain a community board at Beverly Hospital including physicians and community representatives. The community board may comment on all reports submitted to the Attorney General regarding compliance with these Conditions and such comments shall be included in the written report provided to the Attorney General pursuant to Condition XIV.

**XIV.**

For ten (10) years from the Closing Date of the Asset Purchase Agreement the entities listed in Condition I shall submit to the Attorney General, no later than six (6) months after the conclusion of each year, a report describing in detail compliance with each Condition set forth herein. The first report shall be due no later than one (1) year after the Closing Date. The Chair(s) of the Board of Directors of AHS and the Chief Executive Officer of AHS shall each certify that the report is true, accurate, and complete, and provide documentation of the review and approval of the report by the Board of Directors.

**XV.**

At the request of the Attorney General, the entities listed in Condition I shall provide such information as is reasonably necessary for the Attorney General to monitor compliance with these Conditions and the terms of the transaction as set forth herein. The Attorney General will, at the request of an entity listed in Condition I and to the extent provided by law, keep confidential any information so produced to the extent that such information is a trade secret or is privileged under state or federal law, or if the private interest in maintaining confidentiality clearly outweighs the public interest in disclosure.

**XVI.**

AHS shall reimburse the Attorney General for its reasonable attorney's fees and reasonable costs incurred in connection with any investigative follow-up by the Attorney General regarding the Conditions pursuant to Corporations Code section 5924, subdivision (c)(3).

**XVII.**

The Attorney General reserves the right to enforce each and every Condition set forth herein to the fullest extent provided by law. In addition to any legal remedies the Attorney General may have, the Attorney General shall be entitled to specific performance, injunctive relief, and such other equitable remedies as a court may deem appropriate for breach of any of these Conditions. AHS shall reimburse the Attorney General for its reasonable attorney's fees and reasonable costs if the Attorney General brings an enforcement action relating to the Conditions and prevails in such action pursuant to Corporations Code section 5926. Any action by the Attorney General to enforce these Conditions shall be brought exclusively in the Superior Court of Los Angeles and any applicable appellate court therefrom and shall not be required to be brought in or receive consent from the Bankruptcy Court, as such term is defined in the Asset Purchase Agreement. For purposes of compliance with state law requirements on the direct enforceability of settlement agreements in state court, all parties agree to execute a consent to the settlement agreement, whether by signature to any stipulation and order or otherwise, in accordance with Code of Civil Procedure Section 664.6.