

HEARING DATE: MARCH 27, 2021 AT 10:00 A.M.
WEBEX VIRTUAL HEARING
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BUSINESS CALENDAR

STATE OF RHODE ISLAND
PROVIDENCE, SC

SUPERIOR COURT

LAWRENCE S. GATES, in his capacity)
as Secretary of Hopkins Manor, Ltd.,)
and as Managing Member of Hopkins)
Health Center LLC,)
Petitioner,)

v.)

C.A. No. PC-2020-03413

HOPKINS MANOR, LTD., a Rhode Island)
Corporation, and HOPKINS HEALTH)
CENTER LLC, a Rhode Island Limited)
Liability Corporation,)
Respondents,)

administratively consolidated with

LAWRENCE GATES, in his capacity as)
a partner of HOPKINS HEALTH CENTER,)
a Rhode Island general partnership, and)
HOPKINS HEALTH CENTER, a Rhode)
Island General Partnership,)
Petitioners,)

v.)

C.A. No. PC-2020-03954

REAL PROPERTY LOCATED AT 608)
SMITHFIELD ROAD, NORTH)
PROVIDENCE, RHODE ISLAND 02904,)
and 610 SMITHFIELD ROAD,)
PROVIDENCE, RHODE ISLAND 02904,)
Respondent.)

SPECIAL MASTER AND PERMANENT RECEIVER'S SECOND INTERIM REPORT
AND SECOND REQUEST FOR FEES

NOW COMES Jonathan N. Savage, Esq., solely in his capacity as Special Master (“Special Master”) of Hopkins Manor, Ltd. (“Hopkins Manor”) and Hopkins Health Center, LLC (“Hopkins

Center,” or together with Hopkins Manor, “Hopkins”), and Permanent In Rem Receiver of 608 Smithfield Road, North Providence, Rhode Island 02904 and 610 Smithfield Road, North Providence, Rhode Island 02904 (collectively, “Properties”), and hereby submits to the Court his Second Interim Report and Second Request for Fees (“Report”). In support hereof, the Special Master respectfully recites as follows:

BACKGROUND

1. This Report is made in succession to the Special Master’s First Interim Report and Request for Fees (“First Interim Report”), which is incorporated herein by reference.

ACTIONS AFTER FIRST INTERIM REPORT

Submission of the CEC Application

2. As detailed in the Special Master’s First Interim Report, the Court approved the Special Master to sell all the assets of Hopkins and the Properties free and clear of liens and encumbrances to Lincolnwood Property, LLC (“Lincolnwood”)¹ pursuant to an Asset Purchase Agreement, as amended (“APA”). The Order approving the sale (“Sale Order”) is attached hereto as **Exhibit A**.

3. As set forth in the APA, a condition of the sale was that Lincolnwood must apply for and the Rhode Island Department of Health (“RIDOH”) must approve a change in effective control (“CEC”) of Hopkins. An approval of the change in effective control of the ownership of Hopkins was required not only by the APA but also by Chapter 23-17 of the General Laws of Rhode Island entitled “Licensing of Health Care Facilities.”

¹ Pursuant to the Asset Purchase Agreement, Lincolnwood Property, LLC is the entity that would take title to the Properties, and Lincolnwood Operator, LLC would be the operating entity of the nursing home facility on the Properties. For purposes of this Report, Lincolnwood Property, LLC and Lincolnwood Operator, LLC will collectively be referred to as “Lincolnwood.”

4. As a result, after the Court entered the Sale Order, the Special Master began communications with RIDOH, through Mike Dexter, its Chief of Center for Health Systems Policy and Regulations, on the estimated timeline for CEC approval. In those early discussions, Mr. Dexter and Fernanda Lopes, RIDOH's Chief of Office of Health Systems Development, indicated an anticipated ninety-day timeline for CEC approval.

5. Lincolnwood submitted its application for CEC approval ("Application") in early July 2020.

6. That CEC approval process included three notable milestones: (1) a determination of completeness of the application for CEC approval; (2) the Health Services Council's ("HSC") recommended approval of the application for CEC approval; and (3) RIDOH's acceptance of the HSC's recommendation.

Application Completeness

7. Despite RIDOH's anticipated ninety-day timeline, RIDOH took no action on the Application for a month and a half after it was submitted, including not making any determination on the completeness of the Application.

8. On August 18, 2020, Mr. Dexter indicated that RIDOH would be issuing a letter of deficiencies in connection with the Application due to its failure to adequately identify and disclose the Lincolnwood's organizational structure and terms of the private component of the proposed financing of the transaction. However, RIDOH did not issue any formal letter of deficiencies until September 2, 2020 ("Deficiency Letter").

9. The Deficiency Letter requested minor points of clarification from the Special Master related mostly to the corporate structure of Hopkins. It also requested from Lincolnwood,

as Mr. Dexter previewed in August, information relative to the private component to the financing of the sale.

10. Although the Deficiency Letter was not publicly available, SEIU District 1199NE, the union representing many employees of Hopkins (the “Union”), contemporaneously informed the Special Master that it was aware of the nature of the Application’s deficiencies.

11. The Special Master worked collaboratively with Lincolnwood to address the requested information in the Deficiency Letter, and Lincolnwood submitted a corrected application on September 11, 2020 (“Corrected Application”).²

12. For several weeks after submission of the Corrected Application, Lincolnwood and RIDOH engaged in discussions to determine and provide an appropriate amount of supplemental and confidential information relative to Lincolnwood’s affiliated entities. Simultaneously, RIDOH required from Lincolnwood sets of additional information, including several subsequent rounds of increased financial disclosures and a requirement that Lincolnwood furnish a letter from its accountant “certifying the future financial success” of the nursing facility post-closing.

13. Throughout this process, the Special Master engaged repeatedly with RIDOH and the Governor’s Office in an effort to collaboratively move the Corrected Application toward a determination of completeness. However, at one point, RIDOH ceased communications with the Special Master entirely, making coordination of the Corrected Application and the production of information extremely difficult.

² A copy of the Corrected Application is available at <https://drive.google.com/file/d/1RY3scWxxqGtoEcw2cLtzQ9QUTHH2A6XR/view>.

14. Ultimately, as a result of a combination of efforts, including the scheduling of a status conference with RIDOH and the Court, the Corrected Application was deemed complete on November 17, 2020, approximately four months after the Application was initially submitted.

15. Pursuant to regulation, once RIDOH deems a CEC application complete, the HSC has thirty days to review the application at a public hearing. However, in this case, the Corrected Application was not reviewed by the HSC until January 5, 2021.

Consent Agreement and HSC Approval

16. As a result of the extensive amount of time that passed since Lincolnwood submitted the Application and Corrected Application, and the anticipated further delays, the Special Master attempted to obtain from RIDOH a consent order that would allow Lincolnwood and the Special Master to close on the sale of Hopkins' assets.

17. A rapid closing of the sale of Hopkins assets was necessary because the estate was facing significant operating pressures, as more fully described *infra*.

18. In an effort to facilitate a consent agreement with RIDOH, the Special Master coordinated a conference with the Court, representatives of Lincolnwood, the Union, and RIDOH, to suggest that Lincolnwood, RIDOH, and Hopkins enter into a consent agreement. The Special Master, Lincolnwood, and RIDOH successfully negotiated a consent agreement ("Consent Agreement") whereby RIDOH would permit Lincolnwood to close on its acquisition of Hopkins prior to and subject to subsequent, formal CEC approval. A copy of the Consent Agreement is attached hereto as **Exhibit B**.

19. Soon after the negotiation of the Consent Agreement, on January 5, 2021, the HSC voted unanimously to initially recommend Lincolnwood's Corrected Application for RIDOH's approval, subject to final approval at the HSC's next meeting.

20. However, in between the HSC's initial approval of Lincolnwood's Corrected Application and its next meeting, RIDOH, on January 12, 2021, issued an amended notice of initiation of review ("Amended Notice of Review") regarding the Lincolnwood's Corrected Application. A copy of the Amended Notice of Review is attached hereto as **Exhibit C**.

21. The Amended Notice of Review extended the public comment period, which is normally thirty days from the date on which the application is initially deemed complete, to January 21, 2021. That extension meant that the HSC's final approval of Lincolnwood's Corrected Application could not be considered at the HSC's next scheduled meeting. Once again, the closing of the sale of Hopkins assets was delayed.

22. The Special Master learned that this unusual deviance from ordinary process and re-opening of public comment was at the behest of the Union. On January 21, 2021, the Union delivered a letter to the HSC ("Union Letter"), which contained material inaccuracies and requested that RIDOH continue to defer its consideration of Lincolnwood's Corrected Application.

23. The Special Master discussed the Union Letter and the application with counsel for RIDOH, who indicated that the Union Letter's potential delay of the CEC process could last as long as Lincolnwood and the Union's negotiations of a replacement collective bargaining agreement. As a result, over the course of the balance of the time remaining in January and throughout February, 2021, the Special Master was active in facilitating further negotiations between the Union and Lincolnwood to close on the Court-approved sale.

24. Ultimately, almost seven months after the submission of Lincolnwood's Application, the HSC held a meeting on February 23, 2021 and voted to issue final approval of its recommendation that the Corrected Application be approved by RIDOH. The HSC's recommendation was memorialized in the report attached hereto as **Exhibit D**.

RIDOH's Acceptance of HSC Recommendation

25. On February 24, 2021, RIDOH issued a formal acceptance (“Letter of Acceptance”) of the HSC’s recommendation for approval of the Lincolnwood’s Corrected Application. As a result, a closing of the sale transaction contemplated by the APA (“Closing”) was set for March 8, 2021. A copy of the Letter of Acceptance is attached hereto as **Exhibit E**.

Grant Funding

26. During the pendency of the Special Mastership, Hopkins received various grant funding from both the State and the federal governments.

27. Hopkins applied for and received a Paycheck Protection Program (“PPP”) loan in the amount of \$1,891,500, which loan was ultimately forgiven.

28. Hopkins also received, without an application, \$1,343,564.73 in Health and Human Services Provider Relief Fund disbursements between April 2020 and December 2020. That funding was designated for increased costs (other than those paid with PPP proceeds) and lost revenue associated with COVID. There will be a reconciliation process before those grant proceeds can be deemed unrestricted.

29. Additionally, in November 2020, Hopkins applied for and received a COVID-19 Long Term Services and Supports Resiliency Program grant from EOHHS in the amount of \$500,000 to fund the renovation of portions of the Hopkins facility. The application for that grant was submitted in coordination with Lincolnwood because it was anticipated that the work done with the grant proceeds would ultimately be carried out by Lincolnwood after the Closing. With the consent of EOHHS, Lincolnwood commenced the work prior to the Closing and the \$500,000 was paid to Lincolnwood for the work.

30. Finally, Hopkins applied for and received three payments under the COVID-19 Long Term Services and Supports Resiliency: Congregate Care Worker Supports for Pause Program. These funds totaled \$62,236.35 and were used exclusively to fund additional hazard pay payments to certain Hopkins staff.

Negotiated Agreement with Labor Union

31. Between late July 2020 and early August 2020, the Union issued—but withdrew—a second strike notice. Shortly thereafter, the Special Master began negotiations with the Union in an attempt to ensure that no further strike notices were threatened or issued, and that the CEC approval process was not further delayed.

32. While the negotiations were ongoing between the Special Master and the Union, the Special Master simultaneously had to consider input from Lincolnwood on any agreement with the Union because the APA required Lincolnwood's consent to any new agreements with the Union.

33. The final negotiated agreement (the "Union Agreement") included several notable provisions. First, it provided for an hourly retention bonus for Hopkins' employees that accrued based on the average number of hours worked per employee per week through December 31, 2020 ("Weekly Bonus"). Pursuant to the Union Agreement, payment of the Weekly Bonus was paid upon completion of milestones in the CEC process, such as the first meeting that the Corrected Application was considered by the HSC, and approval of the Corrected Application by RIDOH. This payment structure was to align the Union and Special Master's dual interests in obtaining CEC approval and avoiding a labor strike.

34. Apart from the payout provisions, the calculation of the Weekly Bonus was consistent with the previous hazard pay State funded programs that Hopkins had participated in.

The continuation of this benefit was common in the industry, and had the Special Master refused to continue the benefit, Hopkins would have been at risk of an employee exodus and a staffing crisis like the one previously suffered.

35. The Union Agreement also included a one-time retention bonus (“Retention Bonus”) of two thousand dollars for each employee, which was to be paid after the Closing.

36. The Union Agreement also included a waiver of any potential successorship claim as against Hopkins or the Special Master.

37. Between the successorship waiver and the avoidance of any potential labor strike prior to Closing, the Union Agreement allowed the Special Master to preserve the resources of the estate and to limit administrative costs associated with its administration. Ultimately, the fact the bonus payments were tied to CEC milestones was a significant contributing factor in the Special Master’s ability to facilitate CEC approval and the Closing.

38. The Special Master sought the Court’s approval to enter into the Union Agreement by filing, on October 9, 2020, a Petition for Authorization to Enter into a Contract with District 1199, New England Health Care Employees (“Petition”). A copy of the Petition and the Union Agreement are attached hereto as **Exhibit F**.

39. Ultimately, the Special Master paid out approximately \$634,000 to Union employees and \$191,000 to non-Union employees for the Weekly and Retention Bonuses.³

40. The Union Agreement was an essential tool in limiting the public criticism of the Corrected Application during the HSC hearings and, although the HSC process was delayed, in part due to Union objections, the Union’s unwillingness to call for a labor strike was due in large

³ As discussed *infra*, the terms of the Union Agreement were extended to non-Union employees to stabilize staffing.

part to the outstanding unpaid portions of the Weekly and Retention Bonuses. As such, the Union Agreement ultimately enabled the Special Master to move the transaction towards the Closing.

Management Staffing Resignations

41. After the Special Master's First Interim Report, Hopkins began receiving a significant number of management and senior management resignations and retirement notices. The Special Master learned that these resignations were largely due to the uncertainty surrounding the timing and continuing delay of the Closing.

42. Certain critical staff members were among those who resigned or were close to resigning, including (1) the employee responsible for billing Medicaid reimbursements; and (2) Hopkins' controller, who had received a competing job offer. However, the Special Master, in coordination with Hopkins' management team, worked to incentivize certain staff members to stay at Hopkins past their noticed retirement or resignation dates.

43. Additionally, in July 2020, the longtime facility administrator ("Administrator") told the Special Master that he intended to retire immediately following the Closing. At that time, based on the representations of the RIDOH discussed *supra*, it was believed that the Closing would occur in September 2020. However, as that time drew closer, it became clear that the Closing would be delayed. This presented a risk that the Administrator, who was of an advanced age, would decide to retire before the Closing. Furthermore, due to his increased risk for severe infection, the Administrator was unable to personally supervise infection control protocol at Hopkins. Although the facility had been COVID-free since August, it became clear that it would be advantageous to have a contingency plan if the Administrator retired or was otherwise unable to effectively execute his job responsibilities.

44. Accordingly, the Special Master coordinated with Lincolnwood to identify and hire a successor (“New Administrator”) to the Administrator. The New Administrator had extensive experience as an administrator in the long-term residential care setting, and she had a particular expertise in infection control.

45. Upon her employment, the New Administrator took charge of the infection control efforts at Hopkins.

46. By taking these functions away from the Administrator, the Special Master both reduced the likelihood that the Administrator would retire, and simultaneously created a contingency plan should he decide to.

47. Throughout the duration of the Special Master’s control of Hopkins, management level nursing retirements and resignations remained a concern. To stem the tide of these staffing losses and to avoid discontent amongst non-union employees, the Special Master extended the retention bonuses set forth in the Union Agreement to non-union employees as well.

Management of COVID-19

48. As of the end of July 2020, the number of positive COVID-19 (“COVID”) cases at Hopkins had been reduced to zero amongst both staff and residents. This feat was accomplished through close coordination between management and Union staff, with the guidance of Dr. Gravenstein—the Court-approved patient care ombudsman—and Dr. Santoro, Hopkins’ Medical Director.

49. The Special Master assembled a COVID Infection Control Taskforce (“Infection Control Taskforce”), consisting of Dr. Gravenstein, Dr. Santoro, the Hopkins Administrator, the Hopkins Director of Nursing Services, the Hopkins Assistant Director of Nursing Services, and representatives from the Special Master and Lincolnwood.

50. The Infection Control Taskforce held weekly conference calls to coordinate testing protocol, education, infection response, and for Dr. Gravenstein to update the Taskforce on scientific developments related to COVID, infection control, and forthcoming vaccines.

51. The efforts of the Infection Control Taskforce and the Hopkins staff were invaluable in thwarting future outbreaks at Hopkins. For instance, between August and December 2020 there were three instances of micro-outbreaks (fewer than five positive tests) at the facility. However, unlike prior facility-wide outbreaks, none of these three outbreaks ultimately spread throughout the facility.

52. There was, however, a facility-wide outbreak in December 2020. In response to this outbreak, a dedicated COVID-positive ward was created, cordoned off, and separated by plastic sheets. Infection control best practices were employed to ensure that there was no spread of infection beyond that ward.

53. In an effort to cease staff-vectored transmission, the Special Master negotiated with the Union to stop all shift-floating between units at the facility, as allowed for by the collective bargaining agreement.

54. Additionally, because the accrual of hazard pay to staff in accordance with the Union Agreement had ceased on December 31, 2020, the Special Master reinstated the payment of \$5 per hour hazard pay to all staff. Furthermore, the Special Master offered an additional \$2.50 per hour in hazard pay to any employee who agreed to work exclusively in the COVID ward.

55. As a result of these efforts, the December 2020 COVID outbreak ultimately was limited to approximately thirty total cases, which is drastically less than the over one hundred cases experienced during the initial COVID outbreaks that occurred at the outset of this proceeding.

Vaccination Efforts

56. Upon the initial allocation of COVID vaccines that were first made available to Hopkins in late December 2020, the Special Master took efforts to coordinate the vaccination of staff and residents.

57. Although the response was positive amongst the residents, upon initial polling, only 37% of staff agreed to receive the vaccine. Based on that response, the Special Master, working with the New Administrator, who was tasked with infection control, coordinated an open informational session to promote the benefits of the vaccine and to answer questions from staff. The Special Master also worked with the Union to ensure that the messaging related to vaccination by both Hopkins and the Union was consistent.

58. Ultimately, through these efforts, approximately 65% of Hopkins employees were vaccinated in the initial round of four vaccination administrations, occurring between the end of December and the beginning of February. From mid-February through the Closing, there were no additional COVID cases reported at Hopkins.

Resolving Medicaid Accounts Receivable

59. In a continued effort to maximize the value of the estate and minimize the Medicaid accounts receivable (“Medicaid AR”), the Special Master worked closely with the Executive Office of Health and Human Services (“EOHHS”) and RIDOH.

60. The Special Master endeavored to resolve pending Medicaid cases, the majority of which were outstanding from 2016 through the present, where Hopkins had not received payment from Medicaid for the services it rendered to its Medicaid eligible residents.

61. The Medicaid AR resulted primarily from longstanding and unresolved issues stemming from the Medicaid application process and from inaccurate segments being reported by the State's system for processing Medicaid payments.

62. The Special Master created an escalation, which was submitted to EOHHS for an escalation review process to be undertaken for the outstanding Medicaid AR. The escalation detailed each pending Medicaid AR case, and the Special Master worked with EOHHS each week to ensure that the cases were being processed and that the correct payments were being made to Hopkins.

63. As for the pending Medicaid applications, a substantial number of applications for former and current residents were timely submitted, but Medicaid had not reviewed the applications for approval or had not processed the eligibility.

64. The Special Master identified those cases where eligibility was clear, but the applications nevertheless remained pending. The Special Master further worked with EOHHS and RIDOH to ensure that all requisite information for the applications was submitted by Hopkins, and that the applications were being processed and approved.

65. The Special Master's collaboration with EOHHS and RIDOH resulted in the State reviewing of all pending Medicaid applications, the majority of which had been pending for significant periods of time and were resulting in financial burdens due to the State's delayed review process prior to the Special Mastership.

66. All pending applications where applicants were deemed as eligible were ultimately approved.

67. Additionally, the Special Master worked to resolve the segment issues that were preventing payments from Medicaid on a multitude of cases because the State had inaccurate segments on their billing and payment system.

68. Therefore, the Special Master, with the assistance of the Medicaid billing representative at Hopkins, identified those cases that have already been approved and were deemed Medicaid eligible, yet payments were being either withheld in their entirety or for specific time periods.

69. Oftentimes, the segments were inaccurate because the State had incorrect admission dates, inaccurate dates of coverage, or did not switch the resident from a prior coverage to the long-term services and support coverage.

70. The Special Master worked with EOHHS to identify the inaccurate segments, the specific problem for each segment, and provided the accurate information so that EOHHS was able to resolve each segment issue.

71. Prior to the Special Mastership, the segment issues were largely ignored by the State and attempts at identifying and resolving the issues proved futile and consequently prevented billing on numerous cases.

72. However, the Special Master was able to obtain priority for the segment issues relating to Hopkins' cases and worked collaboratively with EOHHS and RIDOH in reviewing the segment issues.

73. Ultimately, the Special Master's efforts resulted in the resolution of all segment issues and the issuance of payments on cases where the corrected segments revealed eligibility.

74. Additionally, a number of denied Medicaid applications are also in the process of the appeals process with Medicaid.

75. The Special Master has worked with EOHHS and the RIDOH to expedite the appeals, which were idle, and set the cases for hearing so it can be determined whether there is Medicaid coverage or whether payment will be received through the patient privately.

76. From August 1, 2020 through present, the Special Master has collected approximately \$5,569,553.23 from Medicaid, which includes approximately \$1,130,241.35 for the pending Medicaid AR.

77. In addition to recouping outstanding Medicaid AR, the Special Master also worked closely with the Medicaid billing representative at Hopkins to recoup amounts due and owing from residents for their share of patient liability to further reduce the accounts receivable, as well as with VNA of Care New England to reduce the accounts receivable owed for hospice patients.

Contingency Payments and Settlement

78. Between November 2016 through March 2018, EOHHS paid nine (9) advances, in the total amount of \$1,737,529.10, to Hopkins as a contingency payment for applications that were pending over ninety-days (90).

79. Once the applications were approved, EOHHS had the authority to recoup the amount of the contingency payment for the period between the date of the application and the determination by offsetting the payments due.

80. Many of the applications for which Hopkins was issued interim payments were processed and an eligibility determination was made.

81. Up until the Special Mastership, Hopkins made some payments towards the balance and EOHHS also began to offset the contingency payment balances against the Medicaid payments to pay off the advances.

82. As a result of the Special Mastership and upon agreement with the Special Master, EOHHS agreed to stay all offsets and to settle the final contingency amount owed back to the State upon closing of the sale.

83. A Consent Agreement was entered into between the Special Master, Lincolnwood, and the RIDOH documenting this agreement.

84. At closing, Hopkins paid the total amount due and outstanding for the contingency payments in the amount of \$449,494.85 (“Contingency Payment”).

Cost of Care Settlement

85. The Special Master also worked to resolve and reconcile the cost of care systems issues that had emerged over the past several years by participating in the cost of care project initiated by EOHHS in response to the issues relating to the patient share calculations.

86. Hopkins submitted cases from July 1, 2012 through October 31, 2018 for EOHHS to review and analyze the cost of care discrepancies, with the bulk of the cases in the range from September 2016 through April 2018. Using the information on patient share calculations submitted by Hopkins, EOHHS compared the information in RI Bridges against what was decremented in MMIS.

87. As a result of the escalation review process for the cost of care issues, EOHHS proposed a settlement of a recoupment of funds from Hopkins in the amount of \$20,551.24 for those cases where MMIS decremented less than what Hopkins collected for the patient share and where the Hopkins’ calculation matched RI Bridges; a hold harmless/write off in the amount of \$41,580.95 for cases where MMIS decremented less than what Hopkins collected, but the Hopkins’ calculation did not match RI Bridges; and a settlement check to Hopkins in the amount of \$28,549.97 for cases where MMIS decremented more than what Hopkins collected.

88. The Special Master decided, in his business judgment, that it was in the best interest of the Special Mastership estate to enter into the cost of care settlement agreement with EOHHS as it allowed Hopkins to balance the books with respect to the longstanding cost of care issues and resolved the discrepancies regarding the cost of care for segments prior to October 31, 2018 when it has been determined that RI Bridges was not properly calculating the value.

89. EOHHS issued a settlement check in the amount of \$28,549.97 to Hopkins, and at Closing, Hopkins' paid the full recoupment amount of \$20,551.24 to EOHHS.

The Closing

90. After RIDOH's approval of the HSC's recommendation on February 23, 2021, the Closing was scheduled to occur at midnight on March 8, 2021. As a result, for the week leading up to March 8, 2021, the Special Master coordinated the drafting, execution, and delivery of the documents set forth in the APA, including, but not limited to, a receiver's deed, a special master's bill of sale, an indemnity escrow agreement, and a reaffirmation of representations and warranties. The Receiver also coordinated obtaining payoff and release documents from Walker & Dunlop, LLC ("W&D") of the various security interests that it held and acquired other documents necessary for real estate transactions, such as final water and sewer invoices and a municipal lien certificate.

91. Prior to the Closing, the Special Master also negotiated and reviewed several rounds of revisions to the settlement statement for the Closing ("Settlement Statement"). The Settlement Sheet included several seller charges that were paid at the Closing, such as transfer taxes, outstanding property taxes, water supply charges, and payment of W&D's secured claim.⁴

92. The Closing occurred as of midnight on March 8, 2021 and the Special Master was paid \$1,504,705.75, after consideration for the charges on the Settlement Statement, including the

⁴ As discussed *infra*, the Court authorized W&D's secured claim to be paid at Closing.

\$5 million deposit already tendered to the Special Master pursuant to the APA. As a result, the sale pursuant to the APA, after consideration of payment in full of W&D's claim, resulted in \$6,504,705.75 to the Special Mastership estate.⁵

Insurance Dispute

93. After the Closing, a dispute arose with the Union regarding health insurance coverage. The Special Master intended to cancel Hopkins' health insurance plan ("Insurance Plan") with Blue Cross & Blue Shield of Rhode Island ("BCBS") as of the closing date—midnight on March 8, 2021. The Special Master believed that cancellation of the Insurance Plan was warranted given the fact that Lincolnwood was offering Hopkins employees alternative insurance coverage, which was scheduled to be effective as of the Closing. The Union, however, insisted that the Special Master continue to keep the Insurance Plan active after Closing.

94. After an initial conference with the Court relative to this dispute, the Special Master agreed to keep the Insurance Plan active until 11:59 p.m. on March 31, 2021.

95. Despite that agreement, the Union disputed whether employees out on leave under the Collective Bargaining Agreement ("CBA")⁶ or on leave pursuant to the Family and Medical Leave Act were entitled to participation in the Insurance Plan after March 31, 2021. This issue was nevertheless resolved, however, because it was determined that no employees on leave fit into either category. As a result, the Special Master, counsel for the Union, and counsel for BCBS were able to jointly propose an order that permitted the Special Master to terminate the Insurance Plan as of March 31, 2021. The Order authorizing the Special Master to terminate the Insurance Plan is attached hereto as **Exhibit G**.

⁵ This amount is subject to subsequent change based upon minor escrows established at Closing for small deviations in final water, sewer, and property tax amounts due.

⁶ The Special Master terminated the CBA prior to the Closing.

Continuation of Estate

96. As of the filing of this Report, the Special Master is no longer operating Hopkins, but is finalizing wind down efforts, including collecting accounts receivable, conducting true-ups with Lincolnwood, and paying accounts payable for post- and pre-petition claims, as set forth below.

97. As a result, the Special Master intends to continue administering the estate until it is completely wound down, at which time the Special Master will file a final report.

CASH ON HAND AND PROOF OF CLAIMS

98. The Special Master operated Hopkins as a going concern since his appointment. During that time, the Special Master continued accruing accounts receivable and accounts payable.

99. As of May 13, 2021, the Special Master has cash on hand in the amount of \$9,412,458.32, which includes (1) \$2,427,340.9 in operational funds generated over the operating period; (2) \$6,520,672.29 in proceeds from the closing including associated interest; (3) \$464,205.13, constituting escrow refunds from W&D; and (4) \$240 in miscellaneous funds, including payments from collection agencies.

100. As discussed below, the cash on hand amount is net of payment in full of W&D's claim and the Contingency Payment, both of which were paid at closing.

Secured Creditor Proof of Claims

101. The Special Master received only one proof of claim from the only secured creditor, W&D.

102. W&D was the holder of a FHA/HUD insured mortgage on the Property ("Mortgage"), which was recorded on December 22, 2003 in Book 967, Page 80 of the land evidence records of the Town of North Providence, Rhode Island. W&D held the Mortgage by

virtue of an Assignment of Mortgage from W&D Capital, LLC f/k/a CW Capital, LLC, which was recorded on August 8, 2013, in Book 2889, Page 277 of the land evidence records of the Town of North Providence, Rhode Island.

103. The Mortgage secured a Mortgage Note (“Note”) in the principal amount of \$7,571,300.00 and dated December 22, 2003. The Note was further secured by other security interests as set forth in W&D’s Motion for Allowance of Secured Claim (“Motion to Allow”).

104. The Special Master and W&D jointly proposed an order that approved the Motion to Allow (“Order on Motion to Allow”) and authorized the Special Master to pay W&D’s secured claim at the Closing. A copy of the Order on Motion to Allow is attached hereto as **Exhibit H**.

105. The total amount paid at Closing to W&D for its claim was \$6,872,840.82.

Unsecured Creditor Proof of Claims

106. The Special Master received numerous proof of claims from unsecured creditors, as depicted below:

Creditor	Amount
Alison Poirier 101 Mayflower Drive East Greenwich, RI 02808	\$697.50 <i>As of June 10, 2020</i>
Beacon Mutual Insurance Company One Beacon Centre Warwick, RI 02886	\$156,186.08 <i>As of July 20, 2020</i>
Blue Cross & Blue Shield of Rhode Island 500 Exchange Street Providence, RI 02903	\$148,869.62 <i>As of April 24, 2020</i>
Blum Shapiro & Company P.C. 29 South Main Street PO Box 27200 West Hartford, CT 06127-2000	\$17,840.00 <i>As of August 6, 2020</i>
Calise & Sons Bakery, Inc. 2 Quality Drive Lincoln, RI 02865	\$1,567.24 <i>As of April 4, 2020</i>
Casey Engineered Maintenance, Inc. 8 Panas Road Foxborough, MA 02035	\$8,249.03 <i>As of June 8, 2020</i>

Cox Communications c/o Collections Supervisor 1341 Crossways Boulevard Chesapeake, Virginia 23320	\$6,973.96 <i>As of July 14, 2020</i>
East Side Clinical Laboratory, Inc. 10 Risho Avenue East Providence, RI 02914	\$2,112.70 <i>As of July 29, 2020</i>
Garment Machinery Company, Inc. 220-20 Reservoir Street Needham, MA 02494	\$11,063.00 <i>As of March 26, 2020</i>
Geriatric Medical 28 Torrice Drive Woburn, MA 01801	\$78,003.90 <i>As of April 24, 2020</i>
Health Policy Analytics, LLC 215 Crestwood Road Warwick, RI 02886	\$3,710.00 <i>As of June 2, 2020</i>
Hershey Creamery Company 301 S. Cameron St. Harrisburg, PA 17101	\$2,109.18 <i>As of June 9, 2020</i>
Interstate Gourmet Coffee Roasters, Inc. 43 Norfolk Avenue South Easton, MA 02375	\$2,509.12 <i>As of June 22, 2020</i>
Marshall Domestics, LLC 12 Factory Street West Warwick RI 02893	\$1,864.86 <i>As of July 15, 2020</i>
Marshall Electric Co., Inc. 200 Broad Street Providence, RI 02903	\$1,929.56 <i>As of April 20, 2020</i>
National Grid c/o Scott Manson, Supervisor Credit and Collections 300 Erie Boulevard W. Syracuse, NY 13202	\$55,573.52 ⁷ <i>As of July 23, 2020</i>
OBW – Breeze, LLC d/b/a The Valley Breeze 6 Blackstone Valley Place, Suite 204 Lincoln, RI 02865	\$208.00 <i>As of July 30, 2020</i>
Pharmacy Corporation of America d/b/a PharMerica c/o Director of Collections 1900 S. Sunset – Unit 1 A Longmont, Colorado 80501	\$14,900.94 <i>As of October 30, 2020</i>
Ralph Santoro	\$2,050.00

⁷ This amount is pre-petition. At the time of filing its proof of claim, National Grid had also invoiced \$23,033.51 in post-petition services.

2 Partridge Drive Lincoln, RI 02865	<i>As of May 1, 2020</i>
Rhode Island Telephone 175 Metro Center Boulevard Warwick, RI 02886	\$294.45 <i>As of April 16, 2020</i>
SMD, Inc. 43 Warehouse Point Road Wallingford, CT 06492	\$488.73 <i>As of June 1, 2020</i>
Sysco Boston, Inc. c/o Frank N. White, Esq. Arnall Golden Gregory, LLP 171 17 th Street NW, Suite 2100 Atlanta, GA 30363	\$3,246.72 <i>As of September 16, 2020</i>
Town of North Providence 2000 Smith Street North Providence, RI 02911	\$54,481.09 ⁸ <i>As of July 23, 2020</i>
Western Hill Auto Sales 2455 Broncos Highway Burrillville, RI 02830	\$899.35 <i>As of June 11, 2020</i>

107. The Special Master recommends approval of all the proof of claims depicted above.

108. The Special Master further recommends payment of all the claims depicted above but only to the extent that they are reconciled with amounts due and owing as set forth on the books and records of Hopkins. Such reconciliation is necessary as post-petition amounts—many of which were included in the above proof of claims—continuously changed given that the Special Master operated Hopkins as a going concern.

REQUEST FOR FEES, COSTS AND EXPENSES

109. As of May 17, 2021, the Special Master and members of the Special Master's law firm have devoted a cumulative total of approximately 843.72 hours to this matter and incurred \$265,182.42 in legal fees. The Special Master confirms that those fees were incurred as necessary

⁸ This amount, and other property taxes due up to March 8, 2021, including an escrow for potential additional property tax liability, was paid at the Closing.

for the benefit of the Special Mastership estate. Additionally, the Special Master incurred \$2,548.58 in out-of-pocket expenses up relative to these proceedings.⁹

110. Accordingly, the Special Master requests that the Court approve the Special Master's legal fees and out-of-pocket costs and expenses, confirm that such fees, costs, and expenses were incurred for the benefit of the Special Mastership estate, and authorize the payment of such legal fees, costs, and expenses cumulatively totaling \$267,731.00. The Special Master's invoices have been submitted to the Court for an in camera review. If so authorized by the Court, the Special Master will present such invoices to any party.

WHEREFORE, for the foregoing reasons, the Special Master respectfully request that the Court schedule this matter for hearing and at the conclusion of said hearing issue an Order that:

- A. Approves the Special Master and Permanent Receiver's Second Interim Report and Second Request for Fees;
- B. Approves the Special Master's request for fees and out-of-pocket expenses in the amount of \$267,731.00;
- C. Orders that this proceeding remain open pending final resolution of all the issues identified herein and the general winding down of the special mastership estate;
- D. Approves, confirms, and ratifies the acts, doings, and disbursements of the Special Master;
and
- E. Orders any other relief as the Court deems necessary.

⁹ During this proceeding, the Special Master transitioned from Shechtman Halperin Savage, LLP ("SHS") to Savage Law Partners, LLP ("SLP"). The amounts set forth in this Report constitute the cumulative legal fees and out-of-pocket expenses from both SHS and SLP.

JONATHAN N. SAVAGE, ESQ., solely as permanent Special Master of Hopkins Manor, Ltd. and Hopkins Health Center, LLC and as permanent in rem receiver of real property located at 608 Smithfield Road, North Providence, Rhode Island 02904, and 610 Smithfield Road, North Providence, Rhode Island 02904, and not individually,

By and through his attorneys,

/s/ Christopher J. Fragomeni
Christopher J. Fragomeni, Esq. (9476)
SAVAGE LAW PARTNERS, LLP
39 Pike Street, Providence, RI 02903
P: 401-238-8500 | F: 401-648-6748
chris@savagelawpartners.com

CERTIFICATE OF SERVICE

I hereby certify that on the 17th day of May 2021, I filed and served this document through the electronic filing system. The document electronically filed and served is available for viewing and/or downloading from the Rhode Island Judiciary's Electronic Filing System. I also mailed this document to all parties listed in a subsequently filed affidavit of service.

/s/ Christopher J. Fragomeni

**SPECIAL MASTER AND PERMANENT RECEIVER'S SECOND INTERIM REPORT AND
SECOND REQUEST FOR FEES**

EXHIBIT A

STATE OF RHODE ISLAND
PROVIDENCE, SC

SUPERIOR COURT

)
LAWRENCE S. GATES, in his capacity)
as Secretary of Hopkins Manor, Ltd.,)
and as Managing Member of Hopkins)
Health Center LLC,)
Petitioner,)

vs.)

C.A. No. PC-2020-03413

)
HOPKINS MANOR, LTD., a Rhode Island)
Corporation, and HOPKINS HEALTH)
CENTER LLC, a Rhode Island Limited)
Liability Corporation,)
Respondents,)
_____)

administratively consolidated with

)
LAWRENCE GATES, in his capacity as)
a partner of HOPKINS HEALTH CENTER,)
a Rhode Island general partnership, and)
HOPKINS HEALTH CENTER, a Rhode)
Island General Partnership,)
Petitioners,)

v.)

C.A. No. PC-2020-03954

)
REAL PROPERTY LOCATED AT 608)
SMITHFIELD ROAD, NORTH)
PROVIDENCE, RHODE ISLAND 02904,)
and 610 SMITHFIELD ROAD, NORTH)
PROVIDENCE, RHODE ISLAND 02904,)
Respondent.)
_____)

**ORDER GRANTING RECEIVER’S PETITION TO SELL REAL ESTATE AND
ASSETS FREE AND CLEAR OF LIENS**

The above-captioned matter came before the Honorable Brian P. Stern on June 15, 2020, on the Petition to Sell Assets and Real Property Free and Clear of Liens and Encumbrances (“Petition”) of Jonathan N. Savage, Esq. (“Savage”), solely in his capacity as Permanent Special

Master of Hopkins Manor, Ltd. and Hopkins Health Center, LLC (collectively, “Hopkins”), and in his capacity as Temporary *in rem* Receiver of 608 Smithfield Road, North Providence, Rhode Island 02904 and 610 Smithfield Road, North Providence, Rhode Island 02904 (collectively, “Real Property”). After hearing, and consideration of the objections on the record, it is hereby

ORDERED, ADJUDGED AND DECREED:

1. That the Petition is GRANTED as provided herein;
2. That the proposed sale as set forth in Petition, and pursuant to the Asset Purchase Agreement (“APA”) annexed to the Petition, as amended from time to time, including the changes to the terms of the APA as reported by Savage and confirmed by authorized representatives of Lincolnwood Property, LLC (“Purchaser”) after the auction conducted in connection with the Petition (“Auction”), is APPROVED;
3. That Savage is authorized to enter into the APA and the amendments thereto as outlined by Savage and confirmed by authorized representatives of Purchaser on the record after the Auction;
4. That due and timely notice of the Petition has been given to all parties who have (1) recorded mortgages and/or liens against the Real Property in the Land Evidence Records of the Town of North Providence, as set forth on the Schedule of UCC Financing Statements and Real Estate Lien Recordings annexed to the Petition and hereby incorporated herein; (2) liens against the assets of Hopkins (“Assets”) at the Uniform Commercial Code Division of the Office of the Secretary of State for the State of Rhode Island, as set forth on the Schedule of UCC Financing Statements and Real Estate Lien Recordings annexed to the Petition and hereby incorporated herein; and (3) all other interested parties as set forth in the Affidavit of Notice filed by Savage;

5. That the Court finds that the sale herein is made in good faith by all parties involved in the transaction, is fair, is in the best interest of the receivership and special mastership estate (“Estate”) and its creditors, and is commercially and otherwise reasonable;

6. That Savage is hereby authorized to sell the Real Property and Assets, as more particularly described in the Petition and the APA, as amended, free and clear of all interests, claims, liens, and encumbrances, including, but not limited to, all statutory liens and claims of the Town of North Providence, to Purchaser upon the terms and conditions set forth in the APA, as amended, annexed to the Petition and hereby incorporated herein, and all interests, claims, liens, and encumbrances against the Real Property and Assets, including, but not limited to, all statutory liens or other claims of the Town of North Providence and all other municipal authorities, are hereby transferred to the proceeds thereof in the same priority as prior to such transfer; provided however, that the interests, mortgage, security interests, claims, liens, and encumbrances of Walker & Dunlop, LLC (“W&D” and the “W&D Liens”) and the regulatory agreements of the U.S. Department of Housing and Urban Development (“HUD”) are preserved insofar as the claims secured by the W&D Liens are not satisfied in full before or at the closing of the sale contemplated by the APA, as amended (“Closing”); further, provided, however, that nothing in this Order shall inhibit, impair, or affect in any way Savage’s ability to initiate proceedings in the United States District Court for the District of Rhode Island, or any other federal court, seeking to extinguish the W&D Liens and HUD regulatory agreements if the claims of W&D are not satisfied in full before or at Closing. The rights of each of Savage, W&D and HUD are fully preserved in the event that such proceedings are initiated.

7. That Savage is hereby authorized to execute a Receiver’s Deed conveying all of his right, title, and interest as Receiver in and to the Real Property, free and clear of all interests,

claims, liens, and encumbrances, including, but not limited to, all statutory and other claims of the Town of North Providence and all other municipal authorities, subject to paragraph 6, to Purchaser upon the terms and conditions set forth in APA, as amended, annexed to the Petition, and to take all other measures reasonably necessary to effectuate the within authorized sale.

8. That Savage is hereby authorized to execute and deliver a Special Master's Bill of Sale conveying all of his right, title, and interest as Permanent Special Master in and to the Assets, free and clear of all interests, claims, liens, and encumbrances, including, but not limited to, all statutory and other claims of the Town of North Providence, subject to paragraph 6, to Purchaser upon the terms and conditions set forth in APA, as amended, annexed to the Petition, and to take all other measures reasonably necessary to effectuate the within authorized sale.

9. That Savage is hereby authorized to execute and deliver the other documents or agreements as set forth in the APA, as amended, annexed to the Petition, and to take all other measures reasonably necessary to effectuate the within authorized sale.

10. That, with the exception of HUD, all parties who claim an interest, lien, or encumbrance against the Real Property or Assets, including, but not limited to, those parties set forth on the Schedule of UCC Financing Statements and Real Estate Lien Recordings annexed to the Petition, including the Town of North Providence and all other municipal authorities, are hereby directed to execute and deliver to Savage, within seven (7) days of his written request, mortgage discharges, lien releases, tax lien discharges, UCC Financing Termination Statements, and any and all other documents necessary to evidence the release and discharge of such interests, claims, liens, or encumbrances against the Real Property or Assets, as Savage may determine in his sole discretion to be necessary; provided, however, that W&D shall execute and deliver to Savage within seven (7) days of his written request, any applicable discharges as requested by

Savage, in his sole discretion, which shall be held in escrow by Savage (and, while in escrow, shall have no force or effect), and shall be released from escrow upon the earlier of (1) payment of W&D's claim in full prior to or at Closing, and to the extent that W&D's claim is paid in full prior to or at Closing, Savage, or any other party designated by Savage, including Purchaser, is hereby authorized to record such discharges in the appropriate land evidence records; or (2) Savage obtaining an order from a federal court extinguishing the W&D Liens, and the appeal period of such order having lapsed. The execution and delivery of such discharges shall be without prejudice to or waiver of any and all rights, claims, and interests of W&D and other such parties against the proceeds from the sale of the Real Property or the Assets. Further, pursuant to the representations of HUD in its limited objection to the Petition, if W&D's claim is paid in full, then the HUD regulatory agreements recorded in the land evidence records relative to the Real Property shall cease by their own terms and HUD shall provide to Savage a release of such HUD regulatory agreements;

11. Subject to paragraph 6, all interests, claims, liens, and encumbrances asserted against the Real Property and Assets, including, but not limited to, the interests, claims, liens and encumbrances asserted by those parties listed on the Schedule of UCC Financing Statements and Real Estate Lien Recordings annexed to the Petition, including the Town of North Providence and all other municipal authorities, are hereby declared to be released and discharged with respect to the Petition upon consummation of the aforesaid sale, and the recording of this Order with the Receiver's Deed shall constitute evidence of such release and discharge;

12. That Savage will provide to counsel for W&D and HUD, no later than one (1) business day after execution, any amendment or other modification of the APA ("Amendment") to the extent not already in the possession of W&D and HUD. To the extent that any Amendment

materially changes the terms of the APA to the detriment of W&D and/or HUD, each of W&D and HUD reserves the right to oppose such amendment by filing the appropriate pleading or paper with the Court;

13. That Savage will provide to counsel for W&D and HUD, no later than one (1) business day after Savage (or his counsel) receive notice thereof, written notice (which may be by email) of any deduction proposed or asserted by the Purchaser to the gross purchase price under the APA (as it may be amended) by reason of proration, offset, recoupment or adjustment that will reasonably result in W&D's claim not being paid in full at Closing.

14. That Savage's actions taken prior to the entry of this Order relative to the within described sale are hereby approved, ratified, and confirmed.

ENTERED as an Order of this Court this 3rd day of July ~~day of June~~, 2020.

ENTER:

Brian P. Stern, J.
Stern, J.
July 3, 2020

BY ORDER:

/s/ Carin Miley
Deputy Clerk I
July 3, 2020
Clerk, Superior Court

Jointly Presented by:

Counsel to the Special Master and Receiver

/s/ Christopher J. Fragomeni
Christopher J. Fragomeni, Esq. (9476)
Shechtman Halperin Savage, LLP
1080 Main Street, Pawtucket, RI 02860
P: 401-272-1400
F: 401-272-1403
cfragomeni@shslawfirm.com

Counsel to Walker and Dunlop, LLC

/s/ Matt McGowan
Matthew McGowan, Esq.
Salter McGowan Sylvia & Leonard, Inc.
56 Exchange Terrace, Suite 500
Providence, RI 02903
P: 401.600.0140
F: 401.453.0073
mmcgowan@smsllaw.com

/s/ Jeffrey Marks
Jeffrey Marks, Esq., *Pro Hac Vice*
Vorys, Sater, Seymour and Pease LLP
P: 513.723.4482
jamarks@vorys.com

Counsel to the U.S. Department of Housing and Urban Development

/s/ Brian Dupre
Brian Dupre, Esq.
U.S. Department of Housing and Urban Development
10 Causeway Street, Room 310
Boston, MA 02222
Brian.a.dupre@hud.gov

CERTIFICATE OF SERVICE

I hereby certify that, on the 17th day of June, 2020, I filed and served this document through the electronic filing system upon all counsel of record. The document electronically filed and served is available for viewing and/or downloading from the Rhode Island Judiciary's Electronic Filing System.

*/s/ Christopher J. Fragomeni, Esq.*_____

**SPECIAL MASTER AND PERMANENT RECEIVER'S SECOND INTERIM REPORT AND
SECOND REQUEST FOR FEES**

EXHIBIT B

STATE OF RHODE ISLAND
PROVIDENCE PLANTATIONS

DEPARTMENT OF HEALTH

CONSENT AGREEMENT

WHEREAS, this matter is before the Rhode Island Department of Health (“RIDOH”), pursuant to the authority conferred upon the Director of Health (the “Director”) under the provisions of R.I. General Laws § 23-17-1, *et seq.*, 216-RICR-40-10-1 *et seq.*, the rules and regulations Licensing of Nursing Facilities (collectively the “Regulations”); and

WHEREAS, Johnathan N. Savage, Esq. is the Special Master (“Special Master”) for (i) Hopkins Health Center, LLC, which holds the real estate located at 610 Smithfield Road in North Providence, RI, a 200-bed nursing facility commonly known as Hopkins Manor (the “Facility”), and (ii) Hopkins Manor, Ltd., which operates Hopkins Manor as a nursing facility and holds a nursing facility license issued by RIDOH, LTC00598 (the “License”); and

WHEREAS, the Special Master has agreed to sell the Facility to Lincolnwood Property, LLC and transfer operations of the Facility to Lincolnwood Operator, LLC, each subsidiaries of Tryko Delta Holdings LLC through Quinto Delta, LLC (the “Transaction”); and

WHEREAS, the Transaction described above requires change in effective control (“CEC”) approval from the RIDOH for the Rhode Island licensed Nursing Facility; and

WHEREAS, the closing of the Transaction is anticipated to occur during the month of January 2021 or thereabouts; and

WHEREAS, pursuant to R.I. General Laws § 23-17-14.4, Health Services Council (“HSC”) review and RIDOH’s approval may take up to 90 days once the CEC Application has been deemed complete by the RIDOH for initiation of review; and

WHEREAS, Lincolnwood Operator, LLC has filed a CEC Application with RIDOH seeking approval of the Transaction (the “CEC Application”);

WHEREAS, on November 18, 2020, the CEC Application was deemed complete and the CEC review commenced effective November 19, 2020; and further, a hearing on the CEC before the HSC is anticipated to be held on January 5, 2021; and

WHEREAS, to avoid disruption of the care to Rhode Island residents receiving services provided by the subject nursing facility, RIDOH has agreed to maintain in full force and effect the License from the date hereof through completion of the CEC approval process.

NOW, THEREFORE, in consideration of the mutual promises contained in this Agreement, and for other good and value consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. RIDOH shall maintain in full force and effect License LTC00598.
2. The Transaction may close at any time following the date hereof; a closing in January 2021 is anticipated. Until such closing, the Special Master shall continue to be the operator of the Facility pursuant to the License and Lincolnwood Operator, LLC shall not be deemed to be the operator in any way prior to the closing of the Transaction. Nothing contained herein is intended to amend any provision of any agreement between the Special Master and Lincolnwood Property, LLC or Lincolnwood Operator, LLC, or any orders entered by the Rhode Island Superior Court in connection with the Hopkins Manor, Ltd. or Hopkins Health Center, LLC receivership or special mastership matters, all of which remains in full force and effect.
3. RIDOH will process the CEC Application and Lincolnwood Operator, LLC will continue to seek review and approval by the HSC and RIDOH for the Transaction. Lincolnwood Operator, LLC and RIDOH will take all reasonable steps necessary to complete the CEC approval

process in a timely fashion. In the event that Lincolnwood Operator, LLC does not receive CEC approval, after review by the HSC and decision by RIDOH and exhaustion of all appeals thereto, Lincolnwood Operator, LLC will either (i) discontinue, in a manner compliant with all federal and state statutory and regulatory requirements, providing services that require a Nursing Facility license, or (ii) within one hundred eighty (180) days thereafter will enter into an agreement to sell or otherwise dispose of, any asset related solely to the provision of services under the respective Nursing Facility license, and will take all reasonable steps necessary to assist the third party in completing the CEC approval process related thereto, if any.

4. The parties shall cooperate with each other as may be reasonably requested by either party regarding the foregoing.

5. RIDOH acknowledges that SEIU 1199 New England, a labor union representing employees of the Facility, confirms that it does not oppose the closing of the Transaction pursuant to this Agreement.

6. This Agreement will terminate automatically and immediately, without any further action on the part of the parties, upon the parties' performance of their respective obligations, as set forth herein.

7. Hopkins Manor, Ltd. ("Hopkins") requested and received contingency payments from the State pursuant to Rhode Island General Laws section 40-8-6.1. The State has determined that as of November 30, 2020, Hopkins owes the State a total due and payable contingency payment balance of \$454,004.85 ("Contingency Payment"). The State shall recoup the Contingency Payment in full via check on or before the closing, which is expected to be during the month of January 2021. In addition, the State has determined that as of November 30, 2020, Hopkins owes the State a total due and payable contingency payment balance of \$39,292.00 for

contingency payments for cases currently pending eligibility determination (“Pending Contingency Payment”). Payment of this Pending Contingency Payment is due to the State once eligibility is approved. Upon determination of eligibility, the State would recoup in full any Pending Contingency Payment by a check at the end of the month after eligibility is approved. Finally, the State has determined that as of November 30, 2020, Hopkins owes the State a total due and payable contingency payment balance of \$27,208.22 for contingency payments in a denied status (“Denied Eligibility”) these payments are not due back to the State, unless there is a retroactive change in approved eligibility, if eligibility is approved at any time on these cases, the amount would be due back in full at the end of the month after eligibility is approved. This repayment of the Contingency Payment and the Pending Contingency Payment is applicable only to the CEC of Hopkins Manor, Ltd.

8. **Entire Agreement, Amendments and Waivers.** This Agreement contains the entire agreement (including representations, warranties, and covenants) among the parties hereto pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements, negotiations, discussions, arrangements or understandings with respect thereto. No amendment, supplement, modification, or waiver of this Agreement shall be binding unless executed in writing by each of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether, or not similar), nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

9. **Severability.** If any provision of this Agreement, or any covenant, obligation or agreement contained herein, is determined by a court of competent jurisdiction to be invalid or unenforceable, such determination shall not affect any other provision, covenant, obligation or agreement, each of which shall be construed and enforced as if such invalid or unenforceable

portion were not contained herein. Such invalidity or unenforceability shall not affect any valid and enforceable application thereof, and each such provision, covenant, obligation or agreement shall be deemed to be effective, operative, made, entered into or taken in the manner and to the fullest extent permitted by law.

10. **Notices.** Except as may otherwise expressly be provided herein, any notice required or desired to be served, given or delivered hereunder shall be in writing, and shall be deemed to have been validly served, given or delivered upon the earlier of (a) personal delivery to the addresses set forth below, (b) in the case of facsimile transmission, immediately upon confirmation of completion of transmission, (c) in the case of mailed notice, seven (7) days after deposit in the mail, with proper postage for registered or certified mail, return receipt requested, prepaid, or (d) in the case of notice by Federal Express or other reputable overnight courier service, two (2) business days after delivery to such courier service, addressed to the party to be notified as follows:

11. If to: **Lincolnwood Operator, LLC**

Norman Rokeach
c/o Marquis Limited LLC
1608 Route 88
Suite 301
Brick, NJ 08724

Lincolnwood Property, LLC

Uri Kahanow
1608 Route 88
Suite 200
Brick, NJ 08724

Hopkins Manor, Ltd. and Hopkins Health Center, LLC

Jonathan N. Savage, Esq.
c/o Schectman Halperin Savage, LLP

1080 Main St., Pawtucket, RI 02860

With a copy to:

Jeffrey Chase-Lubitz, Esq.
Barrett & Signal, P.C.
One Richmond Square, Suite 165W
Providence, RI 02906

If to: Rhode Island Department of Health

Fernanda Lopes, MPH
Chief, Health Systems Development
Rhode Island Department of Health
3 Capitol Hill, Room 410
Providence, RI 02908

With a copy to:

Jacqueline Kelley, Esq.
Rhode Island Department of Health
3 Capitol Hill, Room 201
Providence, RI 02908

or to such other address or telecopy number as may be designated in writing by any party from time to time in accordance herewith.

12. **Successors.** This Agreement shall be binding upon, and inure to the benefit of the heirs, executors, successors and permitted assignees of the parties hereto, and no other person shall have any right, benefit, or obligations hereunder.

13. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be construed as an original, and all of which together shall constitute one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties, by their agents duly authorized, have executed this
Consent Agreement effective December 23, 2020.

LINCOLNWOOD OPERATOR, LLC

LINCOLNWOOD PROPERTY, LLC



By: Norman Rokeach, Authorized Signatory

By: Uri Kahanow

HOPKINS MANOR, LTD and
HOPKINS HEALTH CENTER, LLC

RHODE ISLAND DEPARTMENT
OF HEALTH

By: Jonathan N. Savage, Esq.
Special Master

By: Fernanda Lopes, MPH
Chief, Health Systems Development

1/11/2021

IN WITNESS WHEREOF, the parties, by their agents duly authorized, have executed this
Consent Agreement effective December 23, 2020.

LINCOLNWOOD OPERATOR, LLC

LINCOLNWOOD PROPERTY, LLC

By: Norman Rokeach, Authorized Signatory

By: Uri Kahanow

HOPKINS MANOR, LTD and
HOPKINS HEALTH CENTER, LLC

RHODE ISLAND DEPARTMENT
OF HEALTH

Jonathan N. Savage

By: Jonathan N. Savage, Esq.
Special Master

By: Fernanda Lopes, MPH
Chief, Health Systems Development

**SPECIAL MASTER AND PERMANENT RECEIVER'S SECOND INTERIM REPORT AND
SECOND REQUEST FOR FEES**

EXHIBIT C



Rhode Island Department of Health

AMENDED Initiation of Review

In accordance with the requirements of Chapter 23-17 of the General Laws of Rhode Island, a formal review of the following licensure application(s) will commence effective **November 19, 2020**:

Lincolnwood Operator, LLC d/b/a Lincolnwood Rehabilitation and Healthcare Center for the Change in Effective Control of Hopkins Manor skilled nursing facility located at 610 Smithfield Road, North Providence, Rhode Island.

All written comments by affected persons should be received via e-mail by: Paula.Pullano@health.ri.gov by **January 21, 2021**, when practicable. Copies of the application are available for review in Room 410 of the Rhode Island Department of Health and on-line:

<https://drive.google.com/file/d/1RY3scWxxqGtoEcw2cLtzQ9QUTHH2A6XR/view?usp=sharing>

If you have any questions or for alternative methods of submitting comments, please call (401) 222-2788.

Fernanda Lopes, MPH
Chief, Health Systems Development

**SPECIAL MASTER AND PERMANENT RECEIVER'S SECOND INTERIM REPORT AND
SECOND REQUEST FOR FEES**

EXHIBIT D

REPORT OF THE HEALTH SERVICES COUNCIL
ON THE APPLICATION OF
LINCOLNWOOD OPERATOR, LLC
D/B/A
LINCOLNWOOD REHABILITATION AND HEALTHCARE CENTER
FOR THE
CHANGE IN EFFECTIVE CONTROL OF
HOPKINS MANOR, LTD. A SKILLED NURSING FACILITY
LOCATED AT
610 SMITHFIELD ROAD, RHODE ISLAND

Health Services Council

Victoria Almeida, Esq. (Chair)
Raymond C. Coia, Esq. (Secretary)
Anne Marie Johnson
Lindsay Lang, Esq.
Melody Lawrence
Colleen McCarthy
Robert Mancini (Vice-Chair)
Edward Quinlan
James Riley
Jesse Saglio
John Sepe
Patrick Tighe

Submitted to the
Health Services Council
to Review and Adopt
February 23, 2021

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I. SYNOPSIS

The Health Services Council (“Council”) recommends that the application of Lincolnwood Operator, LLC d/b/a Lincolnwood Rehabilitation and Healthcare Center (“Applicant”) for the Change in Effective Control of Hopkins Manor, Ltd., a skilled nursing facility located at 610 Smithfield Road, North Providence, Rhode Island, be approved.

II. PROPOSAL DESCRIPTION

As presented in the application, Hopkins Manor, Ltd. (“Facility”) operates a 200-bed licensed nursing facility and provides skilled nursing services, physical therapy, speech and occupational therapy, located at 610 Smithfield Road in North Providence (LTC00598), and is currently under the management and supervision of Jonathan N. Savage, Esq. pursuant to the order entered into by the Rhode Island Superior Court on April 24, 2020 (PC-2020-03413). Hopkins Health Center, LLC owns the real property upon which the Facility is situated.

As presented in the application, Lincolnwood Property LLC, an entity affiliated with Lincolnwood Operator, LLC, will own the Facility’s real estate. Lincolnwood Property, LLC will enter into a lease with Lincolnwood Operator LLC, the proposed licensee.

The membership interests in the Applicant are as follows and as depicted in the organization chart and as further represented in the application: Norman a/k/a Nachum Z. Rokeach, Principal (88.6%), Uri Kahanow, Principal (9.9%), Barry Munk (1.4%), and Aviva Kahanow (0.1%). Affiliates of the Applicant presently own/operate nursing facilities in Maryland, Massachusetts, New Jersey, Pennsylvania, Virginia, and Rhode Island.

As presented in the application, the total project cost is \$19,500,000 to be financed with \$4,875,000 (25%) equity and \$14,625,000 (75%) debt. As an element in the transaction, the Applicant shall, within two years of the closing, make no less than five-million dollars (\$5,000,000) in capital expenditures in connection with the renovation of the Facility.

III. INTRODUCTION

Pursuant to the requirements of Chapter 23-17 of the General Laws of Rhode Island entitled "Licensing of Health Care Facilities," the Applicant filed an application for a change in effective control of the subject-licensed facility. This request is made because the statute requires that any proposed change in owner, operator or lessee of a licensed health care facility be reviewed by the Council and approved by the state-licensing agency prior to implementation.

Staff reviewed the application, found it to be acceptable in form, and notified the Applicant and the general public by a notice on the Rhode Island Department of Health’s website and e-mail that the review would commence on November 19, 2020. The notice also advised that all persons wishing to comment on the application submit their comments to the state agency by December 18, 2020, when practicable.

Lincolnwood Operator, LLC d/b/a Lincolnwood Rehabilitation and Healthcare Center's application for the Change in Effective Control is included in the following link:

<https://drive.google.com/file/d/1RY3scWxxqGtoEcw2cLtzQ9QUTHH2A6XR/view?usp=sharing>

The Council met on January 5, 2021 to review this proposal with the Applicant in attendance at the meeting. At this meeting, Kathy Heren, the Rhode Island Long-Term Care Ombudsman spoke in support of the application. At the January 5 meeting, the Council voted six in favor, none opposed, and one recused (6-0-1) to recommend that the application be approved, subject to the standard conditions.

Lincolnwood Operator, LLC d/b/a Lincolnwood Rehabilitation and Healthcare Center's January 5, 2021 PowerPoint presentation may be accessed using the following link:

https://drive.google.com/file/d/1hi_m7o8xYOxToKO5Y_tkjRmbOqi6TtYf/view?usp=sharing

Public comments received may be accessed at the following link:

<https://drive.google.com/drive/folders/1EFgZ1ExhsC5KwoLpNH77p1WhkykXXDvB?usp=sharing>

IV. FINDINGS

Section 23-17-14.3 of the licensing statute requires the Council to consider specific review criteria in formulating a recommendation for a change in effective control. The Council's comments and findings on each of the criteria follow:

A. The character, competence, commitment, and standing in the community of the proposed owners, operators or directors of the health care facility.

The Applicant's affiliated entities have owned and operated multiple nursing and assisted living facilities in Maryland, Massachusetts, New Jersey, Pennsylvania, Virginia and Rhode Island.

The Applicant will continue to provide short-term rehabilitation services and long-term care at Lincolnwood and plans to expand the therapy gym for patients receiving rehabilitation services. The Applicant will maintain the service agreements for hospice and respite care.

The Council was not apprised of any information of concern regarding the Applicant and its affiliates and the instant application, itself.

Finding: The Council finds that the applicant satisfies this criterion at the time, place and circumstances as proposed.

B. The extent to which the facility will provide, without material effect on its viability, safe and adequate treatment for those individuals receiving the facility's services.

As noted above, the project cost is \$19,500,000.00 and will be financed with \$4,875,000 equity and \$14,625,000 in loan debt.

The following information is projected by the Applicant for the facility in FY 2022:

Total Revenues	\$19,116,825.00
Total Expenses	\$18,191,423.00
Operating Loss	\$ 925,402.00

Finding: The Council finds that the applicant satisfies this criterion at the time, place and circumstances as proposed.

C. The extent to which the facility will provide safe and adequate treatment for individuals receiving the health care facility's services.

See (A) above.

Finding: The Council finds that the applicant satisfies this criterion at the time, place and circumstances as proposed.

D. The extent to which the facility will provide appropriate access to traditionally under-served populations.

The following payor mix was projected for the facility if the proposal is approved for FY 2022:

Payor	Percent
Medicare	16%
Medicaid	61%
Blue Cross	0%
Commercial	0%
HMOs	12%
Self-Pay	6%
Other: Hospice	5%
Total	100%

The Applicant will be implementing a special grant to provide memory care and behavioral health services to under-served populations.

Finding: The Council finds that, based on the evidence presented and representations made by the applicant, the applicant satisfies this criterion at the time, place and circumstances as proposed.

V. RECOMMENDATION

After considering each of the review criteria as required by statute and the representations made by the Applicant, the Council recommends that this request for a change in effective control be approved.

Approval and implementation of this application will result in the termination of the existing nursing facility license issued to Hopkins Manor Ltd. and the issuance of a new nursing facility license to Lincolnwood Operator, LLC.

VI. CONDITIONS OF APPROVAL

The Council recommends that approval of the instant application shall be subject to the following conditions:

1. that the total project cost not exceed \$19,500,000 and that debt not exceed \$14,625,000;
2. that the operating costs for the first full operating year not exceed \$18,191,423.00;
3. that the Applicant shall comply with the rules and regulations, [Licensing of Nursing Facilities \(216-RICR-40-10-1\)](#);
4. that the Applicant implement the project as approved, including the required \$5,000,000 in capital improvements within the first two-years of the closing;
5. that the Applicant maintains an accreditation from a nationally recognized accrediting agency;
6. that the Applicant shall conduct national background checks on its employees;
7. that data, including but not limited to, finances, utilization and demographic patient information, be furnished to the state agency, upon request;
8. that the Applicant will provide services to all patients without discrimination including payment source and ability to pay;
9. that the Applicant will provide, through administrative and operational policies and procedures individualized and resident-centered care, services and accommodations; and
10. that the Applicant will work in good faith with residents to establish an alternative payor source when another payor source is no longer available. Further that the applicant will not withhold or discontinue care or discharge the

patient while an application for an alternative payor source (such as Medicaid) is pending.

**SPECIAL MASTER AND PERMANENT RECEIVER'S SECOND INTERIM REPORT AND
SECOND REQUEST FOR FEES**

EXHIBIT E



Department of Health

Three Capitol Hill
Providence, RI 02908-5097

www.health.ri.gov

VIA ELECTRONIC MAIL

February 24, 2021

Jeffrey Chase-Lubitz, Esq.
Barrett & Singal, P.C.
One Richmond Square, Suite 165W
Providence, RI 02906
jfcl@barrettsingal.com

Dear Jeffrey Chase-Lubitz,

Attached is the final *Report of the Health Services Council on the Application of Lincolnwood Operator, LLC d/b/a Lincolnwood Rehabilitation and Healthcare Center for the Change in Effective Control of Hopkins Manor skilled nursing facility located at 610 Smithfield Road, North Providence, Rhode Island.*

The Rhode Island Department of Health accepts the recommendation of the Health Services Council and hereby approves the application and adopts the attached report in its entirety.

Approval and implementation of the application will result in the termination of the existing nursing facility license issued to Hopkins Manor Ltd. and the issuance of a new nursing facility license to Lincolnwood Operator, LLC.

Additionally, please complete the attached license application at least two weeks in advance of the closing in order to implement the changes in effective control in a timely manner. Please contact the Center for Health Facilities Regulations at (401) 222-2566 with regards to any questions regarding the license application.

Sincerely,

Jennifer Olsen-Armstrong
Chief
Center for Health Facilities Regulation

Attachment



**SPECIAL MASTER AND PERMANENT RECEIVER'S SECOND INTERIM REPORT AND
SECOND REQUEST FOR FEES**

EXHIBIT F

HEARING DATE: OCTOBER 16, 2020 AT 11:00 a.m.

WEBEX VIRTUAL HEARING

PARTICIPANTS CONTACT COURT FOR DETAILS

**INFORMATION ON PUBLIC ACCESS AVAILABLE AT WWW.COURTS.RI.GOV
BUSINESS CALENDAR**

STATE OF RHODE ISLAND
PROVIDENCE, SC

SUPERIOR COURT

)
LAWRENCE S. GATES, in his capacity)
as Secretary of Hopkins Manor, Ltd.,)
and as Managing Member of Hopkins)
Health Center LLC,)
Petitioner,)

VS.)

C.A. No. PC-2020-03413

)
HOPKINS MANOR, LTD., a Rhode Island)
Corporation, and HOPKINS HEALTH)
CENTER LLC, a Rhode Island Limited)
Liability Corporation,)
Respondents,)
_____)

administratively consolidated with

)
LAWRENCE GATES, in his capacity as)
a partner of HOPKINS HEALTH CENTER,)
a Rhode Island general partnership, and)
HOPKINS HEALTH CENTER, a Rhode)
Island General Partnership,)
Petitioners,)

v.)

C.A. No. PC-2020-03954

)
REAL PROPERTY LOCATED AT 608)
SMITHFIELD ROAD, NORTH)
PROVIDENCE, RHODE ISLAND 02904,)
and 610 SMITHFIELD ROAD, NORTH)
PROVIDENCE, RHODE ISLAND 02904,)
Respondent.)
_____)

**PETITION FOR AUTHORIZATION TO ENTER INTO A CONTRACT WITH
DISTRICT 1199, NEW ENGLAND HEALTH CARE EMPLOYEES**

NOW COMES Jonathan N. Savage, Esq., solely in his capacity as Special Master of
Hopkins Manor, Ltd. and Hopkins Health Center, LLC and as Permanent Receiver of the real

property located at 608 and 610 Smithfield Road, North Providence, Rhode Island 02904 (“Special Master”), and hereby respectfully requests that the Court authorize him to enter into the contract with District 1199, New England Health Care Employees (the “Union”) attached hereto as **Exhibit A** (“the Contract”). In support hereof, the Special Master respectfully recites as follows:

FACTS

1. Hopkins Manor is a skilled nursing facility provides traditional nursing home care as well as sub-acute rehabilitation, hospice, respite and Alzheimer’s care.
2. Hopkins Manor employs a large staff cohort, many of which are represented by District 1199, New England Heath Care Employees (“the Union”).
3. Hopkins Manor was petitioned into a Special Mastership proceeding at the end of April, 2020, and soon thereafter, the Special Master filed a petition to sell Hopkins Manor to Lincolnwood Property, LLC (“Lincolnwood”). After the Special Master conducted a public action relative to the petition to sell, the Court approved, over the objection of the Union, the sale of Hopkins Manor to Lincolnwood for \$14.5 million pursuant to the Asset Purchase Agreement, as amended, presented to the Court (“APA”).
4. After the Court’s approval of the APA, Lincolnwood began the process of applying to the Rhode Island Department of Health (“DOH”) for a change in effective control (“CEC”) of Hopkins Manor. Completion and approval of the CEC process is currently the largest impediment to the closing of the transaction memorialized in the APA.
5. Since the approval of the APA, the Union has issued at two strike notices to the Special Master, noticing three-day strikes scheduled to occur at Hopkins Manor, although none of the strikes took place. In preparing for the strikes, however, the Special Master calculated that each strike would cost the special mastership estate over \$100,000 for temporary staffing and to

respond to other pressing issues related to the continued operation of the facility and the Special Master incurred actual expenses in excess of \$50,000 in preparation for those noticed strikes.

6. In addition to the threatened strikes, the Union has repeatedly objected to the Special Master's cessation of hazard payments to Union employees in July. Furthermore, the Special Master's counsel has understood at various times over the last several months that the Union was contemplating issuing additional strike notices.

7. Finally, the Union has expressed to the Special Master's counsel that the Union was prepared to oppose the transfer of effective control to Lincolnwood if it could not reach acceptable terms with the Special Master and/or with Lincolnwood.

8. In the Special Master's opinion, the greatest risk associated with a potential strike is that it would become necessary to evacuate the facility. This risk, among the others outlined above, makes the Contract necessary in the Special Master's opinion in order to preserve the continuity of Hopkins Manor's operations and to protect the interests of the Special Mastership estate.

9. To eliminate the aforementioned threats to the operations of Hopkins Manor, to encourage the retention of the Hopkins Manor workforce, to encourage the expedient completion of the CEC process, and to eliminate any threat to the Special Mastership estate of potential successor liability under the current collective bargaining agreement with the Union, the Special Master and the Union have entered into the Contract.

The Contract

10. Pursuant to the Contract, the Special Master will (1) pay a retention bonus to all Union employees ("Retention Bonus"); (2) pay an additional bonus to all Union employees ("Additional Bonus"); (3) not challenge vacation accruals; and (4) abide by the collective

bargaining agreement (“CBA”) between Hopkins Manor and the Union, as extended. In return, the Union will (1) abide by the terms of the CBA, which includes a no-strike provision, and (2) waive any successor liability claims against the Special Master.

11. The Retention Bonus is in the amount of \$2,000 per employee, and will be paid in the pay period following the closing of the sale of Hopkins Manor to Lincolnwood pursuant to the APA. In large part, the Retention Bonus is an expression of the Special Master’s gratitude to Hopkins Manor’s employees for their hard work and devotion to providing care to its residents during the COVID-19 pandemic.

12. The Additional Bonus will accrue on a weekly basis for the period of September 1, 2020 to December 31, 2020, and paid out in the following amounts:

- a. For employees that work on average thirty hours or more during the week: \$200 for that week.
- b. For employees that work on average between twenty two to twenty-nine hours during the week: \$150 for that week.
- c. For employees that work on average between fifteen and twenty-one hours during the week: \$100 per week.

13. Notably, the payment of the Additional Bonus is staggered, and directly correlates to Lincolnwood achieving certain milestones in the CEC process. The first payment is in the first pay period following October 16, 2020. However, subsequent partial payments of the Additional Bonus occur at the following milestones: (1) the first pay period following the first meeting of the health services council at which the CEC Application is considered by the council; (2) the first pay period following the approval of the CEC Application by the Rhode Island Department of Health; and (3) the first pay period following the Closing.

14. The Contract and the payment of the Retention Bonus and the Additional Bonus benefits the estate because it (1) resolves the hazard pay dispute between the Union and the Special Master; and (2) prevents any future costly strike of the Union at Hopkins Manor, by virtue of the Union's agreement to abide by the CBA, which includes a no strike provisions; (3) absolves the Special Master from successor liability; and (4) aligns the Special Master and the Union's interest in obtaining approval in the CEC process—the faster the CEC process is accomplished, the faster the Union is paid the Retention and Additional Bonuses, and the faster the Special Master can close the transaction contemplated by the APA.

CONCLUSION

15. For the above reasons, the Special Master, in his business judgment, believes the Contract to be in the best interest of the estate; specifically, to preserve Hopkins Manor's continued operations and *status quo*. Accordingly, the Special Master requests that the Court approve the Contract, approve the expenditure of estate money as set forth in the Contract in regard to the Retention and Additional Bonuses, authorize the Special Master to enter into the Contract, and confirm, ratify, and approve the Special Master's actions relative to the Contract.

JONATHAN N. SAVAGE, ESQ., SOLELY IN HIS
CAPACITY AS PERMANENT SPECIAL
MASTER OF HOPKINS MANOR, LTD AND
HOPKINS HEALTH CENTER, LLC, AND IN HIS
CAPACITY AS PERMANENT RECEIVER OF
REAL PROPERTY LOCATED AT 608-610
SMITHFIELD ROAD, NORTH PROVIDENCE,
RHODE ISLAND 02904,

Through his attorney,

/s/ Christopher J. Fragomeni, Esq.
Christopher J. Fragomeni, Esq. (9476)
SHECHTMAN HALPERIN SAVAGE, LLP
1080 Main Street, Pawtucket, RI 02860
P: 401-272-1400 | F: 401-272-1403
cfragomeni@shslawfirm.com

CERTIFICATE OF SERVICE

I hereby certify that on the 9th day of October, 2020, I filed and served this document through the electronic filing system on all registered parties. The document electronically filed and served is available for viewing and/or downloading from the Rhode Island Judiciary's Electronic Filing System.

/s/ Christopher J. Fragomeni, Esq.

Exhibit A

FINAL TENTATIVE AGREEMENT

Hopkins Manor, Ltd. (“Hopkins Manor”), by and through Jonathan N. Savage, Esq., the Court-appointed Permanent Special Master of Hopkins Manor, and District 1199, New England Health Care Employees (“Union”) hereby agree to the following changes to the Collective Bargaining Agreement (“CBA”) subject to ratification by the Union and approval by the Rhode Island Superior Court, which ratification and approval must be obtained on or before _____, 2020.

1. All employees represented by the Union (“Union Employees”) will be paid a retention bonus of \$2,000 in the pay period cycle following the closing of the sale of Hopkins Manor as a going concern to Lincolnwood Property, LLC or its designee (the “Closing”) if they were employed as of September 1, 2020 and remain actively employed and without disruption through the date of the Closing (FMLA leaves, bereavement leaves, approved union leaves, workers compensation leaves, and leaves attributable to COVID-19 positive tests will count toward the accrual) (the “Bonus Conditions”).
2. Union Employees satisfying the Bonus Conditions as of the Closing will accrue a weekly bonus for each week they work starting on September 1, 2020 and extending to the first to occur of: the Closing; or, December 31, 2020 (the “Retention Bonus”). The Retention Bonus will accrue in an amount based on the average number of weekly hours worked by each employee during the aforementioned period, as follows:
 - i. Employees who worked an average of thirty (30) hours a week or more will receive a bonus of \$200 per week;

- ii. Employees who worked an average of twenty-two (22) to twenty-nine (29) hours per week will receive a bonus of \$150 per week; and
 - iii. Employees who worked an average of fifteen (15) to twenty-one (21) hours per week will receive a bonus of \$100 per week.
 3. The Weekly Bonuses will be paid out as follows:
 - i. 50% of the amount of the then accrued Retention Bonus will be paid out in the first pay period following October 16th, 2020.
 - ii. 50% of the then accrued and unpaid Retention Bonus will be paid out in the first pay period following the first meeting of the health services council at which the CEC Application is considered by the council. In good faith, the Special Master estimates this to occur on or around November 16, 2020.
 - iii. The balance of the then accrued and unpaid Retention Bonus will be paid out in the first pay period following the approval of the CEC Application by the Rhode Island Department of Health. In good faith, the Special Master estimates this to occur on or around November 26, 2020.
 - iv. The balance of the then accrued and unpaid Retention Bonus will be paid out in the first pay period following the Closing. In good faith, the Special Master estimates this to occur on our around December 10, 2020.
 4. The Receiver will not challenge vacation accruals being paid out at the time of Closing, provided the Closing occurs prior to December 31, 2020.

5. Except as provided herein, in the orders of the Court, and in the Court approved purchase agreement as amended, the Employer and the Union will follow the terms and conditions of the collective bargaining agreement and the extension agreement until the Closing.

6. The Union acknowledges that the MOA dated January 10, 2018 pertaining to successorship has expired and waives any claims against Hopkins Manor and/or the Special Master related to the provisions thereof.

7. The dispute resolution provisions of the CBA will apply to the resolution of any claim or dispute brought by the Union against the Employer for the default of the Employer's obligations under this Agreement, provided such dispute is brought before the termination of the special mastership estate.

HOPKINS MANOR, Ltd.

BY: _____

Jonathan N. Savage, Esq.
Special Master of Hopkins Manor Ltd.

10-6-2020

DISTRICT 1199, NEW ENGLAND
HEALTH CARE EMPLOYEES UNION

BY: _____

Adanjesus Marin
Lead Organizer, SEIU 1199 Life Long Care Team
10/6/2020

**SPECIAL MASTER AND PERMANENT RECEIVER'S SECOND INTERIM REPORT AND
SECOND REQUEST FOR FEES**

EXHIBIT G

STATE OF RHODE ISLAND
PROVIDENCE, SC

SUPERIOR COURT

LAWRENCE S. GATES, in his capacity)
as Secretary of Hopkins Manor, Ltd.,)
and as Managing Member of Hopkins)
Health Center LLC,)
Petitioner,)

v.)

C.A. NO. PC-2020-03413

HOPKINS MANOR, LTD., a Rhode Island)
Corporation, and HOPKINS HEALTH)
CENTER LLC, a Rhode Island Limited)
Liability Corporation,)
Respondents,)

administratively consolidated with

LAWRENCE GATES, in his capacity as)
a partner of HOPKINS HEALTH CENTER,)
a Rhode Island general partnership, and)
HOPKINS HEALTH CENTER, a Rhode)
Island General Partnership,)
Petitioners,)

v.)

C.A. No. PC-2020-03954

REAL PROPERTY LOCATED AT 608)
SMITHFIELD ROAD, NORTH)
PROVIDENCE, RHODE ISLAND 02904,)
and 610 SMITHFIELD ROAD, NORTH)
PROVIDENCE, RHODE ISLAND 02904,)
Respondent.)

ORDER

The above-captioned matters came before the Court on March 8, 2021 on the request for a chambers conference made by Jonathan N. Savage, Esq., solely in his capacity as Special Master

of Hopkins Manor, Ltd and Hopkins Health Center, LLC, and as Receiver of property located at 608-610 Smithfield Road, North Providence, RI. After the conference, it is hereby

ORDERED, ADJUDGED, AND DECREED

1. That the Special Master shall continue to provide the current plan of medical and dental benefits through Blue Cross & Blue Shield of Rhode Island (“BCBS”) to any employee who is currently receiving such benefits.

2. The Special Master’s obligations set forth in paragraph 1 shall continue until 11:59 p.m. on March 31, 2021, at which time the Special Master is authorized and directed to terminate the health and dental insurance plan with BCBS.

3. Nothing in this Order shall affect any employee’s ability to seek extended health insurance coverage from BCBS directly at their cost and expense.

4. Consistent with the terms of paragraph 2 this order, BCBS is authorized to terminate health insurance benefits to the employees of Hopkins Manor, Ltd. effective 11:59 PM on March 31, 2021.

5. The Special Master shall pay BCBS the cost of insurance provided pursuant to this Order and any accrued balance arising after the commencement of this case on or before April 15, 2021.

ENTERED as an order of this Court on this 26th day of March, 2021.

ENTER:

BY ORDER:

Brian P. Stern, J.
Stern, J.
March 26, 2021

/s/ Carin Miley
Deputy Clerk I
Deputy Clerk
March 26, 2021

Jointly presented by:

/s/ Christopher J. Fragomeni
SAVAGE LAW PARTNERS, LLP
24 Corliss St. #6227
Providence, RI 02940
chris@savagelawpartners.com

/s/ Marc Gursky
GURSKY | WIENS
1130 Ten Rod Road, Ste. C207
North Kingstown, RI 02852
mgursky@rilaborlaw.com

/s/ Steven J. Boyajian
ROBINSON & COLE LLP
One Financial Plaza, 14th Floor
Providence, RI 02903
sboyajian@rc.com

CERTIFICATE OF SERVICE

On the 26th day of March, 2021, I filed and served this document through the electronic filing system. The document electronically filed and served is available for viewing and/or downloading from the Rhode Island Judiciary's Electronic Filing System.

/s/ Christopher J. Fragomeni

**SPECIAL MASTER AND PERMANENT RECEIVER'S SECOND INTERIM REPORT AND
SECOND REQUEST FOR FEES**

EXHIBIT H

STATE OF RHODE ISLAND
PROVIDENCE, SC

SUPERIOR COURT

)
LAWRENCE S. GATES, in his capacity)
as Secretary of Hopkins Manor, Ltd.,)
and as Managing Member of Hopkins)
Health Center LLC,)
Petitioner,)

vs.)

C.A. No. PC-2020-03413

)
HOPKINS MANOR, LTD., a Rhode Island)
Corporation, and HOPKINS HEALTH)
CENTER LLC, a Rhode Island Limited)
Liability Corporation,)
Respondents,)
_____)

administratively consolidated with

)
LAWRENCE GATES, in his capacity as)
a partner of HOPKINS HEALTH CENTER,)
a Rhode Island general partnership, and)
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v.)

C.A. No. PC-2020-03954

)
REAL PROPERTY LOCATED AT 608)
SMITHFIELD ROAD, NORTH)
PROVIDENCE, RHODE ISLAND 02904,)
and 610 SMITHFIELD ROAD, NORTH)
PROVIDENCE, RHODE ISLAND 02904,)
Respondent.)
_____)

**ORDER CONCERNING WALKER & DUNLOP, LLC’S MOTION FOR ALLOWANCE
OF SECURED CLAIM**

The Motion of Walker & Dunlop, LLC (“W&D”) for Allowance of Secured Claim (the
“Motion to Allow”) having come before the Court for hearing on June 15, 2020, Justice Stern
presiding, and upon consideration thereof, the arguments of counsel to W&D and those of counsel

to Jonathan N. Savage, Esq., who is both the permanent Special Master in the above-captioned special mastership and the temporary Receiver in the above-captioned Smithfield Road *in rem* receivership (the “Receiver”) in these administratively consolidated proceedings (the “Proceedings”), and with such parties having reported to the Court that, following discussions between them, they have reached agreement on the terms of this Order, it is now hereby

ORDERED, ADJUDGED AND DECREED that:

1. The W&D claim, as identified in the Motion to Allow (the “W&D Claim”), be and hereby is allowed in these Proceedings as a valid first-priority position secured claim, secured by the assets, real estate, and related fixtures as more particularly described in the Mortgage Deed, a copy of which is attached to the Motion to Allow as Exhibit B. The W&D Claim is also secured by the rents and other amounts payable by Respondent Hopkins Manor, Ltd., as tenant under the “Lease,” as defined in the Motion to Allow. The assets identified in this paragraph are referred to herein collectively as the “Real Estate and Related Assets.”

2. The W&D Claim is hereby further allowed as a valid first-priority position secured claim, secured against that certain nursing home license, certificates of need, other permits, all Medicaid or Medicare provider agreements, and certain other assets, all as more particularly identified in the “Pledge and Assignment of Healthcare License,” now held by W&D, referenced in and attached as Exhibit G to the Motion to Allow. The assets identified in this paragraph are referred to herein collectively as the “Intangible Assets.”

3. Nothing in this Order makes a determination as to the amount of the W&D Claim. If the Receiver and W&D are not able to agree on the amount of the W&D Claim, then either of them shall have the right to file an appropriate motion or other paper requesting that the Court make a determination as to the amount of the W&D Claim.

4. The Receiver consents and agrees to payment of the W&D Claim (in the amount asserted by W&D or as determined by the Court pursuant to paragraph 3 above) at closing of the Proposed Sale (the "Closing"); *provided, however*, that the Receiver reserves the right to request hereafter, and prior to Closing, that the Court determine, after notice and a hearing, that the W&D Claim should be paid after the Closing based upon circumstances not anticipated by the Receiver at this time, and W&D reserves the right to oppose such a request.

5. Until such time as the W&D Claim has been paid as provided in paragraph 4 above, W&D reserves the right to request that the Court determine that it holds additional liens against assets of the estates in these Proceedings in addition to the Real Estate and Related Assets and the Intangible Assets, and the Receiver reserves the right to oppose such a request.

6. Nothing in this Order shall be construed to preclude W&D from filing an appropriate motion or other paper for a modification of this Order.

ENTERED as an Order of this Court this 3rd day of July, 2020.

ENTER:

Brian P. Stern, J.
Stern, J.
July 3, 2020

BY ORDER:

/s/ Carin Miley
Deputy Clerk I
July 3, 2020
Clerk, Superior Court

Jointly Presented by:

Counsel to the Special Master and Receiver

/s/ Christopher J. Fragomeni
Christopher J. Fragomeni, Esq. (9476)
Shechtman Halperin Savage, LLP
1080 Main Street, Pawtucket, RI 02860
P: 401-272-1400
F: 401-272-1403
cfragomeni@shslawfirm.com

Counsel to Walker and Dunlop, LLC

/s/ Matt McGowan
Matthew McGowan, Esq.
Salter McGowan Sylvia & Leonard, Inc.
56 Exchange Terrace, Suite 500
Providence, RI 02903
P: 401.600.0140
F: 401.453.0073
mmcgowan@smsllaw.com

/s/ Jeffrey Marks
Jeffrey Marks, Esq., *Pro Hac Vice*
Vorys, Sater, Seymour and Pease LLP
P: 513.723.4482
jamarks@vorys.com

CERTIFICATE OF SERVICE

I hereby certify that, on the 17th day of June, 2020, I filed and served this document through the electronic filing system upon all counsel of record. The document electronically filed and served is available for viewing and/or downloading from the Rhode Island Judiciary's Electronic Filing System.

/s/ Christopher J. Fragomeni, Esq.