

# **Exhibit “A”**



# **Exhibit “B”**

**BENCKENSTEIN & OXFORD, L.L.P.**

ATTORNEYS AT LAW  
BBVA COMPASS BANK BUILDING  
3535 CALDER AVENUE, SUITE 300

Hubert Oxford, IV

BEAUMONT, TEXAS 77706  
TELEPHONE: (409) 833-9182  
FAX: (409) 833-8819

hoxfordiv@benoxford.com

October 27, 2016

Mr. Elroy Henry, President  
Winnie Stowell Hospital District  
825 State Hwy 124  
Winnie Texas 77665

Re: Winnie Stowell Hospital District; Billable Invoice for July 2016 less Retainer;  
Our File No. 87250.

Dear President Henry,

Attached, please find the invoice for Benckenstein & Oxford, LLP for work performed in July 2016. The invoice is for \$14,749.43; however, we have reduced this invoice by \$1,000.00 to account for the retainer previously paid bringing the balance owed to \$13,749.43. We request that this invoice be paid at either the October 27, 2016 Special Meeting or the upcoming November 16, 2016 Regular meeting.


In the month of May 2016, we spent time on a variety of matters including: 1) Genesis HUD transaction documents for the Woodlands and Clairmont facilities; and 2) analyzed District Costs for MPAP as well as future potential cost for QIPP program. Please recall, all time spent on HUD transactions for Genesis are reimbursed 100%.

With this said, we ask you to please review the invoice, and if you have any questions or concerns about the invoice, please do not hesitate to ask me. Otherwise, we would respectfully request payment of fees incurred less the retainer for June 2016 totaling \$13,749.43.

With best wishes, I am

Sincerely,

**BENCKENSTEIN & OXFORD, L.L.P.**

By:   
Hubert Oxford, IV

Enclosure

# Benckenstein & Oxford, L.L.P.

3535 Calder Avenue  
Suite 300  
Beaumont, TX 77706

October 27, 2016

**INVOICE #:** 48223      **HOIV**  
**Billed through:** July 31, 2016  
**Client/Matter #:** WSHD      87250

Winnie-Stowell Hospital District  
P.O. Box 1997  
Winnie, TX 77665

RE: Winnie-Stowell Hospital District

## PROFESSIONAL SERVICES RENDERED

07/07/16	HOIV	Researched limitation of liability for nursing homes owned by non-state owned governmental entities and exchanged six e-mails with counsel for Caring regarding the same.	2.60 hrs
07/07/16	HOIV	Received and reviewed two e-mails from staff regarding correspondence from the State of Texas concerning staffing at one of the District's facilities.	0.40 hrs
07/08/16	HOIV	Exchanged four (4) e-mails with staff and LTC regarding December 2015 funds received.	0.40 hrs
07/12/16	HOIV	Exchanged five (5) e-mails with Genesis counsel regarding status of HUD transactions for Woodlands and Clairmont Facilities.	0.40 hrs
07/14/16	HOIV	Conference call with staff and exchanged three (3) e-mails with staff and LTC discussing bonds and reimbursement for bonds from nursing home facility managers.	0.80 hrs
07/18/16	HOIV	Conference call with counsel for Rosehaven in McAfee case and located documents to be used to assert the governmental immunity defense in the case.	1.60 hrs
07/18/16	HOIV	Worked with staff and Genesis counsel by way of multiple conference calls and seven (7) e-mails concerning bond renewals and confirming payment of the renews by Genesis for all seven facilities.	1.80 hrs
07/18/16	HOIV	Received request from Seabreeze Becon regarding posting notice of meetings with newspaper; researched rules regarding qualifying newspapers; and drafted extensive e-mail to newspaper explaining why they are not qualified to post public notice.	1.40 hrs
07/19/16	HOIV	Began drafting and revising Regular Meeting Minutes for the July 29, 2016 Meeting.	2.30 hrs
07/19/16	HOIV	Exchanged eleven (11) e-mails with Genesis counsel and staff regarding the status of the Medicare Re-enrollment forms.	1.10 hrs
07/19/16	HOIV	Exchanged seven (7) e-mails with Caring Healthcare and counsel for Caring	0.70 hrs

in personal injury suit regarding requested documents.

07/20/16	HOIV	Continued Drafting and revising Regular Meeting Minutes for the July 29, 2016 Meeting and e-mailed to staff and Board for review.	4.00 hrs
07/20/16	HOIV	Received Genesis Reconciliation for EP 2, 1st Qtr.; reviewed the District's reconciliation figures; and exchanged twelve (12) e-mails with Genesis; LTC and Staff regarding reconciliation amounts.	2.00 hrs
07/20/16	HOIV	Received interest schedule for August and confirmed amount of invoice.	0.30 hrs
07/20/16	HOIV	Received proxy schedule for EP 2, 2nd Qtr. from State and inserted the proxy figures into the Timeline spreadsheet.	1.00 hrs
07/21/16	HOIV	Conference call with LTC Group to discuss status of MPAP and QIPP programs.	0.80 hrs
07/21/16	HOIV	Conducted research on the District's obligations to continue ownership of the nursing homes and reviewed contracts with nursing homes and LTC group in order to re-assess the District's contractual obligations.	2.80 hrs
07/21/16	HOIV	Drafted extensive e-mail to LTC Group regarding concerns with QIPP and the District's costs for interest and LTC Group.	2.30 hrs
07/21/16	HOIV	Exchanged three (3) e-mails with Genesis HUD Counsel regarding status of document review.	0.20 hrs
07/21/16	HOIV	Exchanged ten (10) e-mails with staff and counsel for Neches capital concerning upcoming August 1st interest payment and repayment of Loan 7.	0.80 hrs
07/22/16	HOIV	Reviewed attorney general opinions for gratuitous gifts involving QIPP program and drafted e-mail to LTC Group for clarification.	2.00 hrs
07/22/16	HOIV	Exchanged twenty-six (26) e-mails with LTC; and counsel for LTC regarding the QIPP program and whether the District could participate due to constitutionality concerns.	2.70 hrs
07/22/16	HOIV	Conference call with counsel for Managers and Managers regarding LTC Agreement and QIPP.	0.80 hrs
07/25/16	HOIV	Prepare for and attend July 25, 2016 Monthly Regular Meeting.	4.00 hrs
07/25/16	HOIV	Exchanged six (6) e-mails with FQHC & Associates regarding status of study.	0.60 hrs
07/25/16	HOIV	Read and reviewed e-mail from District's auditor with list of outstanding documents needed to complete the 2014 and 2015 Budgets.	0.20 hrs
07/25/16	HOIV	Reviewed indigent numbers in anticipation of the Regular Monthly meeting and exchanged three (3) e-mails and one conference call with the Indigent Care Director concerning the emergency room costs.	0.70 hrs
07/26/16	HOIV	Received draft feasibility report from Hospital; researched Public Information Act regarding disclosure of draft reports; drafted e-mail to Chris Portner, counsel for Riceland Hospital regarding the same.	1.80 hrs

07/26/16	HOIV	Received and reviewed draft QIPP concept paper.	0.60 hrs
07/26/16	HOIV	Received notice of lawsuit in the Ahlstrom case against Rosehaven nursing home and prepared demand for indemnity.	0.80 hrs
07/27/16	HOIV	Conference call with LTC regarding QIPP concept paper.	0.40 hrs
07/27/16	HOIV	Received and reviewed CMS's response to the State of Texas's plan for MPAP and then exchanged six (6) e-mails with staff and LTC regarding the impact of the response.	1.60 hrs
07/28/16	HOIV	Began review and revisions to nine (9) additional HUD loan documents submitted by Genesis for Woodlands and Clairmont Facility.	8.00 hrs
07/29/16	HOIV	Continued review and revisions to nine (9) additional HUD loan documents submitted by Genesis for Woodlands and Clairmont Facility and exchanged a number of e-mails with Genesis counsel regarding questions and issues found in the review of documents.	7.00 hrs
Total fees for this matter			\$14,725.00

**DISBURSEMENTS**

07/19/16	USB Flash Drive	4.00
07/26/16	Federal Express; Invoice # 5-487-80042; Federal Express/Express Mail	20.43
Total disbursements for this matter		\$24.43

**BILLING SUMMARY:**

Oxford, IV Hubert	58.90 hrs @	\$250.00 /hr	\$14,725.00
TOTAL FEES			\$14,725.00
TOTAL DISBURSEMENTS			\$24.43
TOTAL CHARGES FOR THIS INVOICE			\$14,749.43
RETAINER			\$1,000.00 CR
<b>TOTAL BALANCE NOW DUE</b>			<b>\$13,749.43</b>

Federal ID# 74-1646478

**Invoice Terms: Net 10 Days Upon Receipt**  
Please Reference Invoice Number on Your Check



LTC Group, LLC

3267 Bee Caves Road  
 Suite 107-517  
 Austin, TX 78746

# Invoice

Date	Invoice #
3/1/2016	1089

<b>Bill To</b>
Winnie-Stowell Hospital District PO Box 1997 Winnie, TX 77662

<b>Terms</b>	<b>Due Date</b>
Due on receipt	3/1/2016

Quantity	Item Code	Description	Price Each	Amount
31	Fee for Service	March 2016 - Marshall Manor (179 beds X \$5.51/day)	986.29	30,574.99
31	Fee for Service	March 2016 - Highland Park Care Center (64 beds X \$5.51/day)	352.64	10,931.84
31	Fee for Service	March 2016 - Marshall Manor West (118 beds X \$5.51/day)	650.18	20,155.58
31	Fee for Service	March 2016 - Golden Villa (120 beds X \$5.51/day)	661.20	20,497.20
31	Fee for Service	March 2016 - Rose Haven Retreat (108 beds X \$5.51/day)	595.08	18,447.48
31	Fee for Service	March 2016 - Spring Branch (198 beds X \$5.51/day)	1,090.98	33,820.38
31	Fee for Service	March 2016 - Garrison Nursing Home (93 beds X \$5.51/day)	512.43	15,885.33
31	Fee for Service	March 2016 - Clairmont Beaumont (148 beds X \$5.51/day)	815.48	25,279.88
31	Fee for Service	March 2016 - The Woodlands Healthcare (214 beds X \$5.51/day)	1,179.14	36,553.34
31	Fee for Service	March 2016 - Monument Hill (108 beds X \$5.51/day)	595.08	18,447.48
31	Fee for Service	March 2016 - Oakland Manor (120 beds X \$5.51/day)	661.20	20,497.20
31	Fee for Service	March 2016 - Hallettsville (120 beds X \$5.51/day)	661.20	20,497.20
31	Fee for Service	March 2016 - Oak Manor (82 beds X \$5.51/day)	451.82	14,006.42
			<b>Total</b>	\$285,594.32

LTC Group, LLC

3267 Bee Caves Road  
 Suite 107-517  
 Austin, TX 78746

# Invoice

Date	Invoice #
4/1/2016	1093

<b>Bill To</b>
Winnie-Stowell Hospital District PO Box 1997 Winnie, TX 77662

<b>Terms</b>	<b>Due Date</b>
Due on receipt	4/1/2016

Quantity	Item Code	Description	Price Each	Amount
30	Fee for Service	April 2016 - Marshall Manor (179 beds X \$5.51/day)	986.29	29,588.70
30	Fee for Service	April 2016 - Highland Park Care Center (64 beds X \$5.51/day)	352.64	10,579.20
30	Fee for Service	April 2016 - Marshall Manor West (118 beds X \$5.51/day)	650.18	19,505.40
30	Fee for Service	April 2016 - Golden Villa (120 beds X \$5.51/day)	661.20	19,836.00
30	Fee for Service	April 2016 - Rose Haven Retreat (108 beds X \$5.51/day)	595.08	17,852.40
30	Fee for Service	April 2016 - Spring Branch (198 beds X \$5.51/day)	1,090.98	32,729.40
30	Fee for Service	April 2016 - Garrison Nursing Home (93 beds X \$5.51/day)	512.43	15,372.90
30	Fee for Service	April 2016 - Clairmont Beaumont (148 beds X \$5.51/day)	815.48	24,464.40
30	Fee for Service	April 2016 - The Woodlands Healthcare (214 beds X \$5.51/day)	1,179.14	35,374.20
30	Fee for Service	April 2016 - Monument Hill (108 beds X \$5.51/day)	595.08	17,852.40
30	Fee for Service	April 2016 - Oakland Manor (120 beds X \$5.51/day)	661.20	19,836.00
30	Fee for Service	April 2016 - Hallettsville (120 beds X \$5.51/day)	661.20	19,836.00
30	Fee for Service	April 2016 - Oak Manor (82 beds X \$5.51/day)	451.82	13,554.60
			<b>Total</b>	\$276,381.60

# **Exhibit “C”**

Chair: Elroy Henry  
Vice Chair: Jeff Rollo  
Sect.: Edward Murrell

**Winnie Stowell Hospital District**  
P.O. Box 1997  
Winnie, Texas 77665  
Phone: 409-296-1003

Dir. Raul Espinoza  
Dir. Sharron Burgess  
Admin. Sherrie Norris  
Indigent Dir. Yani Jimenez

October 28, 2016

Mr. Alfred G. Allen, III  
LTC Capital, LLC  
P. O. Box 930  
455 Elm St. Suite 100  
Graham, Texas. 76450

Re: HUD Deposit Account Control Agreements ("DACA") for Clairmont and the Woodlands

Dear Rusty,

We are writing to memorialize an agreement between the Winnie Stowell Hospital District ("District") and LTC Capital, LLC whereby LTC Capital, LLC agrees to remove by virtue of this agreement, any requirements in the Loan 9 (270 Day) Short Term Note; Security Agreement, or DACA Agreements that requires the District to give LTC Capital, LLC a DACA for the District's Depository Accounts for the Clairmont and Woodlands Facilities' ("Facilities") owned by the District. The amount of the Loan 9 is for \$3,620,000.00 and is due on February 6, 2017.

As we have been discussing for over a year, the basis for needing this agreement is due to the fact that the owner of each facility, Clairmont Beaumont Property, LLC and The Woodlands Montgomery Property, LLC ("Borrowers") has entered into agreements with Berkadia Commercial Mortgage LLC, a Delaware limited liability company ("Berkadia") to refinance mortgages on the real property and improvements. Moreover, the loans to refinance the mortgages are insured through the Federal Housing Administration ("FHA"). In order to establish collateral over the revenues for the Facilities, the FHA, through Berkadia, is requiring the District, as the owner of the licenses of for the Facilities and operator, to establish a double lock box arrangement to obtain a security interest for the new loans. The purpose of a double lock box arrangement is to comply with Medicare/Medicaid's anti-assignment rules.

Specifically, to comply with FHA rules, the District is being required to establish two accounts with Wells Fargo to serve as a Governmental Receivables Account. The funds deposited into these accounts are revenues paid to the Facilities for treating Medicare or Medicaid patients, including a small portion of the funds paid on a monthly basis to the District for participating in the Minimum Payment Amount Program ("MPAP"). Each day, pursuant to a Depository Account Instructions and Service Agreement ("DAISA") between the District, Wells Fargo, and Berkadia, the funds deposited into these accounts will be swept into a new Depository

Account for each respective facility. This Depository Account will be subject to a Deposit Account Control Agreement (“DACA”) between the same parties (i.e., District, Wells Fargo, and Berkadia) and the funds in the Depository Account would consist of Government Receivable payables, including funds paid to the District for participating in MPAP; private insurance company payments; and private payments. Thereafter, the funds in the two new Depository Accounts for each Facility will be transferred to the District’s Managers’ operation accounts for the Clairmont or Woodland’s facility.

Like the DACAs the District has entered into with LTC Capital, LLC, in the event that either Borrower defaults on their loans with Berkadia, the DACA referenced above with Berkadia gives Wells Fargo the authority to transfer control of the District’s newly opened Depository Account until that control is relinquished by Berkadia. However, the District’s MPAP proceeds deposited into these account have been carved out of the Security Agreement in Section 26 for each of these loans. Specifically, the Security Agreement for each loans states, lender shall have no right or claim to receive or encumber MPA/IGT Proceeds (i.e., MPAP payments) as a security interest. Moreover, the Security Agreements state if Excluded MPA/IGT Proceeds are deposited into an account subject to this Agreement after the Lender (i.e., Berkadia) obtains control of the account pursuant to a DACA; the Lender agrees that the MPAP proceeds are to be transferred as instructed by the District, after receiving written notice from the District.

With this said, the District respectfully requests that LTC Capital, LLC give the District its consent pursuant to this Agreement to do the following:

- Close the existing depository accounts owned by the District at Wells Fargo for the Clairmont and Woodland Facilities that are subject to the DACA Agreement signed as part of the Loan 9 (270 Day Short Term Note on May 13, 2016).
- Replace the existing Depository Accounts for the each Facility with a Government Receivables account for Clairmont and Woodland Facilities that is subject to the DAISA for Governmental Healthcare Receivables between Wells Fargo, the District, and Berkadia.
- Enter into a DACA Agreement for each new Depository Account opened for Clairmont and the Woodlands between Wells Fargo, the District, and Berkadia that gives Berkadia control over the District’s Depository Account in the event of a default.

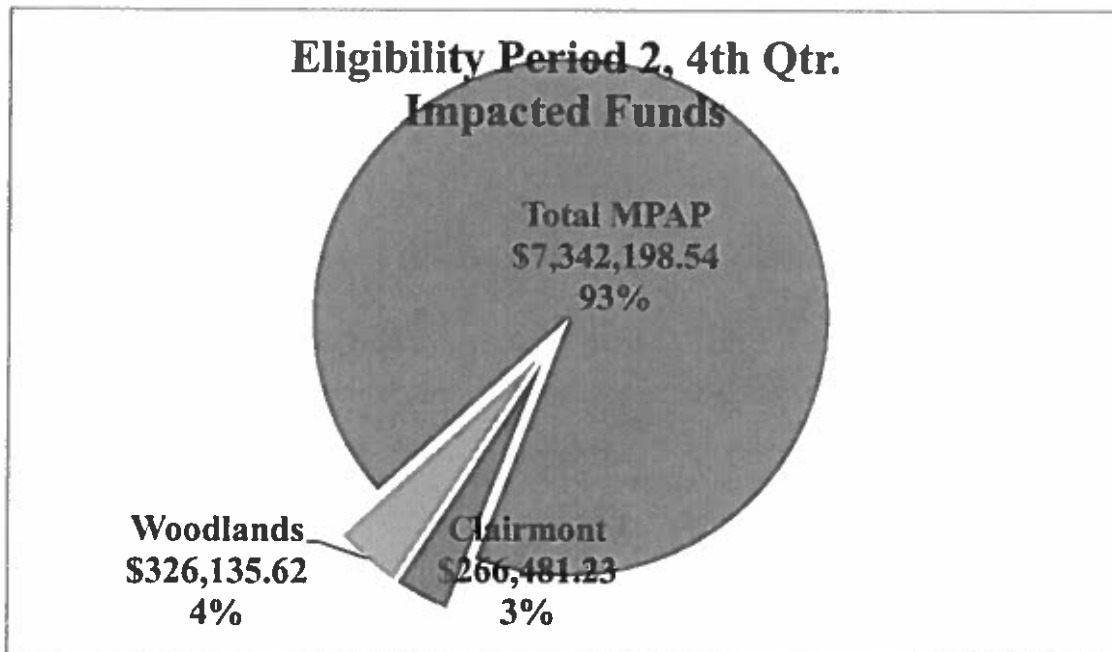
In exchange, the District agrees that if the Lender exercises a DACA on a Depository Account for either the Clairmont facility or the Woodlands facility, the District will transfer within forty-eight (48) hours, the unpaid balance of the Average Amount to be Paid through direct deposit for Eligibility Period 1, 1<sup>st</sup> and 2<sup>nd</sup> Qtrs. and Eligibility Periods 2, 1<sup>st</sup> and 2<sup>nd</sup> Qtrs. for the Facility or Facilities impacted by a DACA with Wells Fargo, Berkadia, and the District from the District’s Operating account at Prosperity Bank in Winnie, Texas to its account at Interbank in Graham, Texas. The purpose of this is to ensure that LTC Capital, LLC has access

to any funds encumbered because the Lender has enforced a DACA agreement prior to when Loan 9 is due on February 6, 2017.

To date, the District has received complete funding for four (4) of the six (6) quarters in Eligibility Periods 1 and 2 and has received two (2) of the three (3) monthly payments for the 3<sup>rd</sup> Quarter of Eligibility Period 2. The District has not been paid for the last month of the 3<sup>rd</sup> Quarter of Eligibility Period 3 nor any of the 4<sup>th</sup> Quarter of Eligibility Period 2. Therefore, the Average Amount to be Paid by direct deposit per quarter for Eligibility Period 1 through Eligibility Period 2, 2<sup>nd</sup> Qtr. is \$266,481.23 for the Clairmont and \$326,135.62 for the Woodlands or \$592,616.85 if a DACA is enforced against both facilities.

As an example of how this agreement would work, if a DACA is exercised by Berkadia against the District's Depository Account for the Clairmont facility in November 2016, the District would deposit \$266,481.23 into its Interbank Account within forty-eight (48) hours in order to ensure LTC Capital, LLC's loan proceeds would not encumbered by the DACA. Likewise, if DACAs are exercised on both accounts, the District would transfer \$592,616.85 into its Interbank account within forty-eight (48) hours.

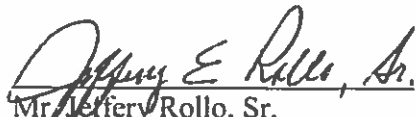
To put the MPAP funds that could potentially be affected by one, or both, of these DACAs into perspective, the total MPAP funds expected to be received for Eligibility Period 2, 4<sup>th</sup> Qtr. is \$7,342,198.54. Of the total MPAP funds received, the amount that is direct deposited into the Depository Accounts for the Facilities is \$592,616.85 or 7% of the total. Thus, if a DACA is executed on either or both accounts, the impact would be on a very small portion of the overall MPAP funds received for the quarter.



October 28, 2016  
Page 4

With all this said, the District is under a timeline of November 1, 2016 to open these new accounts at Wells Fargo subject to the DAISA and DACA Agreements found in Exhibits "A" and "B" and we would appreciate your consent to this agreement. If you agree, and have the authority to agree, please sign below. Otherwise, if you have any questions, do not hesitate to contact me.

Sincerely,

  
Mr. Jeffrey Rollo, Sr.  
Vice-Chairman  
Winnie-Stowell Hospital District

**ACCEPTED AND AGREED TO** this the 20<sup>th</sup> day of October, 2016 by LTC Capital, LLC, by Neches Capital, LLC, its Operations Manager.

By:   
Alfred G. Allen, III, Manager