

Key terms from Attorney General review of New Hanover Regional Medical Center transaction

Endowment Transparency and Accountability

As a result of the negotiations held by the Attorney General's Office:

- The new endowment will hold public listening sessions on how it should spend funds.
- The new endowment will form a community advisory committee and hold regular public meetings at least twice a year.
- The new endowment will add at least two members with experience working on the issues that the endowment will support — like public health, support to underserved populations, and promotion of racial equity and justice.
- Grant details for the new endowment will be made public.
- The endowment will double the frequency of its reports to the public.
- The endowment will publish its charter, grant criteria, and grant agreements.

Health Care Commitments

- After input from the Attorney General's Office, the parties removed their proposed limitations on Novant's statutory duty to permanently continue at least a similar level of services in surgery, obstetrics, pediatrics, outpatient care, and emergency treatment.
- Further, Novant has made a promise that it will continue, for the long term, at least a similar level of services in cardiovascular health, orthopedics, oncology, trauma care, women's health, behavioral health, primary care, neonatal intensive care, and neurosciences.
- After input from the Attorney General's Office, the parties removed their proposed limitations on Novant's statutory duties to provide at least the current level of charity care and provide essential medical services if a patient is unable to pay.
- Further, Novant has made a contractual promise to form a health equity department and use reasonable best efforts to expand the system's level of health care to people who cannot pay.
- The contract prohibits Novant from placing liens on residences or seizing bank accounts.
- All limitations have been removed on Novant's duty to avoid discrimination on the basis of race, creed, color, sex, national origin, or on Medicare/Medicaid status.
- Novant has made a contractual promise, enforceable by the new Local Board, that Novant must use all reasonable best efforts to put the hospital in the top 10% nationally in patient satisfaction.
- Novant cannot let NHRMC's agreement with Pender Memorial Hospital expire without express approval from the new Local Board of Trustees. NHRMC set up the Local Board to protect customers.

Fair Market Value

- Novant's purchase price, \$1.5 billion, came out of a public, open bidding process, and it is above the core valuation range calculated by the County's healthcare expert.
- In addition, the contract requires Novant to spend more than \$2.5 billion on capital expenditures to invest in its healthcare businesses in the region, plus \$600 million in routine capital expenditures.
- Novant will spend \$30 million a year to expand New Hanover's graduate medical education program.
- After input from the Attorney General's Office, the parties have agreed that if either the new endowment or the existing hospital foundation is ever dissolved, the assets can only go to an entity with the same charitable purpose.

Details follow.

Key terms from Attorney General review of New Hanover Regional Medical Center transaction

Endowment Transparency and Accountability

Summary of term	Original transaction documents	Revised documents after discussions with Attorney General's Office	Document and section number
The new endowment will hold public listening sessions on how it should spend funds.	No provision	"Prior to finalizing any initial criteria for grant selection, the Endowment Board shall hold not less than two listening session meetings open to the public in order to solicit and hear input and feedback from the community regarding such criteria."	Endowment Agreement § 5
The new endowment will form a community advisory committee and hold regular public meetings at least twice a year.	No provision	"Thereafter, the Board agrees to hold not less than two such listening session meetings annually to solicit and hear feedback from the community regarding the Endowment's activities. After holding the initial listening session meetings described above, the Board shall establish a community advisory committee or board, comprised of a reasonable cross-section of the community and formed to provide feedback and recommendations to the Board in an advisory capacity, and the public meetings described in this section may be combined with public meetings held by the community advisory committee or board."	Endowment Agreement § 5
The new endowment will add at least two members with experience working on the issues that the endowment will support — like public health, support to underserved populations, and promotion of racial equity and justice.	No provision	"The Endowment agrees to add two additional directors (the 'Reserved Directors') to its board of directors ('Board'), bringing the total number of Board directors to 13. The Endowment's Board, acting by a majority vote, shall have the authority and responsibility for selecting and appointing each of the Reserved Directors to the Board, as well as the right to remove any such Reserved Director and to fill any vacancy in a Reserved Director seat on the Board. Such Reserved Directors shall have demonstrable, substantive, and reasonably recent experience working for or on behalf of a charitable or nonprofit entity, or in a professional field or position, focusing on matters that are consistent with the mission of the Endowment or are in furtherance of programs or issues generally supported or addressed by the Endowment, including, but not limited to, one or more of the following areas: (a) Public health; (b) Providing support and services to underserved populations; and (c) Promotion of racial equity and justice."	Endowment Agreement § 1

Summary of term	Original transaction documents	Revised documents after discussions with Attorney General's Office	Document and section number
Diversity on Endowment Board of Directors	County and NHRMC must give "serious and deliberate consideration to the balance of gender, race, and ethnicity in each and every one of [their] appointees" to the Endowment Board of Directors.	The current Endowment Board of Directors is disproportionately male, and the composition is not proportionate to the region's Hispanic community. The Attorney General's Office raised these issues to underline their importance. The Endowment Agreement notes, "...the Board agrees that, as the Board conducts its business on behalf of the Endowment, it shall take the interests of the community's Latinx population into account."	Endowment Bylaws, Art. IV § 3; Endowment Agreement § 5.
Grant details for the new endowment will be made public.	No provision	"The Endowment will make the information listed in items (a) - (g), below, available to the public as set forth in this Section 2. The information referenced in items (a) and (e) will be made available through the publication of the applicable information or documents on the Endowment's website immediately following award or execution of a grant. All other information below will be made available to the public either through the publication of the applicable information or documents on the Endowment's website, or other similar means, or as part of the quarterly reports referenced in Section 3 of this letter:	Endowment Agreement § 2
The endowment will publish its charter, grant criteria, and grant agreements.	No provision	<ul style="list-style-type: none"> (a) The amount and recipient of each grant; (b) Description of grant purposes; (c) Description of grant selection criteria; (d) The amount by which each issued grant has been 	
The endowment will publish its conflict of interest policy.	No provision	<ul style="list-style-type: none"> drawn down; (e) Executed grant contracts; (f) The Endowment's charter, or other similar statement of mission and values, following the adoption of such document is by the Endowment's Board; and (g) The Board's Conflict of Interest Policy." 	
The endowment will double the frequency of its reports to the public.	"The Endowment shall, twice a year, publicly provide the County with report summarizing the Endowment's activities and grants."	"In lieu of the semi-annual reports to which the Endowment had previously committed, the Endowment agrees that, on a quarterly basis, the Endowment shall publish a report summarizing grants and other distributions made by the Endowment. Such reports shall be made available to the public via the Endowment's website or other similar means, and shall include the information described in Section 2(a)-(d) of this letter relative to the Endowment's activities for the immediately preceding quarter."	APA Exhibit C § 4(b) (old); Endowment Agreement § 3 (new)

Summary of term	Original transaction documents	Revised documents after discussions with Attorney General's Office	Document and section number
The endowment has enhanced its conflict of interest policy by adding a provision requiring a neutral person to investigate when someone discloses a conflict.	"The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement."	Removed clause reading "if appropriate," so that the provision reads: "The chairperson of the governing board or committee shall appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement."	Endowment Conflict of Interest Policy, Art. III, § 3(b)
The endowment has enhanced its conflict of interest policy by establishing a remedy for violation.	"If, after hearing the member's response and after making further investigations as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action."	"If, after hearing the member's response and after making further investigations as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take disciplinary and corrective action deemed appropriate by the governing board or committee, including, but not limited to, requiring payment to the Organization of any gains or benefits that accrued to such member as a result of such failure to disclose, or, without limitation, suspension or causing the removal of such member from the governing board or committee."	Endowment Conflict of Interest Policy, Art. III, § 4(b)
The endowment has enhanced its conflict of interest policy by establishing a definition of family, for purposes of conflicts, that clearly includes spouses, parents, and children.	Policy provides that a person has a financial interest if ... "through business, investment, or family...." The term "family" is not defined.	Same term, but "family" is now defined as follows: "With respect to a person, such person's spouse, domestic partner, child, or parent."	Endowment Conflict of Interest Policy, Art. II, § 2
The endowment has enhanced its conflict of interest policy by establishing a clear materiality limit.	Policy provides that compensation can be a source of a conflict of interest, then reads, "Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial."	Same, but now reads: "Compensation includes direct and indirect remuneration as well as gifts or favors with a value, individually or in the aggregate, in excess of \$200."	Endowment Conflict of Interest Policy, Art. II, § 3
The endowment has made a covenant that no grants will result in inurement benefitting any private person or entity.	No explicit provision on this topic, although underlying principles are established in IRS regulations.	"The Endowment shall not award grant funds in any manner that would result in private inurement under the Internal Revenue Service's tax-exemption rules."	Endowment Agreement § 4

Health Care Commitments

Summary of term	Language in Letter of Intent (before concerns raised by Attorney General's Office)	Language in Asset Purchase Agreement (after concerns raised by Attorney General's Office)
After a letter from the Attorney General's Office sent on July 29, 2020, the parties removed their proposed limitations on Novant's statutory duties under section 131E-13 of the North Carolina General Statutes.	<p>"Buyer shall comply in all material respects with all laws and regulations applicable to Buyer in the Proposed Transaction, including, but not limited to, the terms of NCGS 131E-13(a), as further set forth in Schedule 4(k), attached hereto and incorporated herein by reference. For clarity, all references to "corporation" in NCGS 131E-13(a) shall be read to include Buyer, notwithstanding any other statutory definitions."</p> <p>(July 13, 2020 Letter of Intent, Part A, § 4(k))</p> <p>"As applicable, some of the commitments may be subject to force majeure provisions, and the commitments shall also be subject to modification with the advance consent of the Board (defined herein)."</p> <p>(July 13, 2020 Letter of Intent, introductory paragraph to Part A, § 4.)</p>	<p>"At all times following the Effective Time, Buyer shall comply in all material respects with all Laws applicable to Buyer in connection with the Transactions, including the terms of N.C. Gen. Stat. § 131E-13(a), as amended, restated or revised from time to time, the language of which as of the Effective Date is set forth in Schedule 5.23. For purposes of this Agreement, all references to "corporation" in N.C. Gen. Stat. § 131E-13(a) shall be read and interpreted to include Buyer, notwithstanding any other statutory definitions. Notwithstanding that the parties have agreed to the foregoing sentence as a contractual matter between them, Buyer acknowledges that the North Carolina Attorney General is empowered to require Buyer to comply with N.C. Gen. Stat. § 131E-13(a) in all respects regardless of the parties' agreement among themselves to allocate no contractual Liability to Buyer for immaterial noncompliance with such Law."</p> <p>(October 5, 2020 Asset Purchase Agreement, § 5.23)</p>

By resulting in the removal of any contractual limitations on customers' statutory rights, the request from the Attorney General's Office had the following effects:

Customer right	Statutory language in N.C. Gen. Stat. § 131E-13 that protects that customer right
Novant must permanently continue at least a similar level of services in surgery, obstetrics, pediatrics, outpatient care, and emergency treatment.	<p>(a) A municipality or hospital authority as defined in G.S. 131E-16(14), may lease, sell, or convey any hospital facility, or part, to a corporation, foreign or domestic, authorized to do business in North Carolina, subject to these conditions, which shall be included in the lease, agreement of sale, or agreement of conveyance:</p> <p>(1) The corporation shall continue to provide the same or similar clinical hospital services to its patients in medical-surgery, obstetrics, pediatrics, outpatient and emergency treatment, including emergency services for the indigent, that the hospital facility provided prior to the lease, sale, or conveyance. These services may be terminated only as prescribed by Certificate of Need Law prescribed in Article 9 of Chapter 131E of the General Statutes, or, if Certificate of Need Law is inapplicable, by review procedure designed to guarantee public participation pursuant to rules adopted by the Secretary of the Department of Health and Human Services.</p>
Novant must permanently provide at least the current level of charity care and provide essential medical services if a patient is unable to pay.	<p>(2) The corporation shall ensure that indigent care is available to the population of the municipality or area served by the hospital authority at levels related to need, as previously demonstrated and determined mutually by the municipality or hospital authority and the corporation.</p> <p>(3) The corporation shall not enact financial admission policies that have the effect of denying essential medical services or treatment solely because of a patient's immediate inability to pay for the services or treatment.</p>

Customer right	Statutory language in N.C. Gen. Stat. § 131E-13 that protects that customer right
Novant may not discriminate against patients based on Medicaid/Medicare status.	(4) The corporation shall ensure that admission to and services of the facility are available to beneficiaries of governmental reimbursement programs (Medicaid/Medicare) without discrimination or preference because they are beneficiaries of those programs.
Novant must provide an annual report to the public showing compliance with the requirements of the sale.	(5) The corporation shall prepare an annual report that shows compliance with the requirements of the lease, sale, or conveyance.
Novant may not discriminate based on race, creed, color, sex, or national origin.	The corporation shall further agree that if it fails to substantially comply with these conditions, or if it fails to operate the facility as a community general hospital open to the general public and free of discrimination based on race, creed, color, sex, or national origin unless relieved of this responsibility by operation of law, or if the corporation dissolves without a successor corporation to carry out the terms and conditions of the lease, agreement of sale, or agreement of conveyance, all ownership or other rights in the hospital facility, including the building, land and equipment associated with the hospital, shall revert to the municipality or hospital authority or successor entity originally conveying the hospital; provided that any building, land, or equipment associated with the hospital facility that the corporation has constructed or acquired since the sale may revert only upon payment to the corporation of a sum equal to the cost less depreciation of the building, land, or equipment.

In addition, the Attorney General's Office took note of the following key customer protections that the parties had already included in the transaction documents:

Summary of term	Original transaction documents	Revised documents after discussions with Attorney General's Office	Document and section number
Novant has made a promise that it will continue, for the long term, at least a similar level of services in cardiovascular health, orthopedics, oncology, trauma care, women's health, behavioral health, primary care, neonatal intensive care, and neurosciences.	<p>"Unless otherwise consented to in writing by the Local Board, Buyer shall not, at any time following the Closing, perform or take any actions to discontinue or otherwise eliminate any of the Core Clinical Service Lines of the Healthcare Businesses."</p> <p>"...[O]ther than with respect to Section 5.23, Buyer shall have the ability after 25 years post Closing to reassess and adjust any then-applicable covenants. Buyer shall satisfy its covenants and agreements set forth in Section 5.10 through Section 5.19 within five years of Closing unless a more specific date or timeline is explicitly set forth with respect to any such covenant."</p> <p>"'Core Clinical Service Lines' means medical-surgery; obstetrics; pediatrics; outpatient and emergency services, including emergency services for the indigent; cardiovascular health; orthopedics; oncology; and trauma care; women's health; behavioral health; primary care; neonatal intensive care; and neurosciences, inclusive of neurology, neurosurgery, neuroinvasive care and stroke care."</p>	No changes required	Asset Purchase Agreement §§ 5.10(a) (stating commitment), 5.24 (stating 25-year duration), and p. 103 (defining "Core Clinical Service Lines")

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<p>Novant has made a contractual promise to form a health equity department and use reasonable best efforts to expand the system's level of health care to people who cannot pay.</p> <p>The parties have agreed that the Buyer's duty to maintain the healthcare businesses' policies on charity and indigent care is not limited to "reasonable best efforts."</p>	<p>"Subject to changes in applicable Law, Buyer shall use reasonable best efforts to expand, and in any event shall maintain, the Healthcare Businesses' policies on charity and indigent care, as such policies are in existence as of the Closing, and shall continue to increase and expand the scope and level of care provided to indigent and low-income patients beyond the scope and level historically provided by the Healthcare Businesses, consistent with Buyer's policies on charity care."</p> <p>"Buyer shall use reasonable best efforts to fully develop and expand the Healthcare Businesses' existing partnerships and to establish new partnerships focused on expanding health equity in the Service Area.... Buyer shall use commercially reasonable efforts to collaborate with identified key stakeholders to expand existing community outreach programs and social services partnerships in the region."</p> <p>"Buyer shall continue to expand and enhance the Healthcare Businesses' existing community benefit programs and partnerships, including, but not limited to those related to financial assistance and health education."</p> <p>"In addition, and without limiting the generality of the foregoing, within not more than one year following Closing, Buyer shall assist the Healthcare Businesses to formalize the creation of the Healthcare Businesses' Health Equity Department, including the establishment of a Health Equity Budget and a Southeastern North Carolina Community Engagement Team, and establishing the support services to be provided centrally by Buyer. As a component of the Healthcare Businesses' formal Health Equity Program, Buyer shall, within one year following Closing, assist the Healthcare Businesses in developing a social worker strategy for highest clinical needs."</p>	<p>APA § 5.12(a) has not changed, but has been clarified in the following provision of the Additional Letter Agreement: "NHRMC, the County, and NHHNHRMC acknowledge and agree that the 'reasonable best efforts' clause in Section 5.12(a) of the Asset Purchase Agreement only applies to the 'expand' verbiage (and not to the 'maintaining' existing levels of charity care clause)."</p>	<p>APA § 5.10(a),(c), (d),(h); Additional Letter Agreement § 3</p>
<p>The contract prohibits Novant from placing liens on residences or seizing bank accounts.</p>	<p>"Buyer shall not, with respect to any patients of the Healthcare Businesses, engage in any extraordinary debt collection practices, including placing a lien on an individual's primary residence or real property, seizing of bank accounts or other personal property, bringing civil action against an individual or garnishing of wages."</p>	<p>No changes required</p>	<p>APA § 5.12(b)</p>

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<p>Novant has made a contractual promise, enforceable by the new Local Board, that Novant must use all reasonable best efforts to put the hospital in the top 10% nationally in patient satisfaction.</p>	<p>“Buyer shall use reasonable best efforts to position and maintain the Healthcare Businesses in the top 10% nationally in patient satisfaction.”</p> <p>“Buyer shall use reasonable best efforts to cause the Hospitals and other appropriate components of the Healthcare Businesses to satisfy the quality metrics consistent with Buyer’s system-wide quality and safety metrics, which shall include measures relating to patient safety, clinical effectiveness, patient-centeredness, timeliness, efficiency and equity as may be implemented from time to time at the Healthcare Businesses in consultation with the Local Board.... Buyer shall provide a report to the Local Board concerning the Healthcare Businesses’ performance toward such Quality Metrics on a not less than annual basis.... Buyer shall use reasonable best efforts to position and maintain the Healthcare Businesses in the top 10% nationally with respect to each such Quality Metric adopted for the Healthcare Businesses.”</p>	<p>No changes required</p>	<p>APA §§ 5.11(g), 5.16(e)</p>
<p>Novant cannot let NHRMC’s agreement with Pender Memorial Hospital expire without express approval from the new Local Board of Trustees.</p>	<p>No provision</p>	<p>“NHRMC, the County, and NHNHRMC acknowledge and agree, in addition to the power to approve the termination or amendment (other than with respect to extension of the term) of the Pender MSA or any successor agreement thereto pursuant to Section 5.20(c)(xv) of the Asset Purchase Agreement, the Local Board’s Reserved Powers will also include the power to approve any amendment to, extension of, election of non-renewal of, or termination of the Pender MSA (as defined in the Asset Purchase Agreement).”</p>	<p>Additional Letter Agreement § 4</p>
<p>The County can now individually exercise the right of first refusal if Novant wishes to re-sell the assets of NHRMC.</p>	<p>APA § 5.22 reads: “Following Closing, in the event Buyer at any time receives a bona fide offer (‘Third-Party Offer Notice’) to sell, transfer or assign all or substantially all of the assets or operations associated with the Healthcare Businesses, or a direct or indirect controlling interest in the Healthcare Businesses, ... and Buyer desires to accept such offer, then Buyer shall first offer to sell, transfer, or assign such Affected Assets to Sellers, on the same terms and conditions as set forth in the Third-Party Offer Notice....”</p>	<p>APA § 5.22 has not changed, but this clarification has been made in the Additional Letter Agreement: “NHRMC, the County, and NHNHRMC acknowledge and agree that each of NHRMC and the County, respectively, shall have the right to exercise the right of first refusal set forth in Section 5.22 of the Asset Purchase Agreement.”</p>	<p>APA § 5.22; Additional Letter Agreement § 5</p>

Summary of term	Original transaction documents	Revised documents after discussions with Attorney General's Office	Document and section number
<p>Buyer has agreed with the Attorney General's Office that the protections of the North Carolina Nonprofit Corporation Act will apply to the assets of Buyer, even though those assets will be held in a limited liability company.</p>	<p>No provision</p>	<p>"The membership interests in Novant Health Coastal Region, LLC ("NHCR"), a wholly-owned subsidiary of Novant Health, and the membership interests of NHHNHRMC, a wholly-owned subsidiary of NHCR (together with NHCR, the "Buyer LLCs"), are each, directly or indirectly, assets owned by Novant Health, Inc., a North Carolina nonprofit corporation. NHRMC, the County, and NHHNHRMC acknowledge that Novant Health's direct or indirect ownership in the Buyer LLCs (and therefore the assets owned by the Buyer LLCs) would be subject to the same restrictions applicable to any other assets of a North Carolina nonprofit corporation set forth in N.C.G.S. §§ 55A-11-02 and 55A-12-02."</p>	<p>Additional Letter Agreement § 1</p>
<p>The Asset Purchase Agreement does not prevent the County from providing vaccinations, direct care out of the new Mental and Behavioral Health and Substance Use Disorder Treatment Fund, or care from any fund created under a national opioid settlement.</p>	<p>APA § 9.10(a) reads: "Each Seller covenants and agrees that in order to maintain the goodwill acquired in the Transactions by Buyer, ensure that the acquired Healthcare Businesses continue to have key personnel necessary to provide high quality services to patients in the Service Area after the Transactions, and in consideration of the investments in the Service Area that Buyer is committing to and will make, for a seven-year period following the Closing Date, it shall not, directly or indirectly: (a) solicit, encourage or cause any resident of the Service Area to purchase any services from any third party that are competitive with or a substitute for the services offered by the Healthcare Businesses in the Service Area at any time during the 24-month period immediately preceding the Closing Date;...."</p>	<p>APA § 9.10 has not changed, but has been clarified in the following provision of the Additional Letter Agreement: "NHRMC, the County, and NHHNHRMC acknowledge and agree that Section 9.10(a) of the Asset Purchase Agreement does not prohibit or apply to (i) direct care provided by the County out of the Mental and Behavioral Health and Substance Use Disorder Treatment Fund consistent with Exhibit C to the Asset Purchase Agreement, (ii) vaccinations provided by the County, or (iii) any funds received in respect of a settlement coordinated with National MDL #2804 (In re National Prescription Opiate Litigation)."</p>	<p>Additional Letter Agreement § 6</p>

Fair Market Value and Funding Commitments

Summary of term	Original transaction documents	Revised documents after discussions with Attorney General's Office	Document and section number
<p>In addition to the purchase price of \$1.5 billion, the contract requires Novant to spend more than \$2.5 billion on capital expenditures to invest in its healthcare businesses in the region, plus \$600 million in routine capital expenditures.</p>	<p>"In addition to payment of the Purchase Price and the other commitments set forth in this Agreement, Buyer shall make the following Capital Expenditures to the Healthcare Businesses from and after the Closing:</p> <p>(i) Buyer shall spend no less than Six Hundred Million Dollars (\$600,000,000) during the 10-year period immediately following the Closing to fund commercially reasonable routine Capital Expenditures of the Healthcare Businesses (the 'Routine Capital Commitment')....</p> <p>(ii) In addition to the Routine Capital Commitment, Buyer shall make no less than Two Billion Five Hundred Million Dollars (\$2,500,000,000) in Capital Expenditures following the Closing to materially implement (A) all of the strategic projects set forth in the Strategic Plan (to the extent disclosed in reasonable detail), with such strategic projects scheduled to be completed in the five-year period following the Closing to be implemented in a manner materially consistent with target dates and timelines set forth in the Strategic Plan, and (B) such other capital-intensive projects similar to those in the Strategic Plan as may be approved by the Local Board from time to time."</p>	<p>No changes required</p>	<p>APA § 5.9(c)</p>
<p>Novant will spend \$30 million a year to expand New Hanover's graduate medical education program.</p>	<p>"...Novant/New NHRMC will provide financial support and performance payments to UNC Health/UNC SOM anticipated to approximate the following schedule:</p> <ul style="list-style-type: none"> o Year 1: \$17,500,000 o Year 2: \$19,750,000 o Year 3: \$26,000,000 o Year 4: \$28,500,000 o Year 5: \$30,500,000 o Year 6 and beyond: ongoing funding consistent with the growth and success of the partnership, as well as inflationary increases" 	<p>No changes required</p>	<p>APA Exhibit D, p. 6</p>

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<p>\$50 million of the purchase price will fund a new County-managed mental and behavioral health fund.</p>	<p>"Sellers agree that the Purchase Price, the Cash Amount, any interest accruing on Sellers' portion of the Adjustment Escrow Amount or General Escrow Amount, any portion of the Adjustment Escrow Amount paid to Sellers, and any remaining portion of the Escrow Amount paid to Sellers following the expiration of the Escrow Period (collectively, the 'Net Proceeds'), shall only and exclusively be used, distributed, directed, invested or allocated in accordance with those terms set forth in Exhibit C."</p> <p>(APA § 4.12)</p> <p>"Funds in the amount of \$50 Million shall be earmarked and allocated to the following mental and behavioral health and substance use disorder treatment initiatives:</p> <ul style="list-style-type: none"> (a) Capital funding for long-term, residential substance abuse treatment programs; (b) Sustained grant funding commitments to support evidence-based programs (e.g., Tides, Inc.); and (c) Expanding access to mental health services independent of state assistance." <p>(APA Exhibit C § 2)</p> 	<p>No changes required</p>	<p>APA § 4.12 and APA Exhibit C § 2</p>
<p>The endowment has agreed that if it is ever dissolved, its assets will go only to a nonprofit corporation with the same charitable purpose.</p>	<p>"Upon the dissolution of the corporation, the board of directors shall, after paying or making provision for the payment of all of the liabilities of the corporation, dispose of all of the assets of the corporation to such organization or organizations organized and operated exclusively for charitable, educational, literary or scientific purposes as shall at the time qualify as an exempt organization or as exempt organizations under Section 501(c)(3) of the Code, exclusively for public purposes as the board of directors shall determine."</p>	<p>"Upon the dissolution of the corporation, the board of directors shall, after paying or making provision for the payment of all of the liabilities of the corporation, dispose of all the assets of the corporation to such organization or organizations organized and operated exclusively for charitable, educational, literary, or scientific purposes as shall at the time qualify as an exempt organization or as exempt organizations under Section 501(c)(3) of the Code, exclusively for purposes consistent with the purposes for which the corporation is formed as the board of directors shall determine."</p>	<p>Articles of Amendment to Endowment Articles of Incorporation § 10</p>

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<p>If Novant is ever dissolved or goes for-profit, the hospital foundation's assets will go only to a nonprofit corporation with the same charitable purpose.</p>	<p>"...If Novant Health is not organized and operated exclusively for religious, charitable, scientific, literary or educational purposes within the meaning of sections 501(c)(3) and 170(c)(2)(B) of the Code, the Corporation's remaining assets shall be distributed to one or more organizations, selected by the Board of Directors of the Corporation in its sole discretion, that are organized and operated exclusively for religious, charitable, scientific, literary or educational purposes within the meaning of sections 501(c)(3) and 170(c)(2)(B) of the Code."</p>	<p>"...If Novant Health is not organized and operated exclusively for religious, charitable, scientific, literary or educational purposes within the meaning of sections 501(c)(3) and 170(c)(2)(B) of the Code, the Corporation's remaining assets shall be distributed to one or more organizations, selected by the Board of Directors of the Corporation in its sole discretion, that are organized and operated exclusively for religious, charitable, scientific, literary or educational purposes within the meaning of sections 501(c)(3) and 170(c)(2)(B) of the Code, to be used exclusively for purposes of supporting community health."</p>	<p>Hospital Foundation revised Articles of Incorporation, § 8</p>
<p>The hospital foundation will continue to have members on its Board of Directors who are not part of the governance structure for NHRMC.</p>	<p>"The number of Directors constituting the Board of Directors shall be at least three and no more than 24."</p>	<p>"The number of Directors constituting the Board of Directors shall be at least three and no more than 24. Up to four Directors may be members of the board of managers of Novant Health Coastal Region, LLC."</p>	<p>Amended & Restated Hospital Foundation Bylaws Article IV, § 2.</p>
<p>The hospital foundation will receive the amount remaining in the Transition Stabilization Escrow.</p>	<p>No provision expressly stating the ultimate recipient of any unexpended funds</p>	<p>"NHRMC, the County, and NHNHRMC acknowledge and agree that, to the extent there are any remaining funds in the NHRMC Transition Stabilization Escrow Amount after payment of the various expenses specifically enumerated in the Asset Purchase Agreement, such residual amount will be transferred to the New Hanover Regional Medical Center Foundation, Inc."</p>	<p>Additional Letter Agreement § 2</p>