

New Hanover Community Endowment, Inc.

January 20, 2021

VIA EMAIL

Mr. Blake Thomas, Esq.
Deputy General Counsel
N.C. Department of Justice
bthomas@ncdoj.gov

Re: Agreements between the North Carolina Department of Justice and New Hanover Community Endowment, Inc. (“**Endowment**”)

Dear Mr. Thomas:

Reference is made to the transaction set forth in that certain Asset Purchase Agreement by and among New Hanover County, New Hanover Regional Medical Center, Novant Health New Hanover Regional Medical Center, LLC, and Novant Health, Inc., dated October 5, 2020 (the “**Transaction**”). In connection with the Transaction, of which the Endowment is an indirect beneficiary, the Endowment covenants and agrees as follows:

1. **Board of Directors.** 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.

2. **Public Access to Information.** 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 referenced 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:

- (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 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.

3. **Quarterly Reports.** 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.


4. **Limitations on Grants; No Private Inurement.** 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.

5. **Community Input and Interests.** 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. 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. Finally, 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.

[Signature page follows]


Sincerely,

**NEW HANOVER COMMUNITY ENDOWMENT,
INC.**

By: 
Spence Broadhurst, Chair

Acknowledged and agreed by:

NORTH CAROLINA DEPARTMENT OF JUSTICE

By: 
Blake Thomas, Esq., Deputy General Counsel