

September 25, 2020

Questions:

1. The APA schedules stop at 1.4(x). Are the remaining schedules available for review?
ANSWER: The remaining schedules are still under development and therefore not currently available.
2. Excluded Assets
 - a. As noted in APA Section 1.5(b), can you briefly describe the current and long-term assets not related to the Healthcare Business that will remain with the Sellers? **ANSWER: At this point, no specific assets have been identified pursuant to Section 1.5(b). However, such assets may be identified as schedules are completed although it is not expected that significant assets unrelated to the Healthcare Business will be identified.**
 - b. As noted in APA Section 1.5(r) are there any specific details available related to the OWP4 and Iron Gate assets? **ANSWER: OWP4 is related to an ambulatory surgery center that was being pursued; however, that joint venture has not come to fruition at this point. Iron Gate assets are related to another venture that was being pursued, and the process included a land option. Neither entity has any operations and are shell companies with no assets.**
3. Excluded Contracts
 - a. Has Novant Health completed a review of contracts in order to provide a sense of the number of Excluded Contracts that will be left behind with the Seller? APA Schedule 1.5(e) was not provided. **ANSWER: This schedule is still under development and not available.**
 - b. Have the Excluded Contracts been reviewed with respect to termination damages/costs? **ANSWER: Because Schedule 1.5(e) is still under development, an assessment of termination damages/costs is not available at this time.**
4. Will the Seller retain any NHRMC bank accounts that will be available for the wind-down? APA Schedule 1.4(r) was not provided. **ANSWER: Per Section 1.4(e) of the Agreement, it is expected that the Seller will retain all NHRMC bank accounts. There are five (5) depository accounts per schedule 1.4(r).**
5. How will final pre-closing payroll amounts be funded? Will they be paid by the Buyer or Seller? **ANSWER: Buyer is acquiring accrued payroll as part of Net Working Capital, and it is expected that Buyer will handle funding of pre-closing payroll.**
6. What is the current status of the Provider Relief Funds, and Disaster Relief Funds, and AAP program and any anticipated on-going administrative responsibilities required? **ANSWER: NHRMC has engaged an outside consultant to document and verify such payments. It is expected that this consultant's work would continue post-closing. The evolving status of these payments would affect the wind down budget maintained by the wind down consultant.**

7. Is APA Schedule 1.7(l) available for review which provides a list of liabilities that are the responsibility of the Seller? **ANSWER: This schedule is still under development.**

How many years of cost reports remain outstanding unsettled or without a NPR?

ANSWER: Medicaid cost reports for fiscal years 2016 through 2019 are open and at various stages. Medicare cost reports for fiscal years 2014 through 2019 are open and at various stages. NHRMC is also considering, or in the process of, reopening certain Medicare cost reports prior to FY 2014.

8. Is there a DRAFT of the Net Working Capital Schedule as contemplated in Exhibit P which is available for review? **ANSWER: This exhibit is still under development.**
9. Is there a current litigation schedule as referenced in APA Schedule 2.12 available for review? **ANSWER: This schedule is still under development.**
10. Has a preliminary wind-down budget been prepared that outlines, among other things, estimated legacy liabilities and wind-down costs? **ANSWER: The budget and the Funds Flow Memorandum per Section 1.1(c) of the Agreement are still under development.**

11. Public Benefit Community Foundation

- a. How will the Foundation be administered post-closing? **ANSWER: New Hanover County has engaged outside legal counsel to establish the Foundation and related structure.**
- b. Will the Foundation have its own administrative support staff or will the wind-down firm/professionals provide administrative services? **ANSWER: The County does not expect the wind down consultant to provide administrative services related to this foundation.**
12. We are preparing our Response to the Advisory Services Related to New Hanover Authority Medical Center RFP and we have a question. Is it necessary for us to have completed the State of North Carolina's Certificate of Authority, as set in Section 2.19/page 7 of the RFP? Or, can we simply state within our Response that we will apply for such, assuming we are a finalist in the process? Please advise. **ANSWER: Yes, as long as it is completed prior to conducting business, it will be fine for you to wait.**

2.19 Certificate of Authority

Subject to several statutory exceptions, a business entity incorporated or organized in a state other than North Carolina must obtain a certificate of authority from the North Carolina Secretary of State prior to transacting business in the State. See G.S. 55-15-01(a) (business corporations); G.S. 55A-15-01(a) (nonprofit corporations); G.S. 57D-7-01(a) (limited liability companies); G.S. 59-902(a) (limited partnerships); G.S. 59-91(a) (registered limited liability partnerships); G.S. 55B-16(a) (professional corporations). When the requirement applies, the foreign entity transacting business in the State is responsible for obtaining a certificate of authority—not the domestic (i.e., North Carolina) corporations, public entities, or individuals with whom the foreign entity might contract.