

## Winddown Consultant Webinar Q&A

1. Does the targeted timing to execute the definitive transaction documents remain October 2020?

*Per the September 9, 2020 PAG presentation, the PAG, NHRMC Board and New Hanover County Commissioners will vote on support of the APA by early October*

2. Please describe the selection criterion to be utilized in choosing a consultant. A) Will the consultant be retained by NHC or NHRMC? B) How soon would you expect to select a consultant?

*Although no formal criteria have been stated, a consultant will be chosen based on experience, especially in similar situations, assessment of scope, team involved and pricing. We would expect the consultant to be retained by NHC although there will be involvement in the wind down of NHRMC. It is expected that a consultant will be hired by mid-to-late October.*

3. Please provide guidance regarding material departures, if any, to the transaction as currently negotiated as compared with the Letter of Intent (dated July 13, 2020) to be considered in the contemplated Scope of Services. a. Also, the LOI contains the language regarding the Excluded Assets and Excluded Liabilities to include items as mutually agreed upon by the Parties. Have there been any material additions to either the Excluded Assets or Liabilities that you can discuss?

*The Proposed Draft APA was posted on September 18, 2020 to the [nhrmcfuture.org](http://nhrmcfuture.org) website and provides more details on the proposed transaction. Excluded Assets and Liabilities are outlined in the APA draft.*

4. Will the tail insurer be handling the administration and run-off of all medical malpractice liabilities?

*The mechanics of tail insurance administration are still being examined with legal counsel.*

5. How long are regulatory approvals expected to take?

*NHRMC expects the transaction will close in late Q1 2021 or early Q2 2021 although this timing is subject to change and regulatory processes.*

6. Will the existing New Hanover Regional Medical Center Foundation will stay with the Buyer (Novant)?

*Yes, the current Foundation is part of Included Assets.*

7. Exhibit D says The County will form and establish a new public-benefit community foundation prior to closing. Should providing assistance to the County to establish the new foundation be part of the proposed scope of services for this request for proposal?

*The County has engaged outside legal counsel for the formation of the new public-benefit community foundation, but if the winddown consultant has perspectives on how they could interact and assist, it can be included in the scope.*

8. Schedule 3(b) describes the purchase price adjustment process. How long is the purchase price adjustment process? 90 days? 120 days?

*Per the draft APA, 120 days subject to the provisions of the APA.*

9. What were the primary reasons for pursuing the sale of NHRMC?

*The PAG presentations provided on the [nhrmcfuture.org](http://nhrmcfuture.org) website provide meaningful perspective on this question.*

10. What are the legal and operating entities that are included in the sale of NHRMC?

*See APA for list of legal entities included.*

11. Who are the NHC designated personnel that will be involved in the wind down?

*Chris Coudriet, County Manager, and Lisa Wurtzbacher, County CFO, and Wanda Copley, County Attorney, have been involved in the process thus far and would expected to be involved, but the specific team has not been designated.*

12. Can you provide a three-year summary of inpatient and outpatient utilization and at NHRMC?

*We will not be providing this information, but the PAG presentations on [nhrmcfuture.org](http://nhrmcfuture.org), as well as public documents posted to EMMA (<https://emma.msrb.org>), provide helpful information.*

13. Can you provide a three-year summary of the financial performance at NHRMC?

*Financial statements for New Hanover Regional Medical Center are available on EMMA (<https://emma.msrb.org>), including consolidating statements.*

14. Have previous valuation analyses of NHRMC assets and liabilities been conducted?

*Ponder & Co. provided perspectives on valuation through its work as Financial Advisor, but no formal fairness opinions or valuation of the individual assets has been done.*

15. What information technology systems does NHRMC utilize for its financial reporting?

*NHRMC utilizes Lawson for financial reporting and Strata for forecasting and cost accounting.*

#### **Additional Commentary**

- Due to the NHRMC's governmental status, a robust amount of information has been posted publicly including PAG presentations to better understand the rationale for the transaction
- Virtually all working capital, including accounts receivable, is being acquired
- NHRMC engaged an accounting firm to create the net working capital peg
- Defined-benefit pension plan will be funded, frozen and outsourced and is not included in the transaction
- Outstanding bonds will be defeased

**LOI is available for review**  
**<http://news.nhcgov.com/wp-content/uploads/2020/07/Fully-Executed-NHRMC-Letter-of-Intent-7.13.2020.pdf>**

**APA is available for review**  
**<https://NHRMCfuture.org>**

**Additional questions from interested parties following their review of the APA to be submitted**  
**Thursday, September 24, 2020 by 5 pm EDT**

The following link allows you to register and replay the webinar held on Monday, September 21, 2020.  
[https://us02web.zoom.us/rec/share/l8iegbZlhwsUoloOtnZSbsdicDhGET4TgxuBcKh8lXClArKEpLfikK43zOWrvORI.I-khLc75\\_erYtVw8?startTime=1600707676000](https://us02web.zoom.us/rec/share/l8iegbZlhwsUoloOtnZSbsdicDhGET4TgxuBcKh8lXClArKEpLfikK43zOWrvORI.I-khLc75_erYtVw8?startTime=1600707676000)

**Proposals are due Tuesday, September 29, 2020 by 5 pm EDT**