EXHIBIT C

Use of Net Proceeds

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 General Escrow Amount paid to Sellers following the expiration of the Escrow Period (collectively, the "**Net Proceeds**") will be used, distributed, directed, invested, or allocated in accordance with the terms set forth in this Exhibit C.

1. Initial Allocations. Out of the aggregate Net Proceeds, the Sellers shall make initial allocations at Closing as follows (the "**Initial Allocations**"):

(a) General Escrow and Adjustment Escrow Amounts. $100 Million will be deposited into the General Escrow Account for a 48-month period to address certain trailing liabilities associated with pre-Closing operations of the Healthcare Businesses. On the second anniversary of the Closing, an amount equal to (i) $75,000,000 minus (ii) all amounts released from the General Escrow Account before such time, minus (iii) an amount equal to the amount in controversy with respect to any then-pending claims shall be disbursed to Sellers. Upon the fourth anniversary of the Closing, all amounts remaining in the General Escrow Account shall be disbursed to Sellers, provided, however, that, the General Escrow Account shall continue to retain an amount equal to the amount in controversy with respect to any then-pending claims. Any portion of the General Escrow Amount accruing to Sellers shall be allocated to the Endowment and NHRMC Foundation, with the Endowment and NHRMC Foundation each receiving 50% of such amount. In addition, in conjunction with the reconciliation of the Net Working Capital adjustments, an amount equal to $35 Million will be placed into the Adjustment Escrow Amount, to be used to address any payment owed by the Sellers, if any, related to the Net Working Capital reconciliation adjustments. Any amount remaining from the Adjustment Escrow Amount will be distributed to the Endowment.

(b) NHRMC Transition Stabilization Escrow. Funds in the aggregate estimated amount of approximately $200 Million shall be deposited into an escrow account or reserve fund established and controlled by the successor to NHRMC to address transition stabilization initiatives associated with post-Closing matters, including, but not limited to:

i. A Team Investment and Resiliency Fund providing funds necessary to (1) administer NHRMC's existing pension plan following its transfer to the County, (2) provide for certain payments to be made, over time, to affected NHRMC employees to mitigate adverse impacts associated with such employees' transition from NHRMC's existing pension plan to Buyer's retirement benefits plan, (3) provide stabilization payments for NHRMC employees to facilitate the transition of the Business from Sellers to Buyer, and (4) address the staff and provider resiliency funding needs of the organization.

ii. Payments for tail insurance associated with terminated Seller policies.

iii. Funding for certain support administrative services necessary to facilitate the wind-down of NHRMC, as well as other miscellaneous costs and expenses associated with the transition and wind-down (e.g., trailing cost report matters, filings, etc.).

(c) County Revenue Stabilization Fund. Funds in the aggregate amount of $300 Million shall be deposited into a reserve fund or escrow account established and controlled by the County for revenue stabilization purposes. Such funds may be allocated toward County revenue stabilization initiatives upon the affirmative vote of the County Commissioners. Revenue stabilization initiatives may include:

i. Retirement of voter and non-voter approved debt;

ii. Establish pay-as-you-go financing for certain capital assets and projects;

iii. Reserve for unexpected emergency spending needs (e.g. natural disasters and pandemics);

iv. Reserve funds to address budget shortfalls during economic downturns; and

v. Minimization of tax and fee increases in future years.

(d) Distributions from the Revenue Stabilization Fund shall be made from interest earned on such funds, and any draw-downs from the principal of the Revenue Stabilization Fund shall only be for specifically defined purposes and shall be made only upon the vote of at least four out of five County Commissioners.

2. Mental and Behavioral Health and Substance Use Disorder Treatment Fund. 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:

(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.

3. Endowment Allocations.

(a) Fund Assets. Following the Initial Allocations, the Sellers shall grant the entirety of the remaining Net Proceeds, which remaining amount is currently estimated to be approximately $1.25 Billion (subject to adjustments) ("**Fund Assets**"), to the Endowment.

(b) Purpose. The Endowment shall manage the assets and consider as such sacred and protected for the community in perpetuity. The Endowment will provide financial support to benefit the residents of New Hanover County and region ("**Defined Beneficiaries**"). The Endowment will establish an endowment (as defined below), and the Endowment shall be designated to provide financial support in the following areas in furtherance of the mission and initiatives of the County: (1) public primary, secondary, and post-secondary education, (2) health and social equity, (3) community development, and (4) community safety. Except for those monies required for the administration of the Endowment, all other Fund Assets shall be allocated to the Endowment.

(c) Endowment Board of Directors. The Endowment will be governed by an 11-member Board of Directors ("**Endowment Board**"). The County Commissioners shall appoint five of the directors ("**Endowment Directors**") and the Local Board shall appoint six of the Endowment Directors. All Endowment Directors shall be subject to satisfaction of applicable governance best practices, core competencies, and diversity considerations. No Endowment Director may simultaneously hold an elected office. Routine actions of the Endowment Board shall require the vote of a majority of the Endowment Board. Amendments to Article IV of the Endowment's bylaws shall each require supermajority approval of the Endowment Board, which shall be defined as not less than 67% of the Endowment Board ("**Supermajority Vote**"). The Endowment shall not assign, transfer or otherwise convey any Endowment assets except as defined herein.

(d) Administration and Fund Management. The daily operations of the Endowment shall be overseen by the Endowment Board. The Fund Assets shall be invested under the supervision and management of an experienced institutional investment manager ("**Investment Manager**") chosen by the Endowment Board, which Investment Manager role may, but does not have to be, contracted through a third-party firm.

(e) Endowment.

(i) In conjunction with its formation, the Endowment will establish a single endowment consisting initially of the Fund Assets. In addition to the Fund Assets contributed by the Sellers, the Endowment may also accept donations. The Endowment will make annual Unitrust payments not to exceed 4% of the fair market value of the Endowment, based upon a rolling five year average of the fair market value as of December 31 for the prior five (5) years, or until 2025, for as many prior years as the Endowment has existed. Distributions may be paid quarterly or monthly, as the Endowment Board may decide. Fund Distributions shall only be paid pursuant to the strictly prescribed purposes and rules to be a part of the Endowment charter and governing documents ("**Fund Distributions**").

(ii) Fund Distributions shall take the form of grants and other financial support for projects and initiatives of non-profit, governmental, or community organizations that are specifically focused on, and shall use such funds exclusively in furtherance of, the explicit purposes of the Endowment. For the avoidance of doubt, 100% of all Fund Distributions shall be used exclusively for purposes benefiting the Defined Beneficiaries. The specific purposes of the Endowment shall be to make available Fund Distributions to support community wellbeing and other public purposes that are consistent with the then-current County Strategic Plan and for the benefit of the Defined Beneficiaries. Notwithstanding the broad purposes described in this Section

2(e), in the event a Fund Distribution is made in furtherance of a purpose typically funded by a governmental agency (e.g., EMS), it is intended that such Fund Distribution shall be made only to *supplement* such governmental agency funding and that such Fund Distribution shall not be used to *replace or substitute for* governmental funding of such projects, and this limitation shall be incorporated into the Endowment's governing documents. By way of further illustration, and subject to adjustment based on the then-current County Strategic Plan, the initial Endowment shall support and promote the following focus areas:

A. *Public Primary, Secondary and Post-Secondary Education*. The following are illustrations of possible initiatives:

(1) High quality universal pre-kindergarten with wrap-around services;

(2) Comprehensive, no-cost broadband connectively county-wide;

(3) Comprehensive access to modern technology for all learners;

(4) Local Teacher Fellows program for traditional and charter school graduates committed to returning to local public schools;

(5) Access to scholarships for post-secondary education attainment; and

(6) School facilities designed for mid-21st Century education delivery.

B. *Health and Social Equity*. The following are illustrations of possible initiatives:

(1) Eradicate food deserts across the county;

(2) Expand access to high quality, fair cost physical and mental health clinics for county residents;

(3) Funding support to eliminate disparities in health outcomes focused initially on diabetes and obesity;

(4) On-demand, cost effective transit system for dependent and choice riders; and

(5) Funding for new senior resource centers and other support for senior citizens based on the county's strategic master plan for aging adults.

C. *Community Development*. The following are illustrations of possible initiatives:

(1) Workforce housing trust fund;
(2) Small business micro-loan program;
(3) Minority and Women Owned Business support programs; and
(4) Open space and public water access preservation.

D. *Community Safety* The following are illustrations of possible initiatives:

(1) Next generation 911 services developed and deployed;

(2) Rapid response fire rescue and emergency medical services;

(3) Support and resources for community-led restorative justice programs;

(4) Modern development and training of law enforcement, to include cultural competency and implicit bias; and

(5) Comprehensive flood, storm surge and wind mitigation investments.

4. Miscellaneous.

(a) In the event of dissolution of the Endowment, all net assets of the Endowment shall accrue solely to a public, non-profit charity exempt from taxes pursuant to IRS Code §501(c)(3).

(b) The Endowment shall, twice a year, publicly provide the County with report summarizing the Endowment's activities and grants.

(c) With the exception of the appointment authority for the Endowment Directors and the limited approval requirements explicitly set forth herein, the Local Board shall not, nor shall any other third-party, have any reserved powers or governance rights or benefits associated with the Endowment. For clarity, notwithstanding the Local Board's appointment authority for Endowment Directors, the Endowment shall not be considered an affiliate, unit or division of the Buyer or Novant Health, and neither the Buyer, Novant Health, nor any of their Affiliates shall be permitted to consolidate the Endowment.

(d) The Fund Assets held in the Endowment shall never be used as collateral nor be pledged as any form of security for any type of loan or guarantee.

(e) All Fund Distributions must be made pursuant to and accompanied by a plan of accountability to ensure that Fund Distribution is used in full for the designated purposes (the "**Plan of Accountability**" or "**POA**"). The POA shall be accepted, agreed to and signed by the individual at the recipient organization who will be responsible for the use of the funds and for accounting for the funds. The POA shall require that the individual provide an acceptable and complete accounting to the Endowment, submitted and signed under penalty of perjury. Further, the misuse of the funds by any person, or the failure of the responsible person to provide a complete accounting within six months after the end of the year in which the Fund Distribution occurred, may result in both civil and criminal penalties.

(f) The officers and Endowment Directors of the Endowment shall be subject to a Conflicts of Interest Policy and each such person will be required to sign such Conflicts of Interest Policy annually to confirm his or her understanding and acceptance of the Conflicts of Interest Policy's requirements.

(g) The Endowment's Articles of Incorporation shall provide for the broadest indemnification and reimbursement provisions for the actions of the Officers and Directors made in good faith and allowed under NC law.