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On July 19, 2023, Quorum presented Martin County Government with the following Term Sheet minus some revisions. We were given initially (5) days to provide a decision as to whether to accept the offer. We negotiated an extension for an additional (6) days which culminated on August 2, 2023. Martin County Board of Commissioners met on August 1, 2023 to discuss the Terms further. Each member of the Board reviewed and gave input on the terms. At the conclusion of the meeting, our attorney was directed to ask for additional information. On August 2, 2023, we were notified that Quorum had closed the doors of Martin General Hospital.

TERM SHEET

MARTIN GENERAL HOSPITAL
(WILLIAMSTON, NC)

July 19, 2023

This Term Sheet represents the current understanding of the parties with respect to a proposed transaction (the “Transaction”).

<p><i>Background and Current Structure:</i></p>	<p>Martin General Hospital is a licensed general acute care hospital located in Williamston, North Carolina (the “Hospital”).</p> <p>Martin County, North Carolina, a political subdivision of the State of North Carolina (the “County”), and Martin County Hospital, Inc., a North Carolina nonprofit corporation which is controlled by the County (“MCHI”), own the real property upon which the Hospital is located (the “Real Property”).</p> <p>Williamston Hospital Corporation, a North Carolina corporation (“WHC”), currently operates the Hospital and leases the Real Property from the County and MCHI pursuant to that certain Lease Agreement, dated as of November 1, 1998, as amended by that certain First Amendment to Lease Agreement dated as of September 11, 2019 (collectively, the “Lease”). The term of the Lease expires on October 31, 2028. WHC does not intend to renew the Lease upon the expiration of the current term.</p> <p>CHS/Community Health Systems, Inc. (f/k/a Community Health Systems, Inc.), a Delaware corporation (“CHSI”), executed that certain Guaranty Agreement dated as of November 1, 1998 (the “Guaranty Agreement”), pursuant to which CHSI guaranteed the obligations of WHC under the Lease.</p> <p>Williamston Clinic Corp., a North Carolina corporation, and an affiliate of WHC (“WCC”), owns and operates certain outpatient physician clinics with locations in Williamston, North Carolina, and surrounding areas (the “Clinics”).</p>
<p><i>Proposed Transaction; Definitive Agreements:</i></p>	<p>WHC and WCC (together, the “Transferor”) desire to cease operating the Hospital and the Clinics, and they are willing to transfer or otherwise revert their respective assets to the County and/or MCHI or other designee of the County (the “Transferee”). To effect the Transaction, the parties would execute one or more definitive agreements that contain the terms set forth in this Term Sheet (the “Definitive Agreements”).</p>
<p><i>Transfer of Assets:</i></p>	<p>The Transferor would transfer good title free and clear of all liens and encumbrances to substantially all of its assets used in connection with the operation of the Hospital and the Clinics (the tangible personal property of which has a current net book value of approximately</p>

	<p>\$2,500,000) to the Transferee, and additionally will transfer the Net Working Capital (“NWC”) of the Hospital (valued at approximately \$1,500,000, depending on timing and deal structure) to the Transferee, for a cumulative purchase price of one dollar (\$1). Such assets would include, but not be limited to, the following: all tangible personal property; contracts that are assignable and useful in the operation of the Hospital and the Clinics (i.e., physician employment agreements, office space leases for the Clinics), and the Medicare provider number for the Hospital and the Clinics.</p>
<p><i>Retained Liabilities:</i></p>	<p>The Transferee will retain the following liabilities:</p> <ul style="list-style-type: none"> • all obligations accruing after the Transaction date with respect to the Contracts • obligations and liabilities as of the Transaction date in respect of accrued vacation, holiday and sick pay of employees of the Companies, and taxes related to the foregoing obligations and liabilities to the extent included in Net Working Capital • accounts payable, accrued expenses, and accrued salaries and wages as of the Transaction date arising out of the operations prior to the Transaction date, to the extent included in Net Working Capital. <p>Retained Liabilities shall not include any and all obligations and liabilities that constitute Excluded Liabilities.</p>
<p><i>Excluded Assets:</i></p>	<ul style="list-style-type: none"> • Cash and cash equivalents (other than petty cash). <u>For the avoidance of doubt, accounts receivable collected prior to the effective time of Closing are an excluded asset to be retained by Transferor.</u> • Insurance proceeds arising in connection with the operation of the Assets or the Hospital prior to the Closing. <u>For the avoidance of doubt, these insurance proceeds reference proceeds where WHC is the insured party.</u> • All amounts due or to become due to the Transferor from the Medicare, Medicaid, or other payor programs in respect of cost report to cost reports filed or to be filed by Transferor for periods ended on or prior to the Closing. • Computer software and programs which are proprietary to QHCCS or its affiliates. • All documents, records, operating manuals, and film pertaining to the Hospital proprietary to the Transferor; QHCCS, LLC

	<p>(“QHCCS”), an affiliate of WHC and WCC; or their respective affiliates.</p> <ul style="list-style-type: none"> • Any contracts, commitments, or agreements, which are available only to QHCCS and its affiliates. • Intercompany obligations.
<i>Transition Services:</i>	<p>QHCCS would enter into a transition services agreement with the Transferee pursuant to which QHCCS would provide transition services, including but not limited to, information technology transition services to facilitate the transition of the Hospital from the Transferor to the Transferee (the “ITTSA”). The services under the ITTSA would be provided at no cost to the Transferee and for a term of up to twelve (12) months (with a value of approximately \$2,250,000). The Transferee would have the ability to extend the term of the ITTSA beyond the initial 12-month term for a monthly fee.</p>
<i>Termination of Lease Obligations:</i>	<p>In exchange for the transfer of assets and other terms set forth above, the waiver by WHC of any claims it may have to Unearned Rent under the Lease, and a termination payment from QHC <u>QHCCS</u> on behalf of WHC of an amount to be mutually agreed upon by the parties <u>\$1,200,000</u>, to be paid over the first 12-months post close in equal <u>monthly</u> installments, the County and MCHI would agree to terminate each of the following agreements and release the respective parties from any future obligations thereunder: (i) the Lease, (ii) the Guaranty Agreement, (iii) that certain Agreement to Lease dated as of October 30, 1998, by and among the County, MCHI and WHC; and (iv) any other agreements in place by and between the County, MCHI, WHC, WCC, QHCCS and CHSI, as identified and agreed upon by the parties in the definitive agreement(s).</p>
<i>Employees:</i>	<p>The Transferee will continue to employ all of the Transferor’s active employees in good standing as of the Closing in positions and at compensation levels consistent with those then being provided by the Transferor. The employees of the Transferor will cease to participate in the welfare benefit plans of the Transferor as of the Closing, and Transferee will provide benefits and establish terms and conditions of employment as of the Closing. Transferee shall honor prior service credit under the Transferor’s current welfare plans for purposes of satisfying pre-existing condition limitations in Transferee’s welfare benefit plans. With respect to employees covered by Transferor’s qualified retirement plans, Transferee shall honor prior length of service for purposes of eligibility and vesting in Transferee’s retirement benefit plans but shall not make contributions to such plans with respect to prior service and shall not assume such other retirement plans.</p>
<u>Guaranty:</u>	<p><u>QHCCS will be a party to the Definitive Agreements for purposes of guaranteeing the obligations of WHC as set forth herein.</u></p>
<i>Regulatory Approvals:</i>	<p>The closing and timing of all aspects of the Transaction will be subject to any required regulatory approvals, but in no event shall the closing of the</p>

	Transaction occur later than August 31, 2023, to take effect at 12:01 a.m. Eastern on September 1, 2023.
<i>Compliance with Law:</i>	All transactions contemplated by this Term Sheet will be structured, documented, and carried out in compliance with all applicable laws and regulations.
<i>Costs and Expenses:</i>	Each of the parties hereto will bear its respective costs and expenses in connection with preparing for and consummating the Transaction as contemplated herein.
<i>Confidentiality:</i>	Each of the parties agrees to keep this Term Sheet and its contents, and all information provided by the other party pursuant to this Term Sheet, confidential and not to disclose the same to any third party (except for (i) attorneys, auditors/accountants, and consultants hired by them under a professional or contractual obligation of confidentiality, (ii) disclosure required by any governmental process required to effect the Transaction, and (iii) applicable governmental agencies in connection with any required notification or application for approval or exemption therefrom) without the written consent of the other party. In the event the County determines that it must disclose this Term Sheet or any of the terms hereof due to any applicable open records (or similar) laws and regulations, the County shall give WHC prompt notice of the request for disclosure and cooperate reasonably with WHC to provide it with an opportunity to challenge any such disclosure.
<i>Counterparts:</i>	This Term Sheet may be executed in two or more counterparts, each of which shall be considered an original and all of which, taken together, shall constitute one and the same instrument.
<i>Time is of the Essence</i>	The settlement terms contained in this Term Sheet will expire five (5) at close of business days after the date hereof <u>on August 2, 2023</u> , unless otherwise agreed to in writing by both the County and WHC prior to that date. The settlement terms contained in an executed Term Sheet shall be incorporated into executed Definite Agreements within (10) business days after the date upon which the Term Sheet is executed, unless otherwise agreed to in writing by all parties thereto prior to that date. For the avoidance of doubt, the parties shall have up to five (5) business days until <u>August 2, 2023</u> to execute a Term Sheet, and then shall have up to ten (10) business days to execute Definitive Agreements.
<i>Term Sheet Only:</i>	Except for the provisions regarding “Costs and Expenses,” “Confidentiality,” and “Counterparts,” which shall be binding, this Term Sheet shall not bind or commit any party to the terms set forth herein and no party shall rely on this Term Sheet for any purpose, but the parties agree to work towards definitive agreements incorporating these terms.

[Signature page follows]

We look forward to a successful and mutually rewarding relationship in respect of the transactions set forth herein.

Sincerely,

Martin County

By: _____

Name: _____

Title: _____

THE FOREGOING IS APPROVED:

THIS _____ DAY OF _____, 2023

Williamston Hospital Corporation

By: _____

Rick Charbonneau
Senior Vice President
Managed Care and Business Development