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| STATE OF NORTH CAROLINA  CABARRUS COUNTY | IN THE GENERAL COURT OF JUSTICE  SUPERIOR COURT DIVISION  24 CVS 454 |
| IN THE MATTER OF:  THE TRUST (#212) FOR CHARLES A. CANNON, III, CREATED UNDER THE WILL AND CODICILS OF RUTH COLTRANE CANNON  INTERESTED PARTIES:  THE CHARLOTTE-MECKLENBURG HOSPITAL AUTHORITY d/b/a ATRIUM HEALTH  JOSHUA H. STEIN, in his capacity as Attorney General of the State of North Carolina | **[PROPOSED]**  **FINAL CONSENT JUDGMENT** |

THIS MATTER is before the Court on Petitioners and The Charlotte-Mecklenburg Hospital Authority’s (“CMHA”) (collectively, the “parties”) Joint Motion for entry of a final consent judgment modifying the terms of the Trust at issue in this action and dismissing the claims and counterclaims asserted in the action, with prejudice, with no award of costs or fees to any party. The North Carolina Attorney General has informed the Court that he has no objection to the entry of this Final Consent Judgment.

The parties have represented to the Court and the Court hereby finds and concludes that:

1. The Petitioners in this action are the Trustees of a trust known as Trust #212 for Charles A. Cannon, III, Created Under the Will and Codicils of Ruth Coltrane Cannon (the “Trust”). CMHA is the Respondent.

2. In pleadings in this action, the Petitioner and Respondent have disputed the proper interpretation and application of Item VII of the will of Ruth Coltrane Cannon (“Ms. Cannon”), which specified the manner in which income from the Trust should be distributed upon the death of her grandson, Charles A. Cannon, III, as follows:

The income therefrom shall be paid to Cabarrus Memorial Hospital, a public institution owned by Cabarrus County, North Carolina. The income shall be paid to said hospital so long as the income is exempt from income tax under Section 501 of the Internal Revenue Code and its regulations as they now exist or as the said section, or any corresponding section and the regulations, may hereafter be amended or enacted. In case the said Cabarrus Memorial Hospital at any time fails to qualify as an organization exempt from taxation so that the income from this share or trust may be paid to it without income tax being charged thereon, then my Trustees shall pay the income out for such religious, charitable, scientific, literary, or educational purposes as my Trustees may from time to time select. It is my intention that the income shall be paid to recipients which are authorized by law to receive the income free of income tax, and my Trustees shall handle and administer this trust in accordance with the requirements of the law for such purposes.

3. Charles A. Cannon, III passed away on October 28, 2023.

4. The contentions and arguments of the parties are set forth in the pleadings in this action.

5. Administration of the Trust has become impracticable and impossible to achieve under its current terms given the circumstances presently existing, as reflected in the differing contentions and arguments of the parties and the record before the Court. As a result, modification of the Trust as contemplated by this Final Consent Judgment is necessary and appropriate, and such modification is consistent with Ms. Cannon’s charitable purposes. In a joint effort to avoid diminution of the assets of the Trust as a result of the expense of continued litigation, the parties have agreed to put aside their differences, dismiss all claims and counterclaims as set forth above, and discontinue this litigation upon modification of Items VII and VIII of the Will of Ms. Cannon by deleting Item VIII in its entirety and restating Item VII as follows:

Item VII

If, during the continuance of this trust and before the time fixed for vesting of the corpus, all of my children, William Coltrane Cannon, Mariam Winslow Cannon Hayes and Mary Ruth Cannon Spencer shall die, and all of the lineal issue of my said three children shall die, then in that event I give, bequeath and devise the corpus and undistributed income, if any, to the Trustees named herein, and their successors, for the following uses and purposes:

The Trustees shall distribute the greater of (i) all of the net income of the trust, or (ii) such amount as shall be necessary to avoid tax imposed by Section 4942 of the Internal Revenue Code during each tax year of the trust. Such distribution shall be made not later than the date such distribution must be made to avoid tax imposed by Section 4942 of the Code for each such tax year. All such distributions, whether of net income or as required to avoid tax imposed by Section 4942 of the Code, shall be made as follows:

Fifty Percent (50%) of such distributions therefrom shall be paid in the discretion of the Trustees to any of Wake Forest University Baptist Medical Center or Wake Forest University Health Sciences (collectively the “Directed Beneficiaries”), each a nonprofit corporation incorporated and existing pursuant to the North Carolina Nonprofit Corporation Act exempt from taxation under Section 501(c)(3) of the Internal Revenue Code and its regulations as they now exist or may hereafter be amended or enacted (collectively, “Section 501(c)(3)”), so long as such recipient organization is exempt from income tax under Section 501(c)(3). My Trustees shall pay the balance of such distribution, or all of such distribution if all of the Directed Beneficiaries fail to qualify as exempt from income tax under Section 501(c)(3), for such religious, charitable, scientific, literary, or educational purposes as my Trustees may from time to time select. It is my intention that the distribution shall be paid to recipients which are authorized by law to receive the distribution free of income tax, and my Trustees shall handle and administer this trust in accordance with the requirements of the law for such purposes.

The Trustees shall comply with N.C. Gen. Stat. § 36C-4A-1 and IRC § 4942 in making all such distributions.

6. The relief requested in the Joint Motion is consistent with and appropriate under N.C. Gen. Stat. §§ 36C-4-412 & 36C-4-413.

Now, therefore, finding good cause for the parties’ Joint Motion, the Court **GRANTS** the motion and enters final judgment in this action as follows:

1. Items VII and VIII of the Will of Ms. Cannon is hereby modified as set forth in paragraph 5 above.
2. All claims and counterclaims asserted in this action are hereby dismissed with prejudice, with no award of costs or fees to any party.

This the \_\_\_\_ day of June, 2024.

The Honorable Judge Michael L. Robinson Special Superior Court Judge for Complex Business Cases