MASTER AFFILIATION AGREEMENT BETWEEN
THE UNIVERSITY OF NORTH CAROLINA HEALTH CARE SYSTEM
AND
WakeMed

This MASTER AFFILIATION AGREEMENT ("Agreement"), made effective the 24th day of June, 2012 (the "Effective Date"), by and between the University of North Carolina Health Care System ("UNC HCS"), for and on behalf of its University of North Carolina Hospitals ("UNC Hospitals") and its clinical patient care programs of the School of Medicine of the University of North Carolina at Chapel Hill (the "University"), and WakeMed.

WITNESSETH:

WHEREAS, UNC HCS desires to continue to offer physicians in certain levels of residency training expanded learning environments in a clinical setting according to the following terms and conditions;

WHEREAS, ***WakeMed*** desires to provide residents with an environment in which to increase their medical knowledge on a long-term basis;

WHEREAS, continuing such collaborative relationship between UNC HCS and ***WakeMed*** is consistent with the parties' goals of research, teaching, education, and public service; and

WHEREAS, UNC HCS and ***WakeMed*** desire to renew and continue their long-standing relationship in medical education services.

NOW, THEREFORE in consideration of the premises and of the following mutual promises, covenants, and conditions, the parties agree as follows:

1. Responsibilities of UNC HCS.

A. Serve as the sponsoring institution for resident physicians selected and assigned from clinical departments of the University's School of Medicine for educational experiences in clinical settings at ***WakeMed*** for the dates and hours that they will be assigned to ***WakeMed.*** UNC Hospitals will have responsibility for the quality of the educational experiences and retains authority over the residents' activities.

B. Assure that each resident providing services at ***WakeMed*** is licensed in accordance with the laws of the State of North Carolina.

C. Maintain in full force and effect professional liability self-insurance, including medical malpractice, for residents in amounts of at least $1 million per occurrence, and for UNC HCS, the University and UNC Hospitals, respectively, in amounts not less than required by the North Carolina Tort Claims Act.

D. Provide exposure control plan and guidelines for residents in accordance with OSHA Standards for Bloodborne Pathogens and TB. In the event of exposure incidents involving residents during clinical training under this Agreement, ***WakeMed*** agrees to assist UNC HCS in providing appropriate post-exposure evaluation and follow-up as required by OSHA standards. UNC HCS will provide a copy of its exposure control plan and guidelines to ***WakeMed*** upon request.

E. Provide physicians at a level of no less than PGY - I level of residency training for clinical settings at ***WakeMed*** for the dates and hours that they will be assigned to ***WakeMed***. The resident physicians will be selected from the departments of the University's School of Medicine from which the residents are assigned, set forth in Exhibit A. At no time during the term of this Agreement shall the number of residents assigned to ***WakeMed*** or the current allocation between specialty or postgraduate year be reduced, limited, or otherwise affected in such a manner as to change such number of such residents that are rotating to ***WakeMed*** pursuant to this Agreement. The total number of resident physicians assigned to ***WakeMed*** pursuant to this Agreement are set forth in Exhibit A, attached hereto and incorporated herein by reference as if fully set forth. With respect to Orthopedics and Surgery, however, there is a need for greater flexibility, and the committed number of assigned residents in Exhibit A shall only be effective for one year, and a new commitment will be made for those two specialties each year by February 1 for the following year. UNC HCS will make every effort to communicate this information promptly and work with WakeMed to address staffing concerns. The parties recognize that there may be emergencies or unexpected situations that would require UNC HCS to remove a resident physician without being able to immediately replace that resident. In such instances, UNC HCS will provide prompt written notice to ***WakeMed*** of the circumstances involving such removal and replacement, and UNC HCS will assure that at all times during the absence of such resident physician, the gap in the schedule thus created will be no more than equal to the portion of time that the removed resident physician was assigned to ***WakeMed***. Such temporary circumstances, addressed by UNC HCS as set forth above, will not be considered a violation of this term.

The attached Exhibit A shall outline the educational goals and objectives to be attained by the residents while on rotation at ***WakeMed***, the specific period of assignment of the residents to ***WakeMed***, and any additional details concerning insurance and benefits. During the term of this Agreement, UNC HCS may desire, and ***WakeMed*** may agree, to accept physicians for residency training from additional clinical departments of the School of Medicine. In such event, the UNC HCS will notify ***WakeMed*** in writing prior to assigning any additional residents to ***WakeMed***, Exhibit A will be revised accordingly, and the terms of Exhibit A will be incorporated herein by reference.

F. Provide a supervising faculty member who will serve as the Residency Program Director from the department of the University's School of Medicine from which residents are assigned. The Residency Program Director shall be responsible for overseeing the quality of didactic and clinical education residents will receive at ***WakeMed***. The Residency Program Director shall plan, in coordination with ***WakeMed***, the assignments that will be performed by the residents while participating in their clinical learning experience at ***WakeMed***, and the residents' attendance at selected conferences, clinics, courses, and programs. The Residency

Program Director and other supervising faculty members selected by the Residency Program Director will also monitor and review each resident's work and services provided at ***WakeMed*** at the end of each training period or every six (6) months. Residents will be informed of their performance by the Residency Program Director or supervising faculty member, and will have open access to the written supervisory assessments in their files. Residents will receive formal documented feedback from the Residency Program Director or supervising faculty member at least twice each year during the original term of this Agreement or any renewal thereof.

G. Monitor semi-annual residents' written critique of service experiences, including performance of attending physicians at ***WakeMed*** and UNC HCS's supervising faculty members. The Residency Program Director or supervising faculty will respond to concerns or problems regarding the service experiences or performance of service at ***WakeMed*** when identified by a resident.

H. Provide and maintain the personal records and reports necessary for the conduct of the residents' clinical learning experience.

I. Inform each resident of the requirements of this Agreement and the rules and regulations governing the conduct of residents, and enforce such rules and regulations governing the residents and their conduct as may be promulgated by ***WakeMed***. Such rules and regulations are incorporated herein by reference.

J. Respond to concerns or problems regarding resident performance when identified by ***WakeMed***. Formal review of such concerns or problems will be initiated by ***WakeMed***. The Residency Program Director will withdraw such resident(s) from participation upon written notice from ***WakeMed*** of such circumstances necessitating a withdrawal.

K. Require mutual review of proposed publication prior to release for publication of any material related to residents' clinical experience at ***WakeMed***.

L. Maintain in full force and effect professional liability self-insurance, including medical malpractice, for the supervising faculty member(s) in amounts of at least $1 million per occurrence, and for UNC HCS, the University and UNC Hospitals, respectively, in amounts not less than required by the North Carolina Tort Claims Act.

M. The University agrees that payment for resident salary and benefits received from ***WakeMed*** by the department of the School of Medicine from which the residents are assigned, pursuant to Section 2.J. below, shall be deposited into the Central Paymaster.

N. UNC HCS will support WakeMed's application for full membership as a teaching hospital by the Council of Teaching Hospitals and Health Systems, including a letter of support for WakeMed's application, and any other required elements of support for WakeMed's application, provided promptly upon WakeMed's request.

2. Responsibilities of ***WakeMed***.

A. Accept all resident physicians that UNC HSC is required to provide under Section 1.E.

B. Commit that UNC HCS will remain ***WakeMed***'s **primary** educational partner during the term of this Agreement for resident physician education. ***WakeMed*** agrees that it will not enter into any agreements or arrangements with other educational institutions that will interfere with this primary educational partnership or the educational experience and opportunities of UNC HCS resident physicians. For the purposes of this section, such "interference" will be defined as a violation of this Section 2.B. or Section 2.C hereof. With the exception of residents from Campbell University, who will be excluded from this calculation, in no event will ***WakeMed*** allow the total number of resident physicians from all other educational institutions (combined) to exceed twenty-five percent (25%) of the total number of resident physicians present at the Raleigh Campus of ***WakeMed***.

WakeMed also will assure that the following quantitative metrics are present to protect the existing quality of residency education at ***WakeMed*** utilizing the baseline measures at the Effective Date referred to in Exhibit B, attached hereto and incorporate herein by reference:

(i) There will be no change in the average number of patients to residents as measured at the Effective Date;

(ii) There will be no change in the breadth of medical and surgical entities seen by and managed by resident physicians, to include the average numbers and types of procedures across all disciplines, as measured at the Effective Date;

(iii) The number of residents and rotations supervised by ***WakeMed*** faculty (UNC resident to faculty ratio per teaching team) will remain the same as measured at the Effective Date, unless ***WakeMed*** and UNC HCS otherwise mutually agree;

(iv) As objective criteria for assessment of education quality, the resident surveys that are required by the Residency Review Committees ("RRC") will be monitored for all aspects of the resident experience at ***WakeMed***; if there is a significant decrease in the educational value of this experience, corrective actions will be taken by both parties. If the survey results do not improve, UNC HCS reserves the right to remove the residents from the service at issue;

(v) The educational experiences of UNC residents will not be diminished by the presence of residents or medical or osteopathic students from other institutions on the same services. ***WakeMed*** will assure the following:

(a) University resident teams will be staffed solely by University residents and no residents from other programs will participate on those teams;

(b) University residents will supervise University medical students (references to "medical students" in this section will be governed by the Operating Contract) but not medical or osteopathic students from other institutions; and

(c) Patient referrals shall be based solely upon quality of care considerations as determined by the attending physicians in each case.

(vi) The Teaching Council, as described in Section 3 hereof, shall review the number and types of procedures/activities performed by residents in the 2012-13 residency year at ***WakeMed*** facilities to include as baseline quality measures to evaluate the residency education at ***WakeMed*** for the remainder of this Agreement.

(vii) All requirements of the Accreditation Council for Graduate Medical Education (ACGME), both current and as revised in the future, must be met as minimum standards.

(viii) WakeMed residency program site directors will meet with UNC HSC program directors at least annually (or more often as requested by either party) to review each program and discuss the need for any improvements or adjustments.

(ix) Upon request, but no more frequently than quarterly, WakeMed will provide to UNC HSC a report for the most recently completed quarter and year-to-date on the numbers of average number of patients to residents and number of faculty supervisors to resident (per Exhibit B).

A violation of any of these provisions shall be considered a material breach of the Agreement and grounds for termination pursuant to Paragraph 12.B. UNC HCS's decision not to terminate the Agreement as a result of a violation of any of these provisions shall not be deemed a waiver of its right to terminate at a later date for an additional violation of the same provision or violations of other provisions.

C. Provide a sufficient number of attending physicians with documented qualifications to instruct and supervise the clinical education experiences of all residents rotating to ***WakeMed*** under this Agreement. In addition, ***WakeMed*** shall provide support personnel to assist residents as necessary. The level of support will be determined by ***WakeMed*** and will be consistent with that provided to other ***WakeMed*** residents. ***WakeMed*** acknowledges and agrees that all patient care will be supervised by qualified ***WakeMed*** attending physicians. ***WakeMed*** may place residents and attending physicians in accordance with Section 10 hereof. The supervising physicians also shall be subject to the following requirements:

(i) Supervising physicians will be selected and appointed jointly by ***WakeMed*** and the University;

(ii) All supervising physicians must have and retain a faculty appointment at the University;

(iii) Supervising physician performance in education will be evaluated jointly by ***WakeMed*** and the University and if concerns arise, supervising physicians may be removed from the teaching service following appropriate due process and attempts to correct the deficiencies;

(iv) Any University Chief Resident selection will be made jointly by ***WakeMed*** and the University with ultimate approval by the University department chairs and/or program directors;

(v) Selection of ***WakeMed*** employed program directors will be made jointly by ***WakeMed*** and the University with final approval of these appointments residing with the University department chairs and/or program directors;

(vi) ***WakeMed*** employed program directors must meet all RRC requirements for training/experience and credentials;

(vii) University employed program directors will have joint oversight with ***WakeMed*** of ***WakeMed*** employed program directors and ***WakeMed*** teaching faculty solely as such oversight relates to their teaching activities, and will have the ability to provide feedback and, if necessary, recommend that a program director or faculty member be dismissed from teaching activities following appropriate due process and attempts to correct the deficiencies, in compliance with RRC requirements; and

(viii) All RRC requirements (both current and as revised in the future) must be met as a minimum standard.

A violation of any of these provisions shall be considered a material breach of the Agreement and grounds for termination pursuant to Paragraph 12.B. UNC HCS's decision not to terminate the Agreement as a result of a violation of any of these provisions shall not be deemed a waiver of its right to terminate at a later date for an additional violation of the same provision or violations of other provisions.

D. Provide central registration, dictation, and medical records support for services provided under this Agreement.

E. Send the University a copy of any dictated physician notes or medical records upon request by the supervising faculty member to assist with reviewing residents' work and services.

F. Assure that each patient has an attending physician of record who holds unrestricted clinical privileges at ***WakeMed***. The attending physician will review and direct residents' work and services from a clinical perspective. The attending physician retains full authority and clinical responsibility for each patient and will exercise independent clinical judgment in the care and management of each patient.

G. Designate one (1) person to serve as the site director, who will facilitate communication among the parties and coordinate scheduling and activities of the residents to specific clinical cases and experiences, including their attendance at selected conferences, clinics, courses, and programs. All correspondence regarding schedules will be distributed and communicated with the University's supervising faculty member. The site director, or his/her designee, will be responsible for teaching, supervising, and evaluating resident performance on

each rotation and communicating the results of the evaluation to the University's supervising faculty member. A written evaluation of each resident's performance will be provided to the University at the end of the rotation at ***WakeMed***. The University's Residency Program Director and the ***WakeMed*** site director will coordinate and agree upon the format to be used for such formal written evaluation for the assigned resident(s) no later than ninety (90) days prior to the end of the rotation.

H. Assist UNC HCS in providing educational experiences and an academic environment consistent with the approved curriculum of the Accreditation Council for Graduate Medical Education ("ACGME") and the applicable residency accreditation requirements. This Agreement will be amended annually during the term of this Agreement to incorporate any new ACGME standards that have been promulgated and are relevant to this Agreement.

I. Permit, upon request, the inspection of its clinical facilities by agencies charged with the responsibility for accreditation of the University's department of the School of Medicine from which residents are assigned, and UNC Hospitals' residency program.

J. Provide adequate, safe, and clean call rooms for residents during their rotations at ***WakeMed***, if necessary.

K. Provide payment to the University for the resident services at the then-current salary and benefits of each level of resident who is assigned to ***WakeMed*** under this Agreement. Legislative salary adjustments may require an increase in the amount of reimbursement to the University during the term of this Agreement. Payments are to be made monthly within thirty (30) days of ***WakeMed***'s receipt of an invoice from the University.

L. Reimburse UNC Hospitals in equal monthly installments for the then-current annual fee for professional liability insurance for each assigned resident in accordance with Exhibit A. ***WakeMed*** shall forward payments by the fifteenth (15th) day of each month to: UNC Hospitals, General Accounting, 211 Friday Center Drive, Suite 2019, Chapel Hill, NC 27517, Attn: Liz Theora.

M. Obtain and maintain professional liability self-insurance, including medical malpractice insurance, at its expense, in amounts of at least $1 million for each occurrence, and $3 million annual aggregate to insure ***WakeMed***, its employed physicians and employees. At no time during the term of this Agreement will ***WakeMed*** cause the required insurance coverage to be reduced below the minimum amounts stated herein. ***WakeMed*** will notify UNC HCS at least thirty (30) business days prior to the termination, cancellation, or lapse of such insurance. In the event that ***WakeMed*** procures and maintains a "claims made" policy as distinguished from an "occurrence" policy, ***WakeMed*** will obtain and maintain prior to the termination of this Agreement "Tail" coverage to continue and extend coverage complying with this Agreement after the end of the terms of the claims made policy.

N. Notify UNC HCS of any lawsuits or claims filed by or on behalf of a patient of ***WakeMed*** against it, its employed physicians, and its other employees, if any, which involve the services of a resident, within five (5) business days of its receipt of notice of such a claim having

been filed. ***WakeMed*** will provide UNC HCS with any information related to such claim(s) that is reasonably requested by UNC HCS.

O. Maintain in full force and effect comprehensive general liability insurance for itself, its employed physicians and its other employees in amounts not less than $1 million per occurrence, $3 million annual aggregate.

P. Allow each resident rotating to ***WakeMed*** who does not have his/her own Drug Enforcement Administration ("DEA") registration to distribute controlled substances as part of a plan of treatment of ***WakeMed***'s patients under ***WakeMed***'s DEA registration. Accordingly, ***WakeMed*** shall designate a specific internal code number for each resident so authorized, and shall provide the UNC Hospitals' Office of Graduate Medical Education with written verification at the address set forth in Section 13.F. below within thirty (30) days of ***WakeMed***'s authorization and designation of an internal code for each such resident completing training rotations at ***WakeMed***. ***WakeMed*** acknowledges and agrees that UNC HCS residents who do not have individual DEA registrations, or are not authorized by and provided with an internal code number for ***WakeMed***, will not be able to distribute controlled substances as part of a plan of treatment of patients at ***WakeMed***.

Q. ***WakeMed*** will provide $338,136.00 annually, less any administrative costs currently being paid by ***WakeMed***, in administrative support to UNC HCS for medical education provided pursuant to this Agreement.

3. Teaching Council.

WakeMed's Executive Vice President, Medical Affairs and Physician Practices, and the Executive Dean of the University's School of Medicine, both shall serve together as a Teaching Council which shall review periodically the educational experience at ***WakeMed*** in order to assure that the breadth, scope, and quality of the experience is maintained at the level that is in existence at the Effective Date. The Teaching Council shall meet no less than two (2) times each year during the term of this Agreement. ***WakeMed***'s Executive Vice President, Medical Affairs and Physician Practices, or her/his designee, will make every effort to accommodate new program requests from UNC HCS or the University, and the Executive Dean of the University's School of Medicine, or her/his designee, will make every effort to accommodate new program requests from ***WakeMed***.

4. Indemnification.

WakeMed will indemnify UNC HCS against any and all liability, claims, and costs of whatsoever kind and nature for loss or damage to UNC HCS in connection with or in any way incident to, or arising out of, the performance of services under this Agreement which result from the negligent acts or omissions of ***WakeMed*** or any employee of ***WakeMed***.

To the extent permitted by and in accordance with the North Carolina Tort Claims Act, UNC HCS will indemnify ***WakeMed*** against any and all liability, claims, and costs of whatsoever kind and nature for loss or damage to ***WakeMed*** in connection with or in any way

incident to, or arising out of, the performance of services under this Agreement which result from the negligent acts or omissions of UNC HCS, a UNC resident, or any employee of UNC HCS.

5. ACGME.

In the event that the ACGME should request information and/or a site visit, the parties will cooperate with ACGME and promptly furnish any information reasonably requested and make ***WakeMed***'s premises available for reasonable inspection as may be requested by ACGME, including the execution of a Business Associate Agreement between ***WakeMed*** and the ACGME pursuant to the Health Insurance Portability and Accountability Act of 1996 and the regulations promulgated thereunder ("HIPAA").

6. Medical Records.

Each party will be responsible for the storage, maintenance, and confidentiality of proper medical records for patients treated by a resident under this Agreement consistent with applicable federal and state law. A party may copy such medical records as are the subject of an incident, claim or pending litigation, at its expense.

7. Use of the Parties' Names.

Each party agrees not to use the name, symbol, trademarks, or service marks currently existing or subsequently established by it without the prior written consent of that party.

8. Duty Hours.

A. Duty hours are defined as all clinical and academic activities related to the residency program (i.e., patient care, both inpatient and outpatient), administrative duties relative to patient care, the provision for transfer of patient care, time spent in-house during call activities, and scheduled activities such as conferences. Duty hours do not include reading and preparation time spent away from the duty site.

B. Duty hours must be limited to 80 hours per week, averaged over a four (4) week period, inclusive of all in-house call activities. Duty periods of PGY-1 residents must not exceed 16 hours in duration. Duty periods of PGY-2 residents and above may be scheduled to a maximum of 24 hours of continuous duty at ***WakeMed***. However, Residents must not be assigned additional clinical responsibilities after 24 hours of continuous in-house duty. Moreover, ***WakeMed*** shall allow for strategic napping, especially after 16 hours of continuous duty and between the hours of 10:00 p.m. and 8:00 a.m., when appropriate.

C. Residents may be allowed to remain on-site in order to accomplish tasks as described in 8.A. and 8.B.; however, this period of time must be no longer than an additional four (4) hours. In unusual circumstances, residents, on their own initiative, may remain beyond their scheduled period of duty to continue to provide care to a single patient. Justifications for such extensions of duty are limited to reasons of required continuity for a severely ill or unstable

patient, academic importance of the events transpiring, or humanistic attention to the needs of a patient or family. Under those circumstances, the resident must appropriately hand over the care of all other patients to the team responsible for their continuing care and document the reasons for remaining to care for the patient in question and submit that documentation in every circumstance to the program director.

D. Residents must be scheduled for a minimum of one (1) day free of duty every week (when averaged over four weeks). At-home call cannot be assigned on these free days. One (1) day is defined as one (1) continuous 24-hour period free from all clinical, educational, and administrative duties.

E. Adequate time for rest and personal activities must be provided. PGY-1 residents should have ten (10) hours, and must have eight (8) hours, free of duty between scheduled duty periods. Upper-level residents should have ten (10) hours free of duty, and must have eight (8) hours between scheduled duty periods. They must have at least 14 hours free of duty after 24 hours of in-house duty.

F. Residents must not be scheduled for more than six (6) consecutive nights of night float.

9. On-call Activities.

A. PGY-2 residents and above must be scheduled for in-house call no more frequently than every-third-night (when averaged over a four (4)-week period).

B. Continuous on-site duty, including in-house call, must not exceed 24 consecutive hours. Assigned residents may remain on duty for up to six (6) additional hours to participate in didactic activities, transfer care of patients, conduct outpatient clinics, and maintain continuity of medical and surgical care.

C. No new patients may be accepted by assigned residents after 24 hours of continuous duty.

D. At-home call must not be so frequent or taxing as to preclude rest or reasonable personal time for each resident. Time spent in the hospital by residents on at-home call must count towards the 80-hour maximum weekly hour limit. The frequency of at-home call is not subject to the every-third-night limitation, but must satisfy the requirement for one-day-in-seven free of duty, when averaged over four (4) weeks. Residents are permitted to return to the hospital while on at-home call to care for new or established patients. Each episode of this type of care, while it must be included in the 80-hour weekly maximum, will not initiate a new "off-duty period."

E. Assigned residents taking at-home call must be provided with one (1) day in seven (7) completely free from all educational and clinical responsibilities averaged over a four (4)-week period.

F. When assigned residents are called into the hospital from home, the hours residents spend in-house are counted toward the 80-hour limit.

10. Location Assignments for Residents.

UNC HCS and ***WakeMed*** agree that the placement of graduate medical residents in ***WakeMed***'s owned and operated facilities and controlled affiliates, as well as private physician practices, is subject to the approval of the program director, and that the placement of residents at ***WakeMed***'s owned and operated facilities and controlled affiliates, as well as private physician practices, existing as of the Effective Date has been so approved for the term of this Agreement; provided that in the event ***WakeMed*** desires to modify the number of UNC residents placed at a given site, it will seek the approval of the program director. Any new resident placements at ***WakeMed***'s owned and operated facilities and controlled affiliates, as well as private physician practices, following the Effective Date are subject to the prior approval of the program director, and upon such approval, shall be approved for the term of this Agreement. At all times during the term of this Agreement, University graduate medical residents shall be placed in locations that are commensurate with the quality educational experience that is created pursuant to the terms and conditions of this Agreement and are comparable to the opportunities provided to all other residents at ***WakeMed***.

11. Moonlighting.

Moonlighting activities may not take place at ***WakeMed*** without the express prior approval of UNC's Graduate Medical Education Committee and in accordance with UNC GMEC moonlighting policies. Any resident assigned to ***WakeMed*** under this Agreement is hereby strictly prohibited from working for compensation at ***WakeMed*** or any of ***WakeMed***'s primary clinical sites without adherence to the requirements stated herein. In the event that any moonlighting activities are approved, any such approved moonlighting activities will be considered part of the 80-hour weekly limit on duty hours and any residents approved to moonlight must: (i) be licensed for unsupervised medical practice in the State where the moonlighting occurs; (ii) be insured under a professional liability insurance policy obtained and/or maintained by ***WakeMed***, including medical malpractice insurance, in amounts of at least $1 million for each occurrence, and $3 million annual aggregate to cover such approved moonlighting activities; (iii) have at least eight (8) hours respite time between the end of the moonlighting hours and the start of duty hours of his/her residency; (iv) provide documentation of all sites where the resident or subspecialty resident is moonlighting, including documentation by ***WakeMed*** of the number of hours worked; and (v) record their moonlighting hours, in addition to their regular duty hours, in E*Value. PGY-I residents are not permitted to moonlight.

12. Term and Termination.

A. This Agreement shall be effective as of the date above and shall remain in full force from the Effective Date through June 30, 2017, unless earlier terminated as set forth below. This Agreement shall be automatically renewed for an additional five (5) year term unless either party gives notice on or before June 30, 2016 of its intent not to renew. Exhibit A will be amended annually during the term of this Agreement to appropriately show the number, identity, salary

and benefits of the residents being assigned to ***WakeMed*** in a manner that is consistent with the terms of this Agreement.

B. Any of the parties may terminate this Agreement for the material breach by the other of its obligations under this Agreement, provided that written notice of such material breach and any intent to terminate this Agreement has been given to the breaching party and such breach has not been cured to the satisfaction of the non-breaching party within thirty (30) days of such notice. Repeated (meaning three (3) instances within any three (3) years during the term of this Agreement) violations of the same provision, even if cured upon notice on each occasion, shall constitute a material breach and provide grounds for termination.

C. In the event of any of the following: legal counsel to a party notifies the parties that any state or federal laws or regulations, now existing or enacted or promulgated after the Effective Date of this Agreement, or instructions (or in the application thereof), or publication of new judicial interpretations, or a material change in any other third party payor reimbursement system, or an adverse determination by the State of North Carolina or any similar matter which materially and adversely affects a party's rights or obligations (including major changes in the nature of undergraduate or graduate medical education ("GME") or the means by which GME is financed at the Federal level), is enacted or interpreted by judicial decision or a regulatory agency in such a manner as to (i) indicate that the structure of this Agreement may be in violation of such laws or regulations; (ii) materially reduce the benefits of this Agreement to a party; (iii) draw into question the terms of this Agreement in a manner that may materially and adversely affect a party's or its affiliates' licensure, accreditation, certification, tax-exempt status, or ability to obtain tax-exempt financing; or (iv) materially or adversely affect a party's or its affiliates' ability to refer, to accept any referral, to bill, to claim, to present a bill or claim, or to receive payment or reimbursement from any federal, state, or local governmental or non-governmental payor or that may subject the noticing party to a substantial risk of prosecution or civil monetary penalty, then any party may immediately terminate this Agreement; provided, however, upon such notice by legal counsel to the parties, the parties hereto shall first attempt to reach agreement between the parties to amend this Agreement to the parties' mutual satisfaction in order to avoid such adverse consequences. Nothing in this Agreement shall be interpreted to require a party at any time to do anything that is illegal or contrary to law.

13. General Terms.

A. This Agreement constitutes all of the terms and conditions agreed upon by the parties hereto regarding the subject matter of this Agreement. Any prior agreements, promises, negotiations, or representations of or between the parties, either oral or written, relating to the subject matter of this Agreement which were not expressly set forth in the Agreement are null and void and of no further force or effect.

B. The parties acknowledge that they may wish to amend this Agreement from time to time. Any such amendment must be in writing and signed by each party.

C. No assignment of the rights, duties, or obligations of this Agreement will be made without the written consent of each party.

D. This Agreement will be governed by the laws of the State of North Carolina.

E. The parties to this Agreement intend that this Agreement will create a relationship of independent contractors between them. Nothing in this Agreement will be construed as, or be deemed to create, a relationship of employer and employee, principal and agent, or any relationship other than that of independent parties contracting with each other solely for the purpose of carrying out the provisions of this Agreement. Neither UNC HCS nor ***WakeMed***, as independent contractors, nor any of their respective employees, will be liable or responsible for any acts and omissions on the part of the other.

F. All notices under this Agreement will be in writing and mailed by certified or return receipt request mail.

All notices to ***WakeMed*** will be mailed to:

3024 New Bern Avenue, Suite 300
Raleigh, NC 27610

All notices to UNC HCS or UNC Hospitals will be mailed to:

101 Manning Drive
Chapel Hill, N.C. 27514
Attn: Brian P. Goldstein, MD, MBA, FACP, Executive Vice President & COO

with copies to:

UNC Hospitals Graduate Medical Education Office
101 Manning Drive
1st Floor, 1107-G West Wing
CB#7600
Chapel Hill, N.C. 27514

UNC Hospitals Reimbursement/Cost Accounting Department
211 Friday Center Drive
Suite 2104
CB#7600
Chapel Hill, N.C. 27517

UNC Health Care System, Legal Department
101 Manning Drive
Medical Wing E, 4th Floor
Chapel Hill, N.C. 27514

All notices to the University will be mailed to:

The University of North Carolina at Chapel Hill
School of Medicine
4030 Bondurant Hall
Chapel Hill, N.C. 27599

to the direction of the department of the School of Medicine from which the resident at issue is assigned, and to the attention of the Residency Program Director of such department.

G. The parties agree that their educational practices will comply with such nondiscrimination laws as may be applicable to them in the performance of this Agreement.

H. This Agreement is not intended and will not be construed to be an agreement for the benefit of any third party.

I. In the event that any provision of this Agreement is held to be invalid or unenforceable, the remainder of the provisions of this Agreement will remain in full force and effect.

J. The parties will cooperate to resolve any dispute that may arise between them regarding this Agreement or the services provided hereunder.

K. The parties shall comply with all laws, ordinances, codes, rules, regulations, and licensing requirements that are applicable to the conduct of its respective businesses and performance of this Agreement, including those of federal, state, and local agencies having jurisdiction and/or authority.

L. This Agreement represents the parties' duties, obligations and responsibilities only with respect to the clinical training and education of resident physicians who are engaged in graduate medical education rotations at ***WakeMed***. Any arrangement between the parties with respect to AHEC based University faculty who may provide clinical services and/or supervision of residents while at ***WakeMed*** will be detailed in one or more separately executed agreements between ***WakeMed*** and the University, including but not limited to the AHEC Operating Contract.

M. The parties will work together in good faith to resolve any and all disputes between them ("Disputes") with respect to this Agreement. Disputes should first be presented to the Teaching Council (Section 3) for discussion and resolution. If that process is unsuccessful, the parties should refer the Dispute for further discussion to the CEOs of each entity.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned have executed this Master Affiliation Agreement as of the date and year written above.

FOR AND ON BEHALF OF
THE UNIVERSITY OF NORTH CAROLINA
HEALTH CARE SYSTEM

Brian P. Goldstein, MD, MBA, FACP
Executive Vice President and
Chief Operating Officer

Date: 5/22/2012

FOR AND ON BEHALF OF
WAKEMED

Susan T. Weaver, MD
Executive Vice President, Medical Affairs
and Physician Practices

Date:

Address: WakeMed
3024 New Bern Avenue, Suite 300
Raleigh, NC 27610

IN WITNESS WHEREOF, the undersigned have executed this Master Affiliation Agreement as of the date and year written above.

FOR AND ON BEHALF OF
THE UNIVERSITY OF NORTH CAROLINA
HEALTH CARE SYSTEM

_____

Brian P. Goldstein, MD, MBA, FACP
Executive Vice President and
Chief Operating Officer

Date:_____

FOR AND ON BEHALF OF
WAKEMED

Susan T. Weaver, MD

Susan T. Weaver, MD
Executive Vice President, Medical Affairs
and Physician Practices

Date: May 22, 2012
Address: WakeMed
3024 New Bern Avenue, Suite 300
Raleigh, NC 27610

EXHIBIT A

RESIDENT NUMBERS (FTEs) BY SPECIALTY

Family Medicine	4.4
Medicine	10
Obstetrics and Gynecology	6
Orthopedics	2.5
ENT	5.33
Pediatrics	7
Surgery	5

EXHIBIT B

SECTION 2 BASELINE MEASURES

	Faculty/resident	Inpatients/resident
Emergency Medicine	0.5 faculty/resident	10 ER patients/resident
ENT	0.5 faculty/resident	5 inpatients/resident
Internal Medicine	0.44 faculty/resident	5.5 inpatients/resident
ICU	0.3 faculty/resident	5 inpatients/resident
OB-GYN	1 faculty/resident	11 inpatients/resident
Orthopedics	1 faculty/resident	6 inpatients/resident
Pediatrics	0.6 faculty/resident	5 inpatients/resident
Surgery	1 faculty/resident	7 inpatients/resident