

## ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (the "Assignment Agreement"), is made and entered into as of the \_\_\_ day of \_\_\_\_\_, 2008, by and between THE COUNTY OF BLADEN, a North Carolina political subdivision doing business as BLADEN COUNTY HOSPITAL (the "County") and CUMBERLAND COUNTY HOSPITAL SYSTEM, INC., a North Carolina nonprofit corporation, doing business as CAPE FEAR VALLEY HEALTH CARE SYSTEM ("Cape Fear Valley").

### WITNESSETH:

WHEREAS, the County owns an acute care community general hospital known as Bladen County Hospital (hereinafter referred to as the "Hospital") located at 501 South Poplar Street, Elizabethtown, North Carolina; and

WHEREAS, the Hospital is operated by a Board of Trustees, created and appointed by the County, which is not separately incorporated and which functions as an agency of the County; and

WHEREAS, the County is the sole member of Bladen Medical Associates, Inc. ("BMA"), a North Carolina nonprofit corporation that owns and operates a rural health center that employs physicians and other professionals to provide medical services; and the County participates in a community collaborative known as Bladen Health Watch, Inc. (collectively, BMA and Bladen Health Watch, Inc. are referred to herein as the "Affiliated Operations"); and

WHEREAS, in addition the County is the primary beneficiary of a charitable organization known as The Bladen County Hospital Foundation, Inc., a North Carolina nonprofit corporation (the "Foundation"); and the County, together with Southeastern Regional Medical Center, owns an interest in Bladen Fitness Services, L.L.C., a North Carolina limited liability company that provides rehabilitation and fitness services; neither the Foundation nor Bladen Fitness Services, L.L.C. are subject to this Lease;

WHEREAS, County has determined that it is in the best interest of the citizens of the County that the operation of the Hospital and the Affiliated Operations be delegated to Cape Fear Valley, a nonprofit corporation experienced in the operation and management of health care activities; and

WHEREAS, County and Cape Fear Valley have entered into that certain Lease of even date herewith (the "Lease") for the purpose of leasing to Cape Fear Valley certain assets of the County associated with the Hospital and the Affiliated Operations; and

WHEREAS, in consideration for County and Cape Fear Valley entering into this Assignment Agreement and the Lease and the agreements, stipulations and covenants and other good and valuable consideration herein given, expressed and contained on the part of County and Cape Fear Valley to be kept and performed, County and Cape Fear Valley have agreed to the

following rights and responsibilities of the parties upon the transition of operations of the Hospital and Affiliated Operations in addition to those rights and duties set forth in the Lease;

NOW THEREFORE, in consideration of the premises and the mutual undertakings and representations herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the County and Cape Fear Valley hereby covenant, contract, and agree as follows:

1. DEFINITIONS.

(a) Unless otherwise defined herein, all capitalized terms, not otherwise defined, shall be defined as provided in the Lease.

(b) For purposes of this Assignment Agreement, the following terms and variations thereof have the meanings specified or referred to in this Section 1:

**“Consent”** -- any approval, consent, ratification, waiver or other authorization.

**“Cost Report Receivables”** – any amount payable to the County as a repayment or reimbursement (i) under any cost report required by Medicare, Medicaid or any other governmental sponsored health care programs, or (ii) received with respect to costs incurred prior to the Commencement Date.

**“County Benefit Plans”** -- all pension, severance pay, vacation, bonus or other incentive plans, all other written employee programs, arrangements, or agreements, all medical, vision, dental or other health plans, all life insurance plans, and all other employee benefit plans or fringe benefit plans, currently adopted, maintained by, sponsored in whole or in part by, or contributed to by County for the benefit of employees, retirees, dependents, spouses, directors, independent contractors, or other beneficiaries and under which employees, retirees, dependents, spouses, directors, independent contractors, or other beneficiaries are eligible to participate.

**“Governmental Authorization”** -- any Consent, license, registration or permit issued, granted, given or otherwise made available by or under the authority of any Governmental Body or pursuant to any Legal Requirement. For purposes of clarification and not as a limitation, Governmental Authorization shall include all zoning reclassifications, permits for utilities, regulatory, and other governmental approvals and permits, including, but not limited to, certificates of need, licensures, certifications, Medicare provider agreements, and Medicaid participation agreements as may be required for the operation of the Hospital as a critical access hospital.

**“Governmental Body”** -- any:

(i) nation, state, county, city, town, borough, village, district or other jurisdiction;

(ii) federal, state, local, municipal, or other government;

(iii) governmental or quasi-governmental authority of any nature (including any agency, branch, department, board, commission, court, tribunal or other entity exercising governmental or quasi-governmental powers);

(iv) body exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power; or

(v) official of any of the foregoing.

**“Intellectual Property Assets”** -- all intellectual property owned or licensed (as licensor or licensee) by County in which County has a proprietary interest which is related to the Hospital or the Affiliated Operations, including: (a) names, all assumed fictional business names, trade names, registered and unregistered trademarks, service marks and applications; (b) all patents, patent applications and inventions and discoveries that may be patentable; (c) all registered and unregistered copyrights in both published works and unpublished works; (d) all know-how, trade secrets, confidential or proprietary information, customer lists, software, technical information, data, process technology, plans, drawings and blue prints; and (e) all rights in internet web sites and internet domain names presently used by County.

**“Liability”** -- with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise, and whether or not the same is required to be accrued on the financial statements of such Person.

**“Legal Requirement”** -- any federal, state, local, municipal, foreign, international, multinational or other constitution, law, ordinance, principle of common law, code, regulation, statute or treaty.

**“Person”** -- an individual, partnership, corporation, business trust, limited liability company, limited liability partnership, joint stock company, trust, unincorporated association, joint venture or other entity or a Governmental Body.

**“Proceeding”** – any action, arbitration, audit, hearing, investigation, litigation or suit (whether civil, criminal, administrative, judicial or investigative, whether formal or informal, whether public or private) commenced, brought, conducted or heard by or before, or otherwise involving, any Governmental Body or arbitrator.

**“Provider Assignment Agreements”** -- County’s Medicare provider agreement and Medicaid participation agreement with CMS and DMA, including any agreements or requirements related to the maintenance of Medicare and Medicaid billing numbers.

**“Record”** information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

2. TERM AND TERMINATION.

(a) Term. The term of this Assignment Agreement shall be concurrent with the Term of the Lease, including any Renewal Terms thereto.

(b) Termination. Termination of the Lease for any reason shall automatically terminate this Assignment Agreement.

3. LEASE AGREEMENT. The parties acknowledge and agree that neither would have entered into this Assignment Agreement but for the agreement of the other to enter into the Lease, which sets forth the terms on which the Premises owned and used by County in the conduct of the Hospital and the Affiliated Operations shall be leased by Cape Fear Valley. This Assignment Agreement is hereby executed contemporaneously with the Lease, a copy of which is attached hereto and labeled as "Exhibit A", and which is hereby incorporated as if fully set forth herein.

4. TRANSFER AND ASSIGNMENT OF PERSONAL PROPERTY.

(a) Effective as of the Commencement Date of the Lease, the County hereby sells, assigns, transfers and conveys unto Cape Fear Valley, its successors and assigns, all of the County's right, title and interest in and to the personal property described herein, including, without limitation, the following described personal property (the "Personal Property") which is intended to include all of County's Personal Property, wherever located, belonging to County and which relate to or are used in the operation of the Hospital or Affiliated Operations as going concerns, including the following (but excluding the Leased Assets as defined in the Lease):

(i) all cash, cash on hand, cash on deposit, cash equivalents, investment securities, and undeposited checks;

(ii) all intangible personal property, including without limitation, all rights under any agreement, contract, lease, consensual obligation, promise or undertaking (whether legally binding or not, whether written or oral, whether express or implied, including contracts with third party payers) and all licensing agreements (collectively, the "Contracts") listed on "Exhibit B," all licenses, permits and certificates of need, any other intangible assets or rights necessary to operate the Hospital and the Affiliated Operation, all warranty rights, all Intellectual Property Assets, going concern value, goodwill, telephone, telecopy and email addresses and listings;

(iii) those rights relating to security deposits and prepaid expenses and refund claims and rights to offset in respect thereof listed in "Exhibit C";

(iv) all inventories wherever located, including without limitation, all disposable and consumable items, food, drugs janitorial and office supplies;

(v) all accounts receivable, deposits, notes receivable, prepaid expenses, refunds claims or rights to offset in respect thereof (including without limitation, claims for payment or reimbursement against patients and third-party payers, accounts and payables that have been written off as bad debt, and Cost Report Receivables), causes of action and judgments in favor of the County relating to the Hospital or the Affiliated Operations and the operation thereof;

(vi) all Governmental Authorizations and all pending applications therefor or renewals thereof, in each case to the extent transferable to Cape Fear Valley, including those listed in "Exhibit D" hereto;

(vii) all insurance policies and insurance benefits, including rights and proceeds, arising from or relating to the Hospital or Affiliated Operations or the assigned liabilities under Section 6 hereof or Excluded Liabilities, as defined herein, unless expended in accordance with this Assignment Agreement;

(vii) all claims of County against third parties relating to the Hospital or Affiliated Operations, whether choate or inchoate, known or unknown, contingent or noncontingent, including all such claims listed in "Exhibit E";

(viii) All business Records, including without limitation, all financial, medical and personnel records, and all medical staff credentialing and Peer review records, and patient medical records, subject to federal and state privacy and security laws and regulations, research and development reports and Records, production reports and Records, service and warranty Records, equipment logs, operating guides and manuals, financial and accounting Records, creative materials, advertising materials, promotional materials, studies, reports, correspondence and other similar documents and Records and, subject to legal requirements, copies of all personnel Records and other Records.

(b) County makes no warranty or representation, either express or implied, as to the value, design, condition, merchantability, or fitness for a particular purpose or use of the foregoing assets. Except as forth in Section 12 hereof, in no event shall County be liable for any direct or indirect, incidental, special, or consequential damage in connection with or arising out of the existence, furnishing, functioning or use of any asset transferred or assigned herein. Notwithstanding the foregoing, the transfer of the Personal Property pursuant to this Assignment Agreement shall not include the assumption of any Liability related to the Hospital or the Affiliated Operations unless Cape Fear Valley expressly assumes that Liability pursuant to Section 6 hereof.

(c) County shall assign Hospital's membership interest in BMA to Cape Fear Valley or a permitted assignee and shall cause or permit Cape Fear Valley to amend the Articles of Incorporation and the Bylaws of BMA (i) to remove all references, rights, or powers granted therein to County and (ii) to provide that upon the dissolution of BMA, the assets of BMA shall, after paying or making provisions for the payment of all liabilities of BMA, shall be distributed first to Cape Fear Valley.

(d) County shall assign Hospital's interest in Bladen Health Watch, Inc. to Cape Fear Valley or a permitted assignee.

5. TRANSFER AND ASSIGNMENT OF THE CONTRACTS; DEFERRED CONSENTS. Notwithstanding Section 4(b), this Assignment Agreement shall not constitute an agreement to assign or transfer any Contract, if an attempted assignment or transfer thereof, without the consent of a third party thereto would constitute a breach thereof or in any way materially and adversely affect the rights of Cape Fear Valley thereunder. If such consent ("Deferred Consent") is not obtained prior to the Commencement Date, or if an attempted assignment or transfer thereof would be ineffective or would materially and adversely affect the rights thereunder so that Cape Fear Valley would not receive all such material rights, then (i) County and Cape Fear Valley will cooperate, in all reasonable respects, to obtain such Deferred Consents as soon as practicable; provided however, that County shall have no obligation (y) to expend funds to obtain any Deferred Consent, other than ministerial processing fees, and County's out-of-pocket expenses to its attorney or other agents incurred in connection with obtaining any Deferred Consent or (z) to agree to any adverse change in any Contract in order to obtain a Deferred Consent, and (ii) until such Deferred Consent is obtained, County and Cape Fear Valley will cooperate in all reasonable respects to provide to Cape Fear Valley the benefits under the Contract to which such Deferred Consent relates. In particular, in the event that any such Deferred Consent is not obtained, then Cape Fear Valley and County shall enter into such arrangements (including subleasing or subcontracting if permitted) to provide to Cape Fear Valley the economic and operational equivalent of obtaining such Deferred Consent and assigning or transferring such Contract, including enforcement for the benefit of Cape Fear Valley of all claims or rights arising thereunder, and the performance by Cape Fear Valley of the obligations thereunder on a prompt and punctual basis. Any obligations or liabilities associated with any Deferred Contract, which can not be assigned, shall remain the sole obligation and responsibility of County. Provided further, that if Cape Fear Valley determines in its sole discretion that the failure to obtain any Deferred Consent will materially impair Cape Fear Valley's ability to operate the Hospital or the Affiliated Operations in a cost effective manner, Cape Fear Valley shall have the right to delay the Commencement Date set forth in the Lease or terminate the Lease and this Assignment Agreement. Such termination shall be considered for cause pursuant to Paragraph 4(c) of the Lease.

6. ASSUMPTION AND AGREEMENT TO PAY. Except for the Excluded Liabilities (as hereinafter defined in Section 7), Cape Fear Valley hereby assumes and agrees to pay, discharge, and perform all existing obligations of the County as of the Commencement Date related to the Hospital and the Affiliated Operations, including without limitation, all accounts payable and all existing obligations under the Contracts assigned hereunder.

7. EXCLUDED LIABILITIES.

(a) "Excluded Liabilities" shall be defined to mean:

(i) any Liability under any Contract assumed by Cape Fear Valley pursuant to Section 4 that arises out of or relates to any breach that occurred prior to the Commencement Date;

(ii) any Liability for taxes for any period (or portion of any period) ending on or before the Commencement Date, including any taxes arising as a result of County's operation or ownership of the Hospital or Affiliated Operations prior to the Commencement Date;

(iii) any Liability or obligation under any Contract not assumed by Cape Fear Valley under Section 4, including any Liability or obligation arising out of or relating to County's credit facilities or any security interest related thereto, including but not limited any County bond obligations whether related to the Hospital or Affiliated Operations or not;

(iv) any environmental, health and safety Liabilities arising out of or relating to the operation of the Hospital or the Affiliated Operations by County or County's leasing, ownership or operation of the Hospital or Affiliated Operations prior to the Commencement Date;

(v) any Liability under the County Benefit Plans or relating to payroll, vacation, sick leave, workers' compensation, unemployment benefits, pension benefits, employee stock option or profit-sharing plans, health care plans or benefits or any other employee plans or benefits of any kind for County employees or former employees or both, including but not limited to any claims related to County retirees, unless explicitly undertaken by Cape Fear Valley pursuant to Section 9(b) as it relates to current employees;

(vi) any Liability under any employment, severance, retention or termination agreement with any employee of County unless explicitly undertaken by Cape Fear Valley pursuant to Section 9(b) as it relates to the severance packages for the three (3) senior managers employed by the Hospital;

(vii) any Liability arising prior to the Commencement Date out of or relating to any County employee grievance whether or not the affected employees are hired by Cape Fear Valley;

(viii) any Liability to indemnify, reimburse or advance amounts to any trustee, director, employee or agent of County;

(ix) any Liability arising out of any Proceeding pending as of the Commencement Date;

(x) any Liability arising out of any Proceeding commenced after the Commencement Date and arising out of or relating to any occurrence or event happening with respect to the Hospital or the Affiliated Operations prior to the

Commencement Date, including but not limited to any obligation or liability associated with the Hospital's or the Affiliated Operations' Medicare or Medicaid Provider Numbers;

(xi) any Liability arising out of or resulting from County's compliance or noncompliance with any Legal Requirement or order, injunction, judgment, decree, ruling, assessment or arbitration award of any Governmental Body prior to the Commencement Date;

(xii) any Liability of County under this Assignment Agreement or the Lease or any other document executed in connection with this Assignment Agreement or the Lease;

(xiii) any Liability of County based upon County's acts or omissions occurring after the Commencement Date; and

(xiv) any Liability of County arising out of or resulting from County's compliance or noncompliance with the Provider Assignment Agreements prior to the Commencement Date.

(b) The Excluded Liabilities shall remain the sole responsibility of and shall be retained, paid, performed and discharged solely by County. Notwithstanding the foregoing, Cape Fear Valley may, but shall not be required to, obtain insurance coverage on County's behalf for such Excluded Liabilities, including without limitation, (i) professional liability and (ii) officers and directors liability insurance covering acts and omissions of the County, its commissioners, trustees, officers, employees and agents occurring during the three (3) year period immediately prior to the Commencement Date and for acts and omissions occurring from and after the Commencement Date.

(c) County shall pay, or make adequate provision for the payment, in full of all of the Excluded Liabilities under this Assignment Agreement. If any such Excluded Liabilities are not so paid or provided for, or if Cape Fear Valley reasonably determines that failure to make any payments will impair Cape Fear Valley's operation, use or enjoyment of the Hospital or the Affiliated Operations, Cape Fear Valley may, at any time, elect to make all such Excluded Liability payments directly (but shall have no obligation to do so) and set off and deduct the full amount of all such payments from any amounts due and owing to County under the Lease or this Assignment Agreement or seek reimbursement from the Reserve Fund established pursuant to Paragraph 5(b) of the Lease.

## 8. REPRESENTATIONS AND WARRANTIES OF COUNTY

(a) Assignment/Termination of Outstanding Contracts. County represents, warrants and covenants to Cape Fear Valley that it shall use its best efforts to assist Cape Fear Valley to obtain consents to effect a valid assignment of its rights and obligations under the Contracts. County acknowledges that upon assignment Cape Fear Valley may

terminate or amend any of the Contracts in its sole discretion.

(b) Trade Names. County represents, warrants and covenants to Cape Fear Valley that, upon request and consistent with law, County shall execute all necessary consents to allow Cape Fear Valley to conduct the Hospital and the Affiliated Operations in the name of the Hospital and the Affiliated Operations, or in the name of any other current trade name used or reserved by County.

(c) Compliance with Employment Law. County represents and warrants that to the best of its knowledge, it is in material compliance with all federal, state and local laws, statutes, rules and regulations with regard to employment and employment practices, terms and conditions, and wages and hours and other compensation matters; and, that there is no action, suit or proceeding by any person pending or, to the best knowledge of management of County, threatened, against County (or any of its employees), discharge or similar claims, unless previously disclosed by County to Cape Fear Valley in writing.

County represents and warrants that it has previously disclosed and has delivered or made available to Cape Fear Valley prior to execution of this Assignment Agreement, copies, in each case, of the County Benefit Plans. County represents and warrants that all County Benefit Plans are in compliance with the terms of the Internal Revenue Code and any other applicable law, rules or regulations. To the knowledge of County, no fiduciary of any County Benefit Plan has engaged in a transaction with respect to a County Benefit Plan that, assuming the taxable period of such transaction expired as of the date hereof, would subject such fiduciary to a tax imposed by either Section 4975 of the Internal Revenue Code in amounts which are reasonably likely to have, individually or in the aggregate, a material adverse effect on County.

## 9. REPRESENTATIONS AND WARRANTIES OF CAPE FEAR VALLEY.

(a) Compliance with Outstanding Contracts. Cape Fear Valley represents, warrants and covenants to County that, upon valid assignment being effected by County of its rights and obligations under the Contracts, Cape Fear Valley, as the assignee, shall use its best efforts to comply with the commercially reasonable terms of the Contracts.

(b) Employees. Except for the senior managers of the Hospital, Cape Fear Valley or its permitted assignee shall employ all of the existing employees of County whose employment is associated with the Hospital or the Affiliated Operations and who to agree to such employment within fifteen (15) days of the Commencement Date ("Transitioned Employees"). In the event such offer of employment to an existing employee of County is not accepted within such fifteen (15) day period, Cape Fear Valley shall have no further obligation to employ such employee, and the employment of such employee shall be terminated effective as of the Commencement Date. Each Transitioned Employee shall be paid comparable wages and benefits to those offered within the primary service area of the Hospital. Cape Fear Valley will waive eligibility

periods for benefits and vesting for Transitioned Employees and preserve employee tenure by recognizing years of service as a County employee with the Hospital or the Affiliated Operations as equivalent years of service with Cape Fear Valley. Each Transitioned Employee shall be allowed: (i) to transfer to Cape Fear Valley for purposes of determining eligibility for 403(b) or other pension plan eligibility and/or contribution determinations all hours of service while in the employment of County with the Hospital or the Affiliated Operations from January 1, 2008 to the Commencement Date, (ii) to transfer to Cape Fear Valley's paid time off ("PTO") bank up to a maximum of 800 accruable hours of PTO; provided however, that by the end of the first year of employment with Cape Fear Valley, all such employees shall have reduced such transferred PTO hours along with any PTO hours earned during such year as a Cape Fear Employee to the maximum for such employee as set forth in Cape Fear Valley's Paid Time Off Policy (Policy No. 501) using the criteria set forth therein applied to the employee's years of employment and level of employment by the County with the Hospital or Affiliated Operations (the "Maximum Accruable Hours") by either using such PTO hours or requesting Cape Fear Valley payout such PTO hours; if such employees fail to reduce such PTO hours to the Maximum Accruable Hours by the end of the first year of employment with Cape Fear Valley, such PTO hours shall automatically be reduced to the Maximum Accruable Hours, without credit or compensation to such employee, and (iii) to transfer to Cape Fear Valley's health plan any payments made toward meeting applicable deductibles to County's health insurance plan from January 1, 2008 to the Commencement Date. In addition, solely for the employees set forth on "Exhibit F" attached hereto and incorporated herein by reference who have hours of sick leave and PTO accrued while in the employment of County with the Hospital or the Affiliated Operations in excess of 800 hours (the "Sick Bank Employees"), the Sick Bank Employees shall receive (iv) during the first year of employment with Cape Fear Valley, credit for hours in excess of 800 hours while in the employment of the County in an extended illness bank that may be used to continue salary during an extended absence from work as a result of a medical disability or a serious health condition as defined in the Family and Medical Leave Act and (v) after the first year of employment with Cape Fear Valley, credit for additional days of service as it relates to retirement at a rate of one (1) day for each eight (8) hours in excess of 800 hours accrued while in the employment of the County; provided however, if a Sick Bank Employee elects within the first year of employment with Cape Fear Valley to retire and receive pension benefits through the Local Governmental Employees' Retirement System, to the extent permitted thereby, then such Sick Bank Employee shall not be entitled to any Sick Bank Employee retirement credit with Cape Fear Valley. For any of the senior managers of the Hospital who are not offered comparable positions with Cape Fear Valley, Cape Fear Valley shall provide a severance package in accordance with their respective employment agreements, and outplacement services.

(c) Consulting and Legal Expenses. Upon the Commencement Date, Cape Fear Valley shall reimburse County for all reasonable consulting and legal fees and expenses actually incurred in connection with the affiliation process up to a maximum amount of \_\_\_\_\_ (\$\_\_\_\_\_).

10. NOTICES. Each provision of this Assignment Agreement or of any applicable governmental laws, ordinances, regulations, or other requirements with reference to the sending, mailing, or delivery of any notice by County to Cape Fear Valley or with reference to the sending, mailing, or delivery of any notice by Cape Fear Valley to County shall be deemed to be delivered whether actually received or not, when deposited in the United States Mail, postage prepaid, sent by Federal Express or other nationally recognized overnight courier, Certified or Registered Mail, return receipt requested, addressed to the parties hereto at the respective addresses set out below, or at other such addresses as they have heretofore specified by written notice delivered in accordance therewith:

**THE COUNTY OF BLADEN:**

Bladen County  
Attn: County Manager  
106 East Broad Street  
Elizabethtown, North Carolina

**CUMBERLAND COUNTY HOSPITAL SYSTEM, INC.:**

Cape Fear Valley Health System  
Attn: Chief Executive Officer  
1638 Owen Drive  
Fayetteville, North Carolina 28304

All parties included within the terms “County” and “Cape Fear Valley”, respectively, shall be deemed to have received notices in accordance with the provisions of this paragraph with the same effect as if each had received such notice.

11. ASSIGNMENT. This Assignment Agreement shall not be assigned, transferred or delegated in whole or in part to anyone other than the parties by either County or Cape Fear Valley without the prior written consent of the other party; provided however, that County hereby gives its consent to the assignment of this Assignment Agreement by Cape Fear Valley to a corporation or entity wholly owned or controlled by Cape Fear Valley, so long as Cape Fear Valley is not ultimately relieved of its obligations under this Assignment Agreement and remains ultimately responsible for the performance of the responsibilities under this Assignment Agreement.

12. INDEMNIFICATION.

(a) Cape Fear Valley hereby covenants and agrees that it will at all times indemnify, defend and hold safe and harmless County (including, without limitation, its managers, trustees, officers employees, agents) from, and pay or reimburse County for, any loss, liability, claims, suits, costs, expenses, incurred by County, its agents, employees, officers, partners, invitees, or licensees arising out of or resulting from (i) any

breach of any of the representations or warranties of Cape Fear Valley contained in or made pursuant to this Assignment Agreement or the Lease or other document delivered by Cape Fear Valley pursuant to this Assignment Agreement or the Lease, (ii) any failure by Cape Fear Valley to perform or observe, or to have performed or observed, in full, any covenant, agreement, obligation or condition to be performed or observed by it pursuant to this Assignment Agreement or the Lease, or (iii) any liability arising from or related to the operation of the Hospital or the Affiliated Operations during the Term of the Lease.

(b) To the extent permitted by law, County hereby covenants and agrees that it will at all times indemnify, defend and hold safe and harmless Cape Fear Valley (including, without limitation, its managers, trustees, officers employees, agents) from, and pay or reimburse Cape Fear Valley for, any loss, liability, claims, suits, costs, expenses, including without limitation attorney's fees and damages, both real and alleged, incurred by Cape Fear Valley arising out of or resulting from (i) any breach of any of the representations or warranties of County contained in or made pursuant to this Assignment Agreement or the Lease or other document delivered by County pursuant to this Assignment Agreement or the Lease, (ii) any failure by County to perform or observe, or to have performed or observed, in full, any covenant, agreement, obligation or condition to be performed or observed by it pursuant to this Assignment Agreement or the Lease, (iii) any liability arising from or related to the Excluded Liabilities, including but not limited to any liability related to the operation of the Hospital or the Affiliated Operations prior to the Commencement Date of the Lease, or (iv) any liability arising from or related to the operation of the Hospital or the Affiliated Operations after the termination of the Lease, unless Cape Fear Valley exercises its purchase option as set forth in Paragraph 30 of the Lease in which case County shall be discharged from any indemnification obligations arising from or related to the operation of the Hospital or the Affiliated Operations after the termination of the Lease.

(c) The indemnification obligations of this section shall survive termination of this Assignment Agreement.

### 13. MISCELLANEOUS.

(a) Words of any gender used in this Assignment Agreement shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, unless the context otherwise requires.

(b) The terms, provisions and covenants and conditions contained in this Assignment Agreement shall apply to, inure to the benefit of, and be binding upon the parties hereto and upon their respective heirs, legal representatives, successors and permitted assigns, except as otherwise herein expressly provided. Each party agrees to furnish the other, promptly upon demand, a resolution, or other appropriate documentation evidencing the due authorization of such party to enter into this Assignment Agreement.

(c) The captions inserted in this Assignment Agreement are for convenience only and in no way define, limit or otherwise describe the scope or intent of this Assignment Agreement, or any provision hereof, or in any way affect the interpretation of this Assignment Agreement.

(d) This Assignment Agreement may not be altered, changed or amended except by an instrument in writing signed by all parties hereto or their successors in interest.

(e) If any clause or provision of this Assignment Agreement is illegal, invalid or unenforceable under present or future laws effective during the term of this Assignment Agreement, then and in that event, it is the intention of the parties hereto that the remainder of this Assignment Agreement shall not be affected thereby, and it is also the intention of the parties to this Assignment Agreement that in lieu of each clause or provision of this Assignment Agreement that is illegal, invalid or unenforceable, there be added as a part of this Assignment Agreement contract a clause or provision as similar in terms to such illegal, invalid or unenforceable clause or provision as may be possible and be legal, valid and enforceable.

(f) No party hereto shall have any liability for any incidental or consequential damages of another party hereto, or anyone claiming by, through or under a party hereto, for any reason whatsoever.

(g) This Assignment Agreement does not create the relationship of partner or joint venturer between County and Cape Fear Valley. County and Cape Fear Valley acknowledge that neither is the agent, employee, or servant of the other, and the relationship of independent parties exists between them.

(h) The laws of the State of North Carolina shall govern the interpretation, the validity, performance and enforcement of this Assignment Agreement.

(i) No remedy conferred herein is intended to be exclusive of any other remedy and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or thereunder or now or hereafter existing at law or in equity or by statute or otherwise.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK—  
SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this Assignment Agreement under seal as of the day and year first above written:

**THE COUNTY OF BLADEN**

ATTEST:  
By: \_\_\_\_\_  
\_\_\_\_\_ Clerk

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: Chair, Bladen County Board of  
Commissioners

ATTEST:  
By: \_\_\_\_\_  
\_\_\_\_\_ Clerk

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: Chair, Bladen County Hospital, Board of  
Trustees

**CUMBERLAND COUNTY HOSPITAL  
SYSTEM, INC.:**

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**Exhibit A**

**[Lease]**

**Exhibit B**

**[Deposits, Prepaid Expenses, Refunds, and Offsets]**

**Exhibit C**  
**[County Contracts]**

**Exhibit D**

**[Governmental Authorizations]**

**Exhibit E**

**[Claims Against Third Parties]**

## Exhibit F

### Sick Bank Employees

Employee #	Name	DOH	PTO	Sick	Total	Status	Title
<b>Bladen County Hospital</b>							
307620	GREEN, CELLESTINE	08/31/1978				Non-Exempt	Surg Tech
130242	BRITT, JEANNIE D.	09/25/1978				Non-Exempt	MLT
130242	RICE, NOLA FAYE	01/09/1979				Non-Exempt	MLT
312300	THOMPSON, SYLVIA M.	06/01/1981				Non-Exempt	RN
702802	PURDIE, OTIS	04/26/1982				Non-Exempt	Envir Tech
101700	LITTLE, SANDRA J.	02/25/1983				Exempt	Admin Assist
130242	MELVIN, METTIS B.	08/09/1983				Non-Exempt	MLT
401100	MCLAMB, BRENDA K	01/20/1984				Exempt	Director
205100	MORRIS, DEBORAH B.	06/11/1984				Exempt	Case Mgmt
120727	TOLLIVER, BETTY M.	08/12/1985				Non-Exempt	S/Board
315100	SCHULTZ, MARTHA G.	03/03/1986				Exempt	Quality
150903	RHODES, CAROL FAYE	05/18/1986				Non-Exempt	Cook
120100	PARKS, GINGER	05/26/1987				Exempt	Director
130242	EDWARDS, FRANCES D.	07/11/1988				Non-Exempt	MLT
303300	BILLUPS, KAREN	10/17/1988				Non-Exempt	RN
312300	LUTHER, JANE	10/02/1989				Non-Exempt	RN
150903	THOMAS, ARLETHA M.	04/28/1990				Non-Exempt	Cook
702802	JONES, CATHERINE	06/03/1991				Non-Exempt	Envir Tech
702802	PONE, BESSIE MAE	09/16/1991				Non-Exempt	Envir Tech
303500	BUTLER, CAROL R	06/08/1992				Non-Exempt	RN
312500	HENRY, SUSAN E.	06/08/1992				Non-Exempt	RN
202299	BEASLEY, SUSAN	09/09/1993				Non-Exempt	Payroll
601376	JACKSON, BARBARA B.	06/06/1994				Non-Exempt	Transcrip
212203	HOSKINS, PEARLY B GRAHAM-	5/1/1995				Exempt	Physician
208202	JANSEN, INGRAM J	08/04/1995				Non-Exempt	PA
313199	BROWN, KAREN	03/10/1999				Non-Exempt	RN
201100	MUFFETT, CYNTHIA	06/19/2000				Exempt	Director
212100	JOHNSON, MYRA H	01/03/2005				Exempt	Director

<b>Bladen Medical Associates, Inc.</b>							
	HESTER, LYNN	6/2/1980				Non-exempt	Insur Billing
	RICH, ROBERT	5/1/1995				Exempt	Physician
	SMITH, ANN	1/3/1996				Non-exempt	LPN
	WATTS, SHERRY	5/26/1996				Non-exempt	Regist Clerk