



NELSON MULLINS RILEY & SCARBOROUGH LLP  
ATTORNEYS AND COUNSELORS AT LAW

Noah H. Huffstetler III  
T 919.329.3801 F 919.329.3821  
noah.huffstetler@nelsonmullins.com

4140 Parklake Avenue  
GlenLake One | Second Floor  
Raleigh, NC 27612  
T 919.329.3800 F 919.329.3799  
nelsonmullins.com

May 9, 2019

**Via Electronic & First Class Mail**

Board of Trustees of Vidant Medical Center  
Attn: Dr. Shirley Carraway, Chair (shirleycarraway@suddenlink.net)  
Vidant Medical Center  
Post Office Box 6028  
Greenville, NC 27835

Pitt County Board of Commissioners  
Attn: Beth Ward, Chair (bwardelizabeth@gmail.com)  
1717 W. 5<sup>th</sup> Street  
Greenville, NC 27834

RE: Notice and Opportunity to Cure

Dear Dr. Carraway and Commissioner Ward:

As you were made aware by letter dated May 2, 2019, this Firm has been retained to advise East Carolina University ("ECU"), including the Brody School of Medicine at East Carolina University ("BSOM"), and the Board of Governors of The University of North Carolina ("UNC") (collectively, the "University Parties") regarding that certain Affiliation Agreement between the Board of Trustees of Vidant Medical Center (the "VMC Board"), the Board of Commissioners of Pitt County (the "County"), ECU, and UNC, which was entered into on or about August 8, 2013 (the "Agreement").

Pursuant to the Agreement, Pitt County Memorial Hospital dba Vidant Medical Center ("VMC") is to be utilized as the primary teaching hospital of BSOM. Moreover, under Section III of the Agreement, VMC is to be governed by the 20-member VMC Board for which the County is to appoint 11 members (or 55% of the members), and UNC is to appoint nine members (or 45% of the members). As noted in our May 2 letter, such representation by UNC appointees to the VMC Board and its predecessor, Pitt County Hospital, has been an integral and essential component of the relationship and

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Board of Trustees of Vidant Medical Center  
Pitt County Board of Commissioners  
May 9, 2019  
Page 2

responsibilities of the parties dating back to the original affiliation agreement in 1975 as reaffirmed in 1994 and 2013.

However, on April 24, 2019, VMC (with the consent of the County) filed Articles of Amendment with the North Carolina Secretary of State pursuant to which the County is to continue to appoint 11 members to the VMC Board, but UNC is to have no appointments. Rather, the remaining nine members are to be appointed by members of the VMC Board. This change in appointments and governance—made without the knowledge or consent of any of the University Parties—constitutes a material breach of the Agreement.

Please accept this letter as written notice of the material breach of the Agreement and as a basis for the University Parties seeking to enforce the full range of legal remedies available to them under the Agreement.

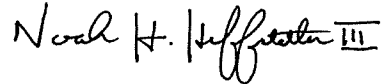
Recognizing that the affiliation between VMC and BSOM benefits not only the parties to the Agreement but also members of the public served by VMC and BSOM, representatives of the parties to the Agreement are scheduled to meet next Thursday, May 16, to discuss how best to continue the long history of “sympathetic cooperation” (a term used in the Agreement) between the parties. Our clients ask that the County and the VMC Board refrain from making changes to the VMC Board membership and, specifically, refrain from replacing any members of the VMC Board appointed by the BOG with members appointed by the County or the VMC Board, while the parties are engaged in discussions. Moreover, please accept this letter as notice that, if any members of the VMC Board appointed by the BOG are replaced with members appointed by the County or the VMC Board at any time, the University Parties will deem such action as the County’s and the VMC Board’s refusal to cure the above-noted material breach and will immediately invoke their legal remedies.

While we are hopeful that discussions regarding governance of the VMC Board will be productive, the University Parties intend to protect their rights under the Agreement and the law. As such, the University Parties hereby expressly reserve all of their rights and remedies under the Agreement and applicable law.

Board of Trustees of Vidant Medical Center  
Pitt County Board of Commissioners  
May 9, 2019  
Page 3

We look forward to next week's meeting. With best wishes, I am

Very truly yours,

A handwritten signature in black ink that reads "Noah H. Huffstetler III". The signature is written in a cursive style with a horizontal line underlining the name.

Noah H. Huffstetler III

NHH:jb

cc: Mary Beth Johnston (via electronic mail)  
Thomas C. Shanahan (via electronic mail)