

**INTERLOCAL AGREEMENT TO SUPPORT THE ADMINISTRATIVE START-UP OF
THE METROPOLITAN PUBLIC TRANSPORTATION AUTHORITY**

This **INTERLOCAL AGREEMENT TO SUPPORT THE ADMINISTRATIVE START-UP OF THE METROPOLITAN PUBLIC TRANSPORTATION AUTHORITY** (this “Agreement”) is entered into and agreed upon as of the ____ day of _____, 2026 (the “Effective Date”), by and between the **CITY OF CHARLOTTE**, a North Carolina municipal corporation (the “City”), and the **METROPOLITAN PUBLIC TRANSPORTATION AUTHORITY** (the “MPTA”), a public body and body corporate and politic of the State of North Carolina under Article 34 of Chapter 160A of the General Statutes.

WITNESSETH:

WHEREAS, the General Assembly of North Carolina added a new Article 34 to Chapter 160A of the General Statutes pursuant to the Projects for Advancing Vehicle-Infrastructure Enhancements Act (Session Law 2025-39) (the “PAVE Act”); and

WHEREAS, the MPTA was created under Article 34 and was organized under Articles of Incorporation that the North Carolina Secretary of State certified on December 3, 2025; and

WHEREAS, the MPTA is governed by a Board of Trustees, which held an organizational meeting on December 18, 2025; and

WHEREAS, the PAVE Act defines the purpose of the MPTA to be to “finance, provide, operate, and maintain for a safe, clean, reliable, adequate, convenient, energy efficient, economically, and environmentally sound public transportation system for the service area of the authority”; and

WHEREAS, under the PAVE Act, the Charlotte Area Transit System (“CATS”), currently a department within the City of Charlotte, will transition to the newly established MPTA; and

WHEREAS, the PAVE Act requires the MPTA to complete numerous tasks and actions by July 1, 2026 to aid in the initial establishment and operations of the MPTA, including:

- Establishing Board governance policies,
 - Developing financial and operational policies,
 - Creating Human Resources and Information Technology plans, and
 - Creating an asset acquisition timeline and plan for CATS’s transition to the MPTA;
- and

WHEREAS, to provide assistance for meeting these PAVE Act requirements and help position the MPTA for long-term organizational success, the City has agreed to appropriate \$4.3 million in existing fund balance in the CATS Operating Fund to fund eligible MPTA administrative start-up costs pursuant to the terms of this Agreement; and

WHEREAS, the parties hereto have the power pursuant to Article 20 of Chapter 160A of the General Statutes to perform jointly any function that they have the power to perform alone, or to

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contract with one another for the performance of any governmental function that they have the power to perform alone, and to enter into contracts and agreements to specify the details of these joint undertakings.

NOW, THEREFORE, in consideration of the premises and the fulfillment of the terms of this Agreement, the parties hereto agree as follows:

1. **Purpose.** The purpose of this Agreement is to define the scope and use of an appropriation of CATS fund balance to support and fund eligible administrative start-up costs of the MPTA that are necessary to fulfill requirements under the PAVE Act.

2. **Start-Up Funds.** The City will appropriate an amount not to exceed \$4.3 million in CATS fund balance in the CATS Operating Fund for transfer to and appropriation in the CATS Capital Projects Fund (the “Start-Up Funds”). The Start-Up Funds shall be used to support and fund eligible administrative start-up costs of the MPTA that are necessary to fulfill the requirements under the PAVE Act that must be completed by July 1, 2026. The Start-Up Funds will be comprised of existing ½-cent sales-tax revenues under Article 43 of Chapter 105 of the General Statutes, which revenues must be used for expenses of the public-transit system.

3. **Start-Up Support.** The eligible administrative start-up costs and services for the MPTA that may be funded by the City from the Start-Up Funds under this Agreement are limited to the following items (together, the “Start-Up Support”):

- (a) Legal services;
- (b) Accounting and auditing services;
- (c) Meeting and administrative expenses;
- (d) Required studies and regulatory filings;
- (e) Directors and Officers / Public Officials insurance;
- (f) Consulting and advisory services; and
- (g) Other reasonable and necessary administrative services agreed by the parties.

4. **Responsibilities of the Parties.**

(a) **MPTA Responsibilities.**

- i. The MPTA will submit to the City written requests for the City to procure or provide Start-Up Support for the MPTA.
- ii. The MPTA will submit requests to the City with reasonable advanced notice of a need for Start-Up Support to give the City sufficient time to procure and/or provide for such support or service.
- iii. Upon request from the City, the MPTA will provide additional information as needed to facilitate the procurement or provision of the Start-Up Support.
- iv. The MPTA will not submit requests to the City for Start-Up Support that would exceed the amount of the Start-Up Funds.

- v. In all respects, the MPTA will work cooperatively with the City towards the timely and effective procurement or provision of Start-Up Support.

(b) City Responsibilities.

- i. The City will appropriate the Start-Up Funds from fund balance in the CATS Operating Fund, not to exceed \$4.3 million, to the CATS Capital Projects Fund to procure and/or provide for Start-Up Support for the MPTA. The MPTA will not have an obligation to repay the expended Start-Up Funds to the City.
- ii. The City will work diligently to fulfill the requests of the MPTA for procurement or provision of the Start-Up Support on behalf of the MPTA.
- iii. The City will manage any necessary contracts and costs of the Start-Up Support on behalf of the MPTA through June 30, 2026.
- iv. The City will be the contracting party for any Start-Up Support covered by this Agreement; thus, any such contracts may be subject to Charlotte City Council approval and must comply with the City's procurement policy, the City's standard contracting terms, and applicable law. Any contracts for Start-Up Support will specify that, while the City is the contracting party, the Start-Up Support will be provided to or for the MPTA.
- v. In all respects, the City will work cooperatively with the MPTA towards the timely and effective procurement or provision of Start-Up Support.

(c) Joint Responsibilities. If the City believes that an MPTA request would be for support or services that fall outside the scope of Start-Up Support, would exceed the amount of the Start-Up Funds, or would otherwise not be permissible under this Agreement, the City will confer with the MPTA about its concern and the parties will work cooperatively to resolve it.

5. Duration. This Agreement shall commence on the Effective Date and shall remain in effect until July 1, 2026, unless earlier terminated upon the written consent of the City and the MPTA. If the MPTA desires to extend any City contracts for Start-Up Support beyond the termination of this Agreement, the parties shall confer and mutually agree on any assignments of such contracts to the MPTA before this Agreement terminates.

6. Limitation of Liability. To the extent permitted by applicable law, neither party shall be liable to the other party for consequential, indirect, special damages, or lost profits in connection with any matters relating to this Agreement.

7. Cooperative Resolution. The parties acknowledge and agree that this Agreement is intended to facilitate their mutual goal of a smooth and successful establishment of the MPTA and its initial operations. To that end, each party shall make good faith efforts to cooperatively and collaboratively resolve any concerns or administrative issues that arise, to the extent not inconsistent with this Agreement.

8. **Amendment.** Amendments or modifications to this Agreement may only be made by a written agreement signed by the City and the MPTA.

9. **Miscellaneous.**

(a) **Entire Agreement.** This Agreement is the entire agreement between the parties with respect to its subject matter, and there are no other representations, understandings, or agreements between the parties with respect to such subject matter.

(b) **Governing Law and Jurisdiction.** This Agreement shall be governed by, and construed in accordance with, the laws of North Carolina. The exclusive forum and venue for any actions arising out of this Agreement shall be the North Carolina General Court of Justice in Mecklenburg County.

(c) **Survival of Provisions.** All provisions of this Agreement which by their nature and effect are required to be observed, kept or performed after termination of this Agreement shall survive the termination hereof and remain binding thereafter.

(d) **Waiver.** No delay or omission by either party to exercise any right or power it has under this Agreement shall impair or be construed as a waiver of such right or power. A waiver by either party of any covenant or breach of this Agreement shall not be constitute or operate as a waiver of any succeeding breach of that covenant or of any other covenant.

(e) **Severability.** The invalidity of one or more of the phrases, sentences, clauses or sections contained in this Agreement shall not affect the validity of the remaining portion of the Agreement so long as the material purposes of the Agreement can be determined and effectuated. If any provision of this Agreement is held to be unenforceable, then both parties shall be relieved of all obligations arising under such provision, but only to the extent that such provision is unenforceable, and this Agreement shall be deemed amended by modifying such provision to the extent necessary to make it enforceable while preserving its intent.

(f) **Counterparts.** This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one single agreement between the parties.

[SIGNATURES ON FOLLOWING PAGES]

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IN WITNESS WHEREOF, each party, acting through its respective duly authorized representative, has caused this Agreement to be signed in their respective names and delivered as of the date first above written.

CITY OF CHARLOTTE,
a North Carolina municipal corporation

By: _____

Print Name: _____

Title: _____

This instrument has been preaudited in the manner required by the Local Government Budget and Fiscal Control Act.

Deputy Finance Officer

Date

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

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IN WITNESS WHEREOF, each party, acting through its respective duly authorized representative, has caused this Agreement to be signed in their respective names and delivered as of the date first above written.

METROPOLITAN PUBLIC TRANSPORTATION AUTHORITY,
a public body and body corporate and politic of the State of North
Carolina under Article 34 of Chapter 160A of the General Statutes

By: _____

Print Name: _____

Title: _____