

**INTERLOCAL AGREEMENT FOR  
CONTINUATION OF RISK MANAGEMENT SERVICES**

This **INTERLOCAL AGREEMENT FOR CONTINUATION OF RISK MANAGEMENT SERVICES** (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 PAVE Act defines the purpose of the MPTA as follows: “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 G.S. § 160A-926 of the new Article 34, the MPTA is deemed a “City” for purposes of G.S. § 160A-485 and is required to “maintain a minimum of twenty million dollars (\$20,000,000) per single accident or incident of liability insurance”; 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 on a timeline to be determined by the parties, including a date when the MPTA accepts operational control of the assets of CATS (the “Transfer Date”); and

**WHEREAS**, as a department of the City, CATS is currently insured through the City’s Risk Management Fund managed by the Risk Management Division of the City’s Finance Department (the “Risk Division”) and receives claims management, loss control, and insurance services from the Risk Division; and

**WHEREAS**, the Risk Division also provides claims management, loss control, and insurance services to the City of Charlotte, Mecklenburg County, the Charlotte-Mecklenburg Board of Education, the Charlotte Regional Visitors Authority, MEDIC, and the Charlotte-Mecklenburg Library System through various agreements; and

**WHEREAS**, the Risk Division renews all insurance policies annually consistent with the fiscal year (July through June) and the annual renewal process for these policies begins every spring;

**WHEREAS**, to mitigate risk and ensure continuity of insurance coverage and claims services, the MPTA has requested, and the City has agreed, for the Risk Division to provide the MPTA with risk-management services and placement of insurance coverage related to all CATS' assets and operations consistent with the Risk Division's current services and placement of insurance coverage for CATS and 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 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 provide continuity of insurance coverage and risk-management services for CATS' assets and operations during the upcoming transition of CATS to the MPTA and to define the duties, responsibilities, and authority of the parties in connection with the Risk Division providing claims management, loss control, and insurance services to the MPTA both before and after the Transfer Date.

This Agreement shall not be deemed to be a waiver of immunity through the purchase of insurance within the meaning of G.S. § 160A-485 or any present or future statute of similar import or the waiver of any defense or rule of governmental or sovereign immunity available to the parties with respect to any loss or claim asserted against them. Nor shall this Agreement be interpreted or construed to constitute a local government risk pool within the meaning of G.S. § 58-23.1 or any other statute of similar import. This Agreement shall inure to the benefit of the MPTA and the City and no other person, firm, corporation or governmental unit shall have any interest herein.

2. **Retention of Risk Division as Risk Manager.** To provide continuity of risk-management services for CATS' assets and operations, the MPTA hereby retains the Risk Division to serve as its risk manager, with such duties, responsibilities, and authority as provided in this Agreement. The parties' intention is for the Risk Division to provide and maintain the same level of risk-management services, including placement of insurance coverage, for the MPTA as it customarily has provided for CATS through the Transfer Date. Further, the MPTA intends to establish and implement a self-funded loss program in the future for certain claims and losses that arise after the Transfer Date (the "MPTA Loss Program") and to delegate to the Risk Division the necessary authority to provide certain risk-management services on behalf of the MPTA in conjunction with the MPTA Loss Program, all as more fully set forth in a future agreement between the parties.

3. **Duties and Responsibilities of Risk Division.** Subject to the terms, provisions and conditions of this Agreement, the Risk Division shall provide to the MPTA such administrative, advisory, and supervisory services as may be necessary to implement risk-management decisions or policies established from time to time by the MPTA. To this end, the Risk Division shall be

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empowered and authorized to provide to the MPTA a full range of risk-management services including but not limited to:

(a) making recommendations as to those risks or exposures to be covered by contracts of insurance, the amount of any such insurance coverage to be secured (including the amount of deductible and/or retention) and, to the extent directed by the MPTA, assisting the MPTA in the purchase of insurance contract(s);

(b) making recommendations as to risks or exposures to be self-funded;

(c) if requested by the MPTA, advising and assisting the MPTA in developing a loss program in those particular areas designated by the MPTA and administering such program on behalf of the MPTA;

(d) advising the MPTA as to risks and exposures (including bonding and indemnification) required by applicable law to be insured or bonded against and recommended coverages therefore;

(e) advising and assisting the MPTA on the establishment and operation of safety programs, loss management programs and similar programs and undertakings designed to reduce or minimize the MPTA's exposure to various risks;

(f) providing claims and loss administration services including receiving, recording and investigating losses, claims and other occurrences and settling claims on behalf of the MPTA consistent with such guidelines established in this Agreement and any further guidelines adopted by the MPTA from time to time; and

(g) providing such other and further risk management services as may be requested by the MPTA.

#### 4. **Purchase of Insurance.**

(a) The MPTA shall, from time to time, advise the Risk Division as to those specific risks or exposures as to which the MPTA desires to provide coverage through the purchase of insurance. Upon receipt of such instructions, the Risk Division shall use its reasonable best efforts to purchase insurance on behalf of the MPTA for such designated coverages in amounts and with retentions appropriate to cover the identified risk consistent with the directions supplied by the MPTA. Before the Transfer Date, the Risk Division shall bill the MPTA an amount equal to the net cost of any insurance purchased on behalf of the MPTA that is over and above the cost and expenses that the City currently pays (or has budgeted) for CATS insurance and such amount shall be paid by the MPTA on terms that the parties mutually agree on. After the Transfer Date, the Risk Division shall bill the MPTA an amount equal to the net cost of all insurance purchased on behalf of the MPTA.

(b) If requested by the MPTA, the Risk Division will exert its reasonable best efforts to secure on behalf of the MPTA such excess insurance as the MPTA shall request to provide the MPTA with excess coverage of specific risks above any self-funded retention of the MPTA. Before

the Transfer Date, the cost and expense of any such insurance as secured by the Risk Division on behalf of the MPTA that is over and above the cost and expenses that the City currently pays (or has budgeted) for CATS excess insurance shall be billed to the MPTA at the net cost thereof and paid by the MPTA on terms that the parties mutually agree on. After the Transfer Date, the cost and expense of any such insurance as secured by the Risk Division on behalf of the MPTA shall be billed to the MPTA at the net cost thereof.

(c) Before the Transfer Date, the City will continue to provide and fund appropriate self-funded retention and insurance coverage for CATS' assets and operations consistent with its customary practices, which will also include coverage for the MPTA. After the Transfer Date, the MPTA will be responsible for providing and funding appropriate self-funded retention and insurance coverage for CATS' assets and operations on such additional terms and conditions that the parties mutually agree on.

5. **Loss Program.**

(a) In order to provide a means of accommodating exposure to risks in certain specific areas designated by the City, the City has created, to the extent permitted by applicable law, a self-funded loss program (the "City Loss Program") in the following areas: (i) liability; (ii) automobile physical damage; (iii) property; (iv) fidelity bonds; (v) money and securities; and (vi) workers' compensation. The City Loss Program is established and administered under an Administrative Agreement, dated July 1, 1993 (attached hereto as **Exhibit A**), and covers Claims and Losses (as defined therein) against the City, including against CATS and other City departments.

(b) For Claims or Losses related to CATS assets and operations arising before the Transfer Date, the City will continue to have the Risk Division investigate, administer, and settle such Claims or Losses in accordance with existing practice and the terms of the City Loss Program. To the extent any such Claims or Losses are also made against the MPTA, the City will make best efforts to include the MPTA as a released party in any release, waiver, or other resolution of such Claim or Loss that benefits the City.

(c) For any claims or losses related to any MPTA assets or operations that are over and above CATS assets or operations and that arise before the Transfer Date, the parties will discuss whether to delegate to the Risk Division the necessary authority to provide certain risk-management services for such claims or losses, all as more fully set forth in a future agreement between the parties.

(d) For any claims or losses related to CATS or MPTA assets and operations arising after the Transfer Date, the MPTA intends to establish and implement a self-funded loss program in the future for such claims and losses (the "MPTA Loss Program") and to delegate to the Risk Division the necessary authority to provide certain risk-management services on behalf of the MPTA in conjunction with the MPTA's Loss Program, all as more fully set forth in a future agreement between the parties. To the extent any such claims or losses are made against the City, the MPTA will make best efforts to include the City as a released party in any release, waiver, or other resolution of such claim or loss that benefits the MPTA.

(e) This Agreement shall not, in any manner, be interpreted or construed to constitute a local government risk pool within the meaning of G.S. § 58-23.1 or any other statute of similar import.

6. **Claims Administration.**

(a) As noted in the recitals above, the Risk Division provides administrative services in connection with loss prevention programs for other governmental bodies in Mecklenburg County. If the MPTA has a claim against any other governmental body maintaining a loss prevention program administered by the Risk Division, or in the event that a governmental body maintaining a loss prevention program administered by the Risk Division shall have a claim against the MPTA, then the Risk Division, subject to receipt of an appropriate waiver of conflict executed by all parties involved, shall be authorized to administer such claim subject to the terms and provisions of this Agreement as if no conflict existed. If any party to such conflict or potential conflict fails to execute a waiver permitting the Risk Division to administer such claim; then the Risk Division shall be relieved of any obligation to administer the claim and the same shall be administered and resolved directly between the parties in interest. The MPTA, by its approval and execution of this Agreement, shall be deemed to have authorized \_\_\_\_\_ to execute on behalf of the MPTA such conflict waivers as shall be appropriate in order to permit the Risk Division to administer conflicting claims.

(b) The Risk Division shall assist the MPTA in the filing of claims with any insurance carriers providing insurance as to designated risks.

7. **Appointment of Counsel.** The MPTA shall be responsible for the selection of legal counsel to advise and represent the MPTA in settling claims or losses and defending litigated claims or losses and shall be generally administratively responsible for overseeing defense of litigated claims or losses. To the extent requested by the MPTA, the Risk Division shall assist and cooperate with counsel as selected by the MPTA in settling claims or losses and defending litigated claims or losses. The cost of such counsel and other related costs shall be paid as determined by the MPTA. For Claims and Losses related to CATS assets and operations arising before the Transfer Date, the parties will consider on a case-by-case basis whether the City's legal counsel may jointly represent the MPTA in settling or defending such Claims and Losses.

8. **Administrative Costs.** Before the Transfer Date, the MPTA shall be responsible for reimbursing the Risk Division for administrative costs associated with providing the risk-management services and placing the insurance coverage covered by this Agreement that are over and above the costs that the City currently pays (or has budgeted) for CATS risk services and insurance coverage and such amount shall be paid by the MPTA on terms that the parties mutually agree on.

After the Transfer Date, the MPTA shall be responsible for reimbursing the Risk Division for administrative costs associated with providing the risk-management services and placing the insurance coverage covered by this Agreement. Those post-Transfer Date costs shall equal the MPTA's pro rata share of the Risk Division's total administrative costs, after taking into account the other units of local government that use the Risk Division for risk-management services (using

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CATS' and the Risk Division's cost information from the most recent complete fiscal year available to calculate the MPTA's pro rata share).

9. **Duration**. This Agreement shall commence on the Effective Date and shall remain in effect until June 30, 2027 and shall be automatically renewed for each fiscal year thereafter unless notice of non-renewal is given by the MPTA to the Risk Division in writing on or before April 30 prior to the next fiscal year term.

10. **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.

11. **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.

12. **Dispute Resolution**. The parties agree that it is in their mutual interest to resolve any disputes arising out of this Agreement informally. The parties shall negotiate in good faith and use all reasonable efforts to resolve any such dispute(s). During the time the parties are attempting to resolve any dispute, each shall proceed diligently to perform their respective duties and responsibilities under this Agreement. If a dispute cannot be resolved between the parties within thirty (30) days after the initial delivery of written notice from one party to the other party about a dispute that is governed by this Section 8, either party may (a) elect to exercise any other remedies available to such party or (b) invite the other party to submit the matter to mediation or arbitration; provided, however, that this section shall not constitute an agreement by either party to mediate or arbitrate any dispute.

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

14. **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: \_\_\_\_\_

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**EXHIBIT A**

(1993 City Administration Agreement with Risk Division)