



General Overview of Transfer Process in Accordance with the PAVE Act

Presentation to Charlotte City Council, Annual Strategy Meeting, Monday, March 2nd, 2026

Transfer Required by the PAVE Act

The PAVE Act requires the City and MPTA to enter into an agreement by July 1, 2026, in which the parties agree to:

- Transfer of ownership of CATS assets from the City to MPTA
- Transfer of CATS personnel from the City to MPTA
- Transfer of funds from MPTA to the City for certain debts and assets
- Transfer of CATS liabilities from the City to MPTA
- Use agreements, where necessary

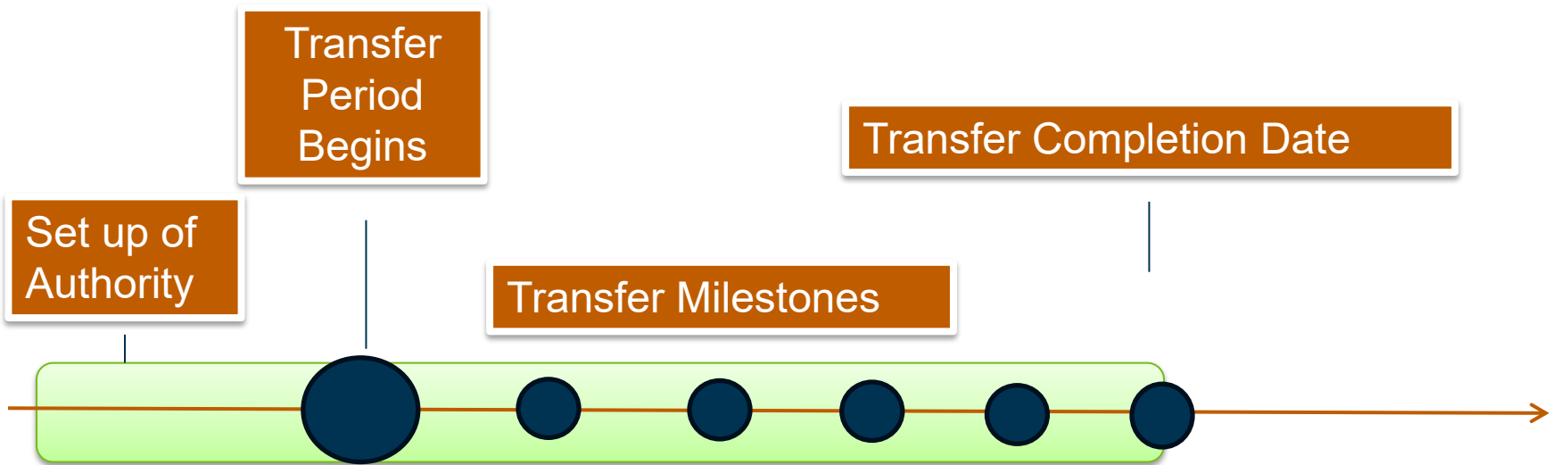
A Transfer of Assets, Liabilities, and Operations

- **Period, not Point in Time.** A transfer of this scale occurs over a period, not at a point in time
 - Transfer of assets and operations may occur at different points in time during the transfer period
- **Milestones.** Agreed-upon milestones throughout the transfer period help coordinate what needs to be ready for transfers to occur
- **Changes Over Time.** An initial master agreement may be accompanied by additional agreements to address changes and further collaboration needed

Overview of Transfer Agreements

- Master agreement
 - Defines the transfer period and milestones
 - Determines flow of funding between parties to cover operations and liabilities
 - Discusses shared ownership, liabilities, and operations, either with a decision or strategy for future agreement
- Additional agreements during the transfer period (“implementation agreements”)
 - Employee transfer details
 - How and when operations will transfer
 - Changes to accommodate new developments

Overview of Transfer Process



Negotiating an agreement for transfer

Coordinating through transfer milestones and negotiating additional agreements to implement the transfer

Long term coordination for debt and shared assets

Factors that Impact Transfer from City to MPTA

- The City has outstanding debt related to CATS assets that cannot transfer
- The debt is secured by assets that will not be able to transfer while the debt remains
- Federal and State grants contain covenants about the assets
- Establishing the MPTA as a public body takes time

Expected Milestones for City to MPTA Transfer

July 1, 2026	Master Agreement is Effective
January 1, 2027	MPTA has established human resources support for employees (benefits, retirement, policies)
July 1, 2027	End date for transfer of employees and operational assets
June 1, 2031	Continued transfer of assets

What to Expect

- Significant coordination and collaboration
- Clear milestone requirements
- Transition period, not point in time
- Potentially staggered transfer of assets
- Multiple stakeholder involvement