

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

**INTERLOCAL AGREEMENT TO POOL NATIONAL OPIOID LITIGATION  
SETTLEMENT PROCEEDS**

This Interlocal Agreement (“Agreement”) is effective as of this \_\_\_\_ day of \_\_\_\_\_, 2023, by and between the City of Charlotte, a municipal corporation organized under laws of the State of North Carolina (“City”) and Mecklenburg County (“County”), a political subdivision of the State of North Carolina.

RECITALS

**WHEREAS**, as of 2019, the opioid epidemic had taken the lives of more than 16,500 North Carolinians, torn families apart, and ravaged communities from the mountains to the coast; and

**WHEREAS**, the Centers for Disease Control and Prevention estimates the total "economic burden" of prescription opioid misuse alone in the United States is \$78.5 billion a year, including the costs of healthcare, lost productivity, addiction treatment, and criminal justice involvement; and

**WHEREAS**, Mecklenburg County, among other local governments in North Carolina, joined with thousands of other local governments across the country to file lawsuits against opioid manufacturers and pharmaceutical distribution companies to hold those companies accountable for their misconduct; and

**WHEREAS**, representatives of local North Carolina governments, the North Carolina Association of County Commissioners, and the North Carolina Department of Justice negotiated settlements on behalf of the State of North Carolina and local governments within the state to provide for the equitable distribution of proceeds resulting from the national settlement; and

**WHEREAS**, the State and local governments share a common desire to abate, alleviate and remediate the impacts of the misconduct described above throughout North Carolina and in its local communities; and

**WHEREAS**, a Memorandum of Agreement (MOA) was executed by the North Carolina Department of Justice and numerous local governments, including with the City and the County in 2021, which terms of each party’s MOA requires any settlement funds received to be utilized only for opioid remediation activities; and

**WHEREAS**, given the unique role of counties in North Carolina providing public health services, including those related to fighting drug addiction, some North Carolina cities and towns have determined that their share of annual national opioid litigation settlement funds pursuant to the MOA, should be re-directed to the county in which the town or city is located, and

**WHEREAS**, under Article 20 of Chapter 160A of North Carolina General Statutes, as amended, cities and counties are authorized to jointly enter into interlocal cooperation undertakings with other local governments for the joint exercise of any power, function, public enterprise, right, privilege, or immunity of local governments in North Carolina; and

**WHEREAS**, pursuant to section B.4.b. of the MOA, the City may direct opioid settlement proceeds governed by the MOA and allocated to the City for remediation (“City Settlement Proceeds”) to Mecklenburg County along with all rights and responsibilities concerning these proceeds; and

**WHEREAS**, the County and the City wish to enter into an agreement in which the City directs City Settlement Proceeds from the National Opioid Settlement Funds to the County, and in return the County uses any opioid settlement proceeds transferred or re-directed from the City for specific strategies as required in the MOA.

### **AGREEMENT**

**NOW THEREFORE**, in consideration of the premises and the fulfillment of the terms of this Agreement, the County and the City agree as follows:

1. The following Exhibit is attached to this Agreement and is incorporated into and made a part of this Agreement by reference: Exhibit 1: Memorandum of Agreement (MOA) dated October 11, 2021. Each reference to this Agreement shall be deemed to include all Exhibits. Any conflict between language in an Exhibit and language in the main body of this Agreement shall be resolved in favor of the main body of this Agreement.
2. Initial Funding. As authorized under Option A of Exhibit A of the MOA, the City requests that the County exercise Strategy 4 and Strategy 5 and the City shall provide up to \$1,050,000, but not less than \$1,000,000 of the City Settlement Proceeds from the National Opioid Settlement Funds to the County. The County shall use the City Settlement Proceeds for the following specific purposes only unless otherwise approved in writing by the City:
  - a. Up to \$525,000, but not less than \$500,000, shall be used to fund programs supporting Strategy 4: Recovery Housing Support as described in Exhibit A of Exhibit 1, and
  - b. Up to \$525,000, but not less than \$500,000, shall be used to fund programs supporting Strategy 5: Employment-Related Services as described in Exhibit A of Exhibit 1.

The County shall provide the City with all information required for the Annual Financial Report and Annual Impact Report, as described and required under the terms in the MOA, specifically as noted in Exhibits E and F of Exhibit 1, within thirty (30) calendar days of the end of each fiscal year (June 30) in which the City Settlement Proceeds are spent by the County.

3. Future Funding. All future City Settlement Proceeds may be allocated and utilized in conformance with section B 4(b) and section E 5(a) of Exhibit 1. Pursuant to section B 4(b)

of Exhibit 1, any municipality allocated a share in Exhibit G may elect to have its share of current or future annual distributions of Local Abatement Funds instead directed to the county or counties in which it is located. This election may be made by the 1<sup>st</sup> of January of each year to apply to the following fiscal year. If a municipality is located in more than one county, its funds will be directed based on the MDL Matter’s Opioid Negotiation Class Model. The county shall use the City Settlement Proceeds for programs supporting the following strategies identified in Exhibit A:

- a. Strategy 4: Recovery Housing Support, and
- b. Strategy 5: Employment-Related Services.

In accordance with section E 5 of Exhibit 1, local governments shall spend the settlement funds from the Local Abatement Funds on opioid remediation activities using either or both processes described in Option A and Option B of section E of Exhibit 1, unless the relevant National Settlement Agreement or Bankruptcy Resolution further limits the spending.

As the goals and priorities of the City change, these strategies and options for utilization of the City Settlement Funds may be updated through consent of the County and amendment of this Agreement.

- 4. Future Settlements. The terms of this Agreement shall apply to, incorporate and reference herein all future City Settlement Proceeds allocated to the City comparable to those referenced in Exhibit 1. This shall include proceeds from any applicable settlement reached after the adoption of this Agreement.
- 5. Notices & Principal Contacts. Any notice, consent or other communication required or contemplated by this Agreement shall be in writing, and shall be delivered in person, by U.S. mail, by overnight courier, by electronic mail or by telefax to the Principal Contact of the intended recipient at the address set forth below:

<u>For the City:</u>	<u>For the County:</u>
<p><u>Ryan Bergman</u></p> <p>600 East Fourth Street</p> <p>Charlotte, North Carolina 28282</p> <p>Telephone: 980-216-9508</p> <p>Email: ryan.bergman@charlottenc.gov</p>	<p>Email:</p>

Communications that relate to any breach, default, termination, delay in performance, prevention of performance, modification, extension, amendment, or waiver of any

provision of this Agreement shall further be copied to the following (in addition to being sent to the individuals specified above):

<b><u>For the City:</u></b>	<b><u>For the County:</u></b>
600 East Fourth Street Charlotte, North Carolina 28282 Telephone: Email:	Email:

Notice shall be effective upon the date of receipt by the intended recipient. Any notice of breach, default, termination, delay in performance, prevention of performance, modification, extension, amendment, or waiver of any provision of this Agreement that is sent by telefax or electronic mail shall also be simultaneously sent by mail deposited with the U.S. Postal Service or by overnight courier. Each party may change its address for notification purposes by giving the other party written notice of the new address and the date upon which it shall become effective.

- 6. **Reports.** Mecklenburg County shall maintain Project records, in such formats as the parties may agree. Such records shall be available to the City for examination and inspection upon request or according to any scheduled reporting periods to which the parties may agree.
- 7. **Approvals.** All approvals or consents required under this Agreement must be in writing.
- 8. **Waiver.** No waiver of any provision of this Agreement shall be effective unless in writing and signed by the party waiving the rights. No delay or omission by either party to exercise any right or remedy it has under this Agreement shall impair or be construed as a waiver of such right or remedy. A waiver by either party of any covenant or breach of this Agreement shall not constitute or operate as a waiver of any succeeding breach of that covenant or of any other covenant.
- 9. **Terms of Agreement.** The terms of this Agreement shall commence on the Effective Date first describe above and shall expire when all of the funding directed to the City of Charlotte from the current and any future National Opioid Settlement Proceeds have been expended.

10. Amendments. The City Manager and County Manager, or their designees, are authorized to amend this agreement consistent with the purpose for which the agreement was approved.

IN WITNESS THEREOF, and in acknowledgment that the parties hereto have read and understood each and every provision hereof, the parties have caused this Agreement to be executed on the date first written above.

CITY OF CHARLOTTE:

MECKLENBURG COUNTY:

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: City Manager\_\_\_\_\_

Title: County Manager\_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_