CITY OF MONROE - GENERAL SERVICES COMMITTEE
CITY HALL CONFERENCE ROOM
300 W. CROWELL STREET, MONROE, NC 28112
Thursday, April 6, 2023 - 4:00 PM

AGENDA
www.monroenc.org

1. General Services Committee Meeting Minutes from March 2, 2023

2. Resolution Designating Authorized Signatories

3. Budget Amendment for Unprogrammed Expenditures for Airport Operations

4. Resolution Approving Supplemental Agreement for Additional Funds Between State of North Carolina and Local Governments on Proceeds Relating to the Settlement of Opioid Litigation

Other Items

CITY OF MONROE
GENERAL SERVICES COMMITTEE MEETING
City Hall Conference Room
300 W. Crowell Street
Monroe, NC 28112
March 2, 2023 4:00 PM

MINUTES

Present: Committee Member Lynn Keziah (Chairman), Committee Member Julie Thompson, Committee Member Mayor Pro Tem Gary Anderson

Absent: None

Staff: Ashley Ivey, Assistant Finance Director; Peter Cevallos, Airport Manager; Teresa Campo, Community Development Coordinator

Visitor(s): Ken Honeycutt, Attorney

The General Services Committee met in the City Hall Conference Room at 4:00 p.m. on March 2, 2023. A quorum was present. Chairman Lynn Keziah presided.

Item 1. General Services Committee Meeting Minutes from February 2, 2023.
The minutes from the February 2, 2023 General Services Committee meeting were presented for the Committee's approval.

Committee Member Julie Thompson moved to approve the minutes of the General Services Committee Meeting of February 2, 2023.

Chairman Lynn Keziah seconded the motion, which unanimously passed with the following votes:

AYES: Chairman Keziah, Committee Member Thompson

NAYS: None

Item 2. Budget Amendment and Ordinance to Amend the Fee Schedule Temporary Air Traffic Control Tower.
Peter Cevallos, Airport Manager, presented information concerning the Airport's expectations to receive increased aircraft traffic from May 1 through 8, 2023, in conjunction to the Wells Fargo Championship golf tournament held in Charlotte. To better manage this air traffic, Staff is seeking to operate a temporary air traffic control tower. The anticipated revenue from this week's extra air traffic will be used to off-set the cost of the control tower.

The Wells Fargo Golf Championship brings a number of aircraft, primarily charter services to the airport during the tournament. The tournament is scheduled to occur the week of May 1st through 8th, 2023. With the recent marked increase in air traffic that the Airport has been experiencing, staff supports introducing a temporary air traffic control tower during this week of the golf tournament to maintain the necessary degree of air traffic safety. The control tower will help manage the aircraft arrivals and departures, and, working with Airport Staff, would greatly facilitate aircraft ground operations.

Mr. George Cline, with Air Boss Inc., and has worked with City Staff over the years in managing the Warbirds Over Monroe air show, has offered his company's services to provide a temporary control tower at the

Airport. His company would provide the mobile tower facility and two controllers, who would control the Airport's air traffic from 8am to 7pm daily for the whole week. The cost to provide this service is $22,000.

To assist Airport staff and offset the cost, a high-density fixed base operation plan will be initiated. This plan incorporates a new event fee that is assessed to transient aircraft as a surcharge on services during the time the control tower is operating. The Airport is requesting the following addition be made to the Airport Fee Schedule under the Line Service Fees section. The proposed fee, titled "Event Fee", will be charged to transient aircraft that use the facilities when there is a special event occurring at the Airport which increases the amount of air traffic. In addition, there is an expected increase in fuel sales from the transient aircraft. The revenue generated from this fee will be used to cover any additional cost associated with airport operations, including the temporary control tower, during the event period.

With Airport Commission recommendation, staff requests a favorable recommendation from General Services Committee to approve the proposed Budget Amendment, Ordinance to amend the fee schedule and authorization for the Interim Manager to execute any and all documents.

Committee Member Thompson made the motion to approve the budget amendment, ordinance to amend fee schedule, and authorization for the Interim Manager to execute any and all documents, and forward to Council for approval.

Mayor Pro Tem Anderson seconded the motion to approve, which unanimously passed with the following votes:

AYES: Chairman Keziah, Mayor Pro Tem Anderson, Committee Member Thompson

NAYS: None

Item 3. Outside Agency Funding Requests for Fiscal Year 2024 Budget.
Ashley Ivey, Assistant Finance Director, presented information to consider outside agency funding requests for the fiscal year 2024 budget.

Outside agency applications for funding requests for the fiscal year 2024 budget were due on February 13, 2023. Eligible applicants must be a non-profit organization that provides a service for the Monroe community. In order to be considered, the applicants were required to attend a mandatory workshop that was held on November 10, 2022 and submit an application.

A Committee comprised of three staff members reviewed the applications and documentation that was submitted to ensure a public purpose eligibility, fiscal and programmatic compliance. The General Services Committee is requested to review the funding requests, approve staff recommendations and make recommendations to City Council for funding. All funding is based on City Council approval of the FY 2024 budget.

Teresa Campo, Community Development Coordinator, presented greater detail on several issues regarding the applications for funding requests. Staff recommended the Artist's Guild not be funded through outside agency, but deferred to Tourism for possible grant eligibility. Historically, they have been funded through that process. Central Academy of Technology and Art Band Boosters did not establish a Department relationship and are not recommended for funding. Teresa noted that the application and Outside Agency workshop clearly established the guidelines. The Union County Community Arts Council established a partnership with Parks and Recreation and was recommend for funding through the City Manager's office similar to the Historic Preservation Commission.

Teresa advised that arts and cultural applications will not be accepted through the outside agency process but instead come through departments that are over their respective areas - such as tourism, downtown, or parks & recreation. Teresa also asked if only outside agencies that have been historically funded could be considered for future funding, to assist us in identifying gaps and strengthening our partnerships. Councilman Lynn Keziah asked about The H.E.L.P. Center, Teresa Campo advised that the agency was not able to apply due to staffing issues, but the City will try to partner in some sort of community development activity to continue the partnership. We received no new applications. Several applicants, including

Common Heart, Union County Homeless Shelter, Helpquest, Council on Aging, and Turning Point also applied through the consortium CDBG funding which closed Feb. 28.

Committee Member Thompson asked about the updated application process in comparison to last year, to which Teresa responded favorably that there was more accountability and that it was a reimbursement process. In addition, the agencies were advised that leveraging would be required, which we will be reporting at the end of the fiscal year.

Council asked about the changes in funding, Teresa responded that guidance from the UNC School of Government, stated that governments should pay utilities through a grant process and not pay the utilities directly. Further, local governments should not pay utilities on facilities that they no longer own and/or do not own. In addition, Teresa clarified a review of the leases included some utilities and like kind rents and utilities would remain in Outside Agencies.

Lastly, Councilwoman Thompson asked last year how we could ensure Monroe citizens are benefiting from the assistance. Teresa advised the written funding agreement includes provisions for benefits to Monroe residents.

Staff requests that the General Services Committee consider funding requests and make recommendations to City Council for the fiscal year 2024 budget.

The Committee reviewed all staff recommendations of funding levels for the fiscal year 2024 outside agency funding requests and were in agreeance with them as follows:

CITY OF MONROE
OUTSIDE AGENCY FUNDING HISTORY
Fiscal Year 2024 Requests

ORGANIZATION NAME	2023 Approved	2023 Estimated In-Kind	2024 Request	Type of Activity	2024 Recommended	Summary of FY 24 Request
Angel Shoes Inc	3,000		5,000	Pub Svc	5,000	Provide shoes backpacks to low to moderate income Monroe residents, events in City.
Artists Music Guild	0		20,000	Art & Cult	0	Defer to Tourism. Met with Pete and advised that they could receive funding if they estabish a connection to local tourism. Request 20000 Budget 10000
Central Academy of Technology and Art (Band Boosters)	2,000		2,000	Art & Cult	0	Arts & Cultural - no department partnership
Common Heart	10,000		20,000	Pub Svc	20,000	Getting Ahead Program to Improve Economic Empowerment for Low to Moderate Income Monroe residents
Community Health Services of Union County, Inc.	20,000		25,000	Pub Svc	25,000	Utility assistance and Medical Supplies for low to moderate Monroe Residents
Council on Aging of Union County	7,500		25,000	Pub Svc	15,000	In-home services for seniors - Monroe Residents, Received $60,000 of Consortium Funds - Reapplying this year
Excel Enrichment Program	5,000		6,000	Pub Svc	4,020	Conditional on 990, Builidng Inspection (Fire), No Admin, Direct Services (very little leveraging)
Ground 40 Ministries	10,000		15,000	Pub Svc	15,000	Utilities, repairs & maintenance and program supplies for sheltering people in recovery.
HealthQuest	4,150		10,000	Pub Svc	4,150	Utility assistance and Medical Supplies (no way to verify low to moderate Monroe Residents)
Hospice of Union County	15,000		20,000	Pub Svc	15,000	Monroe Residents (proof of low-moderate income cannot be verified)
Monroe-Union County CDC – Administration	25,000		25,000	Pub Svc	25,000	Homeowners and Credit Counseling and Fair Housing Representation
Turning Point, Inc. – Operating	15,000		20,000	Pub Svc	20,000	Utilities, repairs & maintenance and program supplies for Domestic Violence Ctr Received $44000 from Consortium Reapplying This Year
Union County Community Action, Inc.	25,000		25,000	Pub Svc	25,000	Utility bill for facility for 246 children (200 in Monroe) with Head Start/ Early Start Program education
Union County Community Action, Inc. / Head Start (Utility Sub)		515,059		Pub Svc	515,059	Utility bill for classrooms and offices - split 75/25 with city being 75% Included in in-kind rent.
Union County Community Arts Council	32,500		32,500	Art & Cult	0	Parks and Recreation Partnership determination, City Manager Project
Union County Community Arts Council (Utility Subsidy)		27,020		Pub Svc	27,020	Utility bill is combined with Downtown Monroe - split 50/50 *Included in in-kind rent.*
Union County Community Shelter/ (Utility Subsidy)	50,000		55,000	Pub Svc	55,000	Utility Assistance (contingent upon signature of conflict of interest statement)
Union County Crisis Assistance Ministry	30,000		30,000	Pub Svc	30,000	Crisis Intervention Program - Utility, rent, mortgage assistance to families in crisis/unexpected hardship Monroe residents, Received $38,000 from Consortium Fy.
Union County Public Schools		11,520		Pub Svc	11,520	Land lease for bus parking In-kind rent.
TOTAL ANNUAL AGENCY REQUESTS	**310,150**	**553,599**	**335,500**		**811,769**	
Balance of Funding Allocated For:						
Utility Fees Waived-Various	26,172				26,172	Current Balance
Monroe-Union County CDC – Down payment Assistance	15,850				16,594	Current Balance
TOTAL BALANCE OF FUNDING ALLOCATED	**42,022**				**43,355**	
Total Funding:	**352,172**	**553,599**			**855,124**	

Mayor Pro Tem Anderson moved to approve and forward to City Council for approval as part of the fiscal year 2024 budget.

Committee Member Thompson seconded the motion, which unanimously passed with the following votes:

AYES: Chairman Keziah, Mayor Pro Tem Anderson, Committee Member Thompson

NAYS: None

Other:

Committee Member Mayor Pro Temp Anderson thanked Teresa Campo and the Finance Department for all their hard work, emphasizing the total accountability for agency funds.

There being no further business the meeting adjourned at 4:16 p.m.

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Committee Chairman, Lynn Keziah

City of Monroe
Where Heartland Meets High Tech

STAFF REPORT

TO:	General Services Committee
VIA:	Mark Watson, City Manager
DATE:	April 6, 2023
FROM:	Lisa Strickland, Finance Director
PREPARED BY:	Ashley Ivey, Assistant Finance Director
SUBJECT:	Resolution Designating Authorized Signatories

SUMMARY STATEMENT

The General Services Committee is requested to update the individuals designated as authorized signatories for the City's bank account.

REVIEW

General Statute 159-25(b) of the North Carolina Government Fiscal Control Act specifies that the Finance Officer or properly designated Deputy Finance Officer and another municipal official must sign all checks and drafts issued by a local government. A resolution is attached that removes former City Manager, Brian Borne, and adds current City Manager, William M. Watson to the approved signatories on the City's bank accounts.

RECOMMENDATION

Staff requests that the General Services Committee approve and forward to City Council approval of the attached Resolution R-2023-02 to update the designated signatories.

Attachment(s):
Resolution R-2023-02

RESOLUTION DESIGNATING AUTHORIZED SIGNATORIES
FOR CITY OF MONROE
R-2023-02

WHEREAS, General Statute 159-25(b) of the North Carolina Government Fiscal Control Act specifies that the Finance Officer or properly designated Deputy Finance Officer and another municipal official must sign all checks and drafts issued by a local government; and

WHEREAS, the City Council desires that new designations be made with regard to authorized signatories on the City's bank accounts.

NOW, THEREFORE, BE IT RESOLVED that the following individuals are hereby designated as authorized signatories for the City's bank accounts effective April 11, 2023:

The Honorable Marion L. Holloway, Jr., Mayor
William M. Watson, City Manager
Lisa A. Strickland, Finance Director
Ashley Ivey, Assistant Finance Director

Adopted this 11th day of April, 2023.

Attest:

____
Marion L. Holloway, Jr., Mayor

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Bridgette H. Robinson, City Clerk

STAFF REPORT

TO:	General Services Committee
VIA:	Mark Watson, City Manager
DATE:	April 6, 2023
FROM:	Peter Cevallos, Airport Manager
PREPARED BY:	Peter Cevallos, Airport Manager
SUBJECT:	Budget Amendment for Unprogrammed Expenditures for Airport Operations

SUMMARY STATEMENT

Staff is requesting a budget amendment for unprogrammed expenditures to support airport operations.

REVIEW

The Airport is needing a budget amendment to fund unprogrammed expenditures related to airport operations. These include:

- Icemaker used for re-supplying ice to the corporate and charter jet aircraft
- Reach-in cooler to maintain food catering for the same
- Fuel truck "single-point" nozzle, utilized in fueling corporate jet aircraft
- Fuel dispenser components for the self-service AVGAS terminal.

Total requested outlay should not exceed $16,325.

RECOMMENDATION

Staff is requesting General Services Committee recommend to City Council the approval of a budget amendment for unprogrammed expenditures related to airport operations.

Attachment(s):
BA-2023-10

CITY OF MONROE
BUDGET AMENDMENT
BA-2023-10

Amendment necessary to fund unprogrammed capital expenditures related to airport operations:

General Fund:			
	Revenues:		
		Appropriation from Unassigned Fund Balance	$16,325
	Expenses:		
		Transfer to Airport Fund	$16,325
Airport Fund:			
	Revenues:		
		Transfer from General Fund	$16,325
	Expenses:		
		Airport Operations	$16,325

Adopted this 11th day of April 2023.

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Marion Holloway, Mayor

Attest:

____
Bridgette H. Robinson, City Clerk

STAFF REPORT

TO: General Services Committee

VIA: Mark Watson, City Manager

DATE: April 6, 2023

FROM: Ken Honeycutt, Interim City Attorney

PREPARED BY: Lisa Strickland, Finance Director

SUBJECT: Approval of a Resolution Authorizing the Execution of the Supplemental Agreement for Additional Funds Between the State of North Carolina and Local Governments on Proceeds Relating to the Settlement of Opioid Litigation

SUMMARY STATEMENT

General Services is asked to approve and move forward to City Council a Resolution which will authorize the execution of a Supplemental Agreement for additional funds between the State of North Carolina and local governments on proceeds relating to the settlement of opioid litigation.

REVIEW

The opioid epidemic, as of 2019, has taken the lives of more than 16,500 North Carolinians. North Carolina, and several counties and large municipalities, joined in nationwide lawsuits against opioid manufacturers and pharmaceutical distribution companies to work to hold those companies liable for their role in the opioid crisis. While the City was not part of the litigation, Union County and a representative of the counties involved in the litigation previously asked the City to approve a Memorandum of Agreement between the state of North Carolina and the local governments relating to the settlement of opioid litigation. The execution of this agreement was approved at the September 28, 2021 council meeting. This Memorandum of Agreement entitled Union County to an estimated $9,447,405.92 from settlements with the "big three" drug distributors plus Johnson & Johnson ("Wave One Settlements").

Authorization to execute the Supplemental Agreement for additional funds is requested. "Wave Two Settlements" with CVS, Walgreens, Walmart, Allergan and Teva have been negotiated. Union County has been projected to receive $7,562,438.43 from wave two for a total of

$17,009,844.35 for both waves. Residents of Monroe stand to benefit from the state and local programs and services supported with opioid settlement funds. North Carolina will only receive its full share of payments from the Wave Two Settlements if all eligible governments sign onto each settlement. If North Carolina achieves the same 100% participation by counties and larger municipalities, funds from the Wave Two Settlement should start arriving in North Carolina during the second half of 2023.

Union County has approved the Supplemental Agreement and requests that the City approve the Agreement as well.

RECOMMENDATION

Staff requests that General Services approve and forward to City Council a resolution which will authorize the execution of a Supplemental Agreement for additional funds between the State of North Carolina and local governments on proceeds relating to the settlement of opioid litigation and authorize the City Manager to sign the necessary documents.

Attachment(s):
-Resolution R-2023-15
-FAQ on Wave Two Opioid Settlements
-Supplemental Agreement for Additional Funds from Additional Settlements of Opioid Litigation

RESOLUTION BY CITY OF MONROE, NORTH CAROLINA AUTHORIZING EXECUTION OF OPIOID SETTLEMENTS AND APPROVING THE SUPPLEMENTAL AGREEMENT FOR ADDITIONAL FUNDS BETWEEN THE STATE OF NORTH CAROLINA AND LOCAL GOVERNMENTS ON PROCEEDS RELATING TO THE SETTLEMENT OF OPIOID LITIGATION
R-2023-15

WHEREAS, the opioid overdose epidemic had taken the lives of more than 32,000 North Carolinians (2000-2021);

WHEREAS, the COVID-19 pandemic has compounded the opioid overdose crisis, increasing levels of drug misuse, addiction, and overdose death; 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, certain counties and municipalities in North Carolina joined with thousands of local governments across the country to file lawsuits against opioid manufacturers, pharmaceutical distribution companies, and chain drug stores to hold those companies accountable for their misconduct; and

WHEREAS, settlements have been reached in litigation against Walmart, Inc., Teva Pharmaceutical Industries Ltd., Allergan Finance, LLC, Allergan Limited, CVS Health Corporation, CVS Pharmacy, Inc., and Walgreen Co., as well as their subsidiaries, affiliates, officers, and directors named in these Settlements; and

WHEREAS, representatives of local North Carolina governments and the North Carolina Department of Justice have negotiated and prepared a Supplemental Agreement for Additional Funds (SAAF) to provide for the equitable distribution of the proceeds of these settlements; and

WHEREAS, by joining the settlements and approving the SAAF, the state and local governments maximize North Carolina's share of opioid settlement funds to ensure the needed resources reach communities, as quickly, effectively, and directly as possible; and

WHEREAS, it is advantageous to all North Carolinians for local governments, including Monroe and its residents, to sign onto the settlements and SAAF and demonstrate solidarity in response to the opioid overdose crisis, and to maximize the share of opioid settlement funds flowing to North Carolina to help abate the harm; and

WHEREAS, the SAAF directs substantial resources over multiple years to local governments on the front lines of the opioid overdose epidemic while ensuring that these resources are used in an effective way to address the crisis;

NOW, THEREFORE BE IT RESOLVED, that the City of Monroe hereby authorizes the City Manager to execute all documents necessary to enter into opioid settlement agreements with Walmart, Walgreens, CVS, Allergan, and Teva, to execute the SAAF, and to provide such documents to Rubris, the Implementation Administrator.

Adopted this the 11th day of April, 2023.

Attest: ______________________________
Marion L. Holloway, Jr., Mayor

____
Bridgette H. Robinson, City Clerk

Frequently Asked Questions on the Wave Two Opioid Settlements
and Supplemental Agreement for Additional Funds ("SAAF")

February 15, 2023

CONTENTS

PART 1: WAVE TWO OPIOID SETTLEMENTS

1. What is the purpose of this FAQ?

Part 1 of this FAQ answers questions about the Wave Two Opioid Settlements and Part 2 answers questions about the Supplemental Agreement for Additional Funds ("SAAF").

2. What if there is a discrepancy between this FAQ and any of the Wave Two Settlement documents or SAAF?

If there is a discrepancy between this FAQ and the Wave Two Settlement documents or SAAF, then the Wave Two Settlement documents or SAAF take precedence. This FAQ is an effort to explain the Wave Two Settlements and SAAF in user-friendly terms, but this FAQ is not a binding legal document.

3. What are the Wave Two Opioid Settlements?

In addition to the $26 billion national opioid settlements with the "big three" drug distributors plus Johnson & Johnson ("Wave One Settlements"), Attorney General Josh Stein helped negotiate $21 billion in new settlements with CVS, Walgreens, Walmart, Allergan and Teva ("Wave Two Settlements").

4. **How much money will the Wave Two Opioid Settlements bring to North Carolina?**

   North Carolina's state and local governments stand to receive more than $600 million from the Wave Two Settlements between 2023 and 2035 – in addition to the more than $750 million we are already slated to receive from the Wave One Settlements between 2022 and 2038. In total, the Wave One Settlements and Wave Two Settlements will provide more than $1.35 billion in new funds for opioid remediation activities in North Carolina.

5. **Which North Carolina local governments will receive funds from the Wave Two Opioid Settlements?**

   The same local governments that receive funds from the Wave One Settlements (governed by the Memorandum of Agreement or "MOA") will receive funds under the Wave Two Settlements (governed by the SAAF).

   To be more specific: Local governments entitled to receive direct payments under the settlements are the 100 North Carolina counties plus any municipality that either filed suit against the defendants, or had a population of 75,000 or more in 2019, or both. Based on those criteria, the municipalities entitled to receive funds are Asheville, Canton, Cary, Charlotte, Concord, Durham, Fayetteville, Gastonia, Greensboro, Greenville, Henderson, Hickory, High Point, Jacksonville, Raleigh, Wilmington, Winston-Salem.

   Three of the municipalities entitled to receive direct payments under the settlements (Cary, Gastonia, and Raleigh) have chosen to direct their opioid settlement funds to their respective counties. That leaves all 100 counties plus 14 municipalities (rather than 17 municipalities) slated to receive opioid settlement funds under the Wave One and Wave Two Settlements. (Any other municipalities interested in option of directing opioid settlement funds to their respective counties should reach out to the NC DOJ team at opioidsettlement@ncdoj.gov.)

6. **How much funding will the 100 counties and 14 municipalities receive from the Wave Two Opioid Settlements?**

   As with the Wave One Settlements, North Carolina will receive its full share of payments from the Wave Two Settlements only if all required local governments sign onto each settlement. And the defendants will agree to finalize the Wave Two Settlements only if the vast majority of local governments across the nation sign onto them.

   If all required local governments sign onto the Wave Two Settlements in North Carolina, and a sufficient number of local governments join the Wave Two Settlements across the nation, then the maximum amount that each of the 100 counties and 14 municipalities identified above could receive from the Wave Two Settlements is available HERE on the "Wave Two Settlements" page of DOJ's www.MorePowerfulNC.org website.

7. **Which local governments need to sign onto the Wave Two Settlements in order for North Carolina to receive the full share of settlement funding to which it is entitled?**

   Local governments that must sign the Wave Two Settlements in order for North Carolina to receive the full share of settlement funding to which it is entitled include:

   - all 100 counties,
   - the 17 municipalities listed above that are entitled to receive opioid settlement funds, and
   - all other municipalities with a population of 30,000 or greater.

8. **So there are some municipalities that asked to sign the Wave Two Settlements even though they do not receive direct funding under the settlements? Why is that?**

   Residents of all municipalities in North Carolina – including those that receive settlement funds directly and those that do not receive settlement funds directly – stand to benefit from state and local programs and services supported with opioid settlement funds.

   There are 22 municipalities that signed the Wave One Settlements and are now asked to sign the Wave Two Settlements even though they do not receive direct payments under the Wave One or Wave Two Settlements. By signing onto the settlements, these municipalities help ensure that North Carolina receives the full amount of settlement funds to which it is entitled.

9. **What actions are required for a local government to join the Wave Two Opioid Settlements?**

   Typically, local governments follow a two-step process to join the Wave Two Settlements and SAAF.

   First, the governing board of the county or municipality passes a resolution authorizing designated local officials to sign onto the settlements and SAAF. To assist with this step, draft resolution templates for counties and municipalities are available HERE on the "Wave Two Settlements" page of DOJ's www.MorePowerfulNC.org website.

   Second, after receiving authorization from their respective governing boards, designated local officials (such as managers or attorneys) will sign onto the five new settlements and documents through an electronic sign-on process. In mid-February 2023, all 100 counties and the 36 municipalities identified above will receive an email from the national administrator, Rubris. The email from Rubris will invite each local government to sign onto each of the five new settlements as well as the SAAF.

10. What is the deadline for local governments to sign onto the settlements and SAAF?

April 18, 2023 is the deadline to sign onto the Wave Two Settlements and SAAF.

11. When will North Carolina receive funds from the Wave Two Opioid Settlements?

If the sign-on to the Wave Two Settlements in North Carolina and across the nation goes well, and the defendants agree to finalize the settlements (as described in question 6 above), we anticipate Wave Two Settlement payments will begin in the second half of calendar year 2023 to the 100 counties plus 14 municipalities slated to receive funds.

The Wave Two Settlement payments will be made over 15 years. We anticipate the payments will be frontloaded, with the largest payment in the first year. (This is because Walmart will pay nearly 100% of its settlement in the first year.) That said, we will be unable to provide a year-by-year schedule of Wave Two Settlements payments until we know the dates when all the settlements are finalized.

Under the MOA and SAAF, local governments are NOT required to spend funds from the Wave One Settlements or Wave Two Settlements during the same fiscal year in which the funds are received. Instead, the MOA and SAAF allow local governments to develop multi-year plans and to spend opioid settlement funds when it makes most sense for them to do so.

12. How can I learn more about the Wave Two Settlements?

Additional information is available HERE on the "Wave Two Settlements" page of DOJ's www.MorePowerfulNC.org website.

PART 2: SUPPLEMENTAL AGREEMENT FOR ADDITIONAL FUNDS ("SAAF")

13. What is the purpose of the Supplemental Agreement for Additional Funds ("SAAF")?

The purpose of the SAAF is to direct funds from the Wave Two Settlements to the state of North Carolina and local governments in a manner consistent with the Memorandum of Agreement ("MOA") that has governed the distribution, use, and reporting of funds from the Wave One Settlements since May 2022.

14. Under the SAAF, do funds from the Wave Two Settlements go into the same special revenue fund as funds from the Wave One Settlements?

The SAAF provides that every local government receiving funds from the Wave Two Settlements must either:

1. Deposit the funds from the Wave Two Settlements into the same special revenue fund used for funds from the Wave One Settlements; or (alternatively)
2. Create a separate special revenue fund for funds from the Wave Two Settlements if there is a desire to do so.

It is important to understand that the MOA and SAAF allow local governments to combine funds from Wave One Settlements and funds from Wave Two Settlements into a single fund for spending and reporting purposes. The MOA and SAAF do <u>NOT</u> require that local governments develop separate accounting or reporting requirements for funds from Wave One Settlements versus funds from Wave Two Settlements.

15. Regarding the <u>USE</u> of opioid settlement funds, how does the SAAF compare to the MOA?

Regarding the use of opioid settlement funds, the MOA and SAAF are identical. Funds from the Wave Two Settlements (under the SAAF) are subject to the same rules and guidelines as to how those funds may be used as funds under the Wave One Settlements (under the MOA). For example, Option A and Option B (as described in the MOA) apply to funds from the Wave Two Settlements the same way they apply to funds from the Wave One settlements. And all of the auditing, compliance, reporting, and accountability provisions in the MOA apply to funds from the Wave Two Settlements in the same way they apply to funds from the Wave One Settlements.

16. Regarding the <u>REPORTING</u> of opioid settlement funds, how does the SAAF compare to the MOA?

With respect to reporting requirements, funds from the Wave Two Settlements (under the SAAF) are subject to all the exact same reporting requirements as funds under the Wave One Settlements (under the MOA).

As noted above, the MOA and SAAF allow local governments to combine funds from Wave One Settlements and funds from Wave Two Settlements into a single fund for spending and reporting purposes. The MOA and SAAF do <u>NOT</u> require that local governments develop separate accounting or reporting requirements for funds from Wave One Settlements versus funds from Wave Two Settlements.

17. Regarding the <u>ALLOCATION</u> of opioid settlement funds, how does the SAAF compare to the MOA?

Regarding the allocation of opioid settlement funds, the MOA and SAAF are nearly identical:

- Both the MOA and the SAAF direct 15 percent of each payment from the Wave One Settlements and Wave Two Settlements to the State of North Carolina.
- The MOA directs 85 percent of each payment from the Wave One Settlements to local governments, including all 100 counties and the 14 municipalities identified in question 5 above.
- The SAAF directs 84.62 percent of each payment from the Wave Two Settlements to local governments, including all 100 counties and the 14 municipalities identified in question 5 above.
- The SAAF directs 0.38 percent of each payment from the Wave Two Settlements to private attorneys who have a principal office in North Carolina that have represented local governments in opioid litigation ("Local Counsel").

18. Why does the SAAF direct funds to Local Counsel?

Both the Wave One Settlements and the Wave Two Settlements provide national attorney fee and cost funds that compensate the attorneys who filed suit and litigated on behalf of local governments across the country. The out-of-state counsel who pursued the federal court litigation filed by more than 75 counties and municipalities in North Carolina will receive substantial amounts from these national funds. However, only a small portion of these national funds go to the North Carolina-based lawyers who have also represented our counties and municipalities in opioid litigation.

During the sign-on process for the Wave One Settlements, some counties and municipalities hesitated to join the settlements because of concerns about whether outside counsel would seek to enforce contingency fee arrangements. To ensure that North Carolina obtains 100% participation in the Wave Two Settlements, which is necessary for North Carolina to receive 100% of its funds as explained in question 6 above, the SAAF provides a small fund to Local Counsel in exchange for their clear advance commitment to waive their fee claims against all North Carolina counties and municipalities.

19. Does the SAAF impose any conditions for Local Counsel to receive funds?

Yes. The SAAF provides funds from the Wave Two Settlements to Local Counsel only if:

- All North Carolina counties and municipalities that filed lawsuits against the settling companies join the Wave Two Settlements by April 18, 2023.
- Local Counsel release all North Carolina counties and municipalities from any claim regarding the obligation to pay legal fees or costs relating to their representation of North Carolina counties and municipalities regarding opioid claims and litigation against the Defendants who were part of the Wave One Settlements and Wave Two Settlements.
- National Counsel release all North Carolina counties and municipalities from any contractual obligation to pay legal fees or costs relating to their representation of North Carolina counties and municipalities regarding opioid claims and litigation against the Defendants who were part of the Wave One Settlements and Wave Two Settlements.

All of the above conditions must be met in order for Local Counsel to receive funds. If any of the above conditions are not met, the SAAF allocates no Wave Two Settlement funds to Local Counsel.

20. How can I learn more about the SAAF?

Additional information is available HERE on the "Wave Two Settlements" page of DOJ's www.MorePowerfulNC.org website.

Supplemental Agreement for Additional Funds
From Additional Settlements of Opioid Litigation

I. PURPOSE

The purpose of this Supplemental Agreement for Additional Funds ("SAAF") is to direct Additional Funds from Additional Settlements of opioid litigation to the state of North Carolina and local governments in a manner consistent with the Memorandum of Agreement ("MOA") Between the State of North Carolina and Local Governments on Proceeds Relating to the Settlement of Opioid Litigation that has governed the distribution of Opioid Settlement Funds to the State and its Local Governments since May 2022.

This SAAF does not change the scope or meaning of the MOA with respect to Opioid Settlement Funds governed by the MOA. Instead, this SAAF applies the terms of the MOA – with certain clarifications noted below – to the Additional Settlements and Additional Funds described below.

II. SCOPE

A. Scope of the MOA. Under the terms of the MOA, the MOA governs Opioid Settlement Funds from:

   1. The National Settlement Agreement with the drug distributors Cardinal, McKesson, and AmerisourceBergen and the drug maker Johnson & Johnson and its subsidiary Janssen Pharmaceuticals; and

   2. The Bankruptcy Resolution with Mallinckrodt; any Bankruptcy Resolution with Purdue; and any other Bankruptcy Resolution as the term "Bankruptcy Resolution" is defined in the MOA.

B. Scope of this SAAF. This SAAF governs Additional Funds from the Additional Settlements with Additional Settling Defendants Walmart, Inc., Teva Pharmaceutical Industries Ltd., Allergan Finance, LLC, Allergan Limited, CVS Health Corporation, CVS Pharmacy, Inc., and Walgreen Co., as well as their subsidiaries, affiliates, officers, and directors named in the Additional Settlements.

III. APPLICATION OF THE MOA TO ADDITIONAL SETTLEMENTS AND FUNDS

The MOA, which is incorporated herein by reference, governs Additional Settlements and Additional Funds in every respect, except as set forth hereinbelow. In the event of any conflict between the MOA and this SAAF, with respect to Additional Settlements and Additional Funds, the provisions of this SAAF shall take precedence.

A. Definitions.

1. The definitions used in the MOA are incorporated by reference into this SAAF.

2. "Additional Funds" shall mean all funds allocated by the Additional Settlements to the State or Local Governments for purposes of opioid remediation activities, as well as any repayment of those funds and any interest or investment earnings that may accrue as those funds are temporarily held before being expended on opioid remediation strategies. Not included are funds made available in Additional Settlements for the payment of the Parties' litigation expenses or the reimbursement of the United States Government.

3. "Additional Settlements" means a national opioid settlement agreement with the Parties and one or more of the Additional Settling Defendants concerning alleged misconduct in manufacture, marketing, promotion, distribution, or dispensing of an opioid analgesic.

4. "Additional Settling Defendants" means the defendants listed in section II.B of this SAAF.

5. "Local Counsel" means legal counsel and law firms who have a principal office in North Carolina and represented one or more North Carolina counties and municipalities in litigation against one or more Additional Settling Defendant concerning opioids.

6. "National Counsel" means legal counsel and law firms who have a principal office outside of North Carolina and represented various North Carolina counties and municipalities in litigation against one or more Settling Defendant or Additional Settling Defendant concerning opioids.

7. "Required Local Governments" means all North Carolina counties and municipalities that have filed litigation against any of the Settling Defendants or Additional Settling Defendants.

B. Allocation of Additional Funds

1. Method of distribution. Pursuant to any Additional Settlements, Additional Funds shall be distributed directly to the State, Local Governments, and Local Counsel for such uses as set forth in the MOA and this SAAF, provided Opioid Settlement Funds shall not be considered funds of the State, any Local Governments, or any Local Counsel unless and until such time as each distribution is made.

2. Overall allocation of funds. Additional Funds shall be allocated as follows with respect to each payment from the Additional Settling Defendants: (i) 15% directly to the State ("State Additional Abatement Fund"), (ii) 84.62% to abatement funds established by Local Governments ("Local Additional Abatement Funds"), and (iii) 0.38% to a Local Counsel Fee Fund described in section IV of this SAAF.

3. The allocation of Local Additional Abatement Funds between Local Governments shall be as described in MOA section B.3. However, to the extent required by the terms of an Additional Settlement, the proportions set forth in MOA Exhibit G shall be adjusted: (i) to provide no payment from an Additional Settlement to any listed county or municipality that does not participate in the Additional Settlement; and (ii) to provide a reduced payment from an Additional Settlement to any listed county or municipality that signs onto the Additional Settlement after the deadline specified by the Additional Settlement.

4. Municipal allocations of Local Additional Abatement Funds shall be as described in MOA section B.4. Consistent with the manner in which MOA section B.4.b has been interpreted by the parties to the MOA with respect to Opioid Settlement Funds, a municipality that directs Local Additional Abatement Funds to the county or counties in which it is located pursuant to MOA section B.4 shall be relieved of any reporting or other obligations under the MOA with respect to the redirected funds.

5. The use of Additional Funds for opioid remediation activities shall be as described in MOA section B.5.

6. All Parties acknowledge and agree the Additional Settlements will require a Local Government to release all its claims against the Additional Settling Defendants to receive Additional Funds. All Parties further acknowledge and agree based on the terms of the Additional Settlements, a Local Government may receive funds through this SAAF only after complying with all requirements set forth in the Additional Agreements to release its claims.

C. Payment of Litigating and Non-Litigating Parties

No party engaged in litigating the MDL Matter shall receive a smaller payment than a similarly situated non-litigating Party, other than as based on the Allocation Proportions in MOA Exhibit G.

D. Special Revenue Fund

Every Local Government receiving Additional Funds shall either (1) deposit the Additional Funds in the special revenue fund that the Local Government created for Opioid Settlement Funds pursuant to MOA section D.1 or (2) create a separate special revenue fund as described in MOA section D.1 that is designated for the receipt and expenditure of the Additional Funds. In either case, every Local Government receiving Additional Funds shall abide by MOA section D and other relevant provisions of the MOA with respect to the Additional Funds in the special revenue fund.

E. Opioid Remediation Activities

1. Local Governments shall expend Additional Funds according to the requirements for Opioid Settlement Funds stated in MOA section E.

2. The coordination group established by MOA section E.7 and described in MOA Exhibit D shall have the same responsibilities with respect to remediation activities funded by Additional Funds and related requirements and procedures that it has with respect to the Opioid Settlement Funds covered by the MOA.

F. Auditing, Compliance, Reporting, and Accountability

1. The Auditing, Compliance, Reporting, and Accountability provisions stated in MOA section F shall apply to Additional Funds in the way they apply to Opioid Settlement Funds.

2. The coordination group established by MOA section E.7 and described in MOA Exhibit D shall have the same responsibilities with respect to auditing, compliance, reporting, and accountability provisions relating to Additional Funds that it has with respect to the Opioid Settlement Funds covered by the MOA.

G. Effectiveness

1. When this SAAF takes effect. This SAAF shall become effective at the time a sufficient number of Local Governments have joined the SAAF to qualify the SAAF as a State-Subdivision Agreement under the Additional Settlements. If this SAAF does not thereby qualify as a State-Subdivision Agreement, this SAAF will have no effect.

2. Amendments to the SAAF.

    a. Amendments to conform to final national documents. The Attorney General, with the consent of a majority vote from a group of Local Government attorneys appointed by the Association of County Commissioners, may initiate a process to amend this SAAF to make any changes required by the final provisions of the Additional Settlements. The Attorney General's Office will provide written notice of the necessary amendments to all the previously joining parties. Any previously joining party will have a two-week opportunity to withdraw from the SAAF. The amendments will be effective to any party that does not withdraw.

    b. Coordination group. The coordination group may make the changes to the SAAF described and authorized in MOA Exhibit D.

    c. No amendments to allocation between Local Governments. Notwithstanding any other provision of this SAAF, the allocation proportions set forth in MOA Exhibit G may not be amended.

    d. General amendment power. After execution, the coordination group may propose other amendments to the SAAF, subject to the limitation in Section G.2.c of this SAAF. Such amendments will take effect only if approved in writing by the Attorney General and at least two-thirds of the Local Governments who are Parties to this SAAF. In the vote, each Local Government Party will have a number of votes measured by the allocation proportions set forth in MOA Exhibit G.

3. Acknowledgement. The Parties acknowledge this SAAF is an effective and fair way to address the needs arising from the public health crisis due to the misconduct committed by the Pharmaceutical Supply Chain Participants.

4. When SAAF is no longer in effect. This SAAF is effective until one year after the last date on which any (a) Opioid Settlement Funds are being spent by Local Governments pursuant to the National Settlement Agreement and any Bankruptcy Resolution or (b) Additional Funds are being spent by Local Governments pursuant to the Additional Settlements.

5. Application of SAAF to settlements. This SAAF applies to the Additional Settlements.

6. Applicable law and venue. Unless required otherwise by the Additional Settlements, this MOA shall be interpreted using North Carolina law and any action related to the provisions of this SAAF must be adjudicated by the Superior Court of Wake County. If any provision of this SAAF is held invalid by any court of competent jurisdiction, this invalidity does not affect any other provision which can be given effect without the invalid provision.

7. Scope of this SAAF. The Parties acknowledge this SAAF does not excuse any requirements placed upon them by the terms of the Additional Settlements, except to the extent those terms allow for a State-Subdivision Agreement to do so.

8. No third party beneficiaries. No person or entity is intended to be a third party beneficiary of this SAAF.

9. No effect on authority of parties. Nothing in this SAAF shall be construed to affect or constrain the authority of the Parties under law.

10. Signing and execution of this SAAF. This SAAF may be signed and executed simultaneously in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement. A signature transmitted by facsimile, electronic image, or DocuSign shall be deemed an original signature for purposes of executing this SAAF. Each person signing this SAAF represents he or she is fully authorized to enter into the terms and conditions of, and to execute, this SAAF, and all necessary approvals and conditions precedent to execution have been satisfied.

IV. LOCAL COUNSEL FEE FUND

Local Counsel have reviewed the Additional Settlements, find them to be equitable, and recommend their clients execute these Additional Settlements and this SAAF. If (1) all Local Counsel sign this SAAF whereby they consent to the terms of this SAAF and agree to be legally bound by this SAAF, including but not limited to Section IV of this SAAF, and (2) all Required Local Governments agree on or before April 18, 2023 to dismiss all litigation against the Additional Settling Defendants as required by the Additional Settlements, then each Local Counsel shall be entitled to receive a portion of the Local Counsel Fee Fund for the Additional Settlements, in such proportions as set forth below. If one or more Required Local Governments does not dismiss litigation as required by the Additional Settlements, then the 0.38% share of Additional Funds set forth in Section III.B.2 of this SAAF for the Local Counsel Fee Fund shall be included in the Local Additional Abatement Funds, such that 85% of the Additional Funds will be allocated to Local Additional Abatement Funds, and 0% will be allocated to the Local Counsel Fee Fund.

Local Counsel release all North Carolina counties and municipalities from any claim regarding the obligation to pay legal fees or costs relating to their representation of North Carolina counties and municipalities regarding opioid claims and litigation against the Settling Defendants and Additional Settling Defendants. Local Counsel retain their rights to recover legal fees from any national legal fee fund established by a national settlement and to collect any fees due from National Counsel. If one or more National Counsel fails to release its North Carolina client counties and/or municipalities from any contractual obligation to pay legal fees or costs relating to their representation of North Carolina counties and municipalities regarding opioid claims and litigation against the Settling Defendants and Additional Settling Defendants, as required for National Counsel and Local Counsel to receive a portion of the national fee funds created by the National Settlement Agreements and Additional Settlement, then the 0.38% share of Additional Funds set forth in Section III.B.2 of this SAAF for the Local Counsel Fee Fund shall be included in the Local Additional Abatement Funds, such that 85% of the Additional Funds will be allocated to Local Additional Abatement Funds, and 0% will be allocated to the Local Counsel Fee Fund.

As soon as practicable, but in any event no later than May 1, 2023, Local Counsel shall report to the settlement administrator the proportion of the Local Counsel Fee Fund to be received by each Local Counsel. No funds shall be paid out of the Local Counsel Fee Fund until such report is received. Each Local Counsel's release of claims against all North Carolina counties and municipalities as provided above shall remain in full force and effect regardless of the proportion of the Local Counsel Fee Fund that any Local Counsel receives.

IN WITNESS WHEREOF, the parties, through their duly authorized officers, have executed this Supplemental Agreement for Additional Funds under seal as of the date hereof.

By: ___________________________________
Name: ________________________________
Title: _________________________________
County/City/Town of ____________________
Date: _________________________________