



City of Ormond Beach

City Commission Meeting

City Hall Commission Chambers

22 South Beach St., Ormond Beach FL 32174

September 3, 2025, 7:00 PM

*Jason Leslie, Mayor
Lori Tolland, Zone 1
Travis Sargent, Zone 2
Kristin Deaton, Zone 3
Harold Briley, Zone 4*

Agenda

1. **CALL TO ORDER**
2. **INVOCATION**
3. **PLEDGE OF ALLEGIANCE**
4. **PRESENTATIONS AND PROCLAMATIONS**
 - A. Ormond Beach Soccer Club
5. **ADOPTION OF FISCAL YEAR 2025-2026 PROPOSED MILLAGE RATES AND TENTATIVE BUDGET**
 - A. Proposed Millage Rates for 2025-2026 Fiscal Year

RESOLUTION NO. 2025-141: A RESOLUTION ADOPTING PROPOSED MILLAGE RATES FOR THE 2025-2026 FISCAL YEAR; ESTABLISHING A DATE TIME AND PLACE FOR A PUBLIC HEARING TO ADOPT FINAL MILLAGE RATES AND FINAL BUDGET; AND SETTING FORTH AN EFFECTIVE DATE.
 - B. Adoption of Annual Budget for the 2025-2026 Fiscal Year

ORDINANCE NO. 2025-29: AN ORDINANCE ADOPTING THE ANNUAL BUDGET FOR THE 2025-2026 FISCAL YEAR BEGINNING OCTOBER 1, 2025 AND ENDING SEPTEMBER 30, 2026; REPEALING ALL INCONSISTENT ORDINANCES OR PARTS THEREOF; AND SETTING FORTH AN EFFECTIVE DATE.
6. **AUDIENCE REMARKS - REGARDING ITEMS NOT ON THE AGENDA & ON THE CONSENT AGENDA**
7. **APPROVAL OF MINUTES**
 - A. Minutes from City Commission meeting - August 19, 2025
8. **CONSENT AGENDA**

The action proposed is stated for each item on the Consent Agenda. Unless a City Commissioner removes an item from the Consent Agenda, no discussion on individual items will occur and a single motion will approve all items.

A. Ormond Beach Housing Authority Appointment

RESOLUTION NO. 2025-142: A RESOLUTION REAPPOINTING ALLEN HARRELL AS A MEMBER TO SERVE AS A COMMISSIONER OF THE ORMOND BEACH HOUSING AUTHORITY; SETTING FORTH TERM AND CONDITIONS OF SERVICE; AND SETTING FORTH AN EFFECTIVE DATE.

B. Organizational Chart Amendment, Leisure Services Name Change

RESOLUTION NO. 2025-143: A RESOLUTION APPROVING AN AMENDMENT TO THE OFFICIAL ORGANIZATIONAL CHART OF THE CITY OF ORMOND BEACH BY AMENDING THE DEPARTMENT TITLE OF "LEISURE SERVICES" TO "PARKS AND RECREATION"; REPEALING ALL INCONSISTENT RESOLUTIONS OR PARTS THEREOF; AND SETTING FORTH AN EFFECTIVE DATE.

C. Authorization to accept settlements related to the national Opioid Litigation matter

RESOLUTION NO. 2025-145: A RESOLUTION AUTHORIZING THE EXECUTION OF SUBDIVISION PARTICIPATION FORMS, INCLUDING ALL DOCUMENTS NECESSARY AND INCIDENTAL THERETO, REGARDING SETTLEMENTS WITH ALVOGENT, AMNEAL, APOTEX, HIKMA, INDIVIOR, MYLAN, SANDOZ, INC., SUN PHARMA AND ZYDUS IN CONNECTION WITH THE NATIONAL OPIOID LITIGATION MATTER; AND SETTING FORTH AN EFFECTIVE DATE.

9. PUBLIC HEARINGS

A. Code of Ordinance Amendments, Leisure Services Name Change (Second Reading)

ORDINANCE NO. 2025-24: AN ORDINANCE AMENDING SECTION 2-83, OFFICES, DEPARTMENTS/DIVISIONS AND HEADS ENUMERATED, OF ARTICLE V, DEPARTMENTS, OF CHAPTER 2, ADMINISTRATION; SECTION 2-221, LEISURE SERVICES ADVISORY BOARD, OF DIVISION 2, ENUMERATED, OF ARTICLE VI, BOARDS, COMMISSIONS, COMMITTEES AND OTHER AGENCIES, OF CHAPTER 2, ADMINISTRATION; SECTION 2-222, WORKPLACE SAFETY PROGRAM, OF DIVISION 2, ENUMERATED, OF ARTICLE VI, BOARDS, COMMISSIONS, COMMITTEES AND OTHER AGENCIES, OF CHAPTER 2, ADMINISTRATION; SECTION 14-18, TRESPASS, OF ARTICLE I, IN GENERAL, OF CHAPTER 14, OFFENSES; SECTION 15-8, NUISANCES, OF ARTICLE I, OPERATION OF CITY PARKS AND RECREATION AND CULTURAL AREAS AND FACILITIES, OF CHAPTER 15, PARKS AND RECREATION; AND SECTION 17-9, PUBLIC USE OF STREETS AND SIDEWALKS, OF CHAPTER 17, STREETS, SIDEWALKS AND OTHER PUBLIC PLACES, OF THE CITY OF ORMOND BEACH CODE OF ORDINANCES TO AMEND THE TERM "LEISURE SERVICES" DEPARTMENT TO "PARKS AND RECREATION" DEPARTMENT, AND TO AMEND THE NAME OF THE "LEISURE SERVICES ADVISORY BOARD" TO THE "PARKS AND RECREATION ADVISORY BOARD"; REPEALING ALL INCONSISTENT ORDINANCES OR PARTS THEREOF; AND SETTING FORTH AN EFFECTIVE DATE.

B. Land Development Code Amendment, Leisure Services Name Change (Second Reading)

ORDINANCE NO. 2025-25: AN ORDINANCE AMENDING SUBSECTION (V), MOBILE FOOD DISPENSING VEHICLES, OF SECTION 2-50, ACCESSORY USES, OF ARTICLE III, GENERAL REGULATIONS, OF CHAPTER 2, DISTRICT AND GENERAL REGULATIONS, OF THE CITY OF ORMOND BEACH LAND DEVELOPMENT CODE TO AMEND THE TERM “LEISURE SERVICES DEPARTMENT” TO “PARKS AND RECREATION DEPARTMENT”; REPEALING ALL INCONSISTENT ORDINANCES OR PARTS THEREOF; PROVIDING FOR SEVERABILITY; AND SETTING FORTH AN EFFECTIVE DATE.

C. Land Development Code Amendment, Private Tattoo Studio (Second Reading)

ORDINANCE NO. 2025-26: AN ORDINANCE AMENDING CHAPTER 1, GENERAL ADMINISTRATION, ARTICLE III, DEFINITIONS AND ACRONYMS, SECTION 1-22, DEFINITION OF TERMS AND WORDS; CHAPTER 2, DISTRICT AND GENERAL REGULATIONS, ARTICLE II, DISTRICT REGULATIONS, SECTION 2-25, B-4, CENTRAL BUSINESS ZONING DISTRICT; AND CHAPTER 2, DISTRICT AND GENERAL REGULATIONS, ARTICLE IV, CONDITIONAL AND SPECIAL EXCEPTION REGULATIONS, SECTION 2-57, CRITERIA FOR REVIEW OF SPECIFIC CONDITIONAL AND SPECIAL EXCEPTION, OF THE CITY OF ORMOND BEACH LAND DEVELOPMENT CODE TO CREATE A PRIVATE TATTOO STUDIO USE DEFINITION AND CONDITIONAL USE CRITERIA, AND TO ALLOW THE PRIVATE TATTOO STUDIO USE AS A CONDITIONAL USE IN THE B-4, CENTRAL BUSINESS ZONING DISTRICT; REPEALING ALL INCONSISTENT ORDINANCES OR PARTS THEREOF; PROVIDING FOR SEVERABILITY; AND SETTING FORTH AN EFFECTIVE DATE.

D. Planned Business Development Amendment, Walmart (Second Reading)

ORDINANCE NO. 2025-27: AN ORDINANCE AUTHORIZING THE EXECUTION AND ISSUANCE OF THE EIGHTH AMENDED DEVELOPMENT ORDER FOR THE “WALMART” PLANNED BUSINESS DEVELOPMENT APPROVING A BUILDING ADDITION OF APPROXIMATELY 5,101 SQUARE FEET FOR THE ONLINE GROCERY PICK-UP SERVICE AREA AND ASSOCIATED SITE IMPROVEMENTS; ESTABLISHING CONDITIONS AND EXPIRATION DATE OF APPROVAL; AND SETTING FORTH AN EFFECTIVE DATE.

E. Amendment to Water & Wastewater Rates

ORDINANCE NO. 2025-30: AN ORDINANCE AMENDING SECTION 22-23, MINIMUM METER RATES GENERALLY; 22-24, MULTIPLE MINIMUM CHARGES; 22-71, SERVICE CHARGE ESTABLISHED; 22-136, MINIMUM WATER RATES; AND 22-137, MINIMUM WASTEWATER RATES; OF CHAPTER 22, WATER AND SEWERS, OF THE CITY OF ORMOND BEACH CODE OF ORDINANCES, BY INCREASING WATER AND SEWER RATES; REPEALING ALL INCONSISTENT ORDINANCES OR PARTS THEREOF; AND SETTING FORTH AN EFFECTIVE DATE.

10. FIRST READING OF ORDINANCES

A. Amendment to Solid Waste Collection Rates

ORDINANCE NO. 2025-31: AN ORDINANCE AMENDING SECTION 10-16, FEES FOR COLLECTION AND DISPOSAL ESTABLISHED, OF ARTICLE I, IN GENERAL, OF CHAPTER 10, SOLID WASTE, YARD WASTE AND RECYCLABLES, OF THE CITY OF ORMOND BEACH CODE OF ORDINANCES, BY INCREASING FEES FOR THE COLLECTION AND DISPOSAL OF SOLID WASTE; REPEALING ALL INCONSISTENT ORDINANCES OR PARTS THEREOF; AND SETTING FORTH AN EFFECTIVE DATE.

B. Amendment to Stormwater Rates

ORDINANCE NO. 2025-32: AN ORDINANCE AMENDING SECTION 22-158, UTILITY FEE ESTABLISHED, OF DIVISION 2, RATES AND CHARGES, OF ARTICLE V, STORMWATER DRAINAGE UTILITY, OF CHAPTER 22, WATER AND SEWERS, OF THE CITY OF ORMOND BEACH CODE OF ORDINANCES, BY INCREASING THE STORMWATER UTILITY FEE; REPEALING ALL INCONSISTENT ORDINANCES OR PARTS THEREOF; AND SETTING FORTH AN EFFECTIVE DATE.

11. SECOND READING OF ORDINANCES

A. Repeal of Plastic Straws Ordinance (Second Reading)

ORDINANCE NO. 2025-28: AN ORDINANCE AMENDING THE TITLE OF CHAPTER 11, HEALTH SANITATION, AND ENVIRONMENTAL PROTECTION; REPEALING ARTICLE II, ENVIRONMENTAL PROTECTION, OF CHAPTER 11, HEALTH, SANITATION, AND ENVIRONMENTAL PROTECTION OF THE CODE OF ORDINANCES; AND SETTING FORTH AN EFFECTIVE DATE.

12. RESOLUTIONS

A1. RFP Award - Employee Benefits Broker of Record

RESOLUTION NO. 2025-134: A RESOLUTION ACCEPTING THE PROPOSAL OF BROWN & BROWN INSURANCE SERVICES, INC. REGARDING EMPLOYEE BENEFITS BROKER OF RECORD SERVICES; AUTHORIZING THE EXECUTION OF AN AGREEMENT AND PAYMENT THEREFOR; REJECTING ALL OTHER PROPOSALS; AND SETTING FORTH AN EFFECTIVE DATE. **(OPTION 1)**

A2. **RESOLUTION NO. 2025-134:** A RESOLUTION ACCEPTING THE PROPOSAL OF FOUNDATION RISK PARTNERS CORP. REGARDING EMPLOYEE BENEFITS BROKER OF RECORD SERVICES; AUTHORIZING THE EXECUTION OF AN AGREEMENT AND PAYMENT THEREFOR; REJECTING ALL OTHER PROPOSALS; AND SETTING FORTH AN EFFECTIVE DATE. **(OPTION 2)**

13. REPORTS, SUGGESTIONS, REQUESTS

14. ADJOURNMENT

Website Address – www.ormondbeach.org

NOTICE – Pursuant to Section 286.0105 of the Florida Statutes, if any person decides to appeal any decision made by the City Commission with respect to any matter considered at this public meeting, such person will need a record of the proceedings and for such purpose, such person may need to ensure that a verbatim record of the proceedings is made, including the testimony and evidence upon which the appeal is to be based.



For special accommodations, please notify the City Clerk's Office at least 72 hours in advance.
Phone: 386-677-0311



Help for the hearing impaired is available through the Assistive Listening System. Receivers can be obtained from the City Clerk's Office.

In accordance with the Americans with Disabilities Act (ADA), persons with a disability, such as a vision, hearing or speech impairment, or persons needing other types of assistance, and who wish to attend City Commission meetings or any other board or committee meeting may contact the City Clerk's Office in writing, or may call 386-677-0311 for information regarding available aids and services.



CITY OF ORMOND BEACH

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To: The Honorable Mayor Leslie and City Commissioners

From: Randal A. Hayes, City Attorney

Date: September 3, 2025

Subject: Adoption of 2025-2026 Fiscal Year Budget and Millage Rate

The city's fiscal year begins each year on October 1 and ends on September 30 the following year. The city commission is required to adopt a budget each fiscal year, and the adopted budget must equal the total appropriations for expenditures and reserves.¹ Revenue received from property taxes ensure sufficient funds are available to pay budgeted expenditures.

The city commission is required to adopt a tax rate or millage rate each fiscal year at the time a final budget is adopted. Property tax revenue is raised by establishing millage rates, consisting of a non-voted millage rate adopted by the city commission and voter-approved millage rates for debt service.²

The city's adopted tax rate for the last 30 years has been one of the lowest tax rates (generally, the second lowest) among all taxing authorities in Volusia County. The city's adopted tax rate for Fiscal Year 2024-2025 was the second lowest tax rate, and the city's tentative tax rate for Fiscal Year 2025-2026 is again the second lowest tax rate.³ Upon final adoption of the proposed budget and proposed millage rate for Fiscal Year 2025-2026, the city will likely have the second lowest adopted tax rate in the county, again. This is a significant accomplishment that is reflective of good fiscal management and responsible leadership.

Following the adoption of a final tax rate and annual budget, the city's prior year budget undergoes an independent audit review. A final audited budget report is then presented to the city commission in February. The city's annual budget has for many years received numerous successive awards

¹ Sec. 166.241, Fla. Stat.; Sec. 4.04, City Charter; Sec. 2-295, City Code.

² Millages are composed of four categories: (1) general millage, which is the non-voted millage rate set by the city commission; (2) debt service millage, which is necessary to raise taxes for debt service as authorized by a vote of the electors; (3) voted millage, set by the city commission as authorized by a vote of the electors; and (4) dependent special district millage. Property taxes cannot exceed 10 mills, exclusive of voter-approved taxes. (Art. VII, section 9(a), Fla. Const.; sec. 166.211, Fla. Stat.; sec. 200.001(2), Fla. Stat.; Fla. Atty Gen. Opinion 2007-09).

³ Adopted on July 22, 2025 by Resolution 2025-102

reflective of sound fiscal policy and responsible fiscal management.

The city's internal budget process for the 2025-2026 fiscal year began in earnest this past March. The city's financial team spent countless hours over the past seven months compiling and analyzing financial data that would ensure the city's ability to meet financial obligations for fiscal year 2025-2026. The city's financial team held numerous individual meetings with members of the city commission and conducted public workshop meetings for the purpose of discussing needed capital projects and general services, as well as associated expenditures and necessary funding requirements. Each member of the city commission has had opportunities over the past seven months to provide input in the development of a budget and the establishment of a millage rate to fund budgeted expenditures, built around the capital improvement plan and strategic plan, both of which were *unanimously* approved by the city commission. The collective effort resulted in the *unanimous* approval by the city commission of Resolution 2025-102 on July 22, 2025, adopting a tentative operating millage rate of 4.5220 mills (\$4.5220 per \$1,000 of taxable value) and a debt service millage rate of 0.0630 mills (6.30¢ per \$1,000 of taxable value) for a combined rate of 4.5850 mills, for an annual average tax of \$106.92 to meet the expenditures estimated for the 2025-2026 fiscal year annual budget.

On August 19, 2025, the city commission held a budget workshop to discuss the tentative millage rate that was unanimously approved. The finance director and city manager presented information to help the city commission reduce the tentative millage by reducing expenditure in the following operating budget categories:

Purpose	July 22 Tentative Millage Rate:	August 19 Adjusted to:	Millage Rate Reduction:
General Fund	3.7950	3.7057	-0.0893

Every member of the city commission agreed to reduce the tentative millage rate from 3.7950 to 3.7057, representing a corresponding reduction of -0.0893.

Purpose	July 22 Tentative Millage Rate:	August 19 Adjusted to:	Millage Rate Reduction:
Vehicle & Equipment Renewal & Replacement	0.0900	0.0440	-0.0460

Every member of the city commission agreed to reduce the tentative millage rate from 0.0900 to 0.0440, representing a corresponding reduction of -0.0460.

Purpose	July 22 Tentative Millage Rate:	August 19 Adjusted to:	Millage Rate Reduction:
Total Operating Millage Rate	4.5220	4.3867	-0.1353

Every member of the city commission agreed to reduce the total operating millage rate from 4.5220 to 4.3867, representing a corresponding reduction of -0.1353.

Purpose	July 22 Tentative Millage Rate:	August 19 Adjusted to:	Millage Rate Reduction:
Total Millage	4.5850	4.4497	-0.1353

Every member of the city commission agreed to reduce the total millage rate from 4.5850 to 4.4497, representing a corresponding reduction of -0.1353 for an annual average tax of \$81.89 to fund services for police, fire, utilities, recreation and leisure services, other general services, and facilities. The total combined rate consists of the adjusted operating millage rate and the voter-approved debt service millage rate.

At the conclusion of the workshop meeting, the finance director summarized to the city commission all changes the commission *unanimously* agreed to make to the tentative millage rate that was *unanimously* approved by Resolution 2025-102 on July 22, 2025, and to the budget. Each member of the city commission affirmed their decision, except the mayor.

The mayor expressed a general desire for additional reductions to the budget and the millage rate; however, he did not offer any suggestions for further reductions stating only that those decisions were above his pay grade, or in other words he was not qualified to make those decisions. The finance director and city manager advised that significant reductions could only be achieved by reducing funding for police, fire, utilities, recreational services, and facilities. A copy of the workshop minutes is included in the September 3 agenda packet.

Since the August 19 workshop, the mayor has advocated on social media platforms a desire for drastic reductions in the millage rate and budget. The mayor's changed position has caused confusion and creates uncertainty.

In the event the city commission fails to adopt a final millage rate and final budget, the Florida Department of Revenue will find the city in violation of its legal obligation to adopt a budget and millage rate. The city will forfeit all state funds for the twelve-month period following a determination of non-compliance, which could include distribution of the local government ½ cent sales tax revenue; and any revenues collected in excess of the rolled-back rate will be held in escrow by the tax collector until the city repeats the hearing and notice process for the adoption of a budget and millage rate, which may not exceed the rate previously adopted or the rolled-back

rate.⁴ If the city's budget reduces funding to the city's police department by more than five percent compared to the current fiscal year's operating budget, the state attorney can file a petition with the Florida Division of Administrative Hearings to challenge the reduction in the police department's operating budget.⁵

The city commission will hold a public hearing on September 3 for the purpose of adopting proposed millage rates for Fiscal Year 2025-2026. Two options will be presented:

Option 1: Operating millage rate of 4.3867 and voter-approved debt millage rate of 0.0630 for a total millage rate of 4.4497 that *every* member of the city commission agreed to at the August 19 budget workshop.

Option 2: Rollback rate of 3.9042 mills and voter-approved debt millage rate of 0.0630 for a total millage rate of 3.9672. This option is based on the mayor's withdrawal of support for Option 1 that he agreed to at the August 19 workshop, and his stated intention on social media posts to seek further budget reductions. *Option 2 will require the city commission to make significant reductions to the budget in funding for police, fire, utilities, recreation and leisure services (for children and elderly people), general services, and facilities.*

The city adopts the millage rate by resolution (one reading) and adopts the budget by ordinance (two readings). The adoption of the millage rate and the budget must be by separate votes. The resolution adopting the millage rate must be approved *before* the ordinance adopting the budget. The name of the city as the taxing authority, the rolled-back rate, the percentage increase, and the millage levy shall be publicly announced before the adoption of the millage resolution.⁶

At the hearing on September 3, the first substantive issue discussed must be the percentage increase in millage over the rolled-back rate necessary to fund the budget and the specific purposes for which the tax revenues are being increased. The public is allowed to speak and ask questions before the adoption of the millage rate and budget.

The city commission and the city's financial team have over the last seven months expended countless hours and resources developing a budget and corresponding millage rate that will ensure the city's ability to pay budgeted expenditures in fiscal year 2025-2026. Because of the financial risks and liabilities associated with the mayor's intention to seek deep reductions in the millage rate and the budget, and the uncertainties those reductions would have on the ability of the city to deliver quality services to residents, I encourage the city commission to approve Option 1 adopting a millage rate and budget that reflects changes to the July 22 tentative millage rate that *each* member of the city commission agreed to at the August 19 budget workshop. Sound fiscal management and responsible leadership require it.

The staff report prepared by the finance director will provide more details regarding the public

⁴ Sec. 200.065, Fla. Stat.

⁵ Sec. 166.241, Fla. Stat.

⁶ Sec. 200.065((2)(d)&(e), Fla. Stat.

hearing process on September 3. The millage levy resolution in the agenda packet will include the tentative millage rates established on July 22 by Resolution 2025-102, adopting a tentative operating millage rate of 4.5220 mills (\$4.5220 per \$1,000 of taxable value) and a debt service millage rate of 0.0630 mills (6.30¢ per \$1,000 of taxable value) for a total millage of 4.585.

After the city clerk reads the title of the millage resolution, a motion and second should be made to put the resolution on the floor for discussion purposes. After the public speaks, a motion and second to the resolution should be made to adopt the millage rates in Option 1. The percentage by which the amended millage rates exceed the rolled-back rate and the percentage increase in taxes must be announced before a vote is taken on the amendment. After the amendment is passed, a motion and second should be made to approve the underlying millage resolution as amended.

After adoption of the millage resolution, the city clerk will read the title to the budget ordinance, after which a motion and second should be made to approve the ordinance. Amendments to the budget ordinance should be made corresponding to the changes that were made in the final adoption of the resolution adopting the millage rate.

I recommend the commission adopt the millage rate described in Option 1 and a corresponding annual budget for the reasons discussed above.



**City of Ormond Beach
City Commission Agenda
Staff Report**

Agenda Date	September 3, 2025	Item No	5.A.
Section	ADOPTION OF FISCAL YEAR 2025-2026 PROPOSED MILLAGE RATES AND TENTATIVE BUDGET	Category	Resolution
Subject	Proposed Millage Rates for 2025-2026 Fiscal Year		
Recommended Action	Staff recommends approval of the tentative operating millage rate of 4.3867 and voter-approved debt millage rate of 0.0630 or directions on the specific service level reductions to further reduce the tax rate. As in the past, the operating and debt rates will be set with a single resolution.		
Strategic Goal	Fiscal Transparency		
Department Staff Contact	Finance Kelly McGuire, Finance Director		

Summary

On March 12 and March 13, a Strategic Planning workshop was held to discuss the City Commission's goals and priorities for the remainder of the current election term. A follow-up workshop was held on May 6, 2025 and the Strategic Plan was unanimously adopted on July 22, 2025. The Strategic Plan serves as an important Commission directive to City staff in the preparation of the Proposed FY 2025-26 Budget.

On June 3, 2025, the Capital Improvement Workshop was held to discuss with the City Commission the specific projects which would be funded in the FY 2025-26 budget. As directed by the City Commission, staff included these projects in the Proposed FY 2025-26 budget which was presented to the City Commission on July 22, 2025 along with the necessary proposed tax rate for implementation of Strategic Plan objectives and the Capital Improvement Plan. The proposed rates were 4.5220 for operations and capital improvements and 0.0630 for voter-approved debt. The proposed expenditures and tax rates were reviewed by the Commission-appointed Budget Advisory Board in early July and the board recommended to the City Commission approval of these rates. The Commission unanimously approved these tentative rates at their July 22, 2025 regular meeting.

At the second budget workshop held on August 19th, the Commission reached a consensus to consider a lower substitute rate of 4.4797 which staff has since reduced by an additional 0.0300 mills as a result of a decrease in the insurance market and reduced renewal rates provided after

the August 19th meeting. This reduces the substitute rate to 4.4497 mills. Both rates are as follows:

Purpose	Tentative Millage Rate	Substitute Proposed Millage Rate	Millage Rate Reduction
General Fund	3.7950	3.7057	-0.0893
Facilities Renewal & Replacement	0.1650	0.1650	0.0000
Capital Improvements	0.0840	0.0840	0.0000
Vehicle & Equipment Renewal & Replacement	0.0900	0.0440	-0.0460
Transportation Improvements	0.1040	0.1040	0.0000
Public Safety Fund	0.1800	0.1800	0.0000
Leisure Services Fund	0.1040	0.1040	0.0000
Total Operating Millage Rate	4.5220	4.3867	-0.1353
2010 General Obligation Bond	0.0630	0.0630	0.0000
Total Millage	4.5850	4.4497	-0.1353
Rollback Rate	3.9042 mills		
Rollback%	15.82%	12.36%	
% over current rate	10.2%	6.9%	

The Commission will need to begin their discussion with the tentative millage adopted in July and then offer a motion for the substitute rate.

Financial Impact

The substitute proposed tax rate provides necessary funding for the FY 2025-2026 budget.

Citizen Impact

The millage rate will fund the essential staffing and equipment to ensure a high level of Public Safety services; support beautification of Ormond Beach through enhancements to the City's property maintenance program; continue to invest in attracting and retaining high-wage jobs; and revitalize recreational facilities and parks to offer a high quality of living for our residents.

Attachments

1. CC 08-19-2025 Operating Budget Continued
2. 25-141 FY 2025-26 Proposed Millage Rate (P25-0087G)



City of Ormond Beach

City Commission Workshop

City Hall Commission Conference Room

22 South Beach St., Ormond Beach FL 32174

August 19, 2025, 5:30 PM

*Jason Leslie, Mayor
Lori Tolland, Zone 1
Travis Sargent, Zone 2
Kristin Deaton, Zone 3
Harold Briley, Zone 4*

1. CALL TO ORDER

Mayor Leslie called the meeting to order at 5:30 p.m.

Present: Mayor Jason Leslie, Commissioners Lori Tolland, Travis Sargent, Kristin Deaton, and Harold Briley, City Manager Joyce Shanahan, Assistant City Managers Claire Whitley, and Shawn Finley, City Attorney Randy Hayes, Finance Director Kelly McGuire, and Assistant Finance Director Chris Byle.

2. DISCUSSIONS

A. Operating Budget

Ms. Joyce Shanahan, City Manager, explained the workshop was to discuss the proposed budget.

Ms. Kelly McGuire, Finance Director, stated there were two objectives to the workshop; one was to get a consensus on the proposed millage rate and to receive direction on the utility rates. She reviewed the previously set millage rate of 4.5850 mills and compared it to other municipalities in the area. She reviewed items on the proposed budget falling under Public Safety including funding for the police age increases, anticipated costs of the October 1, 2025, Collective Bargaining Agreements (CBAs), public safety vehicles and equipment replacements, and City Hall premise protection personnel. She explained the wage increases were funded from the reserves for the prior fiscal year and advised against it for the upcoming year as staff would not encourage ongoing expenses to be paid from a one-time source.

Ms. Shanahan stated the prior year CBA change was funded by reserves due to the budget being set before the agreement was met.

Ms. McGuire stated the budget allowed for the replacement of nine vehicles and noted extra funding was needed due to increased costs. She provided an alternate of seven vehicles per year moving forward to stay within the old allotted amount, if the higher cost was not approved.

Police Chief Jesse Godfrey discussed the need for premise protection personnel based on security assessment from 2024. He stated it was a needed improvement. He indicated it would be an armed guard position with police or military background, they would have a radio to be able to inform the police department if the department was needed to respond to an event. He cited a 2019 incident from Virginia Beach.

Commissioner Briley inquired if Chief Godfrey felt the guard was needed; whereby, Chief

Godfrey acknowledged it was a high priority need.

Mayor Leslie asked if the officer would be under city employment; whereby, Chief Godfrey stated his interpretation was a hired guard from a security company that had proper licensing and training. Mayor Leslie inquired if the guard would have any police powers; whereby, Chief Godfrey indicated they would not.

Commissioner Briley clarified the \$60,000 budget was to be paid to the security company and not to the salary of an employee; whereby, Ms. McGuire confirmed that was correct.

Commissioner Deaton voiced support of the guard personnel.

Mayor Leslie inquired if the guard personnel would be at City Hall 24 hours a day; whereby, Chief Godfrey indicated that was not set at the time, noting the guard would probably be during business hours and special events, and meetings.

Ms. McGuire requested direction on the four items.

Commissioner Tolland requested the Commission go around and share their thoughts.

Commissioner Briley confirmed the vehicles were needed and not just wanted; whereby, Chief Godfrey confirmed the need for the vehicles. Commissioner Briley expressed support for all four items to remain in the budget.

Commissioner Deaton inquired if the vehicles could be paid for using reserves; whereby, Ms. McGuire stated the vehicles could be paid for by the reserves but noted that would lower the future dedicated millage. Commissioner Deaton expressed support for the Public Safety items and was comfortable with all four items remaining, noting the required items.

Commissioner Sargent stated Public Safety was the number one concern, and it was a non-negotiable to reduce any public safety items.

Commissioner Tolland indicated she wanted a low tax rate with the highest quality. She reviewed the importance of Chief Godfrey's guidance, noting the need to be fiscally responsible.

Commissioner Briley stated it was the best option for not only the public safety staff but all city staff.

Commissioner Deaton noted the city was the second-lowest millage rate within Volusia County with the highest assessed values on homes, making the city a choice location.

Commissioner Tolland stated residents' concerns were with the rate increase, voicing her understanding of Commissioner Deaton's comment.

Mayor Leslie inquired if the guard personnel item would be sent out for a Request for Proposal (RFP); whereby, Ms. McGuire stated there would be a selection process, noting it may be a Request for Qualifications (RFQ). He clarified whether there could be seven vehicles instead of nine; whereby, Ms. McGuire stated the Commission could remove \$100,000 to replace seven vehicles instead of nine, noting once the funds were removed it would not be added back in future budgets until the Commission directed staff to do so. He questioned the duration of what the delay would need to be.

Commissioner Deaton inquired what the millage difference would be if the \$100,000 was removed; whereby, Ms. McGuire stated it would be 1.7 pennies.

Commissioner Sargent inquired if all nine vehicles were needed, noting the increased staff; whereby, Chief Godfrey stated it was a need.

Mayor Leslie inquired about the turnaround time for purchased vehicles; whereby, Chief Godfrey reviewed the purchase timeline, noting staff was still rolling out the approved vehicles from the current fiscal year. Mayor Leslie inquired if that was normal turnaround time; whereby, Ms. McGuire stated the current fiscal year took a little longer than it normally would due to a shorter ordering window in October 2024. Mayor Leslie stated the items were needed, specifying the wage increases were previously approved, the CBAs were anticipated costs for all departments, the vehicle replacement was ongoing, and the older vehicles needed to be replaced, noting the priority was public safety as an elected official.

Commissioner Tolland asked Mayor Leslie if he approved of the city hall guard; whereby, Mayor Leslie stated yes, as it was not a matter of if but when. He voiced concerns about utilizing outside security, noting Chief Godfrey indicated they would get training.

Commissioner Sargent noted the outside security firms were very good and provided examples.

Ms. McGuire confirmed all Commissioners were agreeable to keep all four items in the public safety budget; whereby, all agreed. She reviewed the General Governance fund items including vehicle and equipment replacement and new Information Technology (IT) position. She suggested a couple ways to cover the costs of the items, to allow them to remain as items but could be removed from the increased millage.

Commissioner Briley inquired about the vehicles and equipment needing to be replaced; whereby, Mr. Shawn Finley, Assistant City Manager, reviewed the vehicles needed and their age. Commissioner Briley reviewed the importance of reliable equipment.

Commissioner Deaton appreciated the innovative ideas to save on the millage for the items, noting the importance of the vehicles.

Commissioner Sargent agreed with fellow Commissioners and inquired what the reserve balance would be if funds were used; whereby, Ms. McGuire stated it would not be less than 15 percent. Commissioner Sargent supported the items and staff's flexibility stating he did not like to kick the can down the road as it had on this Commission.

Commissioner Tolland appreciated staff's creativity and inquired if it would be cost effective to allow employees to use their personal vehicles and reimburse the employees instead of new vehicles; whereby, Ms. Shanahan and Mr. Randy Hayes, City Attorney, voiced concerns of liability and wear on personal vehicles.

Mayor Leslie agreed with everyone and was supportive of moving things around to reduce the millage.

Ms. McGuire stated the \$260,000 for vehicles and equipment replacement would stay in the budget but the millage rate would be removed, and the new IT position would be removed from the budget and millage utilizing the reserves for the vehicles. She

reviewed one-time expenditures in the general funds regarding technology software, noting there was \$193,000 that could be funded through the fund balance, which would reduce the millage by 3.3 cents, keeping reserves above the 15 percent benchmark set by the Commission.

Mayor Leslie asked what the millage would be at with those changes; whereby, Ms. McGuire stated the total millage was 4.585 percent, with the edits discussed, the millage would be at 4.4885.

Ms. McGuire inquired if the Commission agreed to the three sections being removed from the millage; whereby, the entire Commission agreed. She reviewed the landscaping contract and millage set aside for the Consumer Price Index (CPI) adjustment. She reviewed how the CPI adjustment worked in prior years.

Commissioner Tolland questioned if Yellowstone Landscaping would ask for the CPI increase with the discussion of sending the project out to bid before the next renewal; whereby, Ms. McGuire stated the CPI adjustment was already requested.

Ms. McGuire explained the millage could be removed and when the request comes before the Commission in the future the Commission could consider utilizing the fund balance to fund the request.

Commissioner Briley inquired how many times Yellowstone did not receive the CPI adjustment; whereby, Ms. McGuire stated never. He voiced support to remove the millage.

Commissioner Deaton supported no CPI adjustment for Yellowstone.

Commissioner Sargent voiced concerns regarding mulch in the medians and support for removing the CPI adjustment from the millage.

Commissioner Tolland stated she would rather think about the funding for the CPI adjustment if approved later and take it off the millage.

Mayor Leslie stated he was a no on the CPI adjustment being included in the budget.

Ms. Shanahan stated staff would bring the CPI adjustment request before the Commission at a later date to take official action.

Mayor Leslie inquired if it would be taken off the millage; whereby, Ms. McGuire stated yes.

Mr. Robert Carolin reviewed the request for two new park maintenance staff, noting the proactive approach he would like staff to take. He explained the need for the positions to stay above the preferred level of service.

Commissioner Deaton inquired how many full-time and part-time employees the department had; whereby, Mr. Carolin stated roughly 32 full-time and 15 part-time employees.

Commissioner Briley questioned if staff had any creative solutions to fund the positions; whereby, Ms. McGuire stated there were no solutions to fund the positions as they would be ongoing expenses. Commissioner Briley noted the city absorbed the Penland

property which increased the need for staff. He reviewed citizens' comments for more staffing at the parks.

Mayor Leslie inquired if Ms. McGuire had a way to pay for the positions; whereby, Commissioner Briley clarified she did not.

Commissioner Deaton expressed concerns about pulling funds from the Leisure Services department. She inquired if the department could approve one position.

Mayor Leslie questioned if one now and one later would be an option; whereby, Mr. Carolin expressed the need for two.

Commissioner Deaton stated it was only two cents on the millage and would be supportive as she did not want to pull the funds.

Commissioner Tolland inquired if the positions could be part-time instead of full-time; whereby, Mr. Carolin expressed concerns regarding the level of service with part-time positions.

Commissioner Briley expressed concerns regarding safety at the playgrounds if the current staffing level could not check the equipment as frequently as desired.

Commissioner Sargent voiced support for the positions.

Commissioner Tolland stated she did not want to increase the millage but believed the positions were needed and was supportive of keeping it in the budget.

Commissioner Sargent indicated the positions were needs, not wants, and that should be the focus.

Mayor Leslie inquired if there was a peak season at the parks; whereby, Mr. Carolin stated there would be peak hours, noting the parks were heavily utilized daily. Mayor Leslie inquired if the majority of the part-time staff were at Andy Romano Beachfront Park; whereby, Mr. Carolin stated all the part-time staff were at that park to have staff there during park hours.

Ms. Shanahan stated one of the requirements set by previous Commissions was to ensure the park was very clean and had staff on-site monitoring the usage and rentals.

Mayor Leslie inquired if two part-time employees could be hired and phased into a full-time position; whereby, Mr. Carolin expressed concerns regarding retention and the level of dedication of employees with part-time positions. Mayor Leslie clarified the employees would be checking the playground equipment and taking out garbage; whereby, Mr. Carolin stated the employees would also blow off walkways, check the parks on a more constant and regular basis, noting the employees would also pick up the litter that inevitably happens. Mayor Leslie inquired if the positions would require additional vehicles; whereby, Mr. Carolin confirmed vehicles would be needed.

Ms. McGuire stated the vehicles were included in the vehicle fund.

Commissioner Tolland inquired what the millage would be if the positions remained in the budget; whereby, Ms. McGuire stated 4.4797 mills, noting a 7.66 percent increase above the current millage versus the original 10.2 percent increase, explaining originally

the average homeowner would see an annual increase of \$106.92, noting with the new millage it would be \$87.44.

Mayor Leslie clarified the estimate was based on an average home cost assessment of \$235,000; whereby, Ms. McGuire stated that was correct.

Commissioner Sargent inquired if there was a projected revenue resulting from the paid parking at Andy Romano Beachfront Park; whereby, Ms. McGuire stated there were no revenue projections, noting the funds generated from parking could be added to whichever fund the Commission desired.

Ms. Shanahan clarified Volusia County residents, if registered, would not pay to park.

Ms. McGuire stated staff will make the changes discussed and inquired if there were any additional items relative to the tax rate that the Commission wanted changed.

Commissioner Tolland inquired what the final number was; whereby, Ms. McGuire stated 4.4797 mills which was 7.66 percent above the current tax rate which would result in an average homeowner increase of \$87.44 more per year.

Ms. McGuire requested the Commission confirm that was the rate to be brought back at the September 2025, meetings for approval; whereby, Commissioner Briley, Commissioner Deaton, Commissioner Sargent, and Commissioner Tolland agreed.

Mayor Leslie stated yes, noting he would like to see the rate lower.

Commissioner Tolland inquired what Mayor Leslie's ideas were to lower the rate.

Ms. Shanahan clarified the rate Ms. McGuire stated would be brought back to the Commission for approval at the September 3, 2025, City Commission meeting, noting staff was requesting direction as they did not want to do public math worried of miscalculations and legal requirements.

Commissioner Sargent explained no Commissioner wanted to raise taxes, noting they were trying to find solutions. He stated during his review of the budget, he made numerous spreadsheets to assist his review and could not find any other items to cut. He questioned where Mayor Leslie would like to see the cuts.

Mayor Leslie stated he was aware the Commission was in a tough pickle, noting some items were inherited from past Commissions. He indicated there was well over \$100,000,000 going in and out, noting it would take someone way above his pay grade to really go through each line item. He explained his biggest issue was the residents who were at a higher assessment value compared to their surrounding neighbors. He discussed the higher assessed values of neighbors who recently purchased their homes compared to those who lived in their homes for longer periods of time, as well as individuals with increased reassessed values when their homes came off certain exemptions.

Commissioner Briley discussed the homestead tax status and the voter approved homestead tax exemptions which also cut into what the city collected, causing the adjusted millage to make up for the exemptions. He reviewed what a rollback rate was and the effect of a rollback rate compared to the millage needed.

Ms. McGuire agreed the newer residents pay more, noting the neighbors voted on the laws that keep the homestead assessments low.

Commissioner Tolland stated that was the economics of housing and the current discussion was the services to the residents. She stated her respect for Mayor Leslie for wanting to look at different things and noted the Commission had to make a millage and budget decision and could not keep postponing. She requested to hear Mayor Leslie's ideas for a lower millage, and explained as the Mayor he needed to bring the Commission together and provide leadership.

Mayor Leslie stated he could appreciate Commissioner Tolland's comments, noting past instances where the Mayor voted no on the increase. He discussed the legislative body and the organizational chart. He indicated he was not comfortable with the budget and millage and that was okay. He stated there was not enough time for him to go through the entire budget line by line, noting staff said they did not want to discuss the day of the meeting.

Commissioner Tolland inquired if Mayor Leslie was comfortable with all adjustments discussed today; whereby, Mayor Leslie stated he had no choice on some of the items such as the larger items.

Commissioner Sargent asked when the Commission received the budget book; whereby, Ms. McGuire stated July 9, 2025. He questioned whether there was no time to review, noting he went through the budget. He stated it was not fair to staff to make changes last minute. He questioned where the ideas to amend the budget were, where the suggestions for edits were, and where the leadership to get the budget to where Mayor Leslie wanted it. He asked if the Mayor wanted the budget at the rollback rate. He stated prior Mayors voted no on the budget, he explained they also had ideas on how to lower. He explained he wanted to hear the ideas to further discuss for the residents of the city.

Commissioner Deaton stated there was time to review the budget, noting she had reviewed line by line while on vacation. She indicated she reviewed past budgets to assist in the review. She commented Mayor Leslie ran his campaign on lower taxes and asked him to tell the Commission what to do.

Mayor Leslie stated the Commission was all one legislative body, noting all could bring ideas back to lower the taxes.

Commissioner Sargent and Commissioner Tolland stated they brought ideas to staff.

Commissioner Tolland stated the Commission had their opportunity to review the budget line item by line item and discuss with staff. She noted the Commission inherited a lot and reviewed the reductions from the workshop. She explained the Commission wanted to work together to get consensus and show a united front to the residents.

Commissioner Briley inquired what the millage would be if all items other than public safety were removed.

Commissioner Sargent inquired what would happen if the Commission voted no on the budget and millage; whereby, Ms. McGuire stated the State of Florida would set the millage for the Commission, noting it would most likely be the rollback rate. Commissioner Sargent noted if that were to happen, public safety would be in jeopardy.

He stated if the Mayor wanted to vote no, he would vote no as well.

Commissioner Deaton expressed the Commission's desire for lower taxes, requesting Mayor Leslie show her where to lower. She voiced her struggle to find anywhere that could be changed without pulling funds from public safety, noting her desire to work with Mayor Leslie.

Mayor Leslie inquired how much was needed to get to the rollback rate; whereby, Ms. Shanahan stated about \$4,000,000.

Commissioner Deaton clarified it would be \$2,400,000 to be at the prior rate.

Ms. McGuire stated the items presented were what staff felt could be negotiated and cut, noting if the Commission desired to go lower, they would be reducing services. She reviewed the services that were required for the city to run properly. She stated the items not required for the city to run would include Leisure Services, explaining citizens wanted those services. She further explained due to the amount that may be cut if the city went to a rollback rate, facilities would need to be closed.

Commissioner Briley inquired what the millage would be if all items other than public safety were removed; whereby, Ms. McGuire stated it would be 39 cents compared to 42 cents.

Commissioner Tolland asked who received negative emails or comments from residents regarding the tentative millage rate.

Commissioner Briley indicated he received about a half dozen phone calls and text messages.

Commissioner Deaton stated she received more support than negative, noting maybe four negative comments.

Commissioner Tolland informed she received one negative comment.

Commissioner Sargent indicated he received three negative, noting none were from his zone.

Mayor Leslie stated he received about as many as Commissioner Briley, maybe a little more.

Commissioner Tolland reviewed the number of residents, being 44,000, compared to the negative comments received.

Commissioner Deaton confirmed staff needed three to agree to the proposed millage and budget, noting there were four who would approve. She requested staff move to utilities to be able to provide direction.

Commissioner Sargent suggested not providing a budget next year.

Ms. McGuire stated staff would bring back a proposed millage of 4.4797. She explained the proposed water and wastewater rates, noting the Commissioners' concerns for certain residents. She reviewed the proposed rates which did not include an increase on the minimum bill, the increase on each 1,000 gallons for usage between 3,000 and 6,000

as well as the use above 7,000 gallons of water and wastewater for residential and commercial. She indicated the city was in the middle of a rate study.

Commissioner Briley questioned where the City was compared to other Volusia County municipalities; whereby, Ms. McGuire stated the City was one of the lowest three municipalities.

Commissioner Sargent inquired if the Bear Creek subdivision was residential or commercial; whereby, Ms. McGuire stated they were on a master meter meaning the residents were not individually metered and the Bear Creek community billed them.

Commissioner Deaton reviewed her current water bill for a household of two adults and two children who both play sports and shower roughly one to two times a day. She stated on average her household used 3,000 to 4,000 gallons, noting based on the increased rates, she would see an increase of \$1.24 to \$2.48 monthly. She voiced concerns for the limited income households and thanked staff for hearing her concerns.

Commissioner Briley, Commissioner Deaton, Commissioner Sargent, and Commissioner Tolland agreed to the proposed rates.

Mayor Leslie inquired if the average house used 3,000 gallons a month; whereby, Ms. McGuire stated the rate study was utilizing an average of 6,000 gallons and staff utilized 5,000, noting based on Commissioner Deaton's comments she would say average was between 3,000 to 6,000.

Commissioner Tolland thanked staff for addressing the limited income with the no increase to the minimum.

Mayor Leslie inquired if the more than 7,000 generally fell under commercial; whereby, Ms. McGuire stated that was accurate, noting the conservation pricing. Mayor Leslie agreed to the proposed increase.

3. ADJOURNMENT

The meeting was adjourned at 6:46 p.m.

Prepared by: Taylor Lochert

RESOLUTION NO. 2025-141

A RESOLUTION ADOPTING PROPOSED MILLAGE RATES FOR THE 2025-2026 FISCAL YEAR; ESTABLISHING A DATE TIME AND PLACE FOR A PUBLIC HEARING TO ADOPT FINAL MILLAGE RATES AND FINAL BUDGET; AND SETTING FORTH AN EFFECTIVE DATE.

WHEREAS, on July 22, 2025, the Ormond Beach City Commission approved Resolution 2025-102, adopting proposed millage rates for fiscal year 2025-2026; and setting a public hearing on the aforesated proposed millage rates and tentative Fiscal Year 2025-2026 Annual Budget, to be held Wednesday, September 3, 2025 at 7:00 pm in the City Commission Chambers at Ormond Beach City Hall, 22 South Beach Street, Ormond Beach, Florida, and

WHEREAS, said public hearing has officially been held in accordance with the requirements of Section 200.065, *Florida Statutes*, and

WHEREAS, the Ormond Beach City Commission desires to adopt or re-adopt proposed millage rates for the 2025-2026 Fiscal Year, now therefore,

BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF ORMOND BEACH, FLORIDA, THAT:

SECTION ONE. After careful consideration of the estimate of receipts and the estimate of expenditures of the City of Ormond Beach, Florida (“the City”), it is hereby agreed that the rates of taxation necessary to meet such expenses will be, for each of the hereinafterstated purposes, the amounts estimated, declared and hereby levied, to-wit:

(a) in order to meet the estimate of expenses of the City, it is hereby determined and declared that the total operating millage shall be at the rate of 4.5220 mills or \$4.5220 per \$1,000 of taxable value, and the same is hereby levied and imposed upon all non-exempt taxable property within the corporate limits of the City for those purposes hereinafter described to provide for the expenditures as estimated in the Fiscal Year 2025-2026 Annual Budget;

(i) in order to meet the estimate of General Fund, Capital Improvements Fund, Facilities Renewal and Replacement Fund, Vehicle and Equipment Replacement Fund, Public Safety Vehicle and Equipment Replacement Fund, Transportation Improvements Fund, and Leisure Services Fund expenses of the City, it is hereby determined and declared that the operating millage rate (General Fund, Capital Improvements Fund, Facilities Renewal and Replacement Fund, Vehicle and Equipment Replacement Fund, Public Safety Vehicle and Equipment Replacement Fund, Transportation Improvements Fund, and Leisure Services Fund combined) shall be at the rate of 4.5220 mills or \$4.5220 per \$1,000 of taxable value, and the same is hereby levied and imposed upon all non-exempt taxable property within the corporate limits of the City for general purposes to provide for the General Fund, Capital Improvements Fund, Facilities Renewal and Replacement Fund, Vehicle and Equipment Replacement Fund, Public Safety Vehicle and Equipment Replacement Fund, Transportation Improvements Fund,

and Leisure Services Fund expenditures as estimated in the Fiscal Year 2025-2026 Annual Budget;

- (ii) the millage rate to be levied, 4.5220 mills, is a 15.82% increase over the “rolled-back” millage rate, which is \$3.9042 per \$1,000 of taxable value;
- (iii) in order to pay interest upon and sinking fund requirements for the outstanding 2010 general obligation bond issue of the City, and for the purpose of paying the expenses of servicing such bonds, it is hereby determined and declared that the debt service millage shall be at the rate of 0.0630 mills or 6.30¢ per \$1,000 of taxable value, and the same is hereby levied and imposed on all non-exempt taxable property within the corporate limits of the City for the purposes hereinbefore stated in this Subsection. Voters approved the 2010 general obligation bond issue on August 24, 2010 for the acquisition and development of a beachfront park.

SECTION TWO. A public hearing to adopt final millage rates and a final Fiscal Year 2025-2026 Annual Budget will be held on Wednesday, September 17, 2025, at 7:00 p.m., in the Commission Chambers of the Ormond Beach City Hall, 22 South Beach Street, Ormond Beach, Florida.

SECTION THREE. This Resolution shall take effect immediately upon its adoption.

APPROVED AND AUTHENTICATED this 3rd day of September, 2025.

JASON LESLIE
Mayor

ATTEST:

SUSAN CARROLL DAUDERIS
City Clerk



**City of Ormond Beach
City Commission Agenda
Staff Report**

Agenda Date	September 3, 2025	Item No	5.B.
Section	ADOPTION OF FISCAL YEAR 2025-2026 PROPOSED MILLAGE RATES AND TENTATIVE BUDGET	Category	First Reading of Ordinances
Subject	Adoption of Annual Budget for the 2025-2026 Fiscal Year		
Recommended Action	Staff recommends approval of the proposed FY 2025-26 budget.		
Strategic Goal	Fiscal Transparency		
Department Staff Contact	Finance Kelly McGuire, Finance Director		

Summary

The annual budget serves as the essential financial guide for the City and continues the City Commission's long legacy of careful fiscal stewardship while being mindful of the needs of the residents and business community. Preparation of the budget is driven by the goals collectively determined by the City Commission at the Strategic Goal Planning session in early 2025, along with the Commission's continued commitment to providing the highest quality services to the citizens within the framework of fiscal responsibility. The budget, *net of inter-fund transfers and internal charges* is \$117,359,854.

The proposed budget includes several changes made during the budget workshop, the details of which are included as an attachment to this item.

ALL FUNDS SUMMARY	Proposed Budget (Revised)
Description	FY 2025-2026
General Fund	52,736,211
Special Revenue Funds	10,678,030
Debt Service Funds	1,033,068
Capital Project Funds	12,981,197

Water & Wastewater Funds	47,514,706
Solid Waste Fund	14,960,267
Workers Compensation Fund	747,500
General Liability Fund	2,142,400
Total Budget Appropriation	142,793,397
Less:	
Interfund Transfers	(18,789,917)
Fleet Operations (Internal Service Charges)	(2,296,000)
Engineering (Internal Service Charges)	(1,457,708)
Consolidated Insurance Fund (Internal Service Charges)	(2,889,900)
Total Net Budget	117,359,854

Financial Impact

The FY 2025-2026 budget provides funding to maintain existing service levels, make necessary repairs and upgrades to City equipment and facilities, and implement the top priorities from the Commission's Strategic Plan.

Citizen Impact

The proposed budget continues to adhere to the City's conservative approach to the budget by managing costs without compromising the services that add value and serve our residents and businesses. It provides the funds necessary to maintain and improve infrastructure, ensure qualified and responsive fire and police protection, and offer amenities that define our community through committed, dedicated, and exceptional employees that remain steadfast in our goal to provide the highest quality service.

Attachments

1. 25-29 Adopt Annual Budget (P25-0087G)
2. Attachment A
3. Budget Changes from Workshop
4. Proposed FY 2025-26 Budget
5. Ordinance Business Impact Estimate FY 2025-26 Budget

ORDINANCE NO. 2025-29

AN ORDINANCE ADOPTING THE ANNUAL BUDGET FOR THE 2025-2026 FISCAL YEAR BEGINNING OCTOBER 1, 2025 AND ENDING SEPTEMBER 30, 2026; REPEALING ALL INCONSISTENT ORDINANCES OR PARTS THEREOF; AND SETTING FORTH AN EFFECTIVE DATE.

WHEREAS, in accordance with the provisions of the City of Ormond Beach, Florida, *Charter* and *Code of Ordinances*, the City Manager has submitted to the City Commission her Annual Budget for the various funds of the City, and

WHEREAS, Section 4.04(f), *Charter*, requires the Annual Budget to be adopted by Ordinance, and

WHEREAS, the City Commission has determined that it is necessary and appropriate to adopt an annual budget as attached hereto, now therefore,

BE IT ENACTED BY THE PEOPLE OF THE CITY OF ORMOND BEACH, FLORIDA, THAT:

SECTION ONE. The City Commission hereby adopts, as its Annual Budget for the 2025-2026 Fiscal Year (October 1, 2025 through September 30, 2026, inclusive), those appropriations set forth on Attachment “A” and the FY25-26 Proposed Budget document, which are attached hereto and incorporated herein by reference, including all travel, stipend, and wage adjustments for all elected and appointed officials, and all bargaining and non-bargaining unit employees in the classified and unclassified services.

SECTION TWO. All Ordinances or parts of Ordinances in conflict herewith are hereby repealed to the extent of such conflict.

SECTION THREE. This Ordinance shall take effect immediately upon its adoption.

PASSED UPON at the first reading of the City Commission, this 3rd day of September, 2025.

PASSED UPON at the second and final reading of the City Commission, this 17th day of September, 2025.

JASON LESLIE
Mayor

ATTEST:

SUSAN CARROLL DAUDERIS
City Clerk

ALL FUNDS SUMMARY ATTACHMENT A	
	Budget
Description	FY 2025-26
General Fund (001)	52,736,211
Special Revenue Funds:	
Downtown Redevelopment Trust Fund (104)	1,999,836
Ormond Crossings Trust Fund (106)	399,640
Stormwater Utility Fund (107)	5,613,386
Airport Fund (108)	1,318,198
Local Law Enforcement Trust Fund (109)	-
Economic Development Fund (110)	-
State Law Enforcement Trust Fund (112)	-
Pension Contribution Pass Through Fund (113)	1,300,000
Recreation Facility Fee Fund (115)	46,970
Total Special Revenue Funds	10,678,030
Debt Service Funds:	
Financing Debt Service Fund (205)	675,000
2010 Beachfront Park Bond Fund (220)	358,068
Total Debt Service Funds	1,033,068
Capital Improvement Funds:	
Capital Improvements Fund (301)	3,051,339
Equipment Renewal & Replacement Fund (302)	840,000
Public Safety Vehicle & Equipment Fund (305)	1,028,051
Transportation Improvements Fund (308)	3,306,010
Recreational Impact Fee Fund (310)	1,100,000
Local Road Impact Fee Fund (316)	275,000
Facilities Renewal & Replacement Fund (317)	1,665,797
Stormwater Impact Fee Fund (318)	15,000
Leisure Services Capital Fund (322)	1,700,000
Total Capital Improvement Funds	12,981,197
Water and Wastewater Funds:	
Water and Wastewater Fund (401)	28,748,938
Vehicle Replacement Fund (408)	830,000
Renewal & Replacement Fund (409)	6,830,768
Water/Wastewater Consolidated Debt Service Fund (414)	3,824,000
West Ormond Reuse Impact Fee Fund (433)	-
Water System Impact Fee Fund (434)	751,000
Wastewater System Impact Fee Fund (435)	850,000
Water/Wastewater 2026 Bond Projects (447)	5,680,000
Total Water and Wastewater Funds	47,514,706
Solid Waste Fund (460)	14,960,267
Workers Compensation Fund (502)	747,500
General Liability Fund (504)	2,142,400
TOTAL BUDGET APPROPRIATION	142,793,379
Less: Interfund Transfers	(18,789,917)
Fleet Operations (Internal Service Charges)	(2,296,000)
Engineering (Internal Service Charges)	(1,457,708)
Consolidated Insurance Fund (Internal Service Charges)	(2,889,900)
TOTAL NET BUDGET	117,359,854

Proposed FY 2025-26 Budget Revisions

	Original Proposed Budget	Revised Proposed Budget	Difference
General Fund			
<u>Revenues</u>			
Property Taxes	21,569,321	21,061,774	(507,547)
Fund Balance	894,400	1,337,479	443,079
Miscellaneous	186,225	187,139	914
			<u>(63,554)</u>
<u>Expenditures</u>			
General Liability Police	418,139	343,139	(75,000)
General Liability Fire	532,060	432,060	(100,000)
Information Technology	1,062,681	962,681	(100,000)
Parks-Landscaping CPI	1,565,918	1,515,918	(50,000)
Transfer to General Vehicle Fund	-	261,446	261,446
			<u>(63,554)</u>
CRA			
<u>Expenditures</u>			
Traffic Calming	100,000	-	(100,000)
Contingency	745,970	845,970	100,000
			<u>-</u>
General Vehicles			
<u>Revenues</u>			
Property Taxes	511,525	250,079	(261,446)
Transfer from General Fund	-	261,446	261,446
			<u>-</u>
General Liability			
<u>Revenues</u>			
Dept. Charges	2,317,400	2,142,400	(175,000)
<u>Expenditures</u>			
Liability Insurance	1,700,000	1,525,000	(175,000)

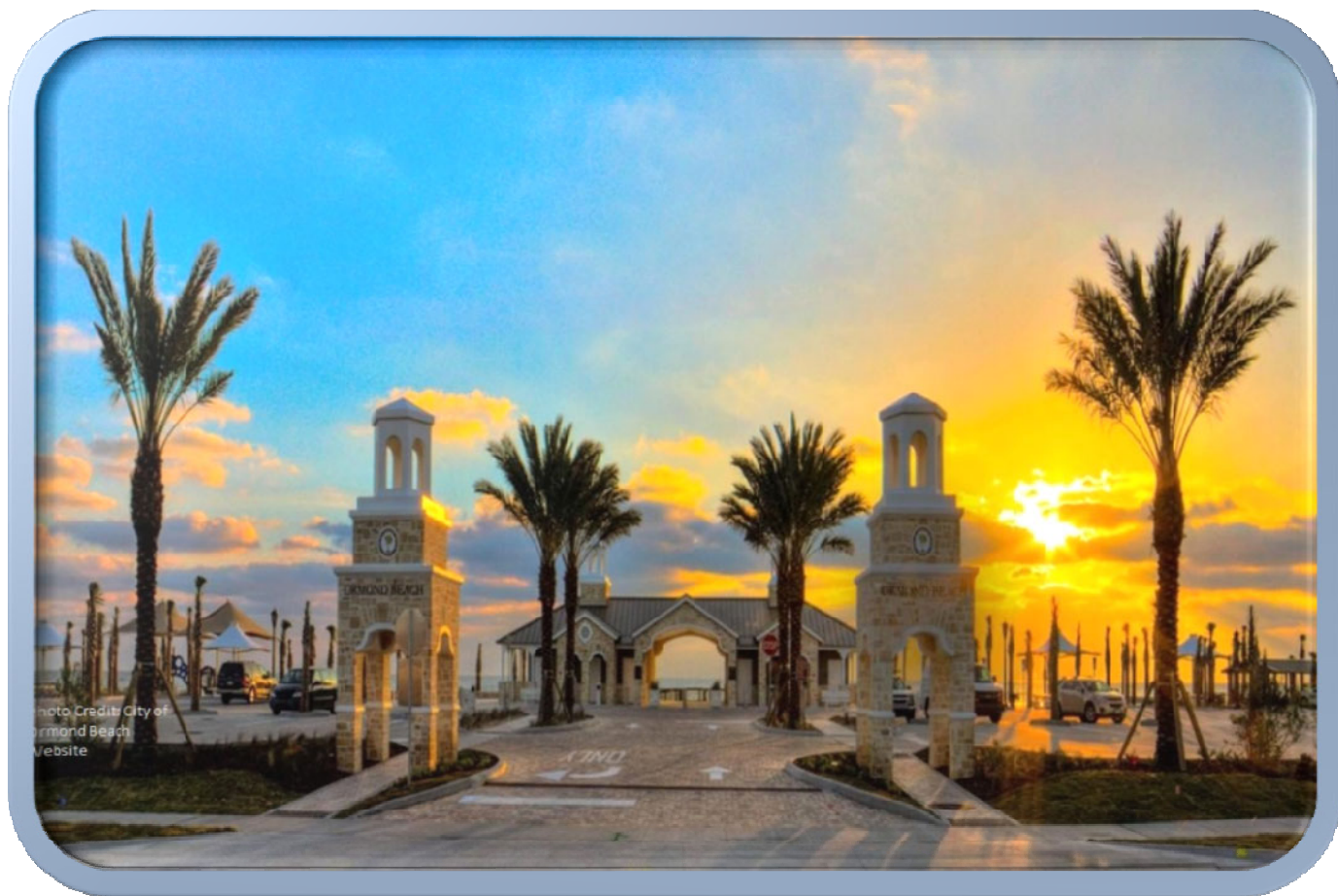
***The above changes have not been incorporated into the FY 2025-26 Proposed document (attached).
These changes will be incorporated if approved on first reading at the September 3, 2025 regular
City Commission meeting.***



PROPOSED **BUDGET** 2025-26



CITY OF ORMOND BEACH BUDGET
FY 2025-26
OCTOBER 1, 2025 – SEPTEMBER 30, 2026



CITY COMMISSION

JASON LESLIE, MAYOR

LORI TOLLAND, DEPUTY MAYOR & ZONE ONE

TRAVIS SARGENT, ZONE TWO COMMISSIONER

KRISTIN DEATON, ZONE THREE COMMISSIONER

HAROLD BRILEY, ZONE FOUR COMMISSIONER

Joyce A. Shanahan
Shawn P. Finley
Claire Whitley
Kelly A. McGuire
Christopher D. Byle

City Manager
Asst. City Manager
Asst. City Manager
Finance Director
Asst. Finance Director

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INTRODUCTION

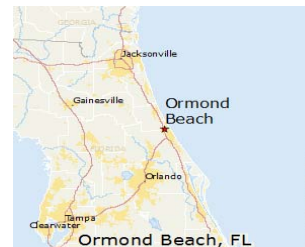
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COMMUNITY OVERVIEW

CITY OF ORMOND BEACH

The city that is now Ormond Beach, which is located on the northeast coast of Florida, dates from the period immediately following the Civil War. J. Andrew Bostrom, a former Union soldier originally born in Sweden, settled land on the peninsula. Concentrated settlement on the mainland began in 1873 with the establishment of New Britain, founded by a small community of New Englanders intent on making their living from citrus cultivation. In 1875, New Britain was subdivided into blocks and lots, with the original plat containing eleven (11) streets. Of the eleven (11) streets, seven (7) retain their original names, with four (4) located in present downtown Ormond Beach.



By 1880, New Britain had grown enough to warrant incorporation. During the elections for incorporation, the town name was changed to Ormond, in honor of James Ormond III, descendant of an early British colonist from the 1770's. The town was legally incorporated on April 22, 1880 and adopted the banana tree as the town emblem.

The development of Ormond Beach accelerated during the 1880's when John Anderson, Joseph Price, Stephen Van Cullen White and other pioneers saw that the small wilderness community was linked by rail with the eastern United States. Their entrepreneurial spirit led to the construction of a bridge spanning the Halifax River (Atlantic Intra-coastal Waterway) from the mainland to the peninsula and the Ormond Hotel, a building that helped define the social and economic character of the community. During the late nineteenth and early twentieth centuries, Ormond became one of Florida's most recognized resort communities and the location of some of the first automobile races in the United States. Consequently, Ormond Beach became and is still known today as the "Birthplace of Speed". Ironically, following World War I, as the automobile became increasingly available to middle America, the character of Florida tourism changed, and Ormond declined in importance as a winter resort and tourist mecca, becoming a more traditional residential community.

In 1959, the City was granted 1,164 acres of land from the Federal government that was developed into a municipal airport that consists of two (2) active runways and six (6) taxiways. In addition, the City purchased 176 acres from the Federal government in 1959; a site that has since been developed into a successful commerce center. Since 1970, the city's population increased from approximately 14,000, to the present population of approximately 45,000, which has resulted from a combination of real growth and annexations. During the 1990's, residential development and the City's commercial and retail center expanded westward beyond Interstate 95 as the size of the City grew to approximately 29 square miles.

The median age of the City's residents is 48.7. Approximately 42% of households include someone over the age of 65. Median income is \$62,243 with 32% of citizens having achieved a higher education (Bachelor or Master degree).

City of Ormond Beach Mission Statement



To ensure Ormond Beach is one of the most attractive, stimulating and innovative communities in Florida, while protecting our rich history and maintaining our unique charm. Boasting an environment where our children can thrive, with a prosperously diverse and balanced economy. All the while, delivering exceptionally responsive service to our citizens and cultivating the highest quality of life.





GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Ormond Beach
Florida**

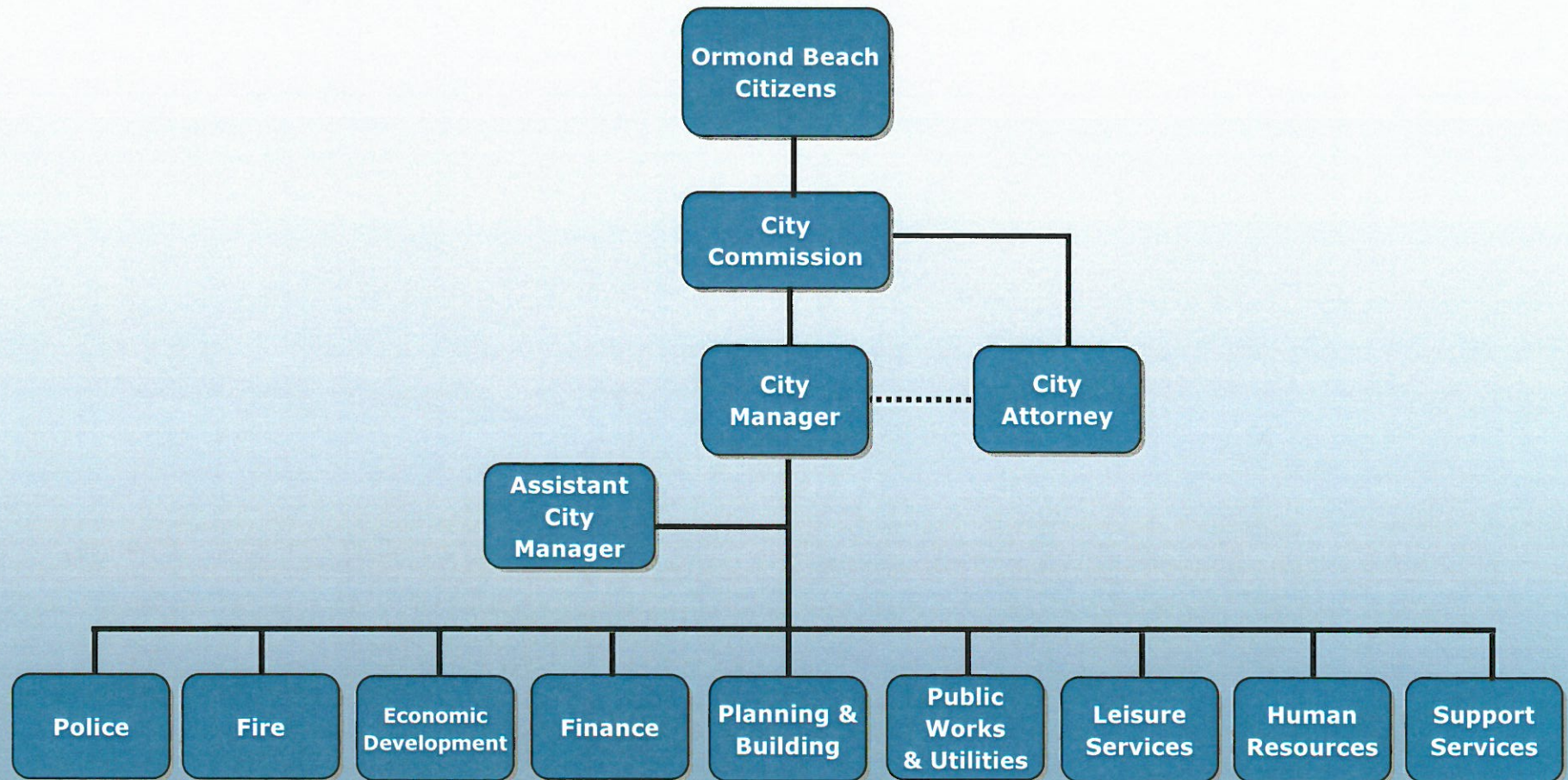
For the Fiscal Year Beginning

October 01, 2024

Christopher P. Morill

Executive Director

City of Ormond Beach Organizational Chart



This is to certify that this is the official organizational chart of the City of Ormond Beach referred to in Article II, Chapter 2, of the City of Ormond Beach, Florida, *Code of Ordinances*, adopted by Resolution No. 2016-154 on November 1, 2016.




Ed Kelley, Mayor


J. Scott McKee, City Clerk



City of Ormond Beach FY 2025–2026 Budget Message

To support the goals and priorities adopted by the City Commission, the draft FY 2025–2026 budget totals **\$143,031,933**, prepared by the Finance Director and presented by the City Manager, is balanced with a millage rate of **4.585 mills**. This budget reflects a continued commitment to public safety, infrastructure resilience, and enhancements across the community.

Strategic Investment Highlights

At the direction of the City Commission, this year's budget provides targeted funding to advance the City's top strategic priorities:

- **Public Safety Enhancements**
 - Replace nine Police vehicles
 - Purchase new extrication equipment and an emergency response ATV
 - Continue the proactive fire hydrant inspection program
- **Stormwater Improvements**
 - Invest \$3.6 million to upgrade the stormwater system and reduce localized flooding throughout the city
- **Utility Infrastructure**
 - Construct a secondary force main and reclaimed water line crossing the Halifax River to improve system redundancy

Continued Investment Through Dedicated Millage

Since FY 2021–2022, a dedicated millage has provided stable funding for critical public safety needs. Initial investments included:

- Nine police vehicles
- Two fire pumpers
- Upgrades to the Police Department's access control system
- Fire Department gear dryers
- Emergency traffic preemption improvements

Prior budget investments have funded the following:

- Nine police vehicle replacements annually
- A new fire brush truck
- Tactical equipment upgrades
- Purchase of a Quint fire apparatus
- Staffing additions, including a Police Lieutenant, Public Safety Information Officer, and Fire Inspector

The FY 2025–2026 budget keeps this dedicated public safety millage to support equipment replacements and ensure reliable emergency response services.

Enhancing Parks, Recreation, and Community Facilities

Through Leisure Services funding including dedicated millage, this year's budget includes:

- **Reconstruction** of the Ormond Beach Sports Complex softball field
- **Reconstruction or replacement** of Nova Field #1
- **Rebuilding the Riviera Park fishing pier**
- **Solar lighting installations** at Nova Community Park and the Sports Complex
- **Installation of LED lighting upgrades** at fields eleven and twelve

General Fund Overview

- **Total Revenues:** \$52,799,765
 - Increase of **\$3.6 million** or 7.35% over the prior year
 - **Ad valorem tax revenue:** \$21,569,321 – the is City's largest revenue source
 - **Overall property value increased:** 6.8%, as certified by the Volusia County Property Appraiser for Tax Year 2026.

Of the \$25,701,310 generated by the adopted millage rate **\$4.13 million** is distributed to capital funds supporting:

- Public safety vehicles and equipment
- Parks and recreation

- Transportation improvements
- Technology upgrades
- Facility maintenance

Fund Balance and Fiscal Responsibility

Ormond Beach is still in a strong financial position. The City General Fund reserves projected by Finance Staff at **13%** at the end of FY 2024–2025, are consistent with the City Commission’s reserve policy. Per Commission Policy, these reserves are dedicated to fund one-time purchases or emergency purchases.

Strategic Plan Alignment

This budget supports the goals of the Commission’s 2025 Strategic Plan focusing on public safety, environmental resilience, and quality. It includes funding for the following Commission:

1. Public Safety

Goal: Ensure efficient and effective emergency response through adequate staffing and resources.

Implementation:

- Fund competitive compensation and benefits to enhance recruitment, retention, and service levels
- Continue youth outreach through **DARE programs** and similar initiatives

2. Water Quality & Environment

Goal: Reduce flooding risk and improve sustainability through targeted infrastructure investments.

Implementation:

- Allocate **\$3.5 million** for stormwater projects, including:
 - Replacement of corrugated metal pipes
 - Piping projects at Flamingo Drive, Orchard Lane, and North John Anderson Drive
 - Sump pump installation at Willis Drive

3. Quality of Life

Goal: Expand recreational opportunities and improve recreational facilities

Implementation:

- Reconstruct the Sports Complex softball field
- Install LED lighting at Fields 11 & 12
- Rehabilitate or replace Nova Field #1

This budget reflects a balanced and responsible investment in Ormond Beach's future. One that supports core services, safeguards infrastructure, and enhances community amenities. By the dedication of our exceptional staff and the support of a forward-thinking City Commission, who remain dedicated to community investment, enhancing core services, keeping financial stability, and advancing the strategic vision for Ormond Beach.

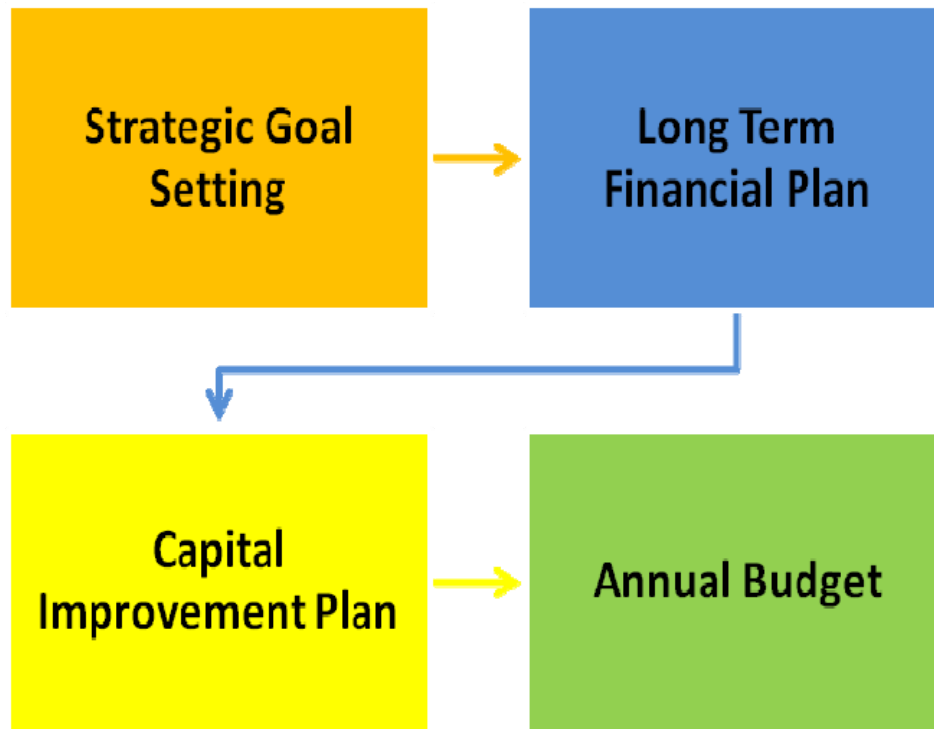
Respectfully,

A handwritten signature in blue ink, appearing to read "Jay SM", with a stylized flourish at the end.

City Manager

Strategic Goal Setting & Financial Planning Process

Long-term Financial Planning is based on the strategic goals set forth by the City Commission and is used to inform the Capital Improvement Plan process and the annual budget preparation process.



In 2018, the City of Ormond Beach conducted an extensive citizen engagement process, The OB Life, to fully engage the community to help determine the kind of city Ormond Beach would be in the future. A series of six community forums were held addressing community development; transportation and livable communities; environment and water quality; public safety; leisure and culture; and economic development. Nearly 700 people attended the meetings where they heard presentations from 17 speakers, participated in small group discussions, and posed more than 600 questions which are all answered by city staff and posted on the city's website.

This comprehensive process of gathering citizen input first so it can be used to guide the discussions of the Mayor and City Commissioners during their strategic planning workshop has continued to be used. The last strategic planning was held in 2025 and resulted in the following prioritization of issues and priorities



STRATEGIC PLAN 2025

VISION STATEMENT

RECOGNIZED AS ONE OF FLORIDA'S MOST ATTRACTIVE, SAFE, FISCALLY RESPONSIBLE, AND DESIRABLE COASTAL COMMUNITIES BY PROTECTING OUR RICH HISTORY, PRESERVING OUR DISTINCTIVE SMALL-TOWN CHARM, AND CULTIVATING NATURAL ENVIRONMENTS, RECREATIONAL SPACES, AND ECONOMIC OPPORTUNITIES.

MISSION STATEMENT

DELIVERING EXCEPTIONALLY RESPONSIVE CITY SERVICES TO OUR RESIDENTS, BUSINESSES, AND VISITORS THAT FOSTERS A WELCOMING AND PROSPEROUS ENVIRONMENT AND CREATES THE HIGHEST QUALITY OF LIFE FOR CURRENT AND FUTURE GENERATIONS.

CITY COMMISSION

Mayor
Jason Leslie

Deputy Mayor & Zone 1
Commissioner
Lori Tolland

Zone 2 Commissioner
Travis Sargent

Zone 3 Commissioner
Kristin Deaton

Zone 4 Commissioner
Harold Briley

ORGANIZATIONAL VALUES

Integrity: We hold ourselves accountable to the highest ethical standards in all aspects of work.

Customer Service: We deliver exceptional customer service through professional engagement and compassion for those we serve.

Resilient: We strive for preparedness in emergency planning, assessing future needs, and preserving natural resources by incorporating sustainability and resilience in the design and operation of our facilities, infrastructure, programs, services, and development standards.

Transparency: We are committed to building and maintaining trust in one another and with our community through continued public engagement through proactive and open communication.

Responsive: We prioritize delivering timely, thoughtful service that reflects the needs of those who live, work, and visit Ormond Beach.

Innovative: We continuously seek new ideas and better ways to serve our community by balancing fiscal responsibility with forward-thinking solutions that strengthen Ormond Beach for generations to come.

Empowerment: We foster a culture of trust and accountability where every employee is encouraged to lead, collaborate, and find smart, community-first solutions that deliver meaningful results.



MAYOR'S MESSAGE

JASON LESLIE

As a City Commission, our top priority is serving the residents of Ormond Beach with transparency, accountability, and respect. We are committed to making decisions that reflect the needs, values, and aspirations of our community. That starts with listening. Whether it's an email, a comment at a public meeting, a survey response, or a conversation at a neighborhood event, we take your input seriously.

Every voice matters and plays a role in shaping the future of our city. From public safety and infrastructure to parks, economic development, and responsible growth, your feedback helps guide the policies and projects we pursue. Our goal is to ensure Ormond Beach remains a place we are all proud to call home. A place where quality of life, natural beauty, and community spirit are protected and strengthened for generations to come.



2025 STRATEGIC PILLARS

- ① **TRANSPORTATION & COMMUNITY DEVELOPMENT**
- ② **ECONOMIC DEVELOPMENT**
- ③ **GOVERNANCE**
- ④ **PUBLIC SAFETY**
- ⑤ **QUALITY OF LIFE**
- ⑥ **WATER QUALITY & THE ENVIRONMENT**



TRANSPORTATION & COMMUNITY DEVELOPMENT

GOAL STATEMENT

TO ENSURE THE CHARM AND RICH HISTORY OF OUR COMMUNITY IS WELL MAINTAINED THROUGH RESPONSIBLE DEVELOPMENT/REDEVELOPMENT THROUGH THE PROVISION OF INFRASTRUCTURE TO MEET CURRENT AND FUTURE NEEDS.

» Engage with the Florida Department of Transportation (FDOT) to ensure Ormond Beach's input into the design and aesthetics of the new US-1 and I-95 Interchange as the entranceway to our community.

» Improve City gateway corridors entry features to convey a sense of arrival in Ormond Beach.

- Underground utilities along US 1, North Beach Street, around US 1 & I-95 interchange.

» Pursue the development of multi-modal trail connectivity to historical, cultural, business, residential, recreational, and other points of interests both within Ormond Beach and with neighboring regional trails.

- Trail connectivity to Penland Property conservation land.
- Work with Volusia County to expand Beach Street Trail and connect A1A to Volusia County Trails through Ormond Beach.
- Trail connectivity along the Halifax River to US 1 and to the I-95 interchange with connectivity to Ormond Scenic Loop and Trail.

» Explore cost effective measures with the Building and Community Development Departments that could result in improvements to Ormond Beach's current CRS 5 rating to attain benefits of reduced insurance costs for our residents and businesses.



Rendering Courtesy of Florida Department of Transportation.

ECONOMIC DEVELOPMENT

GOAL STATEMENT

» **Actively consider Community Redevelopment Authority (CRA) projects in both the Granda and Ormond Crossings Districts to spur development, redevelopment, and associated investment.**

» **Promote and protect Ormond Beach's Historic Downtown to ensure its economic vitality.**

» **Actively promote the value of the Municipal Airport and pursue improvements that maximize its use and economic/business contributions to the City.**

- Pursue the upgrade or replacement of the existing Fixed Base Operator (FBO) Building to provide improved welcoming appearance and safety for patrons.
- Consider the expansion of the Airport's runway to 4,500 - 5,000 feet to improve safety for existing and new patrons of the facility.
- Investigate the need for additional hangars at the Airport.

» **Encourage a diversified economic base, which provides for the City's longterm economic health and quality of life.**

- Continue to invest in attracting and retaining high-wage jobs.
- Reuse or repurpose Riverbend property.

TO ENSURE THE ECONOMIC HEALTH AND VITALITY OF THE CITY OF ORMOND BEACH BY PROVIDING AN ENVIRONMENT ALLOWING BUSINESSES TO THRIVE THROUGH RETENTION, EXPANSION, AND ATTRACTION.



GOVERNANCE

» **Strive to achieve the public's trust through honest, transparent, respectful, and equitable behavior in conducting City business.**

- **Develop a Mayor & City Commission Norms & Procedures Policy.**

» **Attract, develop, and support the best talent for Ormond Beach to be recognized as an Employer of Choice.**

» **Provide convenient, modern, and technologically advanced municipal services to improve efficiencies and accessibility of services to both internal and external customers.**

» **Provide citizen education and engagement opportunities to support the city's decision-making in policies, ordinances, and programs.**

- **Advocate for the goals and priorities of Ormond Beach and promote related regional action through active participation in intergovernmental relations and partner agencies.**
- **Continue Citizen's Academy.**
- **Complete the City website redesign and other technology upgrades.**
- **Continue Chamber partnership for Youth Leadership Program and Student Government Day to encourage future leaders.**

GOAL STATEMENT

TO BUILD AND MAINTAIN STRONG GOVERNANCE PRACTICES INTERNALLY AND EXTERNALLY THROUGH CONTINUED CIVIC ENGAGEMENT EFFORTS WITH RESIDENTS, EFFECTIVE MANAGEMENT AND OPERATIONAL POLICIES, AND STRATEGIC PARTNERSHIPS WITH OTHER GOVERNMENTS AND AGENCIES.



PUBLIC SAFETY

» Provide efficient, effective staffing to ensure a high level of services and response times for Public Safety services.

- Evaluate compensation, benefits, and training programs that enhance recruitment, retention and succession planning in a competitive market.
- Maintain DARE program and other youth outreach programs.
- Mental wellness signage and resources on the website/first responder assistance.
- Encourage collaboration with drug/alcohol treatment providers and Narcan/Safety measures in response to affected populations.

» Strive to maintain one of the lowest crime rates among comparable cities.

» Consider options including dialogue with churches and social service providers, establishment of Task Force, ordinances, regulations, and other measures to mitigate the impact of homelessness in Ormond Beach.

» Ensure the physical security of City assets and operations.

- Pursue the relocation of the Police Department, Emergency Operations Center (EOC), and the Public Works Facility from their current flood zone locations.
- Continue the conversion of city outdoor lighting fixtures to LED.

» Consider enhancements to City's property maintenance Codes to achieve a higher adherence to community standards in support of beautifying Ormond Beach.

» Explore measures with the Fire & Utilities Departments that could result in improvements to Ormond Beach's current ISO #3 rating to attain benefits of reduced insurance costs for our residents and businesses.

GOAL STATEMENT

TO PROVIDE A SAFE AND SECURE COMMUNITY WITH EFFECTIVE, EFFICIENT AND RESPONSIVE EMERGENCY SERVICES, STAFFING, AND INFRASTRUCTURE.



Ormond Beach police officers saluting during 2025 Police Week at Memorial Park.



Ormond Beach firefighters train for Mayday, emergencies where a firefighter is lost, trapped, or injured on scene.

QUALITY OF LIFE



Pursue the expansion of recreation fields in Ormond Beach and prioritize the projects in the City's current Park & Recreation Master Plan for funding and development.



Continue to be recognized as a leader in Parks & Recreation through the offering of diverse, high-quality parks and natural spaces.

- Desire to have U.S. National Anthem played at start of every game.
- Explore improved field lighting in sports fields and recreational facilities.
 - Priority locations: behind Nova Rec to Nova Road on north side & parking lot lighting of softball quad.



Consider the development of additional facilities for public programs and community gatherings/events.

- Determine the best redevelopment option for the former Church property located at 56 N. Beach St.
- Establish Founder's Day as a community flagship event.
- Plan for future needs of East and West Ormond Beach Community Centers/Venues.



Continue to improve the attraction and beautification of Ormond Beach by supporting the placement of public art, community gateway planting/landscaping, and lighting of bridge.

- Develop policies and collaborate with partner agencies to enhance the beautification of the US 1 Corridor.
- Continue to work with Volusia County and citizen groups to promote and enhance North Beach Street/Scenic Loop and Trail.
- Continue to pursue and promote new Public Art projects in Downtown/Main Street.
- Maintain downtown seasonal lights and add bridge uplighting.
- Verbally support the rehabilitation of Chief Tomokie statue.

GOAL STATEMENT

TO ENSURE ORMOND BEACH REMAINS THE CROWN JEWEL OF CENTRAL FLORIDA, BY PROVIDING FOR THE QUALITY, QUANTITY AND VARIETY OF PASSIVE AND ACTIVE RECREATION AREAS AND FACILITIES TO SERVE THE NEEDS OF OUR COMMUNITY.



WATER QUALITY & THE ENVIRONMENT



Protect and enhance our environment and invest in infrastructure projects and assets that build resilience benefits to reduce flooding risk and increase sustainability.

- **Reduce the impacts of localized stormwater flooding through the prioritization of key projects in the Stormwater Master Plan and through pre-storm mitigations activities.**



Advocate for projects that can improve the overall quality of Ormond Beach's water bodies.

- **Expand reclaimed water system and reuse pond out West.**
- **Continue effort of septic to sewer conversions in Magnolia, Oak, and Bonita targeted areas on the mainland.**
- **Evaluate the possible benefits of a new Federal inlet north of Highbridge to improve the water quality of the Halifax River.**



Promote the value of the City's recycling program to reduce the impact of the waste stream sent to the landfill.



Consider the establishment of a Protective Wildlife Corridor.

GOAL STATEMENT

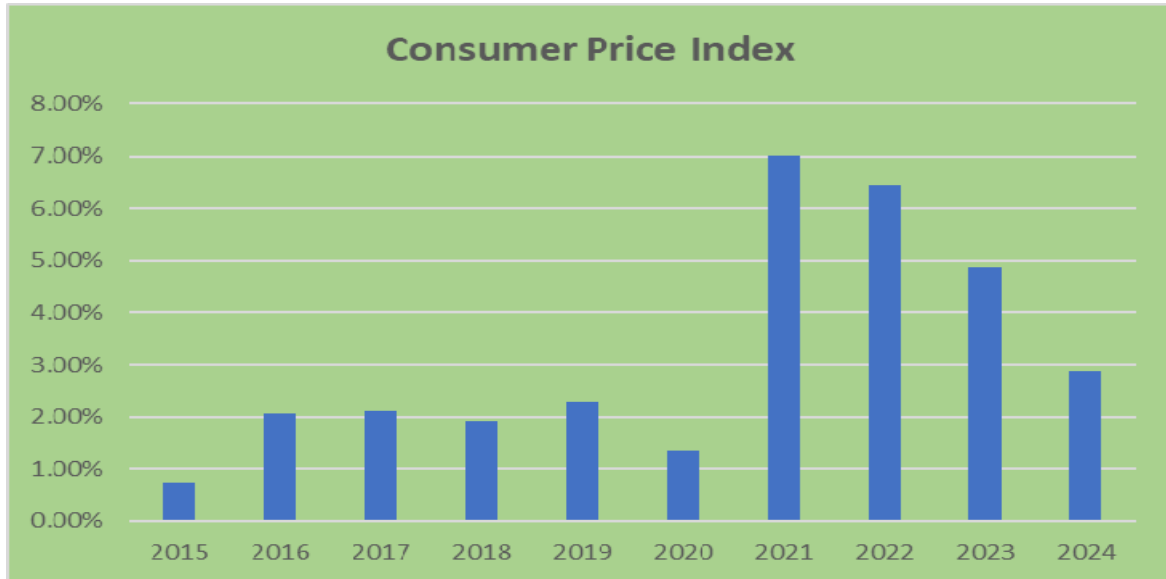
TO ADVANCE THE CITY'S ENVIRONMENTAL STEWARDSHIP THROUGH PROJECTS AND OUTREACH PROMOTING WATER QUALITY, STORMWATER MANAGEMENT, AND RECYCLING.



Financial Trends Analysis

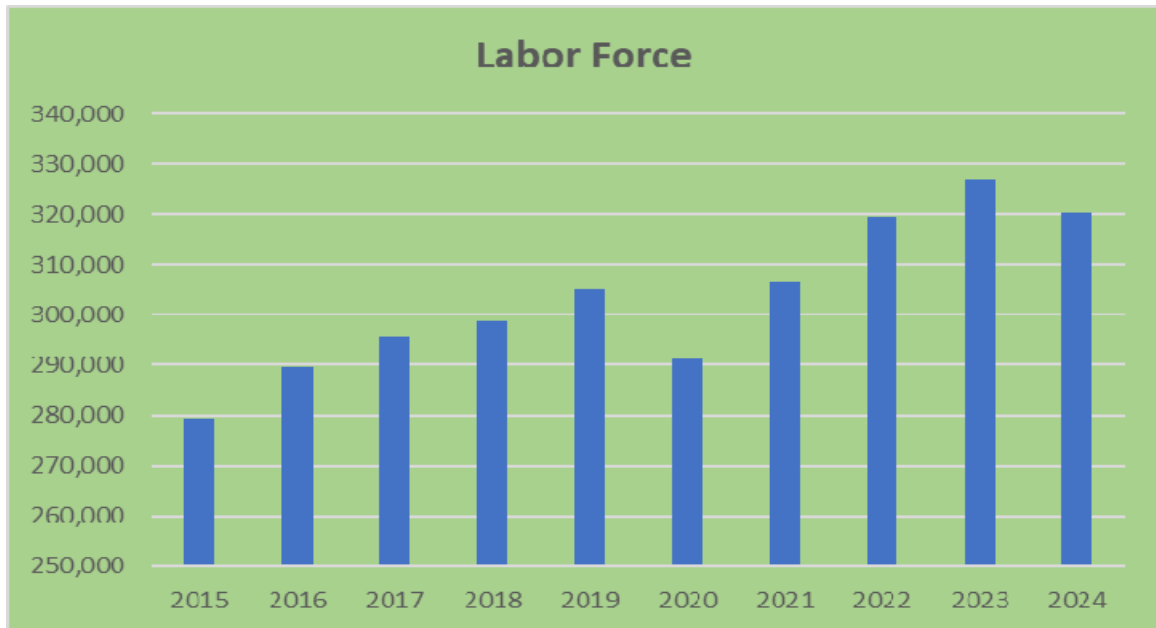
National Economy:

Economic indicators are useful for evaluating the environment within which the City operates. The Consumer Price Index (CPI), a widely used indicator of inflation prepared by the U.S. Bureau of Labor Statistics increased by 2.88% as of the end of calendar year 2024.



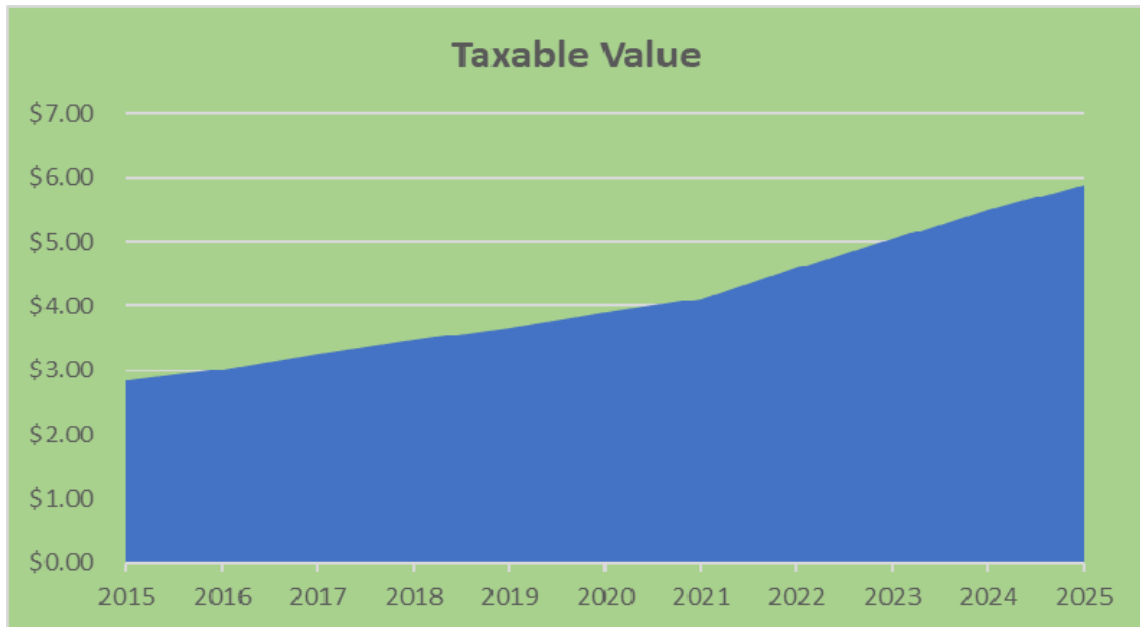
Local Economy:

According to the U.S. Bureau of Labor Statistics, unemployment for the Deltona-Daytona Beach-Ormond Beach area declined by 0.30% from 2023 to 2024. As of December 2022, an estimated 11,798 people locally were unemployed.



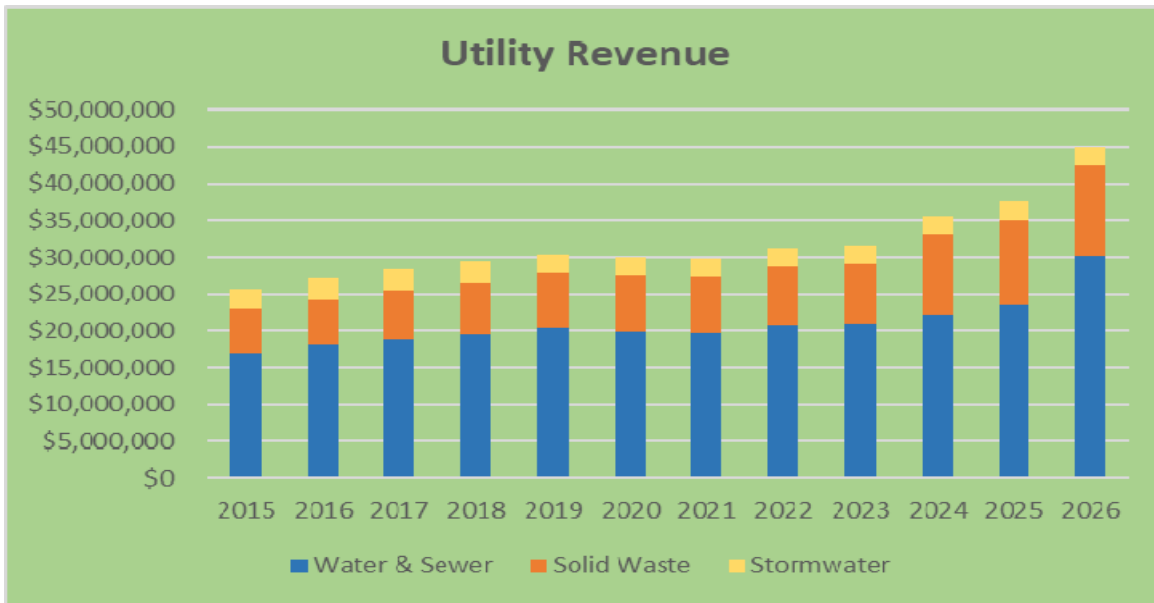
Major Revenue Sources Historical and Projected:

The 2025 taxable value is \$5.89 billion, an increase of \$345 million from 2024. The increase includes \$269 million from existing properties and \$76 million from new construction and annexations.



Aside from property taxes, the largest revenue sources consist of franchise fees, utility taxes, intergovernmental revenue and utility user fees are levied to fund the costs of certain activities or services. Franchise fees and utility taxes are generated from a surcharge on electric and natural gas. Intergovernmental revenue consists largely of sales tax passed through to local governments from the State. These revenues are expected to remain relatively stable.

Stormwater fees are expected to remain steady. Water, Sewer and Solid Waste fees are expected to grow contingent upon approval of recommended rate increases.

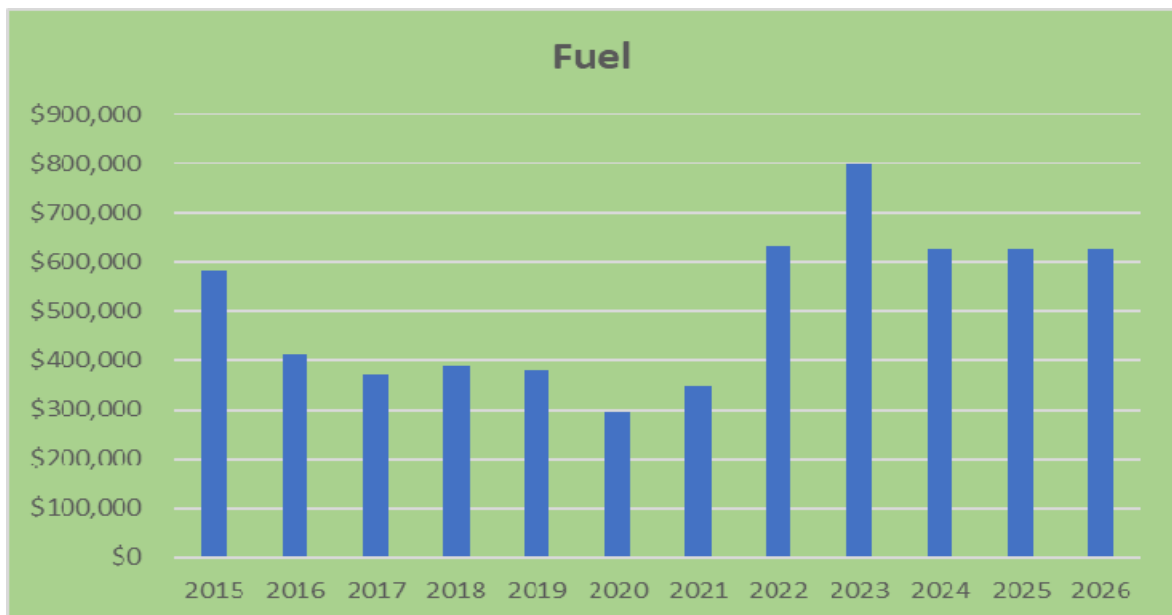


Major Expenditure Categories Historical and Projected:

The number of positions has stayed relatively stable over the past ten years while the cost of wages has increased steadily consistent with the Collective Bargaining Agreements of the City's three unions.



The category of contractual services is largely comprised of expenditures for landscaping medians and maintenance of the City's sports fields. These costs continue to rise. Fuel costs associated with the City vehicles also continue to rise.



Water & Wastewater operating costs consist mainly of chemical and electric expenses associated with operations of the two plants. These costs have slowly increased over time consistent with inflation.



Solid Waste operating costs consist mainly of expenses paid to the contractual waste hauler for collection of trash and recycling. The costs increased significantly in 2017 when the City rebid the contract. Costs have steadily increased since that time.



Budget Assumptions

Revenues

1. Conservative revenue estimates are utilized to allow for unanticipated changes in collection levels or economic deterioration.
2. The budget was prepared using an operating millage rate of 4.5270 mills. The total millage, including debt, is 4.5900.
3. The budget does not include a 3% increase in Leisure Service fees.

Expenditures

1. As a service provider, employee costs account for a significant portion of the City's budget. The budget has been prepared according to the following assumptions:
 - a. Collective bargaining contracts – Necessary funding for anticipated changes to the collective bargaining contracts has been included.
 - b. The budget includes anticipated cost increases in contractual services, most notably an increase of \$315,000 for animal control.
2. Personnel changes include the following:
 - a. No positions have been added for FY 2025-26.

Cost allocation/Transfers

The City's Engineering Division provides services to capital project funds such as Transportation, Stormwater, General Capital Improvements and Water/Wastewater. The cost allocation plan provides for a direct department charge in lieu of an interfund transfer resulting in more complete financial disclosure. Similarly, the Fleet division provides services for other departments and costs are allocated accordingly.

Budget Advisory Board Recommendation

The Budget Advisory Board will review the budget and provide a recommendation at their next meeting on Wednesday July 9th.

Capital Improvement Program Workshop

After the completion of strategic goal setting and financial trend analysis, the City develops the capital improvement program and presents it to the City Commission at a workshop. The City's Five-Year Capital Improvements Program represents a substantial effort to identify and schedule capital investments for a multi-year period. Departments submit capital improvement requests to the Finance Director (capital projects with a cost of

\$25,000 or greater). The Finance Director and City Manager meet with departments to discuss their requests. The Leisure Services Advisory Board, Quality of Life Board, Aviation Advisory Board, and Public Works Board also provide recommendations for consideration. The proposed capital improvement plan is reviewed and finalized by the City Commission during a workshop in June. Projects recommended for funding in the next fiscal year are incorporated into the proposed annual budget. The CIP workshop focuses on the following areas:

- Developing a consensus with respect to appropriating the necessary funding for the upcoming budget years.
- Developing a consensus on the level of funding for property tax supported projects included in the following categories: Facilities Renewal and Replacement, General Capital Improvement and Transportation. Also discuss the addition of a dedicated millage for General Vehicle Replacement.
- Projects included in the CIP will be funded based on one or more of the following factors with maintenance or upgrade of existing facilities being the highest priority:
 - Involves necessary or planned maintenance, renovation or construction of an existing facility, equipment or infrastructure.
 - Reflects a prior multi-year commitment previously approved by the City Commission.
 - Enhances the use or appearance of an existing facility or City-maintained public area.
 - Included in a previous Master Plan or conceptual plan previously considered and endorsed or reviewed by the City Commission.

Budget Development and Workshop

Departments submit annual budget requests (personnel and operating) to the Finance Director in April. Department requests are reviewed by the City Manager and Finance Director. Thereafter, the proposed budget is provided to the City Commission for review prior to the budget workshop held in mid-July. This workshop is a culmination of the aforementioned planning workshops. Changes to the proposed budget and tax rate are discussed during this workshop. The tentative tax rate is approved by the City Commission during a regular meeting in July. The final tax rate and budget are approved by the City Commission in September.



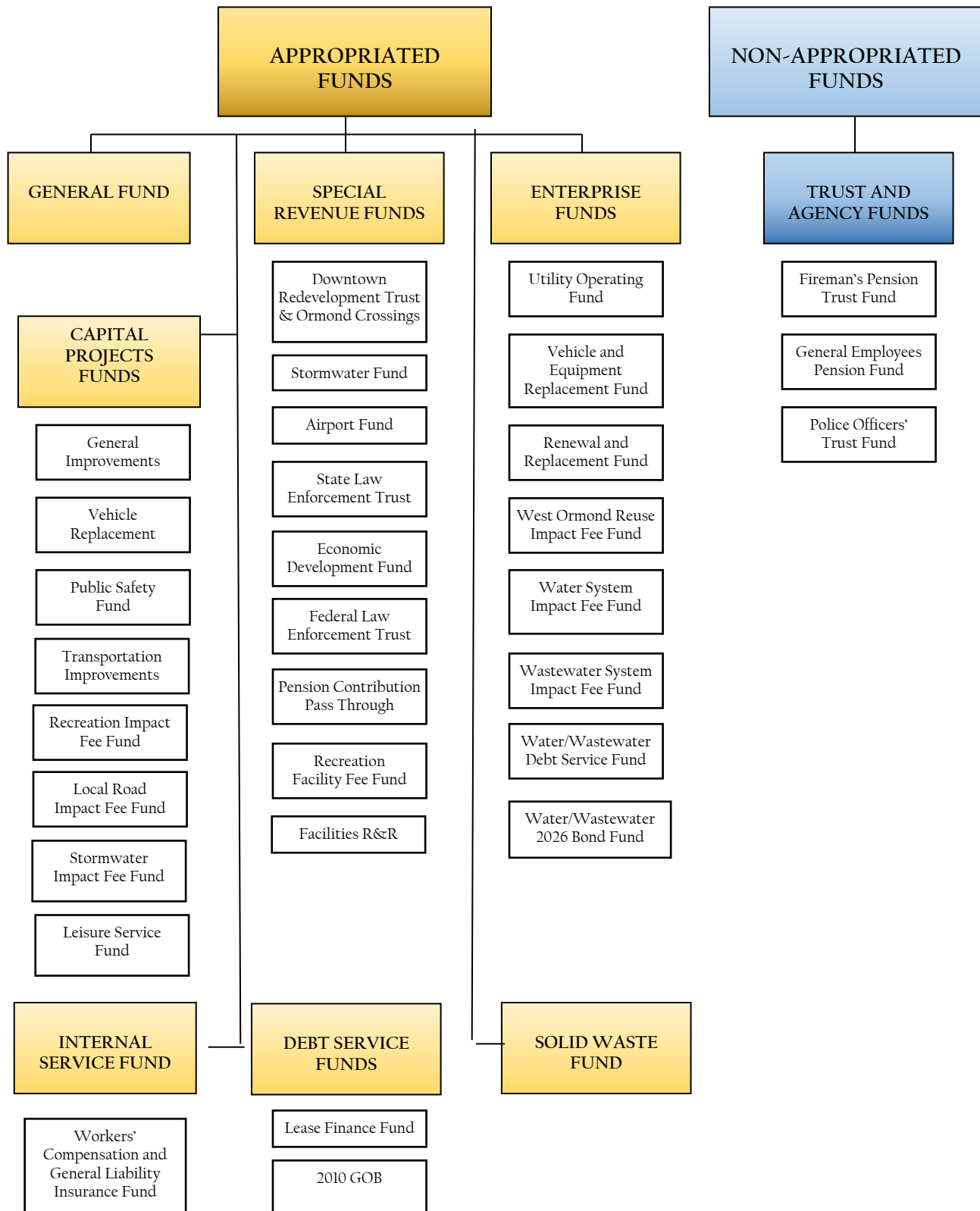
POLICIES
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BUDGET CALENDAR

DATE	ACTIVITY
May 9	Budget Requests due from Depts.
May 19	Capital Improvement Plan submitted to City Commission
June 12	Budget Review with City Manager
July 1	Certification of taxable value submitted to City
July 8	Budget document submitted to City Commission
July 22	Operating Budget Workshop
July 22	Approval of tentative millage levy at regular City Commission meeting (7:00 at City Commission Chambers)
September 3	First Public Hearing to adopt proposed millage rates and budget
September 17	Second and Final Public Hearing to adopt Final millage rates and budget.

FUND STRUCTURE



MAJOR FUNDS

GOVERNMENTAL FUND TYPES

1. **General Fund** - The General Fund is the general operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund.
2. **Special Revenue Funds** - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.
 - **Downtown Redevelopment Trust and Ormond Crossings Funds** - Used to account for tax increment proceeds received by the City within a specific district authorized by state statute.
 - **Stormwater Drainage Utility Fund** - The fund's purpose is to provide maintenance to the City's existing stormwater drainage system. Revenues are provided from user charges assessed to utility customers.
 - **Municipal Airport Fund** - The fund accounts for the financial activities of the Ormond Beach Airport. The airport was deeded to the City in 1959. The agreement restricts the use of the land and revenues derived from aviation related purposes. The airport is funded through rentals and lease revenues, grant revenues and transfers from the General Fund.
 - **Local Law Enforcement Trust Fund** - Used to account for proceeds generated by confiscation activities of the Police Department. Expenditures are restricted for law enforcement purposes only.
 - **Economic Development Fund** - This fund accounts for the City's proceeds of land sales and development costs associated with the City's airport business park.
 - **Federal Law Enforcement Trust Fund** - Used to account for proceeds generated by confiscation activities of the Police Department. Expenditures are restricted for law enforcement purposes only.
 - **Pension Contribution Pass Through** - Used to account for State contributions to the Police and Fire pension funds.
 - **Recreational Facility Use Fee Fund** - This fund accounts for impact fees assessed against users of recreation and cultural facilities within the City. Use of these funds is limited to expansion of those facilities.
 - **Facilities Renewal and Replacement** - This fund accounts for dedicated tax revenue used to maintain City facilities.
3. **Debt Service Funds** - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.
 - **Financing Debt Service Fund** - This fund records principal and interest payments on various capital lease and notes payable obligations. Revenue sources include interest on investments and transfers from the General Fund.

- **2010 General Obligation Debt Service Fund** - This fund records principal and interest payments on Series 2010 General Obligation Bonds. The proceeds of this debt issue were utilized to construction a beachfront park
4. **Capital Projects Funds** - Capital Projects Funds are used to account for financial resources to be used for equipment replacement or the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).
- **Capital Improvement Fund** - This fund is used to account for capital assets acquisitions and construction from general government resources and intergovernmental grants.
 - **Equipment Renewal and Replacement Fund** - This fund accounts for replacement of existing capital assets provided by general government resources.
 - **Public Safety Vehicle & Equipment Fund** - This fund accounts for replacement of vehicles and equipment for public safety provided by general government resources.
 - **Transportation Improvements Fund** - This fund is used to account for transportation related capital infrastructure acquisition and construction from general government resources.
 - **Recreation Facilities Impact Fee Fund** - This fund accounts for impact fees assessed and collected against new construction activities. Use of funds is restricted for expansion of existing recreational facilities or construction of new recreational facilities.
 - **Local Roads Impact Fee Fund** - This fund accounts for impact fees assessed against new construction activities. Use of these funds is restricted for expansion of existing local roadway links or construction of new local roadways.
 - **Stormwater Drainage Impact Fee Fund** - This fund accounts for impact fees assessed against new construction activities. Use of these funds is restricted for expansion of existing stormwater management facilities or construction of new stormwater management facilities.
 - **Leisure Service Fund** - This fund accounts for replacement of leisure service capital assets provided by general government resources.

PROPRIETARY FUND TYPES

1. **Enterprise Funds** - Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

- **Water and Wastewater Fund** - This fund is used to account for general water and sewer operations. The primary source of funding is user charges to water and sewer customers.
 - **Water and Wastewater Vehicle and Equipment Replacement** - This fund accounts for replacement of existing vehicles and equipment for the benefit of Water and Wastewater.
 - **Water and Wastewater Renewal and Replacement** - This fund accounts for replacement of existing capital assets for the benefit of Water and Wastewater.
 - **Water and Wastewater Debt Service** - Used to account for principal and interest payments resulting from the issuance of revenue bonds and other forms of debt.
 - **West Ormond Reuse Impact Fee** - This fund accounts for impact fees assessed against new construction activities. Use of these funds is restricted for expansion and construction of reuse facilities.
 - **Water Impact Fee** - This fund accounts for impact fees assessed against new construction activities. Use of these funds is restricted for expansion and construction of water facilities.
 - **Wastewater Impact Fee** - This fund accounts for impact fees assessed against new construction activities. Use of these funds is restricted for expansion and construction of wastewater facilities.
 - **Water & Wastewater 2026 Bond Fund** - This fund accounts for the construction costs associated with the expansion of the utility system.
 - **Solid Waste Fund** - Used to account for activities associated with the removal of trash and debris. Expenditures are funded through user charges to customers.
2. **Internal Service Fund** - The Internal Service Fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis.
- **Workers Compensation Fund** - This fund is used to account for expenditures associated with providing workers compensation coverage to employees.
 - **General Liability Insurance Fund** - This fund is used to account for expenditures associated with providing general liability coverage to employees.

FIDUCIARY FUND TYPES

- I. **Trust and Agency Funds** - Trust and Agency Funds account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. *These funds are not included in the adopted budget.*
 - **Firemen's Pension Fund** - Used to account for employee and employer contributions towards the Firemen's pension fund.
 - **Police Officer's Pension Fund** - Used to account for employee and employer contributions towards the Police Officer's pension fund.
 - **General Employee's Pension Fund** - Used to account for employee and employer contributions towards the General Employee's pension fund.

FINANCIAL POLICIES

The accounting policies of the City of Ormond Beach conform to generally accepted accounting principles as applicable to governments. The following is a summary of the most significant accounting and budgeting policies.

FUND ACCOUNTING

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The purposes of the City's various funds and account groups are as follows:

1. BASIS OF BUDGETING

The *basis of budgeting* for all funds is the same as the basis of accounting noted below.

2. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All Governmental Funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become measurable and available as net current assets. Revenues that are susceptible to accrual include taxes, intergovernmental revenues, charges for services and investment earnings. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which are recognized when due.

All Proprietary Fund Types and Pension Trust Funds are accounted for using the accrual basis of accounting. Their revenues are recognized when earned and expenses are recognized when incurred.

BUDGET POLICIES

1. BALANCED BUDGET

The City will adopt a balanced budget annually. A balanced budget occurs when revenues plus use of available fund balance equals expenditures with individual funds.

2. BUDGET TRANSFERS AND AMENDMENTS

➤ Administrative Approval of Intra-departmental Budget Transfers

Any budget transfer between line item expenditures accounts (personnel service, operating, and capital outlay) that does not increase or decrease the approved total appropriation of a department within the same fund and is less than \$25,000 shall be reviewed by the Budget Director and approved by the City Manager or her designee.

➤ Commission Approval of Budget Transfers

The following budget transfers shall be approved by a majority vote of the City Commission:

- Transfers of \$25,000 or more
- All interfund transfers

➤ Commission Approval of Budget Amendments

The following budget amendments shall be approved by Resolution by a majority vote of the City Commission:

- Recognition of non-budgeted and unanticipated revenues received during the fiscal year.
- Any increase or decrease in appropriated fund balance.
- Any increase or decrease in the total approved appropriation of a fund.

REVENUE GUIDELINES

The City employs the following revenue guidelines as part of the budget development process:

1. The General Fund operating budget millage rate will be based on a 96% tax collection rate as computed against the Current Year Gross Taxable Value as shown on Form DR-420 provided to the City by the Volusia County Property Appraiser.
2. The City will annually review Charges for Service to ensure that the fee structure, at a minimum, maintains the current level of cost recovery.
3. Ensure that fees charged in enterprise operations are calculated at a level that will support all direct and indirect costs of the enterprise.
4. Ensure that the basis for computing indirect cost allocations are reviewed annually and are based on prudent and defensible assumptions.
5. Revenue projections for all major non-ad valorem revenue sources will be based on prudent trend analysis that considers current and projected economic conditions. Budget projections for State-shared revenues will consider State of Florida estimates that are contained in the Local Government Financial Information Handbook as one of several factors for determining final revenue estimates.
6. Ensure that the City does not accept any revenue source whose terms of acceptance or collection may adversely affect the City.
7. The use of revenues which have been pledged to bond holders will conform to bond covenants which commit those revenues.
8. The undesignated fund balance in the General Fund will be maintained at no less than 15% of the total General Fund budget exclusive of budgeted reserves for contingency.
9. Water and Wastewater Impact fees will be set at a level that recovers the highest percentage of the cost of future capacity as permitted by law.
10. In financing capital improvements through the use of General Obligation Bonds, the City shall limit outstanding indebtedness to no more than 5% of current gross taxable value.

APPROPRIATION GUIDELINES

1. The City Commission adopts the annual budget at the fund level, whereas department managers prepare their respective budgets at the program level and allocate appropriations to specific line items in order to provide services at the current level of service.
2. Personnel services are estimated based on collective bargaining provisions governing salary adjustments, whereas salary adjustments for non-bargaining unit employees are based on parameters defined by the City Manager and approved by the City Commission. Pension amounts are based on the defined level of funding as determined by the city's actuary. Health insurance premiums for employee coverage are estimated based on current market conditions that affect annual premium adjustments.
3. The emphasis in preparing the annual budget is on the development of performance outcomes and the relationship of those outcomes to providing the current or enhanced level of service and the budget resources needed to accomplish the identified service level.
4. The budget request for all programs will include an itemized list of capital equipment with a unit value of \$5,000 or more and a separate line item appropriation for vehicle depreciation that will fund future replacement of city vehicles and heavy equipment based on the vehicle replacement schedule developed by the Fleet Manager and Finance Director.
5. Annually, the City Manager will have a comprehensive Five Year Capital Improvements Program (CIP) developed for review and approval by the City Commission. The Five Year CIP will identify and schedule priority capital improvements and provide recommended financing and the estimated operating budget impact for each project.
6. The level of classification detail at which expenditures may not legally exceed appropriations is the fund level. Department Directors and Division Managers are held accountable for their respective budgets at the program level.
7. Encumbrances outstanding at year-end represent the estimated amount of the expenditures ultimately to result if unperformed contracts/receipt of goods or services in process at year-end are completed. Such encumbrances do not constitute expenditures or liabilities, but rather reservations of fund balance for subsequent years' appropriation.
8. Debt service millage will be set at levels which will generate sufficient revenue to make all required principal and interest payments.

CITY OF ORMOND BEACH FUND BALANCE POLICY

1. INTRODUCTION

Sound financial principles dictate that adequate fund balance will be maintained in order to reduce the risks associated with revenue shortfalls, natural disasters, and unanticipated expenditures. As such, the City hereby establishes a Fund Balance policy in accordance with Governmental Accounting and Standards Board Statement (GASB) No. 54.

2. FUND BALANCE CLASSIFICATIONS

- **Non-Spendable Fund Balance** - Amounts that cannot be spent because of the following reasons:
 - not in spendable form
 - legally or contractually required to be maintained intact. Non-Spendable Fund Balance includes items such as inventory, prepaid expenses, and long-term receivables.
- **Restricted Fund Balance** - Amounts constrained to being used for specific purposes by external parties. Examples of constraints on use of fund balance include those imposed by debt covenants, enabling legislation, and grantors.
- **Committed Fund Balance** - Amounts that can be used only for the specific purposes determined by formal action of the City Commission. The specific purpose may only be altered or removed by the City Commission taking the same formal action used to originally impose the constraint. The balance must be determined by the close of the fiscal year.
- **Assigned Fund Balance** - Amounts intended to be used for a specific purpose. The intended purpose may be determined by the City Commission, City Manager, or Finance Director.
- **Unassigned Fund Balance** - This classification represents any fund balance that has not been classified as non-spendable, restricted, committed, or assigned.

3. MINIMUM LEVEL OF UNASSIGNED FUND BALANCE (GENERAL FUND)

The City will attempt to maintain unassigned fund balance of 15% of budgeted annual expenditures for the current year in the General Fund. Unassigned fund balance in the General Fund which is in excess of the 15% target may be used for any purpose designated by the City Commission as set forth in the annual budget and subsequent budget amendments. The City will attempt to avoid use of unassigned fund balance for recurring expenditures.

If, after the annual audit, the unassigned fund balance is determined to be below 15%, the Finance Director will notify the City Commission. The Finance Director will provide a plan to reduce expenditures and/or increase revenues in order to restore the fund balance with a timeframe determined by the City Commission.

4. CLASSIFICATION OF FUND BALANCE (GENERAL FUND)

➤ **Non-Spendable Fund Balance:**

- Advances to Other Funds-Advances made by the General Fund to address negative balances in other funds.
- Prepaids
- Inventories

➤ **Restricted Fund Balance**

Restricted fund balance reserves in the General Fund consist of:

- Frazier Trust-Funds held by the City for use by the Ormond Memorial Art Museum to establish an endowment as stipulated in the final judgment entered by Judge Rouse on July 21, 1997.

➤ **Committed Fund Balance**

- Ormond Beach Sports Complex-Funds received from the Volusia County School Board in connection with an agreement dated October 21, 2008 and approved by the City Commission with Resolution 2008-202.

➤ **Assigned Fund Balance**

The City Commission hereby establishes the following assigned fund balance reserves in the General Fund:

- Assignment to Subsequent Year's Budget-Assigned fund balance may be designated for use in the subsequent year's budget by the City Commission, City Manager or Finance Director to appropriate a portion of unassigned fund balance for the purpose of eliminating projected deficits.

➤ **Unassigned Fund Balance**

The City Commission hereby establishes the following unassigned fund balance reserves in the General Fund:

- Revenue Stabilization - The City hereby establishes a budget stabilization fund of \$2 million. The budget stabilization fund will be utilized to ensure adequate funding is available to maintain services during periods of significant revenue declines (both anticipated and unforeseen). Furthermore, the reserve can be used to address unfunded mandates.

The use of budget stabilization reserves which may be appropriated in the subsequent year's budget is limited to \$1 million or 50% of the revenue stabilization fund balance available.

Use of unassigned fund balance will be authorized by the City Commission through approval of a budget ordinance in conjunction with the annual budget process or budget amendment.

- General Fund- The City will attempt to maintain unassigned fund balance of 15% of budgeted annual expenditures for the current year. This balance is in addition to the Revenue Stabilization fund balance.

5. SPENDING ORDER OF FUND BALANCES

Restricted amounts will be used first unless there is a legal prohibition to doing so. The City will then utilize committed fund balance followed by assigned fund balance. Unassigned fund balance will be used last.

The Revenue Stabilization balance will only be used to provide funding for existing services/programs and unfunded mandates when current revenues are insufficient. General Fund Unassigned Fund Balance will be used in all other cases which include funding for one-time expenditures/capital projects and increases in service levels/programming.

6. LEVEL OF AUTHORITY

Committed Fund balance may only be established and revised by approval of the City Commission. The remaining reserve levels and policies herein may be revised and approved by the City Manager or Finance Director.

7. EFFECTIVE DATE

This Policy took effect immediately upon adoption and will be applied beginning with the preparation of the City's September 30, 2011 Comprehensive Annual Financial Report and adoption of the City's Fiscal Year 2011-12 Budget.

CITY OF ORMOND BEACH PURCHASING POLICY

1. INTRODUCTION

This document serves to provide uniform purchasing procedures for all individuals authorized to make purchases on behalf of the City of Ormond Beach. Every employee involved in the purchasing process is required to adhere to the requirements of this document as well as Chapter 2, Article IX, Division 3 of the City of Ormond Beach Code of Ordinance which outlines the regulations applicable to procurement by City employees.

2. NEW VENDORS

The purchaser must submit the New Vendor Request form when making purchases from vendors who have not previously done business with the City.

3. PURCHASING PROCEDURES

- Purchases exceeding \$75,000 require issuance of an invitation to bid or RFP:
 - Bid/RFP specifications are to be submitted to the Purchasing Coordinator for review along with a Bid/RFP Request Approval form.
 - Once the specifications have been approved, the Purchasing Coordinator will advertise the bid/RFP and post to DemandStar.
 - All bids/RFP's and corresponding amendments will be provided exclusively through DemandStar unless other arrangements are approved by the Purchasing Coordinator.
 - Recommendations for award will be determined as follows:
 - For invitations to bid, the Contract Manager will determine the lowest qualified, responsive, and responsible bidder.
 - For RFP's, a review committee will determine which proposal is deemed appropriate for recommendation of award.
 - A recommendation for award (via a CM memo) will be prepared by the Contract Manager and submitted to the Finance Director for approval. Once approved, the CM memo will be forward to the City Attorney and City Clerk for placement on the appropriate agenda.
- Purchases \$2,500-\$75,000:
 - The purchaser will obtain three written quotations.
- Special Purchasing Issues:
 - Sole source procurement where there is only one source for the required item(s) or service(s).
 - The purchaser must submit a Sole Source Procurement form to the Purchasing Coordinator prior to making such purchases.
 - The Sole Source Procurement form will be posted on DemandStar for ten days prior to making such purchases.

- Emergency procurements may be authorized by the Finance Director when there exists a threat to public health, welfare or safety; provided that such emergency procurements shall be made with such competition as is practicable under the circumstances.
 - The purchaser must submit a memo to the Finance Director outlining the need to make an emergency purchase in advance of making such purchase.
- Change orders
 - If the cumulative value is less than \$75,000, City Commission approval is NOT required prior to the authorization of additional work. The City Commission will be notified upon completion of the project of the total change order amount.
 - If/when the cumulative value exceeds \$75,000, City Commission approval must be received prior to the authorization of additional work.

4. PURCHASE REQUISITIONS

- Purchase requisitions should be entered for ALL items/services with the following exceptions:
 - Travel reimbursement-In lieu of a purchase requisition, employees should submit a Travel Request Voucher and applicable supporting documentation prior to undertaking any travel. **An employee may elect to pay the cost of travel and receive reimbursement thereafter or have payment made directly to the appropriate vendors.**
 - Debt Service payments
 - Reimbursements to employees, civic organizations, entertainers
 - Refunds
 - Employee/Retiree benefit payments
 - Waste Management monthly disbursements
- Except as noted above, no purchases shall be made until a purchase requisition has been entered and all approvals have been received.
- Education reimbursement is first approved by submittal of the Education Reimbursement Request form. Once all necessary signatures have been obtained, a purchase requisition should be entered.
- All vendors who are providing services to the City must be licensed accordingly. It is the purchaser's responsibility to contact the City's building division and validate that the vendor has obtained all applicable business licenses.
- The purchaser is expected to verify that the vendor chosen has met the applicable insurance requirements as specified in Resolution 2011-116 dated 8/16/11.
 - Insurance requirements can be found in the New Vendor attachment.
 - Existing insurance certificates will be maintained by the Risk Manager and are available for review by the purchaser at S:\VendorInsurance

- If a valid insurance certificate is not available at S:\VendorInsurance, it is the purchaser's responsibility to obtain the necessary certificate(s) and email the certificate(s) to the Risk Manager.
 - Once the Risk Manager has received the necessary insurance certificate(s), she will approve the requisition.
- If the purchase requires obtainment of written quotations, the quotations must be emailed to the Purchasing Coordinator. All quotations (whether verbal or written) should be documented within the electronic purchase requisition.

5. REQUEST FOR PAYMENT

- Invoices submitted to the Finance Department for payment should include:
- Two signatures, one of which is a Department Head, Division Manager, or Supervisor/Foreman.
 - For purchases made with a purchase order:
 - Complete the receipts processing in Naviline.
 - Write the purchase order number on the invoice.
 - For purchases made without a purchase order, write the account number(s) on the invoice.
 - All invoices must be received by Tuesday at noon for payment on Friday of the same week.

6. CREDIT CARD USAGE

In the event a purchase can only be made via a credit card, the purchaser must first obtain the approval of the Finance Director and Purchasing Coordinator by submitting the Credit Card Approval form.

CITY OF ORMOND BEACH INVESTMENT POLICY

1. The City of Ormond Beach is hereby authorized to invest funds under its control, which are in excess of those funds required to meet short-term expenses, in the following instruments, and may divest itself of such investments, at prevailing market prices or rates, subject to the limitations stated:
 - a) The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Section 163.01, Florida Statutes;
 - b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
 - c) Savings accounts in state-certified qualified public depositories, as defined in Section 280.02, Florida Statutes;
 - d) Certificates of deposit in state-certified qualified public depositories, as defined in Section 280.02, Florida Statutes;
 - e) Direct obligations of the U.S. Treasury; and
 - f) Federal instrumentalities. Agencies and instrumentalities.
2. The securities listed in subparagraphs (c), (d), (e), and (f) of Paragraph 1 shall be invested to match investment maturities with known cash needs and anticipated cash-flow requirements.
3. This Investment Policy shall not apply to pension funds, trust funds, or funds related to the issuance of debt, provided that there are other existing policies or indentures in effect for such funds.

The complete policy can be found in the appendix of this document.

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ALL FUNDS SUMMARY

The FY 2025-26 budget includes total appropriations of \$143.03 million

ALL FUNDS SUMMARY			
Description	Actuals FY 2023-24	Budget FY 2024-25	Budget FY 2025-26
General Fund (001)	45,077,808	49,185,112	52,799,765
Special Revenue Funds:			
Downtown Redevelopment Trust Fund (104)	1,000,337	1,822,138	1,999,836
Ormond Crossings Trust Fund (106)	-	346,798	399,640
Stormwater Utility Fund (107)	2,329,215	3,434,247	5,613,386
Airport Fund (108)	553,082	369,418	1,318,198
Local Law Enforcement Trust Fund (109)	-	-	-
Economic Development Fund (110)	8,333	-	-
State Law Enforcement Trust Fund (112)	-	-	-
Pension Contribution Pass Through Fund (113)	1,133,303	1,300,000	1,300,000
Recreation Facility Fee Fund (115)	35,309	57,225	46,970
Total Special Revenue Funds	5,059,579	7,329,826	10,678,030
Debt Service Funds:			
Financing Debt Service Fund (205)	181,689	660,000	675,000
2010 Beachfront Park Bond Fund (220)	360,448	346,322	358,068
Total Debt Service Funds	542,137	1,006,322	1,033,068
Capital Improvement Funds:			
Capital Improvements Fund (301)	3,507,535	4,999,383	3,051,339
Equipment Renewal & Replacement Fund (302)	199,857	407,000	840,000
Public Safety Vehicle & Equipment Fund (305)	640,617	888,000	1,028,051
Transportation Improvements Fund (308)	4,079,224	2,159,976	3,306,010
Recreational Impact Fee Fund (310)	-	100,000	1,100,000
Local Road Impact Fee Fund (316)	-	50,000	275,000
Facilities Renewal & Replacement Fund (317)	1,103,961	879,126	1,665,797
Stormwater Impact Fee Fund (318)	-	50,000	15,000
Leisure Services Capital Fund (322)	394,637	954,116	1,700,000
Total Capital Improvement Funds	9,925,831	10,487,601	12,981,197
Water and Wastewater Funds:			
Water and Wastewater Fund (401)	17,293,035	26,307,887	28,748,938
Vehicle Replacement Fund (408)	-	850,000	830,000
Renewal & Replacement Fund (409)	5,134,390	12,346,951	6,830,768
Water/Wastewater Consolidated Debt Service Fund (414)	608,472	4,924,000	3,824,000
West Ormond Reuse Impact Fee Fund (433)	4,975	-	-
Water System Impact Fee Fund (434)	103,899	700,000	751,000
Wastewater System Impact Fee Fund (435)	142,507	675,000	850,000
Water/Wastewater 2026 Bond Projects (447)	-	-	5,680,000
Total Water and Wastewater Funds	23,287,278	45,803,838	47,514,706
Solid Waste Fund (460)	11,695,379	13,407,304	14,960,267
Workers Compensation Fund (502)	619,839	1,851,612	747,500
General Liability Fund (504)	3,303,297	2,905,253	2,317,400
TOTAL BUDGET APPROPRIATION	99,511,148	131,976,868	143,031,933
Less: Interfund Transfers		(17,984,692)	(18,528,471)
Fleet Operations (Internal Service Charges)		(1,900,237)	(2,296,000)
Engineering (Internal Service Charges)		(1,329,783)	(1,457,708)
Consolidated Insurance Fund (Internal Service Charges)		(4,756,865)	(3,064,900)
TOTAL NET BUDGET	99,511,148	106,005,291	117,684,854

BUDGET SUMMARY

BUDGET THREE YEAR SUMMARY CITY OF ORMOND BEACH, FLORIDA					
REVENUES	Actuals FY 2023-24	Budget FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Taxes	28,302,838	30,818,462	34,797,878	3,979,416	12.91%
Licenses and Permits	10,614,443	8,852,879	10,085,087	1,232,208	13.92%
Intergovernmental Revenue	10,518,418	12,645,447	12,602,669	(42,778)	-0.34%
Charges for Service	40,941,046	42,339,503	47,019,788	4,680,285	11.05%
Fines and Forfeitures	228,741	73,000	73,000	-	0.00%
Miscellaneous Revenues	6,682,554	4,277,061	5,188,533	911,472	21.31%
TOTAL SOURCES	97,288,040	99,006,352	109,766,955	10,760,603	10.87%
Transfers In	8,935,644	17,984,692	18,528,471	543,779	3.02%
Bond Proceeds and Other Sources	4,142,125	14,985,824	14,736,507	(249,317)	-1.66%
TOTAL REVENUES, TRANSFERS AND BALANCES	110,365,809	131,976,868	143,031,933	11,055,065	8.38%
EXPENDITURES	Actuals FY 2023-24	Budget FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
General Government Services	14,114,476	15,559,998	16,153,011	593,013	3.81%
Public Safety	23,826,049	24,926,410	26,370,681	1,444,271	5.79%
Physical Environment	28,868,447	38,735,358	45,937,181	7,201,823	18.59%
Transportation	11,160,511	13,023,831	13,770,828	746,997	5.74%
Economic Environment	357,398	437,322	448,226	10,904	2.49%
Human Services	111,050	291,528	291,528	-	0.00%
Leisure Services	10,877,975	9,831,712	12,830,014	2,998,302	30.50%
Debt Service	4,903,783	5,344,000	3,646,000	(1,698,000)	-31.77%
TOTAL EXPENDITURES	94,219,689	108,150,159	119,447,469	11,297,310	10.45%
Transfers Out	5,339,466	17,984,692	18,528,471	543,779	3.02%
Contingency	0	5,842,017	5,055,993	(786,024)	-13.45%
TOTAL APPROPRIATED EXPENDITURES, RESERVES AND BALANCES	99,559,155	131,976,868	143,031,933	11,055,065	8.38%

CHANGE IN FUND BALANCE

Description	Estimated Beginning Fund Balance	Budget Revenue FY 2025-26	Budget Expenditures FY 2025-26	Use of Fund Balance	Estimated Ending Fund Balance
GENERAL FUND (001)	5,500,000	51,905,365	52,799,765	894,400	4,605,600
SPECIAL REVENUE FUNDS					
DOWNTOWN REDEVELOPMENT TRUST FUND (104)	1,100,000	1,999,836	1,999,836	-	1,100,000
ORMOND CROSSINGS TRUST FUND (106)	900,000	399,640	399,640	-	900,000
STORMWATER UTILITY FUND (107)	3,000,000	4,195,770	5,613,386	1,417,616	1,582,384
AIRPORT FUND (108)*	(1,200,000)	1,107,570	1,318,198	210,628	(1,410,628)
LOCAL LAW ENFORCEMENT TRUST FUND (109)	200,000	-	-	-	200,000
ECONOMIC DEVELOPMENT FUND (110)	-	-	-	-	0
STATE LAW ENFORCEMENT TRUST FUND (112)	6,000	-	-	-	6,000
PENSION CONTRIBUTION PASS THROUGH (113)	-	1,300,000	1,300,000	-	0
RECREATION FACILITY FEE FUND (115)	500,000	40,225	46,970	6,745	493,255
TOTAL SPECIAL REVENUE FUNDS	4,506,000	9,043,041	10,678,030	1,634,989	2,871,011
DEBT SERVICE FUNDS					
FINANCING DEBT SERVICE FUND (205)	-	358,068	358,068	-	0
2010 BEACHFRONT PARK BONDS (220)	-	1,033,068	1,033,068	-	0
TOTAL DEBT SERVICE FUNDS	-	1,391,136	1,391,136	-	0
CAPITAL PROJECT FUNDS					
CAPITAL IMPROVEMENTS FUND (301)	1,000,000	2,340,060	3,051,339	711,279	288,721
EQUIPMENT RENEWAL AND REPLACEMENT FUND (302)	500,000	596,525	840,000	243,475	256,525
PUBLIC SAFETY VEHICLE & EQUIPMENT FUND (305)	-	-	1,028,051	-	-
TRANSPORTATION IMPROVEMENTS FUND (308)	2,000,000	1,731,096	3,306,010	1,574,914	425,086
RECREATION IMPACT FEE FUND (310)	900,000	500,000	1,100,000	600,000	300,000
LOCAL ROAD IMPACT FEE FUND (316)	1,200,000	275,000	275,000	-	1,200,000
FACILITIES RENEWAL & REPLACEMENT (317)	-	1,665,797	1,665,797	-	-
STORMWATER IMPACT FEE FUND (318)	500,000	15,000	15,000	-	500,000
LEISURE SERVICES CAPITAL (322)	300,000	1,446,096	1,700,000	253,904	46,096
TOTAL CAPITAL PROJECTS FUNDS	6,400,000	8,569,574	12,981,197	4,875,657	3,016,428

*Deficit is being funded through an advance from the General Fund

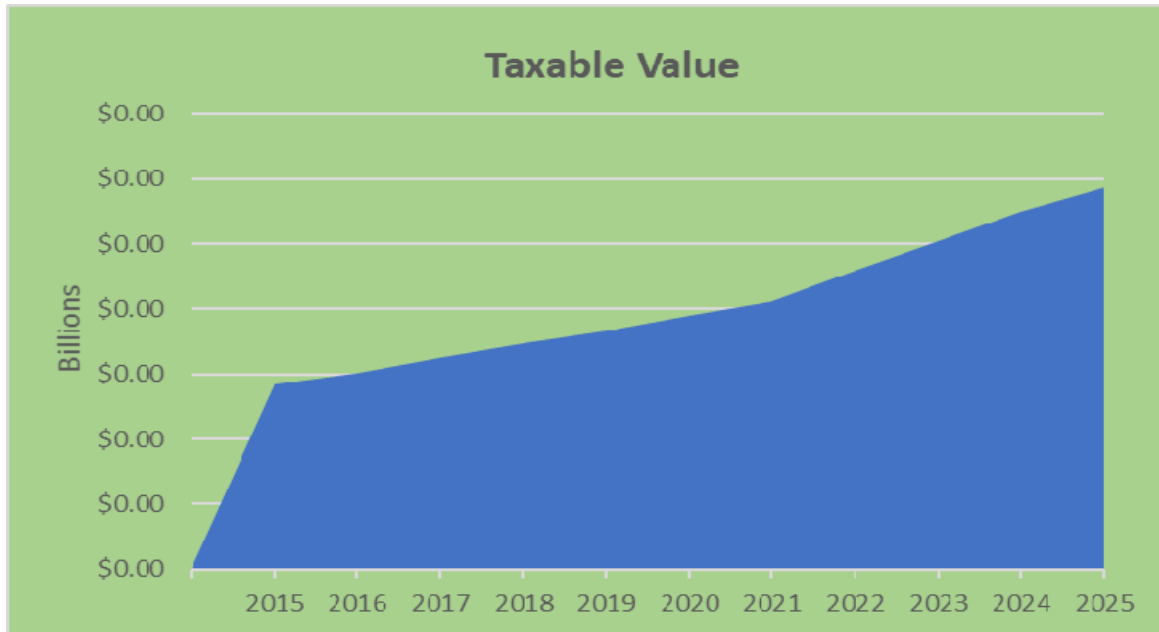
REVENUE HIGHLIGHTS

OVERVIEW:

Citywide net revenues and use of prior year's reserves for FY 2025-26 are budgeted at \$117,684,854.

TAXABLE VALUE:

The 2025 taxable value is \$5.49 billion, an increase of \$345 million from the 2024 taxable value. The increase in taxable value includes \$269 million from existing properties and \$76 million from new construction and annexations.



PROPERTY TAX REVENUE & RATES:

General operating revenue available for general operations and capital improvements is estimated to be \$25.7 million.

Summary of Property Tax Rates

	FY 2024-25	FY 2025-26	FY 2024-25		FY 2025-26	
			Value	Revenue	Value	97 % Revenue
General Fund	3.4320	3.7950	5,492,821,678	18,285,823.08	5,859,397,571	21,569,321.37
Facilities Renewal & Replacement	0.1650	0.1650	5,492,821,678	879,126.11	5,859,397,571	937,796.58
Capital Improvements	0.0840	0.0840	5,492,821,678	447,555.11	5,859,397,571	477,423.71
Vehicle & Equipment R & R	0.0440	0.0900	5,492,821,678	234,433.63	5,859,397,571	511,525.41
Transportation Improvements	0.1040	0.1040	5,492,821,678	554,115.85	5,859,397,571	591,096.03
Public Safety Fund	0.1630	0.1800	5,492,821,678	868,470.04	5,859,397,571	1,023,050.82
Leisure Service Fund	0.1040	0.1040	5,492,821,678	554,115.85	5,859,397,571	591,096.03
Subtotal - Operating Millage	4.0960	4.5220		21,823,639.6653		25,701,309.9416
2010 GOB	0.0650	0.0630	5,053,020,961	318,592.97	5,859,397,571	358,067.79
Subtotal - Debt Millages	0.0650	0.0630				
Combined City Tax Rate	4.1610	4.5850				

The operating tax rate is proposed to be 4.5220 mills. The total tax rate (including debt service) is proposed at 4.5850 mills.

GENERAL FUND REVENUES

General Fund net revenues are budgeted to be \$49,046,057, an increase of \$3,090,965 from the previous year. The change includes an increase in property tax revenue of \$3,283,498 resulting from an increase in the taxable value and rate. License and Permit revenue is expected to increase by \$112,000 and Miscellaneous Revenue is expected to increase from the prior year budget by \$610,000.

The largest components of General Fund revenue include:

- Property taxes (\$21.8 million)
- Other Taxes (\$7.4 million)
- License and Permits (\$5.5 million)
- Intergovernmental revenues (\$5.2 million) which includes the half cent sales tax and municipal revenue sharing.
- Transfers to the General Fund (\$6.7 million)

DOWNTOWN REDEVELOPMENT FUND:

Tax increment proceeds are the primary revenue source for the Downtown Development Fund. The incremental taxable value of the district increased by \$6.4 million with 95% being captured within the fund. Revenue from tax increment proceeds are used for capital improvements within the district.

STORMWATER UTILITY FUND:

Revenues consist of stormwater user fees in the amount of \$3.3 million. The proposed budget assumes no increase in the monthly stormwater fee.

CAPITAL IMPROVEMENT FUND,

Pursuant to the City Commission's direction, the budget includes a dedicated millage for capital improvements which generates \$477,000 in property tax revenue.

VEHICLE/EQUIPMENT RENEWAL & REPLACEMENT:

Pursuant to the City Commission's direction, the budget includes a dedicated millage for capital improvements which generates \$512,000 in property tax revenue to fund General vehicles.

PUBLIC SAFETY VEHICLE/EQUIPMENT FUND:

In fulfillment of the City Commission's strategic plan, the budget includes a dedicated millage for public safety vehicle and equipment replacement established in FY 2021-22 which will generate \$1,023,000 in property tax revenue.

TRANSPORTATION FUND:

Pursuant to the City Commission's direction, the budget includes a dedicated millage for capital improvements which generates \$591,000 in property tax revenue.

FACILITIES RENEWAL & REPLACEMENT FUND:

Pursuant to the City Commission's direction, the budget includes a dedicated millage of for facilities renewal and replacement which generates \$937,000.

LEISURE SERVICES CAPITAL FUND:

Pursuant to the City Commission's direction, a new dedicated millage has been established for Leisure Service capital projects which generates \$591,000.

WATER AND WASTEWATER:

The primary revenue source of the Water and Wastewater Fund consists of user fees to customers both inside and outside the City. Water and sewer fees account for \$27.3 million.

WATER AND WASTEWATER RENEWAL & REPLACEMENT FUND:

Revenues of the Renewal and Replacement Fund include a transfer of \$3.1 million from the Water and Wastewater Operating Fund.

SOLID WASTE:

The primary revenue source is solid waste user fees (\$11.5 million). No increase to rates is proposed.

EXPENDITURE HIGHLIGHTS

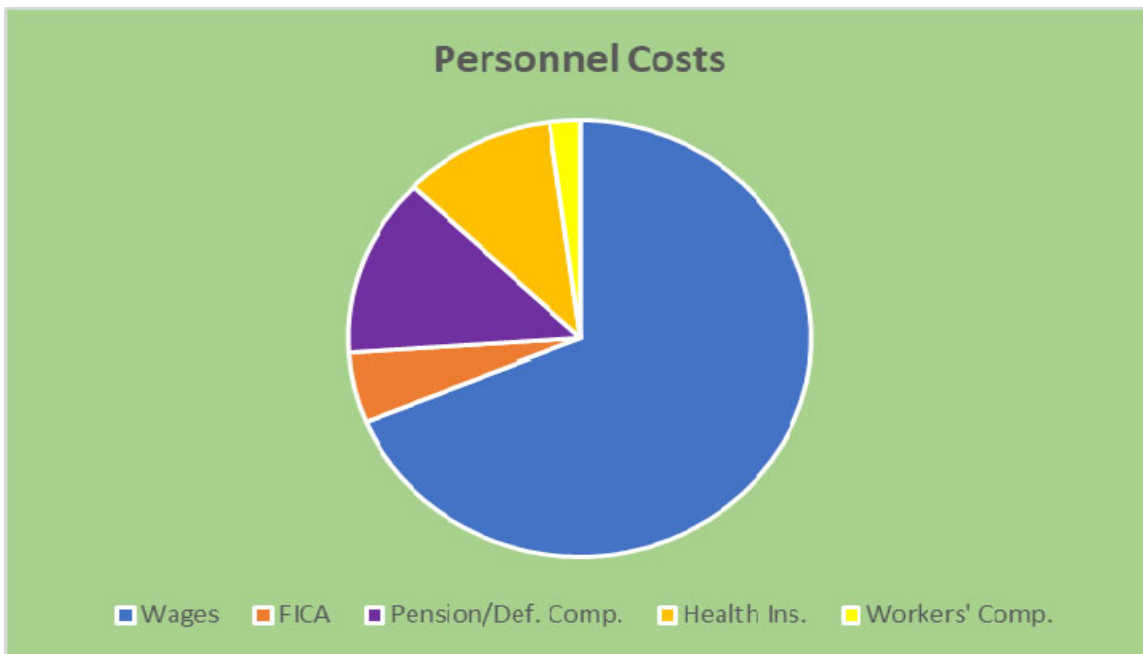
PERSONNEL COSTS:

Total personnel costs are budgeted to be \$42.2 million for FY 2025-26.

All Funds Wages and Benefits				
	Budget FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Wages	27,049,550	28,592,626	1,543,076	5.70%
FICA	2,018,950	2,187,738	168,788	8.36%
Pension/Deferred Comp.	5,230,878	5,912,177	681,299	13.02%
Health Insurance	4,189,570	4,776,099	586,529	14.00%
Worker's Compensation	826,612	747,500	(79,112)	-9.57%
	39,315,560	42,216,140	2,900,580	7.38%

General Fund Wages and Benefits				
	Budget FY 2023-24	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Wages	21,692,151	23,005,335	1,313,184	6.05%
FICA	1,609,108	1,759,911	150,803	9.37%
Pension/Deferred Comp.	4,566,892	5,108,354	541,462	11.86%
Health Insurance	3,136,117	3,646,487	510,370	16.27%
Worker's Compensation	652,610	590,152	(62,458)	-9.57%
	31,656,878	34,110,239	2,453,361	7.75%

Other Fund Wages and Benefits				
	Budget FY 2023-24	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Wages	5,357,399	5,587,291	229,892	4.29%
FICA	409,842	427,827	17,985	4.39%
Pension/Deferred Comp.	663,986	803,823	139,837	21.06%
Health Insurance	1,053,453	1,129,612	76,159	7.23%
Worker's Compensation	174,002	157,348	(16,654)	-9.57%
	7,658,682	8,105,901	447,219	5.84%



POSITION COUNT HISTORY:

The budget includes 381 full-time positions and 34 part-time positions.



AUTHORIZED POSITIONS:

	FY 23-24			FY 24-25			FY 25-26		
	Full-time	Part-time		Full-time	Part-time		Full-time	Part-time	
<u>Department / Division</u>	<u>Positions</u>	<u>Positions</u>	<u>FTE</u>	<u>Positions</u>	<u>Positions</u>	<u>FTE</u>	<u>Positions</u>	<u>Positions</u>	<u>FTE</u>
Office of City Manager	5.00	-	5.00	6.00	-	6.00	6.00	-	6.00
City Clerk	4.00	-	4.00	4.00	-	4.00	4.00	-	4.00
Office of City Attorney	5.00	-	5.00	5.00	-	5.00	5.00	-	5.00
Human Resources	5.00	-	5.00	5.00	-	5.00	6.00	-	6.00
<u>Finance Department</u>									
Budget/Finance	10.00	-	10.00	10.00	-	10.00	9.00	-	9.00
Utility Billing	12.00		12.00	12.00		12.00	12.00		12.00
Information Technology	7.00	-	7.00	8.00	-	8.00	9.00	-	9.00
Planning Department	6.00	-	6.00	6.00	-	6.00	6.00	-	6.00
Building Inspections/Permitting	13.00	-	13.00	14.00	-	14.00	14.00	-	14.00
Economic Development	1.00	-	1.00	1.00	-	1.00	1.00	-	1.00
Police Department	94.00	-	94.00	95.00	-	95.00	95.00	-	95.00
Neighborhood Improvement	6.00	-	6.00	6.00	-	6.00	6.00	-	6.00
Fire Department	48.00	-	48.00	51.00	-	51.00	51.00	-	51.00
<u>Public Works Department</u>									
Engineering	12.00	-	12.00	12.00	-	12.00	12.00	-	12.00
Streets and Roadside Mnt.	21.00	-	21.00	21.00	-	21.00	21.00	-	21.00
Fleet Operations	5.00	1.00	5.50	6.00	1.00	6.50	6.00	1.00	6.50
Page Subtotal	254.00	1.00	254.50	262.00	1.00	262.50	263.00	1.00	263.50

AUTHORIZED POSITIONS:

	FY 23-24			FY 24-25			FY 25-26		
	Full-time	Part-time		Full-time	Part-time		Full-time	Part-time	
Department / Division	Positions	Positions	FTE	Positions	Positions	FTE	Positions	Positions	FTE
Stormwater Maintenance	11.00	-	11.00	11.00	-	11.00	11.00	-	11.00
Utilities									
Water Production	23.00	1.00	23.50	23.00	1.00	23.50	24.00	1.00	24.50
Wastewater Treatment	15.00	-	15.00	15.00	-	15.00	16.00	-	16.00
Water Distribution	14.00	-	14.00	14.00	-	14.00	14.00	-	14.00
Wastewater Collection	13.00	-	13.00	13.00	-	13.00	13.00	-	13.00
Solid Waste									
Collection and Disposal	1.00	-	1.00	1.00	-	1.00	1.00	-	1.00
Recycling	-	-	-	-	-	-	-	-	-
Leisure Services									
Building Maintenance	7.00	1.00	7.50	7.00	1.00	7.50	7.00	1.00	7.50
Administration	6.00	1.00	6.50	6.00	1.00	6.50	6.00	1.00	6.50
Nova Community Center	1.00	5.00	3.50	2.00	4.00	4.00	2.00	4.00	4.00
South Ormond Neighborhood Center	2.00	3.00	3.50	2.00	3.00	3.50	2.00	3.00	3.50
Gymnastics	-	-	-	-	-	-	-	-	-
Athletic Field Maintenance	4.00	7.00	7.50	6.00	7.00	9.50	6.00	7.00	9.50
Parks and Grounds Mnt.	5.00	2.00	6.50	5.00	2.00	6.50	7.00	2.00	8.50
The Casements	2.00	5.00	4.50	2.00	5.00	4.50	2.00	5.00	4.50
Environmental Discovery Center	1.00	2.00	2.00	2.00	2.00	3.00	2.00	2.00	3.00
Performing Arts Center	1.00	6.00	4.00	2.00	6.00	5.00	2.00	6.00	5.00
Senior Center	-	1.00	0.50	-	1.00	0.50	-	1.00	0.50
Community Events	1.00	2.00	2.00	2.00	-	2.00	2.00	-	2.00
Airport	1.00	-	1.00	1.00	-	1.00	1.00	-	1.00
Total FTE	364.00	36.00	382.00	376.00	34.00	393.50	381.00	34.00	398.50

FY 25-26 Changes:

Full-time:

Add Senior Systems Analyst (Information Technology)

Add Maintenance Worker (Parks)

Add Tradesworker (Parks)

Add Electrician (Water Plant)

Add Plant Pump Mechanic (WW Plant)

EXPENDITURES

GENERAL FUND:

General fund net expenditures are \$49,046,057, an increase of \$3,090,965 from the previous year. The budget includes \$3.6 million for health insurance. The budget also includes \$5.1 million for the City's annual required pension contribution which increased 11.8% over the current year amount.

DOWNTOWN REDEVELOPMENT FUND:

The budget includes \$1.1 million for maintenance and capital improvements. Property improvement grant funding is also included in the amount of \$200,000.

STORMWATER UTILITY FUND:

The budget includes \$1.8 million for personnel and operating costs, transfers of \$327,000, and \$3.5 million in capital improvement projects.

CAPITAL IMPROVEMENT FUND:

The budget includes \$3.0 million for capital projects:

- Facility Hardening (\$2.5 million)
- Security Assessment (\$35,000)
- Security Access Control (\$300,000)
- Solar Parking Lot Lights (\$215,000)

TRANSPORTATION FUND:

The budget includes \$2.3 million in infrastructure improvements and \$802,000 in transfers to the General Fund for streets maintenance.

FACILITIES RENEWAL AND REPLACEMENT FUND:

The budget includes maintenance to various City facilities \$30,000 and capital improvement projects of \$1.3 million.

LEISURE SERVICE CAPITAL FUND:

The budget includes capital improvement projects of \$1.7 million.

WATER AND WASTEWATER:

The budget includes \$15.7 million of personnel and operating expenditures and \$13 million in transfers for capital project funding and debt service.

SOLID WASTE:

This fund receives fees for solid waste removal and recycling services from City residents and business and pays an outside contractor to perform these services. The budget includes \$13 million for personnel and operating expenses and \$1.9 million in transfers.

DEBT SUMMARY:

The Charter of the City of Ormond Beach does not provide a debt limit. Bond Series 2024 was issued to finance several technology projects. Series 2010, was the result of a voter referendum for the construction of a beachfront park.

GENERAL GOV'T DEBT SERVICE REQUIREMENTS				
<i>Amounts in thousands</i>				
Fiscal Year Ending	2024 Capital Improvement Note Technology			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2026	215	99	314	
2026 & Beyond	2,080	421	2,501	

Fiscal Year Ending	2010 General Obligation Bonds Beachfront Park			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2026	300	46	346	
2026 & Beyond	1,285	94	1,379	
Total	1,585	140	1,725	

Water and Sewer Bonds are issued to provide financing for the construction and rehabilitation of the City's water and wastewater system.

WATER AND SEWER REVENUE BONDS AND SRF LOAN FOR WWW					
In thousands					
FY Ending		<u>Principal</u>		<u>Interest</u>	<u>Total</u>
2025	\$	3,874	\$	461	\$ 4,335
2026	\$	1,727	\$	341	\$ 2,068
2027	\$	1,775	\$	293	\$ 2,068
2028	\$	1,830	\$	245	\$ 2,075
2029	\$	1,884	\$	195	\$ 2,079
2030	\$	1,942	\$	143	\$ 2,085
2031	\$	1,517	\$	89	\$ 1,606
2032	\$	1,286	\$	53	\$ 1,339
2033	\$	853	\$	20	\$ 873
Total	\$	16,688	\$	1,840	\$ 18,528

GENERAL FUND

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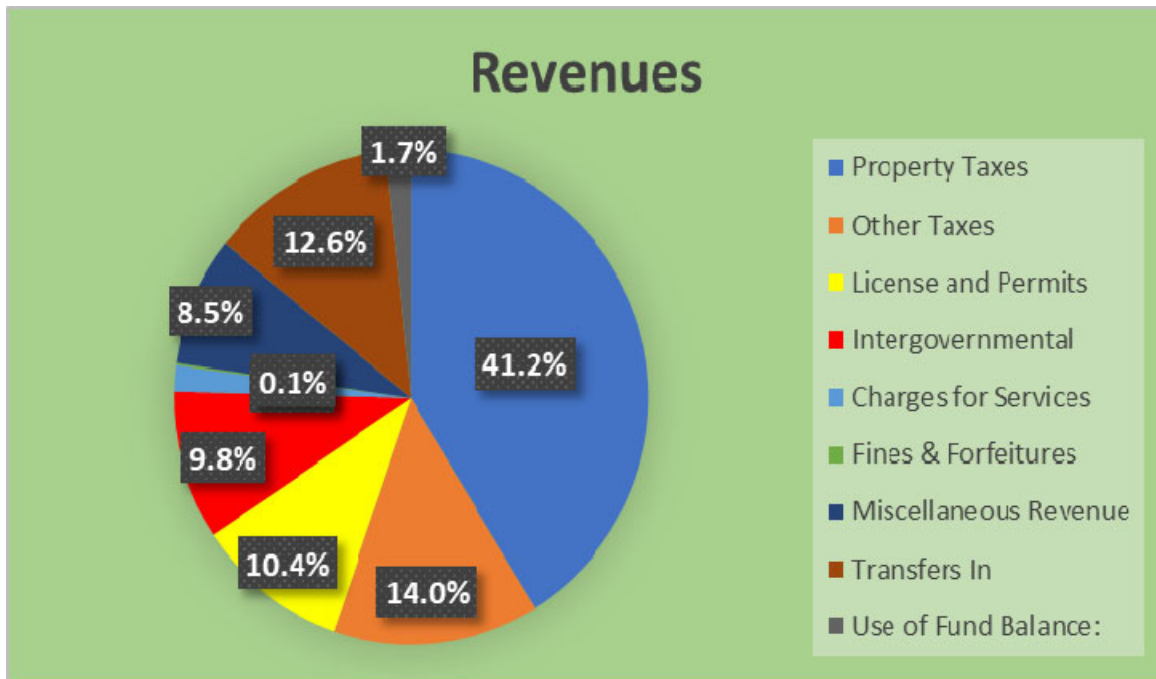
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GENERAL FUND REVENUES

General Fund Revenue Summary					
Description	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Revenues					
Property Taxes	15,927,585	18,485,823	21,769,321	3,283,498	17.76%
Other Taxes	7,462,855	7,248,500	7,398,500	150,000	2.07%
License and Permits	6,004,851	5,376,350	5,487,862	111,512	2.07%
Intergovernmental	5,294,389	5,162,000	5,162,000	-	0.00%
Charges for Services	1,088,471	864,638	883,138	18,500	2.14%
Fines & Forfeitures	64,431	73,000	73,000	-	0.00%
Miscellaneous Revenue	3,836,241	3,856,857	4,466,533	609,676	15.81%
Transfers In	5,709,312	6,852,944	6,665,011	(187,933)	-2.74%
Use of Fund Balance:	-	1,265,000	894,400	(370,600)	-29.30%
Total Revenues	45,388,135	49,185,112	52,799,765	3,614,653	7.35%
Less: Fleet	1,801,595	1,900,237	2,296,000	395,763	20.83%
Less: Engineering	1,221,282	1,329,783	1,457,708	127,925	9.62%
Total Net Revenues	42,365,258	45,955,092	49,046,057	3,090,965	6.73%

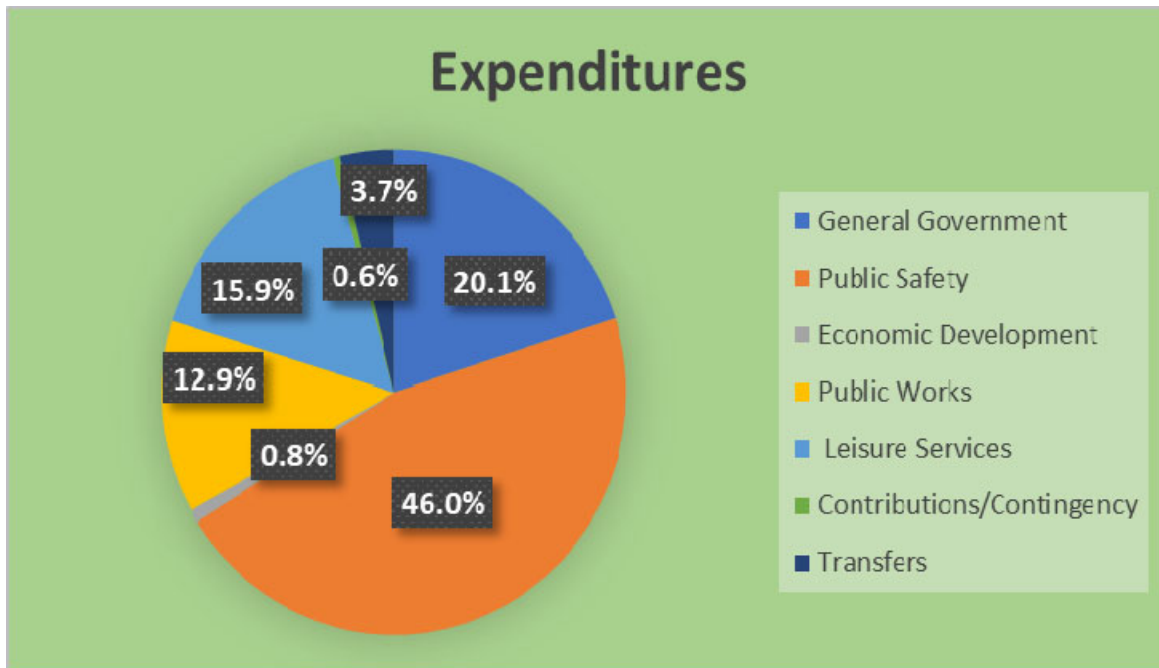
GENERAL FUND REVENUES



GENERAL FUND EXPENDITURES

General Fund Summary					
Description	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
General Government					
City Commission	386,328	448,925	474,127	25,202	5.61%
City Manager	949,661	903,986	1,310,599	406,613	44.98%
Support Services	431,571	473,841	539,600	65,759	13.88%
City Attorney	1,463,439	1,304,609	1,458,131	153,522	11.77%
Finance	1,102,318	1,200,017	1,135,901	(64,116)	-5.34%
Information Technology	2,217,310	2,364,333	2,836,989	472,656	19.99%
Human Resources	595,009	730,163	825,380	95,217	13.04%
Planning	809,168	873,037	922,966	49,929	5.72%
Building Maintenance	986,124	1,046,146	1,086,670	40,524	3.87%
Total General Government	8,940,928	9,345,057	10,590,363	1,245,306	13.33%
Public Safety					
Police Administration	1,171,053	1,434,844	1,363,336	(71,508)	-4.98%
Police Operations	8,161,277	8,313,572	8,809,844	496,272	5.97%
Police Community Outreach	545,785	666,040	698,042	32,002	4.80%
Police Criminal Investigations	1,547,574	1,571,364	1,855,567	284,203	18.09%
Police Community Services	447,984	470,374	635,960	165,586	35.20%
Police Records	178,452	197,910	216,238	18,328	9.26%
Neighborhood Improvements	376,323	524,896	811,859	286,963	54.67%
Fire & EMS	7,546,866	8,202,046	8,199,114	(2,932)	-0.04%
Building Inspections	1,356,028	1,567,364	1,700,721	133,357	8.51%
Total Public Safety	21,331,342	22,948,410	24,290,681	1,342,271	5.85%
Public Works					
Roadside and Right of Way Mnt.	2,444,448	2,826,514	3,040,295	213,781	7.56%
Engineering	1,221,282	1,329,783	1,457,708	127,925	9.62%
Fleet	1,801,595	1,900,237	2,296,000	395,763	20.83%
Total Public Works	5,467,325	6,056,534	6,794,003	737,469	12.18%
Economic Development	357,399	437,322	448,226	10,904	2.49%
Leisure Services					
Parks & Grounds	2,750,295	2,706,533	3,060,718	354,185	13.09%
Administration	798,432	879,360	940,733	61,373	6.98%
Cultural					
Casements	402,205	389,473	445,125	55,652	14.29%
Performing Arts Center	323,557	385,975	465,043	79,068	20.49%
Senior Center	83,968	119,839	97,933	(21,906)	-18.28%
Community Events	224,321	287,632	319,076	31,444	10.93%
Environmental Learning Center	227,358	272,782	307,215	34,433	0.00%
Athletics					
Nova Recreation Center	414,303	442,484	480,510	38,026	8.59%
South Ormond Center	422,354	422,968	441,128	18,160	4.29%
Athletic Fields/City Sponsored Sport	1,622,228	1,807,636	1,856,450	48,814	2.70%
Total Leisure Services	7,269,021	7,714,682	8,413,931	699,249	9.06%
Non-Departmental					
Contributions/Contingency	84,257	603,294	291,528	(311,766)	-51.68%
Transfers	1,627,536	2,079,813	1,971,033	(108,780)	-5.23%
Total Expenditures	45,077,808	49,185,112	52,799,765	3,614,653	7.35%
Less: Fleet expenditures	1,801,595	1,900,237	2,296,000	395,763	20.83%
Less: Engineering	1,221,282	1,329,783	1,457,708	127,925	9.62%
Total Net Expenditures	42,054,931	45,955,092	49,046,057	3,090,965	6.73%

GENERAL FUND EXPENDITURES



CITY COMMISSION

The City Commission is comprised of five members and is the elected legislative and governing body of the City. The City Commission is responsible for:

- Establishing policies
- Managing growth and land use
- Adopting an annual budget and tax rate
- Setting water and wastewater rates and other fees and charges for City services
- Adopting local laws and ordinances
- Hiring and overseeing the City Manager and City Attorney

Four members of the City Commission are elected from geographically defined zones and must reside within the zone to be its elected representative. The Mayor is elected by voters City-wide and must reside within the City limits of Ormond Beach. All members serve two-year terms.



Pictured: From left to right; Zone 1 City Commissioner and Deputy Mayor Lori Tolland, Zone 2 City Commissioner Travis Sargent, Mayor Jason Leslie, Zone 3 City Commissioner Kristin Deaton, and Zone 4 City Commissioner Harold Briley.

CITY COMMISSION

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
General Fund	386,328	448,925	474,127	25,202	5.61%
Total	386,328	448,925	474,127	25,202	5.61%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	157,801	165,525	181,727	16,202	9.79%
Operating	228,527	283,400	292,400	9,000	3.18%
Capital	-	-	-	-	0.00%
Contributions and Transfers	-	-	-	-	0.00%
Total	386,328	448,925	474,127	25,202	5.61%

Staffing Summary:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Mayor	1.00	1.00	1.00	0.00	0.00%
City Commissioners	4.00	4.00	4.00	0.00	0.00%
Total	5.00	5.00	5.00	0.00	0.00%

OFFICE OF CITY MANAGER

The City Manager is the chief executive officer of the City and provides executive leadership necessary to carry out the mission, goals, and policies established by the City Commission.

The City Manager's Office is responsible for administration of all City services and enforcement of all laws pursuant to the City Charter, including:

- appointment and removal of all employees (except City Attorney and the Attorney's staff)
- operational and financial management of City services
- preparation and recommendation of an annual operating budget and five (5) year capital improvements program
- keeping the City Commission informed as to the financial condition and future needs of the City
- preparation of the City Commission's meeting agendas
- implementing and administering the policy directives of the City Commission within the parameters of the City Charter



OFFICE OF CITY MANAGER

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
General Fund	949,661	903,986	1,310,599	406,613	44.98%
Total	949,661	903,986	1,310,599	406,613	44.98%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	847,581	835,628	1,159,998	324,370	38.82%
Operating	102,080	68,358	150,601	82,243	120.31%
Capital	-	-	-	-	0.00%
Contributions and Transfers	-	-	-	-	0.00%
Total	949,661	903,986	1,310,599	406,613	44.98%

Staffing Summary:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
City Manager	1.00	1.00	1.00	0.00	0.00%
Assistant City Manager	1.00	1.00	1.00	0.00	0.00%
Communications Manager	1.00	1.00	1.00	0.00	0.00%
Public Information Officer	0.00	1.00	1.00	0.00	0.00%
Executive Secretary	1.00	1.00	1.00	0.00	0.00%
Total	4.00	5.00	5.00	0.00	0.00%

CITY COMMISSION/CITY MANAGER

GOALS:

In 2018, the City of Ormond Beach conducted an extensive citizen engagement process, The OB Life, to fully engage the community to help determine the kind of city Ormond Beach would be in the future. A series of six community forums were held addressing

- transportation and livable communities
- environment and water quality
- public safety
- community development
- economic development
- leisure and culture

Nearly 700 people attended the meetings where they heard presentations from 17 speakers, participated in small group discussions, and posed more than 600 questions which are all answered by city staff and posted on the city's website.

This comprehensive process provided community education and gathered valuable input that guided the discussions of the Mayor and City Commissioners during the strategic planning workshop held on February 27, 2019, which was also attended by the City Manager, City Attorney and the city's senior staff.

Using the information gathered from participants in The OB Life series, the Commissioners identified strategic issues the city should address along with specific objectives for the city to accomplish in the next few years. The final activity of the workshop was for the City Commission to select and refine priority objectives for implementation in the following key areas:

- COMMUNITY DEVELOPMENT
- ECONOMIC DEVELOPMENT
- GOVERNANCE
- PUBLIC SAFETY
- QUALITY OF LIFE
- TRANSPORTATION
- WATER QUALITY & ENVIRONMENT

SUPPORT SERVICES

The Support Services Department provides a wide range of services to support the City Commission, City Departments, and the public. These responsibilities include but are not limited to:

- Administration
 - Preparing City Commission workshop and meeting agenda packets and minutes
 - Preparation of proclamations on behalf of the Mayor
 - Providing administrative services to various City departments and advisory boards
 - Coordinating the advisory board application and nomination process
 - Operation of receptionist station on the second floor of City Hall
- Election Management
 - Coordination of municipal elections
 - Monitoring of the required filing of related financial disclosures by staff, elected officials, and candidates
- Records Management
 - Accepting and processing of public records requests
 - Coordinating and managing the City's records management program
 - Archiving all City Commission legislative actions



SUPPORT SERVICES

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
General Fund	431,571	473,841	539,600	65,759	13.88%
Total	431,571	473,841	539,600	65,759	13.88%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	370,072	390,253	440,071	49,818	12.77%
Operating	61,499	83,588	99,529	15,941	19.07%
Capital	-	-	-	-	0.00%
Contributions and Transfers	-	-	-	-	0.00%
Total	431,571	473,841	539,600	65,759	13.88%

Staffing Summary:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
<u>Full-time Positions:</u>					
City Clerk	1.00	1.00	1.00	0.00	0.00%
Assistant City Clerk	1.00	1.00	1.00	0.00	0.00%
Support Services Administrator	2.00	2.00	2.00	0.00	0.00%
Total	4.00	4.00	4.00	0.00	0.00%

SUPPORT SERVICES

GOALS:

- Provide timely preparation and publication of the City Commission agenda packets and minutes.
- Confirm receipt and the timely fulfillment of public records requests.
- Coordinate the 2026 qualifying and primary election for Mayor and City Commission, including necessary documents and timely submittal of candidate financial reports.
- Ensure new appointee and annual Form 1 financial disclosure forms are completed by the Commission, Advisory Boards, and staff through the FL Commission on Ethics online portal.
- Continue coordinating and delivering citizen civic education, including the City's participation in the Florida League of Cities – Florida City Week and the Ormond Beach Chamber's adult and youth leadership programs – City Government Days.
- Continue working on the City's records management program, including the improvement or relocation of the City's long-term records storage.
- Assist with the development and implementation of the City's new website.
- Continue training and education of department staff: City Clerk to receive IIMC Master Municipal Clerk (MMC) designation; Assistant City Clerk to receive IIMC Certified Municipal Clerk (CMC) designation, and other Support Services staff to receive FL Certified Records designation (FCRM) through the FL Records Management Association or other organizations as deemed beneficial.

	Actual	Estimate	Budget	Change	% Change
	FY 2023-24	FY 2024-25	FY 2025-26	FY 2024-25 to FY 2025-26	FY 2024-25 to FY 2025-26
City Commission Meetings:					
Number agenda items	349	353	388	35	10.00%
Number of items processed within 4 days of meetings	349	353	388	35	10.00%
% of minutes completed in 6 working days	100%	100%	100%	-	0.00%
Number of proclamations prepared	60	60	66	6	10.00%
Number of public records requests received and processed	924	927	1066	139	15.00%

SUPPORT SERVICES

ACCOMPLISHMENTS:

- Facilitated the implementation of a web-based Commission agenda platform, electronic voting and request to speak, including video livestreaming, including the development and delivery of related user training.
- Coordinated the new commissioner's orientation, organizational meeting and advisory board workshop and appointments following the 2024 election.
- Coordinated the City Commission's appointment of various mid-term advisory boards.
- City Clerk staff coordinated the 6-week 2025 Citizens Academy for 14 participants, including the facilitation and delivery of the City Government 101 session.
- Coordinated the City's first participation in the Florida League of Cities – Florida City Government Week.
- Revised the content and delivery of the Ormond Beach Chamber's adult and youth leadership City Government Days.
- Provided administrative support for 20 City Commission meetings, 7 City Commission workshops, and 1 Special City Commission meeting, with agenda packets totaling an estimated 353 agenda items.
- Coordinated and drafted an estimated 60 City proclamations on behalf of the Mayor.
- Provided support for 1 annexation.
- Processed an estimated 927 public records requests and maintained efficient records management with the disposition of 165 cubic feet of records.
- Ensured the completion of Form 1 financial disclosure forms for 2024.
- City Clerk received FCRM, FL Certified Records designation.

CITY ATTORNEY

The Office of City Attorney is responsible for:

- providing legal advice and recommendations to the City Commission, City Department Directors, Division Managers and to the various advisory and quasi-judicial boards
- litigation brought against or on behalf of the City
- handling all legal issues involving or affecting the City
- communicating the City's position on various legislative matters to State and Federal legislative bodies.

The Office of City Attorney coordinates the City's response and strategy regarding general liability insurance claims brought against the City, handles related litigation, and determines if specialized outside legal assistance is needed.



CITY ATTORNEY

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
General Fund	1,463,439	1,304,609	1,458,131	153,522	11.77%
Total	1,463,439	1,304,609	1,458,131	153,522	11.77%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	804,997	852,251	898,676	46,425	5.45%
Operating	658,442	452,358	559,455	107,097	23.68%
Capital	-	-	-	-	0.00%
Contributions and Transfers	-	-	-	-	0.00%
Total	1,463,439	1,304,609	1,458,131	153,522	11.77%

Staffing Summary:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Full-time Positions:					
City Attorney	1.00	1.00	1.00	0.00	0.00%
Deputy City Attorney	1.00	1.00	1.00	0.00	0.00%
Assistant City Attorney	1.00	1.00	1.00	0.00	0.00%
Senior Paralegal	1.00	1.00	1.00	0.00	0.00%
Paralegal	1.00	1.00	1.00	0.00	0.00%
Total	5.00	5.00	5.00	0.00	0.00%

CITY ATTORNEY

GOALS:

- Keep the City Commission and management staff apprised of new developments in statutory, regulatory, and decisional law.
- Assist the City Commission and management staff in avoiding litigation and claims to the maximum extent possible.
- Successfully defend/prosecute litigation involving the City.
- Provide legal opinions to the City Commission and management staff in a timely manner.
- Keep City laws and policies in compliance with current law.



ACCOMPLISHMENTS:

- Informed the City Commission and management staff apprised of new developments in statutory, regulatory, and decisional law.
- Assist the City Commission and management staff in avoiding litigation and claims to the maximum extent possible.
- Successfully defend/prosecute litigation involving the City.
- Provide legal opinions to the City Commission and management staff in a timely manner.
- City laws and policies are in compliance with current law.

FINANCE

The Department is responsible for maintaining the City's financial accounting system that includes processing of all City financial transactions, maintaining and disseminating financial statements and related reports to City departments, governmental agencies and insurance and bond rating companies, and preparation of the City's bi-weekly payroll.

In addition, this program produces the City's Annual Comprehensive Financial Report (ACFR), provides assistance to the City's external auditing firm, provides pension administration services for retired City employees, oversees the investment of City funds and is responsible for debt administration.

The Department provides support service of City government responsible for coordinating and directing the development of the City's Annual Operating Budget and five-year Capital Improvement Program. In addition, the Budget Office monitors revenues and expenditures, evaluates performance results of all City programs, provides technical assistance to City departments, oversees the performance outcome system, and provides information and technical assistance to the City Manager, elected officials and City staff.

The Department is responsible for overseeing a decentralized purchasing system that reviews and processes purchase orders for commodities and services that exceed \$500. The Purchasing Office is also responsible for obtaining price quotes to ensure competitive bidding in accordance with City purchasing thresholds, coordinating and developing formal bids and requests for proposals and ensuring compliance with the City's Purchasing Ordinance and accepted industry standards.

The Department also is responsible for coordinating the City's Risk Management program through the efforts of a full time Risk Manager. This program conducts employee safety workshops and on-site inspections, keeps departments advised of safety issues, recommends loss control measures and conducts investigations on workers' compensation, accidents and general liability claims.

FINANCE

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
General Fund	1,102,318	1,200,017	1,135,901	(64,116)	-5.34%
Total	1,102,318	1,200,017	1,135,901	(64,116)	-5.34%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	1,063,235	1,146,091	1,079,588	(66,503)	-5.80%
Operating	39,083	53,926	56,313	2,387	4.43%
Capital	-	-	-	-	0.00%
Contributions and Transfers	-	-	-	-	0.00%
Total	1,102,318	1,200,017	1,135,901	(64,116)	-5.34%

Staffing Summary:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Full-time Positions:					
Finance Director	1.00	1.00	1.00	0.00	0.00%
Assistant Finance Director	1.00	1.00	1.00	0.00	0.00%
Staff Accountant	1.00	1.00	1.00	0.00	0.00%
Purchasing Coordinator	1.00	1.00	1.00	0.00	0.00%
Grants Coordinator	1.00	1.00	1.00	0.00	0.00%
Risk Manager	1.00	0.00	0.00	0.00	0.00%
Accounting Technician	2.00	2.00	2.00	0.00	0.00%
Payroll/Pension Specialists	2.00	2.00	2.00	0.00	0.00%
Total	10.00	9.00	9.00	0.00	0.00%

FINANCE

GOALS:

- Maintain the high standard and level of financial reporting in obtaining GFOA “Certificate of Achievement for Excellence in Financial Reporting”.
- Complete publication of the Comprehensive Annual Financial Report (CAFR) and submit to the City Commission no later than February following the end of the prior fiscal year.
- Process 100% of invoice payments within 25 days of approval date.
- Submit the proposed Five-Year CIP and Annual Budget documents to the City Commission five days prior to the respective scheduled budget workshops.
- Complete budget document with 30 days of adoption.
- Achieve a forecast accuracy rate (estimate vs. actual) for undesignated fund balance in the General Fund that is within 5% of audited results.
- Obtain an average of three (3) responses to formal bids and RFP’s.
- Reimbursement of projected expenses for hurricane Ian and Nicole.

PERFORMANCE MEASURES:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Workload:					
# of A/P checks	5,611	5,500	5,425	(75)	-1.36%
# of Accounts Payable EFT	1,900	2,000	2,150	150	7.50%
# of Purchase orders issued	705	760	775	15	1.97%
# of Payroll checks	-	-	-	-	0.00%
# of Payroll direct deposits	9,750	9,850	9,950	100	1.02%
Effectiveness:					
% participating in direct deposit	100%	100%	100%	-	0.00%
Number of days to issue ACFR	140	140	140	-	0.00%

ACCOMPLISHMENTS:

- Continued maintaining the high standard and level of financial reporting in obtaining the GFOA “Certificate of Achievement for Excellence in Financial Reporting”.
- Completed publication of the Annual Comprehensive Financial Report (ACFR) and submitted to the City Commission in early February following the end of the prior fiscal year and implemented the final phase of Governmental Accounting Standards Board (GASB) Statement Number 34 for the inventory of the donated land, roads, sidewalks, and drainage infrastructure.
- Maintained participation in the payroll direct deposit program at 100%.
- Processed 100% of invoice payments within 25 days of approval date.
- Completed budget document within 30 days of budget adoptions.
- Submitted proposed Five-Year CIP and Annual Budget to City Commission at least five days before workshops.
- Maintained proper funding levels to offset hurricane Ian, Nicole and Milton expenses.

INFORMATION TECHNOLOGY

Information Technology is a support service operation of City government that provides operating system support, software support and technical assistance for the City's local and Wide Area Networks (WAN). The WAN consists of an IBM AS/400 mini-computer, servers, Local Area Networks (LAN), microcomputers and the electronics that connect them. The primary mini-computer applications supported by MIS include:

- Accounting, Miscellaneous Receivables, Purchasing, and Fixed Assets
- Utility Billing
- Site Plan Review, Building Permits, Occupational Licenses and Code Enforcement
- Computer Aided Dispatch and Records Management
- Work Order/Facility Management
- Payroll and Personnel Management
- Cash Receipts
- Land/Parcel Management

In addition, there are eight supporting modules which communicate with the primary mini-computer applications which allow both citizens and city staff to conduct business processes and inquiries over the intranet/internet. A Geographic Information System module (Looking Glass) allows the City's users to produce maps from the existing GIS with integrated information from the data base of the primary mini-computer applications.

Networking and telecommunications support are provided for all City departmental systems, which include:

- Leisure Services Registration and Facility Reservation
- Support Services (City Clerk) Document Imaging System and Clerks Index
- Inventory systems for Fleet
- The Police network
- FireHouse (data management) and TeleStaff (scheduling program) for the Fire Department
- The City's internet and e-mail systems.

INFORMATION TECHNOLOGY

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
General Fund	2,217,310	2,364,333	2,836,989	472,656	19.99%
Total	2,217,310	2,364,333	2,836,989	472,656	19.99%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	755,233	876,759	1,062,681	185,922	21.21%
Operating	1,462,077	1,487,574	1,774,308	286,734	19.28%
Capital	-	-	-	-	0.00%
Contributions and Transfers	-	-	-	-	0.00%
Total	2,217,310	2,364,333	2,836,989	472,656	19.99%

Staffing Summary:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Full-time Positions:					
IT Manager	1.00	1.00	1.00	0.00	0.00%
Project Manager	1.00	1.00	1.00	0.00	0.00%
System Administrator	2.00	2.00	2.00	0.00	0.00%
Senior Systems Administrator	1.00	1.00	1.00	0.00	0.00%
Senior Systems Analyst	0.00	0.00	1.00	1.00	0.00%
Help Desk Specialist	1.00	1.00	1.00	0.00	0.00%
Senior GIS Technician	2.00	2.00	2.00	0.00	0.00%
Total	8.00	8.00	9.00	1.00	12.50%

INFORMATION TECHNOLOGY

GOALS:

- Upgrade of the Police Department Computer Aided Dispatch (CAD) system.
- Upgrade the Police Department to Carbyne system. This system allows 911 callers to share real-time videos of an emergency situation, which can be shared through the CAD system with first responders to provide a clearer picture of events.
- Upgrade the Police Department to Live 911 system. This system allows our police officers to listen to 911 calls in real-time within a certain radius, providing them with immediate access to information and potentially reducing response times.
- Phase III deployment of integrated, enterprise-wide solution.
- Business continuity and Disaster Recovery Plan.
- Phase II deployment of centralized Security and Card Access system at City Hall
- Virtual Desktop Infrastructure for remote users.
- Replacement of Storage Area Network.
- Replacement of City Servers.
- Complete 98% of hardware and software “help desk” support requests within 2 working days.
- Maintain all Servers and Workstations to current vendor service pack levels within 1 month of release.

PERFORMANCE MEASURES:

	Actual FY 2024-25	Estimate FY 2025-26	Budget FY 2026-27	Change FY 2025-26 to FY 2026-27	% Change FY 2025-26 FY 2026-27
Workload:					
# of workstations	490	500	550	50	10.00%
# of sites maintained	25	25	25	-	0.00%
# of support calls	4,800	6,000	8,000	2000.00	25.00%
Efficiency/Effectiveness:					
Windows Servers uptime	95.00%	99.99%	99.99%	4.99%	4.99%
Tyler system uptime	90.00%	90.00%	90.00%	0.00%	0.00%

Sites

1. City Hall	8. FD94	15. Fleet	22. HDC
2. PD	9. PAC	16. Public Works	23. Senior Center
3. Water Plant	10. Casements	17. Legal	24. Water Tower 1
4. Wastewater	11. Discovery	18. Airport	25. Water Tower 2
5. FD91	12. Nova	19. Ball Fields	
6. FD92	13. SONC	20. Andy Romano	
7. FD93	14. PAL	21. Leeway	

ACCOMPLISHMENTS:

- FortiNetwork (Fortinet) System Installation to improve:
 - Comprehensive Cybersecurity control on a single platform.
 - Network Performance and Reliability with faster internet speeds.
 - Reduced Redundancy and Failover.
 - Network Segmentation: Keeps public services separate from critical infrastructure.
 - Secure Remote Access via FortiClient VPN with Multi-factor authentication.

INFORMATION TECHNOLOGY

- Centralized Network Management improvements: FortiManager and FortiAnalyzer (Provides real-time visibility, centralized control, and reporting for all network devices) and Automated Updates and Patching (to keep firmware and threat intelligence databases up-to-date with minimal manual effort).
- Interdepartmental Efficiency- unified infrastructure that connects all facilities under one network.
- FortiVoice System Installation and System Deployment:
 - Integrated FortiVoice system with the city's existing Fortinet Security Fabric.
 - Trained staff on using communication features and distributing user guides.
 - Enabled real-time call monitoring and reporting dashboards.
 - Set up performance and quality-of-service (QoS) monitoring alerts.
 - Established failover protocols and configured backup lines for critical services.
- Microsoft 365 with Teams Voice – Installation:
 - Successfully deployed Microsoft 365 E3/E5 licensing across all departments.
 - Enabled OneDrive for Business and SharePoint Online for secure file storage and collaboration.
 - Integrated Microsoft Teams Phone System with citywide communication infrastructure.
 - Enabled Multi-Factor Authentication (MFA) for all users.
 - Configured Microsoft Defender for Office 365 for threat protection.
 - Successfully transitioned from legacy phone system to Microsoft Teams Voice with minimal downtime.
- Chambers and City Hall Conference Room 103 Complete A/V System Upgrade:
 - Replaced outdated equipment with state-of-the-art displays, microphones, cameras, and speakers.
 - Integrated all components into a unified, easy-to-operate control system.
 - Programmed touchscreen control panels for intuitive management of A/V and lighting.
 - Added confidence monitors for presenters and elected officials.
 - Integrated live streaming and video recording systems for public access and archival.
 - Installed secure network connections for A/V equipment.
 - Conducted hands-on training for staff and city personnel on system use and troubleshooting.
 - Enabled closed captioning support for livestreamed and recorded meetings.
- IT Resolved over 3500 work orders.
- Tested, configured, and implemented VCSO OBPD and OBFD VPN profiles to meet new FBI CJIS requirements for both Police and Fire Departments to maintain accreditation.
- Configured Smart Groups in Airwatch for the entire city to push needed software for Tyler EAM and EPL (iGEnforce, iGInspect apps), and Office 365.
- Fixed deployment issues with Tyler EPL and EAM so departments that are relying on these products can function post Naviline decommissioning.
- Worked with VCSO to provide FUSUS access to all users who are CJIS certified.
- Completed the required time sensitive Tyler audit for Finance successfully.
- Repaired the city voicemail server "Amanda" and implemented a fix which will have a better mean time between failures.

INFORMATION TECHNOLOGY

- Worked with vendor to create a training video for all of the Police Department for utilizing ELVIS (Electronic Licensed Vehicle Information System).
- Improved cellular connection at the Ball Fields with a cellular booster in the building.
- Created a long-term solution for issues with laptops overheating, and rubbing in the baskets on the back of PD Motorcycle units.
- Developed, created, and deployed the new shared Police Department Calendar and emailed documentation on how to add the calendar to all of PD.
- Assisted PD with moving multiple offices, also built/deployed all the new SGT pc's.
- Worked with AT&T to move all the PD cell phone lines to their own department account to streamline the mobile billing process for all involved.
- Created documentation for IT for New Tyler EAM users, and instructions on Field Sheets setup.
- Cycled out all PD CSO's off their old laptops (CF-53's) and migrated them to the newer CF-54's.
- Rearranged and organized the server room at PD for easier network upgrade.
- Performed all required updates for Power DMS author for all of PD for accreditation.
- Purchased, Setup, and Trained Employees for the new VR Program at Nova Rec.
- Physically rewired vehicle center consoles and adjusted the locking mechanisms on several PD Patrol vehicles swapping out new cables to fix various printing issues on multiple patrol cars.
- Worked with Zebra to upgrade older scanning devices at PAC to install new OS's onto them in order to fix ticket scanning integration issues with new Center Stage software.
- Assisted with the move of the entire Legal Department to a new building.
- Installed Cisco AnyConnect to all Fire Department desktops and EOC laptops so they could continue to use county software since IT implemented their network configuration changes.
- Created full-scale integration for OneMeeting and our Office 365 environment, for move from CivicClerk to Granicus.
- Ordered, built, and deployed several new DELL Laptops and Surface Pros for Planning and Building employees.
- Ordered and built out 7 (of 8) Public Works iPads for Wastewater and Streets departments.
- Participated in Citizens Academy as Technical Support.
- Protected City of Ormond Beach from Ransomware attack! Started on LS Desktop when user clicked on infected (hijacked) link in browser. Removed from network immediately – then worked through logs and files to determine how the infection started and blocked all access to infected site. Ran scans on all domain and file servers to ensure no further manifestation.
- Updated EVERY accessible computer (approximately 400) to the latest AV Agent.
- Set up schedule for semi-annual update for all city computers – to the latest Antivirus Agent from SentinelOne's web site.
- Orchestrated the migration (with ASSI and colleagues) of approximately 400 Users, from On Premise Exchange to Exchange Online/Office 365.
- Began roll-out of Office 365 Applications for City Staff – setting up ALL new devices with Office 365 Applications – created scripting to install from Connectwise (or PowerShell) to minimize human involvement.

HUMAN RESOURCES

The Human Resources Department provides administrative and technical support services to assist in the management of the City's workforce of approximately 400 employees. The core services provided by Human Resources include:

- Recruitment, selection and processing of new employees
- Maintenance of the pay and classification system
- Maintenance of employee personnel records
- Administration of the City's employee benefits program
- Coordination of employee and supervisory training and publishing of employee and supervisory newsletters
- Serve as the liaison with the City's Human Resources Board
- Negotiation and management of collective bargaining agreements with the City's three bargaining units.

HUMAN RESOURCES

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
General Fund	595,009	730,163	825,380	95,217	13.04%
Total	595,009	730,163	825,380	95,217	13.04%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	375,400	468,356	568,228	99,872	21.32%
Operating	219,609	261,807	257,152	(4,655)	-1.78%
Capital	-	-	-	-	0.00%
Contributions and Transfers	-	-	-	-	0.00%
Total	595,009	730,163	825,380	95,217	13.04%

Staffing Summary:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
<u>Full-time Positions:</u>					
Asst. HR Director	1.00	1.00	1.00	0.00	0.00%
HR Generalist	2.00	2.00	2.00	0.00	0.00%
Administrative Assistant	1.00	1.00	1.00	0.00	0.00%
Risk Manager	0.00	1.00	1.00	0.00	0.00%
Total	4.00	5.00	5.00	0.00	0.00%

HUMAN RESOURCES

GOALS:

- Continue to evaluate strategic health care plan and expand wellness program.
- Continue to explore customization of HR/ Risk Management components of Tyler/Munis software system.
- Continue to revise and develop employee and leadership training program.
- Continue to revise and develop Administrative Policies.
- Update and revise the Drug Free Workplace Policy 2025
- Conduct and document updated succession planning for City departments.
- Transition new hire and benefit orientations to electronic self-guided format.

PERFORMANCE MEASURES:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Total employee turnover in government/organization	36%	28%	30%	2.00%	6.67%
Number of individuals hired/placed for period	96	105	82	(23)	-28.05%
Number of new employees that left prior to one full year of service	45	45	39	(6)	-13.33%
Total number of internal HR-sourced training hours					
Number of positions filled from within ranks	43	40	47	7	17.50%
Number of positions filled from outside sources (not promotional)	70	75	82	7	9.33%
Number of requisitions (request-to-fill, job opening, job order, etc.) during period	131	110	129	19	17.27%
Number of requisitions that were filled during period	113	90	129	39	43.33%
Average number of Vacancies	44	51	23	(28)	-54.90%
Average days to fill position	60	60	60	60	0.00%
Average Vacancy Rate	8%	8%	8%	8%	0.00%

ACCOMPLISHMENTS:

- Continued implementation of Tyler/Munis HR/Risk Management modules
- Revised and implemented the Compensation Under a Declared Emergency Policy
- Updated and implemented Human Resources Policy 2024
- Integrated Risk Management into Human Resources
- Successfully integrated a new broker and insurance provider for property and general liability
- Successfully implemented a cadet program/hiring bonus to improve Police Officer recruitment

PLANNING

The Planning Department performs two distinct functions: comprehensive planning and development review.

Comprehensive planning is responsible for monitoring compliance with and administering the City's Comprehensive Plan in accordance with Chapter 163, Florida Statutes, and Chapter 9J-5, Florida Administrative Code. The primary services provided in this program include:

- review of Comprehensive Plan Amendments
- coordination with various regional and State authorities
- review for consistency with the Volusia County Growth Management Commission, City Planning Board, and the City's Official Zoning Map and Land Development Code
- review and updating of the various required elements of the Comprehensive Plan

Development Review is responsible for current planning in general and for administering the City's Land Development Code. Specific activities include:

- site plan review and permitting of proposed development applications
- inspection of all residential and commercial development projects
- staff support and liaison with the Planning Board and the Development Review Board
- interpreting and processing amendments to the Land Development Code
- coordinating the activities of the City's Site Plan Review Committee (SPRC) – this involves interdepartmental cooperation with Engineering, Building Inspection and the City Attorney
- responding to informational requests by the public regarding zoning, flood zone classification, land use information, and development regulations
- reviewing and providing comments to Volusia County for certain applications in the County but located within the Ormond Beach service area
- remaining up-to-date with Federal and State mandates and regulations that will affect development review and procedures (the Unified Mitigation Assessment Methodology, for example)

PLANNING

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Site Plan Review Fees	376,412	85,000	200,000	115,000	135.29%
Zoning Variances/Appeals	7,409	92,500	15,000	(77,500)	-83.78%
General Fund	425,347	695,537	707,966	12,429	1.79%
Total	809,168	873,037	922,966	49,929	5.72%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	682,040	717,449	767,631	50,182	6.99%
Operating	127,128	155,588	155,335	(253)	-0.16%
Capital	-	-	-	-	0.00%
Contributions and Transfers	-	-	-	-	0.00%
Total	809,168	873,037	922,966	49,929	5.72%

Staffing Summary:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
<u>Full-time Positions:</u>					
Planning Director	1.00	1.00	1.00	0.00	0.00%
Senior Planner	3.00	3.00	3.00	0.00	0.00%
Office Manager	1.00	1.00	1.00	0.00	0.00%
Civil Engineer	0.00	1.00	1.00	0.00	0.00%
<u>Part-time Positions:</u>					
Civil Engineer	0.60	0.00	0.00	0.00	0.00%
Total	5.60	6.00	6.00	0.00	0.00%

PLANNING

GOALS:

- 100% of all professionally prepared plans shall be electronic submittal utilizing Tyler permitting system.
- The Site Plan Review Committee shall provide review comments or approval for site plan submittals 14 days from the date of submittal.
- Implementation of the Public Art Master Plan.
- Refinement of the Tyler permitting system to assist internal and external users.
- Land Development Code amendments and public hearings as needed.

PERFORMANCE MEASURES:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Workload:					
# of site plans	20	50	50	-	0.00%
# of Special Exceptions	7	6	6	-	0.00%
# of LDC/City code amendments	10	10	5	(5)	-50.00%
# of planned development amendment	6	6	6	-	0.00%
# Appeal of PD Determination	1	1	1	-	0.00%
# of annexations/annexation agreements	-	4	3	(1)	-25.00%
# of Certificate of Appropriateness	3	3	3	-	0.00%
# of Variances	12	10	10	-	0.00%
# of rezonings	5	5	5	-	0.00%
# of Property Improvement Grants	2	1	1	-	0.00%
# of Volusia/Flagler County Reviews	4	4	4	-	0.00%
# of Utility Easement/ROW Vacations	10	5	5	-	0.00%
# of lot splits	3	3	3	-	0.00%
# of Land Use Plan amendments	4	4	4	-	0.00%
# of Alcohol Zoning Approvals	6	6	6	-	0.00%
# of Zoning Verifications	5	10	10	-	0.00%
# of Preliminary or Final Plats	3	7	7	-	0.00%
# of Nonconforming Determinations	-	-	-	-	0.00%
Bike Plan	-	-	-	-	0.00%
Total:	101	104	129	25	24.04%

ACCOMPLISHMENTS:

- Completion of the 2045 Comprehensive Plan update.
- Refinement of the Tyler permitting system to assist internal and external users.
- Completion of the Public Art Master Plan.
- Land Development Code amendments, i.e. landscape article updates and Live Local Act.
- Provided technical reports and presentations on planning related items to the Historic Landmark Preservation Board, Board of Adjustment and Appeals, Planning Board, and City Commission.
- Completion of multiple development projects, such as Culvers, Ormond Central storage, Culvers, Fountain View, Phase 1B, and Ridgehaven.
- Processed a number of public hearing items including Ormond Crossings PMUD amendment, SunBros, Ellianos, Comprehensive Plan 2045 updates .
- Coordinated, provided plan reviews, and minutes for the Site Plan Review Committee.
- Plan review for residential and non-residential building permits, accessory uses and Business Tax receipts.

BUILDING MAINTENANCE

Building Maintenance is a support service function of City government that includes:

- repair and maintenance services for City buildings and structures, including routine electrical, plumbing, carpentry, air conditioning, painting and miscellaneous repairs.
- oversight and monitoring service of contracts for janitorial, electrical and air conditioning
- performance of one-time building and minor renovation projects when it is less costly than using an outside contractor.

Direct costs for materials and supplies that cannot be assigned or charged to a department operating budget are charged to the Building Maintenance budget. Otherwise, these costs and HVAC maintenance are charged directly to the department or program where the repair has occurred. All in-house labor costs are charged directly to the Building Maintenance budget regardless of where the work is performed.

In addition, building maintenance personnel are assisting with the maintenance of the Airport Tower and repair of the City's airport runway and taxiway lighting systems. This includes weekly lighting inspections and immediate repair of discrepancies found.

BUILDING MAINTENANCE

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
General Fund	986,124	1,046,146	1,086,670	40,524	3.87%
Total	986,124	1,046,146	1,086,670	40,524	3.87%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	572,644	620,386	634,380	13,994	2.26%
Operating	413,480	425,760	452,290	26,530	6.23%
Capital	-	-	-	-	0.00%
Contributions and Transfers	-	-	-	-	0.00%
Total	986,124	1,046,146	1,086,670	40,524	3.87%

Staffing Summary:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Full-time Positions:					
Office Assistant	1.00	1.00	1.00	0.00	0.00%
Contract Manager - Buildings	1.00	1.00	1.00	0.00	0.00%
Maintenance Lead	1.00	1.00	1.00	0.00	0.00%
Tradesworker	3.00	3.00	3.00	0.00	0.00%
Supervisor	1.00	1.00	1.00	0.00	0.00%
Part-time Positions:					
Maintenance Worker II	0.50	0.50	0.50	0.00	0.00%
Total	7.50	7.50	7.50	0.00	0.00%

BUILDING MAINTENANCE

GOALS:

- Immediately respond to all emergency calls for repairs.
- Complete all non-emergency daily work orders within two working days of request.
- Continue our maintenance plan for the City's 73 facilities.
- Continue refurbishment of snowflake holiday decorations.
- No work-related injuries.
- Keeps all city facility gates in working order.
- Replace a/c filters Quarterly.
- Replace ice machines filters Quarterly.
- Keep city decorative fountain's clean.
- Maintain airport runway, taxi, REIL and PAPI lights.
- Maintain a parts inventory for Splash Pads Emergency's.
- Maintain all City Facilities Parking Lot lights and DOT lights.
- Maintain lighting on City Buildings.
- Assist electrical contractor repairing city wide decorative street lights.
- Keep all park bathrooms in working order.

ACCOMPLISHMENTS:

- Completed all emergency calls for repairs.
- Work with contractors to complete facility repairs citywide.
- Completed 98% of all non-emergency work orders within two working days of request.
- Completed numerous non-work order special request projects citywide.
- No work-related injuries.
- Notification in-person or email of the completion of a work request.
- Daily morning meeting to review workflow and assign work for the day.
- All emergency work orders were completed within 12 hours.
- Maintained all city and DOT lighting citywide.
- Maintained all sports lighting to keep fields open and safe for play.
- Maintained airport runway lighting repairs and safety checks three times per week.
- Maintained splash pads with minimal interruptions.

BUILDING MAINTENANCE

GOALS (Facilities R&R Program):

- Receive a composite rating of satisfactory or better on quarterly janitorial service ratings from 90% of respondents
- Maintain the appearance of City facilities through regular preventative maintenance and repair
- Manage the successful completion of projects described in the Facilities Renewal and Replacement Fund
- Work with Facilities Maintenance staff to identify and prioritize facility R&R projects
- Work with Engineering Department to identify C.I.P. related projects
- Update the comprehensive five-year Facilities Maintenance R&R plan



ACCOMPLISHMENTS (Facilities R&R Program):

- Managed Janitorial Services Contract with American Janitorial Inc.
- Updated the quarterly janitorial review survey to be more inclusive of specific tasks.
- Managed 17 different miscellaneous crafts and trades vendors, primarily used in completing Facilities Renewal and Replacement projects.
- Successfully managed and completed 100% of the Facilities Renewal & Replacement fund projects.
- Completed office renovations in the IT Department at City Hall.
- Managed Citywide pest control services.
- Completed installation of safety/privacy glass in select City facilities.
- Completed repainting/sealing of entire Airport Tower exterior.

POLICE DEPARTMENT

The Police Department consists of the following divisions:

- Administration
- Operations
- Community Outreach
- Community Service/Animal Control
- Criminal Investigations
- Records
- Neighborhood Improvement

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Special Duty	64,282	50,000	50,000	-	0.00%
Fines/Forfeits	46,232	45,000	45,000	-	0.00%
Code Violations	18,199	28,000	28,000	-	0.00%
General Fund	12,299,735	13,056,000	14,267,846	1,211,846	9.28%
Total	12,428,448	13,179,000	14,390,846	1,211,846	9.20%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Administration	1,171,053	1,434,844	1,363,336	(71,508)	-4.98%
Operations	8,161,277	8,313,572	8,809,844	496,272	5.97%
Community Outreach	545,785	666,040	698,042	32,002	4.80%
Criminal Investigations	1,547,574	1,571,364	1,855,567	284,203	18.09%
Community Services	447,984	470,374	635,960	165,586	35.20%
Records	178,452	197,910	216,238	18,328	9.26%
Neighborhood Improvements	376,323	524,896	811,859	286,963	54.67%
Total	12,428,448	13,179,000	14,390,846	1,211,846	9.20%

POLICE ADMINISTRATION

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
General Fund	1,171,053	1,434,844	1,363,336	(71,508)	-4.98%
Total	1,171,053	1,434,844	1,363,336	(71,508)	-4.98%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	282,432	516,618	463,938	(52,680)	-10.20%
Operating	888,621	918,226	899,398	(18,828)	-2.05%
Capital	-	-	-	-	0.00%
Contributions and Transfers	-	-	-	-	0.00%
Total	1,171,053	1,434,844	1,363,336	(71,508)	-4.98%

Staffing Summary:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Full-time Positions:					
Police Chief	1.00	1.00	1.00	0.00	0.00%
Office Manager	1.00	1.00	1.00	0.00	0.00%
Accreditation Manager	1.00	1.00	1.00	0.00	0.00%
Administrative Assistant	0.00	0.00	1.00	1.00	100.00%
Total	3.00	3.00	4.00	1.00	33.33%

POLICE ADMINISTRATION

GOALS:

- Maintain the police department's staffing levels at 95% or greater.
- Provide in-service training in Active Shooter and Taser 10 weapon system.
- Implement ELVIS at Police Department.
- Continue to update Police Department's Access Control System (front doors)
- Work with County to continue the update to the CAD systems.
- Improve building by replacing worn flooring and furniture
- Convert areas of building not being used to full potential into viable work areas
- Hire a second full time Victim Advocate for the Police Department
- Hire a full time Finance employee for the Police Department
- Update the departments Tasers
- Improve the department's License Plate Reader program
- Complete 10-33 LEESO program inventory

ACCOMPLISHMENTS:

- Attended First Amendment Auditor Training
- Participated in Vehicle Operation Training
- Hired a Public Safety Public Information Officer
- Issued and trained all Police Personnel on the Axon Body 4 Body Worn Camera System.
- Improve security of the Police Department by obtaining an updated Access Control and camera system
- Successfully completed all the required annual and quarterly audits and inventories associated with the Property and Evidence Unit to ensure compliance with Accreditation Standards.
- Successfully completed all quarterly and annual examinations and inspections throughout the year.
- Completed the quarterly and annual DAVID audits.
- Hired and trained new employees.
- Hired a Part Time Evidence Custodian
- Hired two new Records Clerk
- Hired a new Community Service Officer
- Hired a new Crime Scene Investigator
- Created a Police Officer Recruit (Cadet) program.
- Instituted a vehicle replacement plan that was incorporated by the City
- Transitioning the police department's fleet from sedans to sport utility vehicles
- Successfully completed the Accreditation re-assessment process for re-accreditation

POLICE OPERATIONS

Operations is the core law enforcement and community policing arm of the Police Department that responds to approximately 60,000 to 65,000 calls for service annually and provides patrol and traditional law enforcement activities such as traffic control and initiates proactive steps to reduce crime and enhance the quality of life in Ormond Beach. Approximately 8% of all calls involve some type of serious crime, whereas all other calls are service-related.

POLICE OPERATIONS

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Special Duty	64,282	50,000	50,000	-	0.00%
Fines/Forfeits	46,232	45,000	45,000	-	0.00%
General Fund	8,050,763	8,218,572	8,714,844	496,272	6.04%
Total	8,161,277	8,313,572	8,809,844	496,272	5.97%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	7,278,229	7,458,111	7,863,114	405,003	5.43%
Operating	883,048	855,461	946,730	91,269	10.67%
Capital	-	-	-	-	0.00%
Contributions and Transfers	-	-	-	-	0.00%
Total	8,161,277	8,313,572	8,809,844	496,272	5.97%

Staffing Summary:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
<u>Full-time Positions:</u>					
Captain	2.00	2.00	2.00	0.00	0.00%
Lieutenant	3.00	3.00	3.00	0.00	0.00%
Sergeant	6.00	6.00	6.00	0.00	0.00%
Corporal	3.00	3.00	3.00	0.00	0.00%
Police Officer	46.00	48.00	48.00	0.00	0.00%
Total	60.00	62.00	62.00	0.00	0.00%

POLICE OPERATIONS

GOALS:

- To enhance the quality of life for the residents and visitors in Ormond Beach through effective, efficient, courteous, and responsive police services.
- Maintain an average response time of less than 5 minutes for all priority police calls for service.
- Continue the community policing project program to assist in the deterrence of public order crimes. This program addresses incidents such as code violations, civil infractions, public nuisance crimes, and traffic issues. By continuing this program, we will reduce the number of repeat calls and improve the overall quality of life for our citizens and visitors.
- Continue implementation of a License Plate Reader program that interacts with the systems used by other agencies within the county.
- Acquire additional traffic safety equipment, namely pole-mounted radar feedback systems.
- Continued training and equipment acquisition to strengthen Special Response Team.
- Continued development of the Aerial Tech Unit (ATU); training of qualified personnel to operate robots, unmanned aerial systems, and the SRT MRAP for critical incidents and special operations.

POLICE OPERATIONS

ACCOMPLISHMENTS:

- Handled approximately 67,538 *total* calls for service. This is 9% lower than FY 2022-23 (74,293). *Total* calls for service represent dispatched calls, self-initiated calls for service, directed patrol requests, and extra service calls.
 - Personnel handled 33,922 *self-initiated, proactive* calls. This is 16% lower than FY 2022-23 (40,547), and can be attributed to a shortage in personnel staffing in the Patrol Division and Traffic / Motor Unit during that FY period.
 - There were 61 sworn personnel in service during FY 2023-24, six fewer on average than the previous year, and representing an overall shortage of 20% among allocated sworn police officer positions (76).
 - Handled 6,755 fewer *total* calls for service, with 6,625 of those being *self-initiated* calls for service since last FY. To summarize, the citizen-initiated calls remained statistically neutral with last FY, while our officers had less opportunity for proactivity.
- Maintained an average response time of 3 minutes and 40 seconds to emergency calls for service, and an average of 8 minutes and 21 seconds for total calls for service. Overall response times have remained virtually neutral from the previous FY.
- Completed about 3,985 police reports. This is 18% lower than FY 2022-23 (4,840).
- Issued 4,071 traffic related citations/written warnings. This is 29% lower than FY 2022-23 (5,711).
- Conducted 6,717 traffic stops. This is 26% lower than FY 2022-23 (9,130).
- Hired and trained three (3) sworn police officers during FY 2023-24. Two (2) separated from employment during Field Training phase.
- Seven (7) additional officers separated employment during FY 2023-24
 - Five (5) resignations
 - One (1) retirement
 - One (1) death in the line of duty
- Increased amount of trained personnel with operation MRAP armored vehicle for Special Response Team.
- The OBPD Special Response Team joined the Southeast Volusia Regional (SEVR) SWAT team, comprised of specialists from five (5) other Coastal Volusia law enforcement agencies. While strengthening our readiness and response with this combined task force, we reduced our number of qualified operators to seven (7) PD members and eliminated the need for FD members that previously served as team medics.
- Implemented Pepperball™ less-lethal munitions systems. Four (4) PD personnel trained as instructors / armorers, who subsequently trained about a dozen others for deployment. Funded by OB Police Foundation.

POLICE OPERATIONS

- Continued development of the Aerial/Tech Unit (ATU), which has solicited personnel to supplement SRT and the Police Operations Division with the deployment of tactical drones and robots to provide better safety and intelligence during critical incidents and special events, in addition to the operation of the MRAP armored rescue vehicle. Currently, four (4) personnel have been trained on robot operation, and we currently have three (3) FAA Part-107 certified drone pilots. About ten (10) personnel have been trained as MRAP operators.
- Acquired and deployed four (4) pole-mounted radar feedback speed limit signs and three (3) mobile radar feedback speed limit trailers.
- Acquired and deployed one (1) “Road Warrior” mobile license plate reader and radar feedback trailer.
- Continual equipment acquisition for the Special Response Team, including body armor kits, rifles, less-lethal munitions, breaching gear, Tactical Combat Casualty Care supplies, etc.
- Renewed acquisition of Narcan / Naloxone grant from Florida Department of Health; distribution to police personnel, with lives successfully saved as a result.
- Completed successful operations during numerous special events in the area to include:
 - Race Week
 - Bike Week
 - Spring Break
 - Daytona Truck Rally
 - Biketoberfest
 - Pop-up “Invasion”-style events
 - Memorial Day Honor Ceremony
 - 9/11 Honor Walk
 - Several holiday toy drives
 - Mutual Aid to surrounding agencies for other events, escorts, etc.
- Continued use of Social Media to enhance the Police Department’s image and deploy information to the public.

POLICE COMMUNITY OUTREACH

Community Outreach provides several educational and intervention-oriented programs that are designed to enhance life skills and prevent crime including:

- Drug Abuse Resistance Education (DARE)
- Police Athletic League (PAL)
- Explorers
- volunteers and neighborhood and business watches
- DARE program for middle schools

The program is supported in part through grant funding from the National Police Athletic League Youth Enrichment Program (PALYEP) and the Youth Leadership Council (YDC). In addition to City revenues that are the primary source of program funding, a not-for-profit PAL board raises funds for Police Athletic League activities.

POLICE-COMMUNITY OUTREACH

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
General Fund	545,785	666,040	698,042	32,002	4.80%
Total	545,785	666,040	698,042	32,002	4.80%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	486,137	612,461	637,397	24,936	4.07%
Operating	59,648	53,579	60,645	7,066	13.19%
Capital	-	-	-	-	0.00%
Contributions and Transfers	-	-	-	-	0.00%
Total	545,785	666,040	698,042	32,002	4.80%

Staffing Summary:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
<u>Full-time Positions:</u>					
Community Program Coordinator	1.00	1.00	1.00	0.00	0.00%
Athletic Activities Specialist	1.00	1.00	1.00	0.00	0.00%
Recreation Leader	1.00	1.00	1.00	0.00	0.00%
Police Officer	3.00	3.00	3.00	0.00	0.00%
<u>Seasonal:</u>					
Tutors	0.00	0.00	0.00	0.00	0.00%
Total	6.00	6.00	6.00	0.00	0.00%

POLICE-COMMUNITY OUTREACH

GOALS:

- The Crime Prevention/Outreach unit will continue to create and conduct programs and events to address the variety of needs of the community and provide information related to crime prevention. These events should also bring the community and their police department together to enhance the positive relationship already shared.
- The Crime Prevention/Outreach unit will develop and maintain positive relationships with the business owners in the city, neighborhood associations, children and citizens.
- Present Drug Abuse Resistance Education (DARE) educational programs to public and private school students and achieve a “graduation” rate of 100%.
- Provide PAL educational tutoring, science, and reading enhancement programs to 100 at risk youth in the Ormond Beach Community.
- Provide anti-bullying presentations to youth attending 5th grades at schools in the Ormond Beach community.
- Maintain the number of Police Officer hours (excluding time of assigned officers) in PAL activities at 200 annually.
- Maintain and expand community partnerships with Ormond Beach area schools through social events.
- Build a relationship with the Ormond Beach Middle School staff and students by using programs that bring officers into the school.
- Continue our annual National Night Out, and make changes to fit our community's needs.
- Train DARE Officer as a crime prevention practitioner, which is a series of (5) classes.
- Maintain and expand partnerships with clergy members in our community to help with their needs.
- Perform Crime Prevention Surveys for business' and schools, and provide a confidential in depth CPTED (Crime Prevention Through Environmental Design) and Crime Prevention report.
- Be an active part of the Police Academy to assist with recruiting new police officers and actively attend recruiting events, continue social media advertising, facilitate ride along scheduling and have an open communication with potential recruits. Use social media to reach out to our community about our events, and to have an open door for clear constant communication.
- Investigate the creation and implementation of an OBPAL Running Club for elementary and middle school age students.
- Expand the Tutors Are Us Program to include practice college entry exams for high school age students
- Explore new avenues to offer Reading with a COP Program at local elementary schools
- Continue the Do the Right Thing Program partnership with Ormond Beach Middle School
- Expand the OBPAL Running Club (The Extra Mile Club) to middle school age students.

POLICE-COMMUNITY OUTREACH

ACCOMPLISHMENTS:

- Outreach planned our first Torch Run which benefits Special Olympics. This family fun event was a 1-mile fun run to raise money for the Special Olympics. All Law Enforcement agencies in Volusia County attended.
- Continued teaching D.A.R.E by attending 5th grade graduations, dances, skating, were appointed the Grand Marshals for the 5th grade Derby race at Pathways Elem.
- Outreach organized and participated in a dodgeball game at OBMS, where officers played with students against teachers and attended OBMS Career Day where students interviewed officers about what the career entails.
- Outreach has formed a partnership with Our Seniors Radio, and several topics on fraud were discussed on air.
- Outreach attended the annual Easter Jam at Calvary Church which had approximately 2500 attendees.
- Outreach formed a partnership with the Falls Community who organized a Hot Rod and Hot Dog event to raise money for OBPD. Over \$3200 was raised for bleed kits.
- Outreach is the chair for the OBPD awards committee. There are bi-monthly scheduled meetings where award nominations are discussed. If approved, awards are given out to officers and civilians
- Organized summer camp visits with vehicle displays for local schools and facilities.
- SLAP (ladies self-defense) was presented by Outreach at 5 local ladies' groups. These were all well attended and received.
- Outreach created a recruitment flyer for social media with proven success for applicants. Outreach planned several interviews, and will continue to do so.
- Annual "Shop with a COP" program was successfully had a total of 30 participants.
- The 10th Annual "Santa on Patrol" was successful. This year yielded the most toy donations to the program. This resulted in around 2000 children were contacted at city parks, pre-schools, elementary schools, and retail stores. Performed two fill "Fill the M-Rap" events collecting toys for Santa on Patrol & PAL.
- "Coffee with a Cop" was conducted 3 times.
- "Badges & Brunch" Crimes Against Seniors program was conducted at 7 city locations.
- Presented to every student in the Ormond Beach Middle School, Pathways Elem. Parents, and St. Brendan's School with a Safety and Dangers of Social Media.
- The annual National Night Out was the largest attended event yet with 2500 attendees, with free food, bounce houses, raffles, games, and community partnership.
- The DARE Officers taught the 9- week DARE curriculum to (5) schools. There was a 100% graduation rate for all 600 students who attended.
- Outreach partnered with schools for Trunk or Treat & Fall Festivals.
- Outreach attended formal recruitments events, and stayed active with the police academy staff for a continued positive relationship.
- Outreach planned approximately 30 Community Helper Days at local public and private schools where children were presented with a vehicle static display, and educational material about safety.
- Attended several HOA meetings for safety presentations and neighborhood concerns.
- Outreach attended several Boy Scout meetings and a Flag Retirement Ceremony
- Provided an Active Killer presentation at several schools and Houses of Worship

POLICE-COMMUNITY OUTREACH

- Outreach started the “Pub Sub with the Police” program where the Police Department partnered with Publix who provided subs to citizens to eat with officers
- Partnered with Chick-Fil-A to host a Soda Pop with a Cop event that well attended
- Outreach has partnered with the Ormond Beach Regional Library for Frauds and Scams presentation which was well attended.
- The Outreach Crime Prevention Officer attended CPTED For Houses of Worship
- Outreach is responsible for all outside detail requests for off duty officers. We started using a new program Detail Commander, that assists in this time-consuming task. We have had positive feedback.
- Nineteen Students in grades 3, 4, and 5 from Ormond Beach Elementary School participated in the 2023 R.E.A.D. Reading Exploration Adventure and Discovery program. Based on statistics collected by the school in the majority youth attained learning gains on standardized tests as a result of participation in the program.
- Tutors Are Us provided an opportunity for 45 youth in grades k-12 to receive one-on-one and/or small group instruction designed to assist each participant's specific academic goals. Sessions are offered in the Fall and Spring.
- Approximately 300 students participated in OBPAL Summer educational program partnership during the Summer Connections program at South Ormond Neighborhood Center. Programs included science, reading, math and art.
- 338 youth ages 6 - 13 attended field trips provided by OBPAL in partnership with the South Ormond Neighborhood Center in 2023. The trips were to: Daytona Lagoon, Brevard Zoo and the Orlando Science Center.
- 9 Youth Leadership Council members qualified to attend the 2023 State of Florida Association of Police Athletic League's Annual Conference in Orlando in July 2023.
- 27 Ormond Beach Middle School Students in grades 6, 7 and 8 participated in Science on Patrol which increases math and science skills through forensic science-based labs and scenarios.
- OBPAL hosted the 7th Annual Donut Dash 5K on April 20, 2024 at the Trails Shopping Center. Runner participation increased to 284 pre-registered runners. The partnership with the Daytona Running Series continued in 2024 featuring the DD5k as the final race of the series.
- Hosted the Annual OBPAL Holiday Program. Over 100 children and their families participated in the program which included a walk through toy evening and Secret Santa deliveries of bikes and specialty toys.
- 26 youth participated in the OBPAL Travel Basketball program, in 6 tournaments, in 2023. Teams participated in both in state and out of state tournaments. The 14U team placed 2nd in their division at the Florida PAL Tournament, the Eighth-grade team place second at the May Day Hoop Fest in Tampa, FL.
- Fifteen (15) elementary ages youths joined the OBPAL Extra Mile Club offered in partnership with Ormond Beach Elementary school in the spring of 2024.
- Two 2023 Ormond Beach PAL Senior Scholarships of \$1000 were awarded to seniors who actively participate in OBPAL programs.
- Three (3) Do the Right Thing Luncheons were held during the 22-23 school year. Forty-two (42) Ormond Beach Middle School Students were honored for their positive choices and model citizenship.
- Re-implement the Science of Patrol Program for elementary school students.

POLICE-CRIMINAL INVESTIGATIONS

The Criminal Investigations program provides follow up investigations on over 1,500 UCR reported crimes annually and conducts pro-active investigations into illegal drug sales and possession.

POLICE-CRIMINAL INVESTIGATIONS

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
General Fund	1,547,574	1,571,364	1,855,567	284,203	18.09%
Total	1,547,574	1,571,364	1,855,567	284,203	18.09%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	1,475,387	1,502,232	1,785,644	283,412	18.87%
Operating	72,187	69,132	69,923	791	1.14%
Capital	-	-	-	-	0.00%
Contributions and Transfers	-	-	-	-	0.00%
Total	1,547,574	1,571,364	1,855,567	284,203	18.09%

Staffing Summary:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Full-time Positions:					
Police Officer	7.00	7.00	7.00	0.00	0.00%
Sergeant	1.00	1.00	1.00	0.00	0.00%
Corporal	2.00	2.00	2.00	0.00	0.00%
Victim Advocate Coordinator	1.00	1.00	1.00	0.00	0.00%
Evidence/Crime Scene Supervisor	1.00	1.00	1.00	0.00	0.00%
Evidence/Crime Scene Technician	2.00	2.00	2.00	0.00	0.00%
Administrative Assistant	1.00	1.00	1.00	0.00	0.00%
Total	15.00	15.00	15.00	0.00	0.00%

POLICE-COMMUNITY SERVICE AND ANIMAL CONTROL

Community Services provides operational and logistical support to other police department functions such as:

- animal control
- police forensics
- alcohol breath testing
- traffic control
- communications

The program's animal control responsibilities include the investigation, documentation and tracking of animal bite complaints and dangerous/vicious animals throughout the city.

The program also serves as a proving ground for employees seeking to become sworn law enforcement officers with the Police Department.

POLICE-COMMUNITY SERVICE AND ANIMAL CONTROL

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
General Fund	447,984	470,374	635,960	165,586	35.20%
Total	447,984	470,374	635,960	165,586	35.20%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	355,223	391,049	436,532	45,483	11.63%
Operating	92,761	79,325	199,428	120,103	151.41%
Capital	-	-	-	-	0.00%
Contributions and Transfers	-	-	-	-	0.00%
Total	447,984	470,374	635,960	165,586	35.20%

Staffing Summary:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Full-time Positions:					
Community Service Officer	4.00	4.00	4.00	0.00	0.00%
Lead Community Service Officer	1.00	1.00	1.00	0.00	0.00%
Total	5.00	5.00	5.00	0.00	0.00%

POLICE-COMMUNITY SERVICE AND ANIMAL CONTROL

GOALS:

- Promote responsible pet ownership through public awareness speaking at H.O.A. meetings and “Career Days” at schools in the area.
- Double the amount of City Animal Licenses sold to residents through advertising, in the city water bill and social media.
- Expand public awareness and education regarding the availability of Low Cost Spay and Neuter programs.
- Increase the number of animals returned to owners from the Police Department without having to transport to the Humane Society to keep impound fees down social media has been a big help in reuniting animals with their families.
- Increase training and awareness of animal cruelty and dangerous dog issues.
- Partnering with ASPCA Low Cost Vaccination Clinic to assist residents pet vaccination needs.
- Equipping 1 trained CSO with all needed equipment for Chemical Capture
- Send CSO's to continuing education Training Classes now that the classes are becoming more available.
- Making sure the CSO's have all the protective equipment needed to conduct the job safely.

ACCOMPLISHMENTS:

- Community Service Officers continue to fit children with helmets for safe bicycle riding.
- No CSO reported Injuries.
- Continuing to assist patrol with low priority calls like Found and lost property.
- Continue to maintain the Mobile Speed Trailer Fleet.
- Hired and Trained 2 New CSO's
- Continue to participate in community helper day's and speak with children various schools about animal safety and handling.
- Maintain the RTF program for the City with great success, and monetary savings to the City.

POLICE-RECORDS MANAGEMENT

Records Management provides internal upkeep and management of all Police Department records through a computerized records management system, processing approximately 18,000 to 20,000 reports and citations annually. Records personnel also serve as the point of first contact in person representing the Ormond Beach Police Department to respond to information requests. Records personnel are also first point of contact for many incoming telephone calls.

POLICE-RECORDS MANAGEMENT

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
General Fund	178,452	197,910	216,238	18,328	9.26%
Total	178,452	197,910	216,238	18,328	9.26%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	165,553	183,385	202,438	19,053	10.39%
Operating	12,899	14,525	13,800	(725)	-4.99%
Capital	-	-	-	-	0.00%
Contributions and Transfers	-	-	-	-	0.00%
Total	178,452	197,910	216,238	18,328	9.26%

Staffing Summary:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
<u>Full-time Positions:</u>					
Records Clerk	3.00	3.00	3.00	0.00	0.00%
Total	3.00	3.00	3.00	0.00	0.00%

POLICE-RECORDS MANAGEMENT

GOALS:

- Continually purge the old report documents that have met the retention schedule. Keeping up to date on the purging will enable the records Unit to have more usable space.
- Maintain an entry rate of 100% for reports and citations that are continually submitted to the unit on a daily basis.
- Maintain the transfer of Uniform Crime Reports entries between the two separate reporting systems with no more than 5 days of backlog.
- Work towards a completely paperless records management system.
- Streamline the report submission process.
 - Implement the use of the Trespass Form in the TRACS software for paperless submission.
 - Negate the need for an incident report where a charging affidavit is completed.
- Transition from UCR to FIBRS reporting
- Hire and train an administrative assistant position within the records unit.

ACCOMPLISHMENTS:

- Successfully uploaded the Uniform Crime Report statistics to the Florida Department of Law Enforcement on time as required.
- Continue to improve and restructured the work flow of the records department.
- Streamlined the report submission process for Baker Act Forms through paperless submission using the TRACS software.
- Streamlined the maintenance of different logs within the unit, creating paperless entry versions submitted to the “PD Records” Drive.
- Hired and trained two new Records Clerks
- Created a master calendar of repetitive tasks that must be completed by the unit.

NEIGHBORHOOD IMPROVEMENT

Neighborhood Improvement investigates approximately 5,600 cases annually to ensure compliance with City codes and ordinances through inspections, neighborhood sweeps, and citizen complaints and inquiries. More specifically, Neighborhood Improvement enforces the City's Land Development Code requirements regarding land use and development regulations, sign usage, as well as environmental code requirements. This Division also enforces the regulations contained in the Code of Ordinances with regard to water restrictions, solid waste and various other regulations. In addition, Neighborhood Improvement processes approximately 760-tree removal permits, conducts approximately 940 landscape inspections for new residential construction, and approximately 75 landscape maintenance inspections on existing commercial sites.

Neighborhood Improvement also coordinates a "partnering" effort with neighborhood associations, interested citizens and civic organizations.

NEIGHBORHOOD IMPROVEMENT

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Code Violations	18,199	28,000	28,000	-	0.00%
General Fund	358,124	496,896	783,859	286,963	57.75%
Total	376,323	524,896	811,859	286,963	54.67%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	344,629	479,423	565,719	86,296	18.00%
Operating	31,694	45,473	246,140	200,667	441.29%
Capital	-	-	-	-	0.00%
Contributions and Transfers	-	-	-	-	0.00%
Total	376,323	524,896	811,859	286,963	54.67%

Staffing Summary:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
<u>Full-time Positions:</u>					
Neighborhood Improvement Manager	1.00	1.00	1.00	0.00	0.00%
Environmental Enforcement Officer	1.00	1.00	1.00	0.00	0.00%
Neighborhood Improvement Officer	3.00	3.00	3.00	0.00	0.00%
Office Manager	1.00	1.00	1.00	0.00	0.00%
Total	6.00	6.00	6.00	0.00	0.00%

NEIGHBORHOOD IMPROVEMENT

GOALS:

- Hire outside vendor to perform services related to Environmental Improvement duties (ISA Certified Arborist) as we continue to search for our future Environmental Officer (full time).
- Expedite the code enforcement notification process with the use of new equipment/technology (Tyler/Munis) as provided by the Information Technology Division. The use of Tyler has begun regarding the tracking of NID citation payment(s).
- Continue proactive pursuit of outstanding balances related to fine amounts and/or services rendered prior to the lien process.
- Achieve full staffing levels and provide all code related education/training as time and resources allow.
- Successfully complete a community partnership project to assist residents that face life challenges which delay/prevent code violations from ultimate compliance.

ACCOMPLISHMENTS:

- As a proactive approach to unsafe structures, the Unsafe Structure Abatement Team (USAT) has been formed and continues to exist. USAT is comprised of the Chief Building Official, City Engineer, Fire Chief, Neighborhood Improvement Division Manager, and a Police Officer. The purpose of USAT is to set forth standards to ensure that structures are safe, sanitary and fit for occupancy and use, the closing and vacating of buildings and structures unfit for human occupancy and use, and if necessary, the demolition of such existing structures.
- Should the Chief Building Official determine that an unsafe structure does not meet the criteria for demolition, the Neighborhood Improvement Division can present the matter before a magistrate and pursue compliance through the hearing process.
- The Neighborhood Improvement Division has significantly reduced the use of paper files except for cases going before the Special Magistrate, cases which have resulted in a City contractor abating the violation, and for new trainees.
- Waste Pro has committed to providing a commercial roll-off container for a community partnership project.

CITY FIRE SUPPRESSION AND EMERGENCY MEDICAL SERVICES

The Fire Department is responsible for providing fire protection, technical rescue, hazardous material response/mitigation and emergency medical services within the city limits of Ormond Beach from four (4) fire station locations. The Department personnel include firefighters many of which are certified as Emergency Medical Technicians (EMT's) and certified as paramedics.

CITY FIRE SUPPRESSION AND EMERGENCY MEDICAL SERVICES

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
General Fund	7,546,866	8,202,046	8,199,114	(2,932)	-0.04%
Total	7,546,866	8,202,046	8,199,114	(2,932)	-0.04%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	6,309,092	6,716,055	6,778,905	62,850	0.94%
Operating	1,237,774	1,485,991	1,420,209	(65,782)	-4.43%
Capital	-	-	-	-	0.00%
Contributions and Transfers	-	-	-	-	0.00%
Total	7,546,866	8,202,046	8,199,114	(2,932)	-0.04%

Staffing Summary:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Full-time Positions:					
Fire Battalion Commander	3.00	3.00	4.00	1.00	33.33%
Captain	12.00	12.00	12.00	0.00	0.00%
Driver Engineer	12.00	12.00	12.00	0.00	0.00%
Firefighters	18.00	18.00	19.00	1.00	5.56%
Fire Chief	1.00	1.00	1.00	0.00	0.00%
Deputy Fire Chief	1.00	1.00	1.00	0.00	0.00%
Office Manager	1.00	1.00	1.00	0.00	0.00%
Fire Marshal	0.00	0.00	1.00	1.00	100.00%
Total	48.00	48.00	51.00	3.00	6.25%

CITY FIRE SUPPRESSION AND EMERGENCY MEDICAL SERVICES

GOALS:

- Continuously evaluate the current fire-rescue delivery model and make recommendations to elevate service levels.
- Identify and implement cost-saving measures without compromising service quality.
- Seek and apply for grant opportunities to fund equipment, training, and infrastructure enhancements.
- Implement a scheduled apparatus replacement program, evaluating needs for primary and secondary units (e.g., ladders, engines, tenders, brush trucks, marine vessels, command units) to meet current and future demands.
- Improve service delivery to the community:
 1. Plan for the construction of Fire Station 95 (Ormond Crossings) to improve coverage.
 2. Acquiring land for future fire station 90 (Granada & Tymber Creek road area).
 3. Expansion of existing Closest Unit Response agreements.
 4. Continue the planning of a proposed Public Safety Complex to include fire administration and fire prevention that will centralize operations and enhance efficiency.
- Improve Public Fire Safety & EMS Education:
 1. Enhance fire prevention practices through rigorous inspections and life safety code enforcement.
 2. Expand Fire Prevention staffing (Inspector and staff assistant) to cover expanded duties and workload demands.
 3. Implement a Fire Inspection fee schedule, integrated into the Business Tax Receipt (BTR) process.
 4. Continue delivering public fire safety and EMS education to our residents.

PERFORMANCE MEASURES:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
100- Fires Total number of calls dispatched as building fires	142	156	172	16	10.00%
200- Overpressure Rutures, Explosions	3	3	4	0	10.00%
300- Emergency Medical Services	4,684	5,152	5,668	515	10.00%
400-Hazardous Condition	118	130	143	13	10.00%
500- Service Calls	1,455	1,601	1,761	160	10.00%
600- Good Intent Calls	1,304	1,434	1,578	143	10.00%
700- False Alarms	500	550	605	55	10.00%
800- Severe Weather	1	1	1	0	10.00%
900- Special Incident Type	13	14	16	1	10.00%
Real Property Value	32,215,000	35,436,500	38,980,150	3,543,650	10.00%
Fire Loss	3,082,500	3,390,750	3,729,825	339,075	10.00%
Property Saved	29,132,500	32,045,750	35,250,325	3,204,575	10.00%
Public Education Events	30	50	60	10	20.00%
Total number of people touched by Public Education	2,500	5,000	8,000	3,000	60.00%

CITY FIRE SUPPRESSION AND EMERGENCY MEDICAL SERVICES

ACCOMPLISHMENTS:

- Fire-Rescue responded to a total of 8,220 incidents in FY 2024, with 3,536 fire-related responses and 4,684 Emergency Medical Services-related responses. Fire Loss Analysis – estimated property loss of \$3,082,500, with estimate of \$29,132,500 of property saved.
- Creation of a Closest Unit Response agreement for Fire/EMS services between Ormond Beach, Volusia County, and Flagler County.
- Creation of the City Fire Marshal position - Fire Department resumed conducting required business fire inspections and plan reviews.
- Creation of Administrative Battalion Chief position, to manage additional department needs, including special projects, facilities, R&R, and Fleet repairs/maintenance.
- Accepted into Florida Department of Health's HEROES program, which provides free Narcan supplies to Fire/EMS agencies, resulting in a budgetary savings of \$2,000
- Purchased an additional extractor/washer and two dryers for cleaning firefighting PPE ("bunker gear") and were awarded a \$23,000 grant under FEMA's Assistance to Firefighters Grant Program.
- Purchased fireground decontamination equipment and PPE and were awarded a \$13,000 firefighter safety grant from the Florida Division of the State Fire Marshal.
- Partnered with Daytona Beach and Holly Hill Fire Departments on purchase of regional Air Cart trailer, to provide additional breathing air to fire scenes in the area, and were awarded a \$50,000 grant FEMA's Assistance to Firefighters Grant Program.
- Increased community outreach efforts began coordinating attendance of events with OBPD Outreach Division, increasing OBFD presence and engagement within the community.

BUILDING INSPECTIONS AND SERVICES

Building Inspections provides the following services:

- review of all construction plans for residential, commercial and industrial construction
- issuance of approximately 3,000 building permits annually
- conducts approximately 13,000 building, plumbing, mechanical and electrical inspections for various types of construction within the City limits of Ormond Beach in accordance with the Florida building Code and other State and local laws.

Occupational Licensing provides the following services:

- issuance of occupational license renewals
- issuance of new occupational licenses
- completion of contractor registrations

BUILDING INSPECTIONS AND SERVICES

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Permit Fees	2,201,788	1,535,000	1,898,512	363,512	23.68%
General Fund	(845,760)	32,364	(197,791)	(230,155)	-711.15%
Total	1,356,028	1,567,364	1,700,721	133,357	8.51%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	1,136,671	1,368,308	1,468,512	100,204	7.32%
Operating	219,357	199,056	232,209	33,153	16.66%
Capital	-	-	-	-	0.00%
Contributions and Transfers	-	-	-	-	0.00%
Total	1,356,028	1,567,364	1,700,721	133,357	8.51%

Staffing Summary:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Full-time Positions:					
Chief Building Official	1.00	1.00	1.00	0.00	0.00%
Planning Director	0.00	0.00	0.00	0.00	0.00%
Permit Manager	1.00	1.00	1.00	0.00	0.00%
Permit Technician	3.00	3.00	3.00	0.00	0.00%
Plans Examiner	1.00	1.00	1.00	0.00	0.00%
Chief Building Inspector	1.00	1.00	1.00	0.00	0.00%
Building Inspector	4.00	5.00	5.00	0.00	0.00%
Engineering Inspector	1.00	1.00	1.00	0.00	0.00%
Deputy Building Official	1.00	1.00	1.00	0.00	0.00%
Total	13.00	14.00	14.00	0.00	0.00%

BUILDING INSPECTIONS

GOALS:

- To provide building reviews and inspections to protect the health, safety, and general welfare of the public related to building design, construction, improvements, repair, or demolition.
- To complete permit reviews within adopted timeframes.
- Continue providing time sensitive inspection response (next business day) to contractors and homeowners.
- Continued refinement of the Tyler permitting system for the most efficient use for staff and applicants.
- To provide education and training of the use of the Tyler permitting system.
- To assist new business owners in the completion of the business tax receipt process and providing renewal notices to existing business owners.
- Provide training and professional development for building inspectors and permit technicians.
- Provide building permit review and inspections to emerging subdivisions of Fountain View, Archer's Mill, Bradford Lakes, Bradford Park, RidgeHaven, and Ormond Crossings.

ACCOMPLISHMENTS:

- 100% of all building plans were submitted electronically.
- Maintained 24 hour inspection turnaround for all requests.
- Completion of the state required Milestone requirements for multi-story buildings.
- Continued to provide external user training for Tyler permitting system to Engineers, Architects and builders.
- Completed several complex new building construction projects including Culver's, IHOP, Ormond Central indoor storage facility.
- Permit approval of approximately 6,000 permits.
- Approximately 20,000 inspections throughout the City.

ROADSIDE AND RIGHT OF WAY MAINTENANCE

The Roadside and Right-of-Way Maintenance program is responsible for the maintenance and repair of City Parks and Properties, 150+ mile network of local roads and related public right of way, including:

- vegetation and debris maintenance of road shoulders, and sidewalks
- right-of-way mowing on a contractual basis
- maintenance and grading of 11 miles of unpaved roads and parking lots that are under the maintenance responsibility of the City
- mowing at the Business Park, Airport and the closed class III Landfill

Program costs are offset in part by the Florida Department of Transportation (FDOT) for road shoulder maintenance and mowing rights-of-way on State roads within the City limits of Ormond Beach. Approximately 98 lane miles of roads are maintained in accordance with an agreement between the City and FDOT for State Road 40, US 1, Nova Road, and A1A (10 lane miles added on Nova Rd). Approximately \$99,000 of the \$175,000 FDOT contract amount offsets road maintenance costs with the balance dedicated to drainage maintenance.

In-house city personnel provide the services listed above except for right-of-way mowing which is a contracted operation.

ROADSIDE AND RIGHT-OF-WAY MAINTENANCE

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Right of Way Maintenance	127,138	127,138	127,138	-	0.00%
State Highway Lighting	152,876	135,000	135,000	-	0.00%
General Fund	2,164,434	2,564,376	2,778,157	213,781	8.34%
Total	2,444,448	2,826,514	3,040,295	213,781	7.56%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	1,197,669	1,550,334	1,654,359	104,025	6.71%
Operating	1,246,779	1,276,180	1,385,936	109,756	8.60%
Capital	-	-	-	-	0.00%
Contributions and Transfers	-	-	-	-	0.00%
Total	2,444,448	2,826,514	3,040,295	213,781	7.56%

Staffing Summary:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Full-time Positions:					
Public Works Operations Mgr.	1.00	1.00	1.00	0.00	0.00%
Streets Supervisor	1.00	1.00	1.00	0.00	0.00%
Lead Equipment Operator	1.00	1.00	1.00	0.00	0.00%
Equipment Operator	14.00	14.00	14.00	0.00	0.00%
Lead Sign Technician	1.00	1.00	1.00	0.00	0.00%
Sign Technician	1.00	1.00	1.00	0.00	0.00%
Public Works Director	1.00	1.00	1.00	0.00	0.00%
Administrative Assistant	0.00	1.00	1.00	0.00	100.00%
Total	20.00	21.00	21.00	0.00	0.00%

ROADSIDE AND RIGHT OF WAY MAINTENANCE

GOALS:

- Respond to calls for customer service by the end of business daily and within 1 hour for after hour call-outs.
- Respond to non-Public Works related work orders by end of business for scheduling.
- Incur no more than twelve (12) reported deficiencies on FDOT inspections yearly.
- Complete FDOT deficiencies with 15 working days.
- Assist in providing traffic control for special events and accidents.
- Assist with emergency management issues as they arise.
- Work to create greater efficiency in all aspects of street maintenance and repair.
- Respond to and schedule interdepartmental work orders and utility repairs in a timely manner.

ACCOMPLISHMENTS:

Streets & Right of Way Maintenance

- 12 shell parking lots, boat ramps, and driveways were graded at least twice a month.
- To date, 1380 maintenance work orders were completed and 1,310 man-hours were expended assisting other City departments.
- To date: 8 maintenance work orders were completed on FDOT roads. Most of the R/W maintenance was removed from the FDOT MOA.
- 600 man-hours working for other departments were for maintenance in City Parks (half of all interdepartmental hours).

Asphalt Maintenance

- To date: 159 asphalt work orders were completed repairing city streets, requiring 540 tons of asphalt and 96 bags cold patch.

Concrete Maintenance

- To date: 255 work orders were completed for repairs to City sidewalks, curbs, gutters and catch basin aprons, requiring 210 cubic yards of concrete (the Tymber Crossings sidewalk repair/restoration project accounted for a large portion of this yardage), 90 tons of recycled concrete, 40 tons of recycled asphalt millings and 270 tons of lime rock base material towards a grand total of 400 cubic yards of road base materials purchased (lime rock and recycled concrete were again used to shore up Woodland Tr ditch 3 times). Also, 170 bags of Portland cement and 150 bags of 5000 psi concrete mix were purchased for smaller projects and utility cuts/repairs.
- To date: 6 work orders completed on FDOT sidewalks, requiring 5 cubic yards of concrete (these repairs were due to damages as a result of the removal of post-Milton storm debris). Concrete sidewalk repair is no longer in the FDOT MOA as of FY 24/25, except for the Streetscape, TIF District which is currently under construction. The repairs were reactionary only.

Sign Maintenance

- To date: 513 work orders completed for Traffic Sign installation and repair primarily due to storm damage incurred from Hurricane Milton.

Urban Forestry

- To date: 75 trees were removed from City ROW's or properties. This number is higher due to Hurricane Milton in early in the fiscal year. This number is heavily reliant on the number and severity of potential storms

ENGINEERING

The Engineering Department is responsible for the following functions:

- Liaison with consultant engineers for the design and construction management for airport, road, drainage, water and sewer, recreational facility, beautification and other capital improvement projects.
- Survey and mapping and computer aided design for in-house projects that are not contracted to a consultant engineer.
- Site plan review and permitting of proposed development applications and inspection of all residential and commercial development projects.

ENGINEERING

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
General Fund	1,221,282	1,329,783	1,457,708	127,925	9.62%
Total	1,221,282	1,329,783	1,457,708	127,925	9.62%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	1,161,751	1,253,254	1,366,836	113,582	9.06%
Operating	59,531	76,529	90,872	14,343	18.74%
Capital	-	-	-	-	0.00%
Contributions and Transfers	-	-	-	-	0.00%
Total	1,221,282	1,329,783	1,457,708	127,925	9.62%

Staffing Summary:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Full-time Positions:					
City Engineer	1.00	1.00	1.00	0.00	0.00%
Engineer	3.00	3.00	3.00	0.00	0.00%
Chief Engineering Technician	1.00	1.00	1.00	0.00	0.00%
Engineering Inspector	3.00	3.00	3.00	0.00	0.00%
Engineering Project Coordinator	1.00	1.00	1.00	0.00	0.00%
Landscape Architect	1.00	1.00	1.00	0.00	0.00%
Permit Technician	1.00	1.00	1.00	0.00	0.00%
Engineering Technician	1.00	1.00	1.00	0.00	0.00%
Total	12.00	12.00	12.00	0.00	0.00%

ENGINEERING

GOALS:

- Coordinate with all departments to complete CIP projects in a timely manner.
- No work-related injuries.
- Maintain the staffing levels at 90% or greater.
- Provide education/training toward maintain licensure as time and resources allow.
- To enhance the quality of life for the residents and visitors in Ormond Beach through effective, efficient, courteous, and responsive engineering services.
- Assist with emergency project management as projects arise.
- Complete 75% of assigned capital improvement projects within 30 days of the substantial completion date established with the Notice to Proceed.
- To receive 85% of bids below Engineer's final design cost estimate.
- Increase public involvement in City projects.
- Strive to complete franchise and stormwater permit reviews within streamlined timeframes.
- Assist Utilities with Plant improvement projects and maintaining regulatory permitting compliance.
- Maintain regulatory permit compliance at the Nova Landfill.
- Continue success of preventive maintenance projects including the road repaving, storm water lining, and Sanitary sewer I&I.

ACCOMPLISHMENTS:

Commenced Projects-

- AIA Utility relocation
- ARBP Hurricane IAN repairs to seawall and ADA ramp
- 2025 Roadway resurfacing design and bidding
- CDBG North side of Division Ave sidewalk
- CDBG Military Blvd. sidewalk repair design and bidding
- Crosswind Business Park design of subdivision infrastructure
- Engineering and Planning office renovation
- Facility Hardening phase II
- Fleet canopy improvements design
- Halifax River utility crossing – Began design
- Hudson Wellfield expansion construction
- OBSC Stormwater pond expansion design and bid
- Ormond Shores Park stormwater pond repair
- SR40 Water and force main loop
- Traffic signal maintenance designs for SR 40/ I-95, Clyde Morris/ Hand, and SR 40/ Seminole Dr intersections
- WRF Ultraviolet disinfection conversion design

ENGINEERING

Continued Projects-

- Downtown – East Granada utility undergrounding conversion
- Fleming Ave stormwater improvements

Completed Projects-

- 2" Water Main replacement phase IV North Peninsula
- Cassen Park Improvements- sidewalks, parking lot repaving, landscape redesign, new restrooms and bait shop
- Central Park 1 playground equipment replacement
- Lift Station backup pumps installation at Walmart/Bermuda Estates, 1P/Ocean Village Villas, 2M/South Beach Street, and Saddlers Run
- Lift Station 4P Rehabilitation design
- Runway Drive extension from Airport Business Park to Pineland Trl
- PAC fire damage repairs
- PD door replacements
- 23 Storm Water In-Line check valve installations

FLEET OPERATIONS

Fleet Operations is a support service function of city government and provides a comprehensive array of repair and preventative maintenance services for a fleet of approximately 229 vehicles and 399 pieces of equipment and other non-rolling stock. Fleet Operations core services include:

- maintaining a parts shop and inventory
- coordination of all sublet repairs
- management of the City's vehicle replacement program
- overseeing operations of the City's central fueling facility
- maintaining management and billing information for all vehicles and equipment

As an "internal service" operation, Fleet Maintenance recovers its labor and overhead through an hourly labor rate billed to user departments and from a 25% surcharge levied on parts and sublet repairs and a 10% surcharge on fuel. The cost of all parts and sublet repairs are charged directly to the user department.

FLEET OPERATIONS

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
General Fund	1,801,595	1,900,237	2,296,000	395,763	20.83%
Total	1,801,595	1,900,237	2,296,000	395,763	20.83%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	413,760	468,911	603,446	134,535	28.69%
Operating	1,387,835	1,431,326	1,692,554	261,228	18.25%
Capital	-	-	-	-	0.00%
Contributions and Transfers	-	-	-	-	0.00%
Total	1,801,595	1,900,237	2,296,000	395,763	20.83%

Staffing Summary:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
<u>Full-time Positions:</u>					
Garage Supervisor	1.00	1.00	1.00	0.00	0.00%
Fleet System Specialist	1.00	1.00	1.00	0.00	0.00%
Mechanic II	1.00	1.00	1.00	0.00	0.00%
Mechanic III	2.00	2.00	2.00	0.00	0.00%
Fleet Manager	0.00	1.00	1.00	0.00	100.00%
<u>Part-time Positions:</u>					
Courier (part-time)	0.50	0.50	0.50	0.00	0.00%
Total	5.50	6.50	6.50	0.00	0.00%

FLEET OPERATIONS

GOALS:

- Focus Fleet Operations on rolling stock by subletting of small repairs and maintenance of handheld equipment.
- Maintain vehicle downtime of no more than 9% for all Fire and Police vehicles.
- Maintain an average productivity rate for all mechanics of 88% that generates billable labor rate hours from work orders.
- Utilize sublet vendors who have technicians that can come on site for repairs to reduce vehicle downtime.
- Price shop parts vendors to achieve maximum savings.
- Continue to provide for efficient, timely and cost effective delivery of repair and maintenance service to the City.
- Pursue options for succession planning within Fleet Operations.
- Continue implementation of cost savings on sublet work orders.
- Communicate with outside departments to determine what their future vehicle and equipment needs are to better prepare for vehicle / equipment replacements.
- Implement a parts ordering and parts stocking process for frequently used items to avoid delay in repairs and maintenance while waiting for parts.
- Work with Engineering with needs for new fuel island and coordinate smooth transition from old fueling site to new.
- Evaluate condition of oil tank farm and get quotes for needed repairs.

ACCOMPLISHMENTS:

- Streamlined preventative maintenance scheduling with all departments with an appointment-based process.
- Appointed 2 mechanics to light vehicle repairs and 2 to heavy vehicle repairs to be reduce down time for different departments.
- Consulted with various departments for vehicle / equipment replacements.
- Achieved a 24-48 hour downtime rate of 1.53% for all emergency vehicles and 2.13% for all vehicles.
- Continued reduction in parts inventories by Identifying obsolete parts and provide a cost-effective recovery and disposal program.
- Prepared and auctioned surplus vehicles and equipment.
- Met with contractors to prepare for replacement of fuel island.

ECONOMIC DEVELOPMENT

The City's Economic Development Department promotes development and redevelopment in Ormond Beach, including the Airport Business Park, downtown, and other areas within the community. In addition, Economic Development works closely with private property owners and City and County officials in the creation and development of a business park in the area along north US1 and Interstate 95. Economic Development also markets the City of Ormond Beach to prospective businesses and visitors.

ECONOMIC DEVELOPMENT

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
General Fund	357,399	437,322	448,226	10,904	2.49%
Total	357,399	437,322	448,226	10,904	2.49%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	166,894	173,682	191,274	17,592	10.13%
Operating	134,160	166,640	220,552	53,912	32.35%
Capital	-	-	-	-	0.00%
Economic Incentives	56,345	97,000	36,400	(60,600)	-62.47%
Total	357,399	437,322	448,226	10,904	2.49%

Staffing Summary:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Full-time Positions:					
Economic Development Dir.	1.00	1.00	1.00	0.00	0.00%
Total	1.00	1.00	1.00	0.00	0.00%

ECONOMIC DEVELOPMENT

GOALS:

- Retain industrial businesses through visitation programs and assist with expansion projects.
- Conduct annual Business Retention Survey of target industry in the city to keep a pulse on business sentiment.
- Work with key target businesses in plant expansion and job creation initiatives.
- Collaborate with economic development partners to market & attract out-of-state businesses/visitors to the city.
- Develop/Implement Main Street economic development initiatives.
- Encourage ER/medical presence on the beachside.
- Repurpose Riverbend airport property.
- Manage City's Business Park including:
 - Prepare marketing material and promote development opportunities at the airport and business park for attraction and expansion of target industry.
 - Work closely with businesses on improvements to the electrical, cellular and internet infrastructure.
- Work closely with the owners of Ormond Crossings as they develop and implement the Ormond Crossings Master Plan.

ACCOMPLISHMENTS:

- Construction completed on Runway Drive in the Airport Business Park. This new road is a secondary access road for the Business Park.
- Completed the design and engineering plans for the 15-acre city-owned airport property in the airport business park to aid in the expansion and attraction of target industry.
- Worked with businesses throughout the city to retain and expand their operations and employment base. Expansions included Beach House Graphics, Valiant Modular, and Germfree.
- Conducted annual business visitation program, visiting over 50 companies in the city.
- Implemented a social media marketing campaign supporting and promoting economic development in Ormond Beach. Efforts included the publication of a dozen evergreen articles and quarterly social media posts.
- In partnership with Volusia/Flagler SCORE hosted an in-person session of the Kauffman FastTRAC Program graduating 13 entrepreneurs/small business owners. The 10-week workshop concluded with a pitch competition and graduation celebration.
- Assisted in the development and promotion of the City's legislative priorities for state appropriation funding.
- Provided leadership and consultation to the Ormond Beach Chamber of Commerce, Main Street Inc., and Team Volusia EDC organizations to improve the business climate in the city.

PARKS AND GROUNDS MAINTENANCE

Parks and grounds maintenance program is responsible for:

- routine grounds maintenance
- mowing, general beautification and upkeep of all City's parks and on-site buildings to include:
 - grass mowing
 - flower bed and shrub maintenance
- maintenance and trash collection of the medians along AIA and State Road 40

With the exception of the Memorial Art Gardens, all parks and ground maintenance is performed on a contracted basis.

PARKS AND GROUNDS MAINTENANCE

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
General Fund	2,750,295	2,706,533	3,060,718	354,185	13.09%
Total	2,750,295	2,706,533	3,060,718	354,185	13.09%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	419,693	408,292	554,124	145,832	35.72%
Operating	2,330,602	2,298,241	2,506,594	208,353	9.07%
Capital	-	-	-	-	0.00%
Contributions and Transfers	-	-	-	-	0.00%
Total	2,750,295	2,706,533	3,060,718	354,185	13.09%

Staffing Summary:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Full-time Positions:					
Maintenance Lead	1.00	1.00	1.00	0.00	0.00%
Contract Manager	1.00	1.00	1.00	0.00	0.00%
Tradesworker	1.00	1.00	2.00	1.00	100.00%
Maintenance Worker	2.00	2.00	3.00	1.00	50.00%
Part-time Positions:					
Maintenance Worker (2)	1.00	1.00	1.00	0.00	0.00%
Total	6.00	6.00	8.00	2.00	33.33%

PARKS AND GROUNDS MAINTENANCE

GOALS:

- Ensure all parks and grounds are inspected biweekly to ensure safety, accessibility and cleanliness.
- Monthly safety meetings .
- Quarterly meetings with park staff to discuss progress and course of maintenance.
- Additional leaf blowing removal/pressure washing of concrete and wood paths.
- Assist building maintenance in preparation for special events.
- Daily staff meetings prioritizing Parks repairs and upgrades.
- Maintain the appearance of City parks and facilities through regular maintenance.
- Assist Building Maintenance with large projects.

PERFORMANCE MEASURES:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Number acres of passive park	79	79	79	-	0.00%
Number of acres of active park	528	528	528	-	0.00%
Number of park acres maintained	607	607	607	-	0.00%
Number of volunteer hours	14,510	20,000	30,000	10,000	50.00%
Number of children registered in summer programs	130	202	225	23	11.39%
Number of available spaces in summer programs (number of registered that are placed)	130	200	225	25	12.50%
Number of children in jurisdiction	7,769	7,870	7,975	105	1.33%

ACCOMPLISHMENTS:

- Responded to emergency issues (Vandalism, Fire, Etc.) throughout city Parks within 1 hour.
- Maintained files for photographs and supporting documents.
- Refurbished Memorial Gardens benches.
- Refurbished Rockefeller Gardens picnic tables.
- Followed standard work schedule for all part-time and full-time employees covering all parks for each week.
- Continuation of repairs as required in the parks.
- Weekly meetings with Parks staff to discuss progress and course of maintenance.
- Additional leaf blowing and pressure washing of added concrete and wood paths.
- Communicated with Building Maintenance the park needs to ensure buildings are clean, safe, and inviting to the public.
- Worked with Building Maintenance in preparation for Independence Day Event.
- Maintained a high level of appearance and safety.
- Continual support of the Riverbend Bike Trail.
- Number of accomplishments cross with Building Maintenance.
- Consistent Magic Forest and Skate Park inspections.
- Worked with the EDC for Community Gardens maintenance issues (dirt deliveries, etc.)

PARKS & RECREATION ADMINISTRATION

Parks & Recreation Administration provides the executive leadership and guidance necessary to carry out the mission, goals and policies for recreational, cultural, senior center, special events, special populations, and athletic field's maintenance programs. Parks & Recreation Administration also processes enrollment and completes registrations for:

- Youth and adult recreation programs
- Contractual instructor classes
- Gymnastics
- Summer camp programs
- Tennis programs
- Field and park rentals

Parks & Recreation manages recreation center activities held at Nova Community Center, South Ormond Neighborhood Center, Ormond Beach Gymnastics Center and Performing Arts Center.

PARKS & RECREATION ADMINISTRATION

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Liability Insurance	13,443	13,000	13,000	-	0.00%
ARBFP Concession Rental	5,833	10,000	10,000	-	0.00%
General Fund	779,156	856,360	917,733	61,373	7.17%
Total	798,432	879,360	940,733	61,373	6.98%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	561,946	636,289	687,520	51,231	8.05%
Operating	236,486	243,071	253,213	10,142	4.17%
Capital	-	-	-	-	0.00%
Contributions and Transfers	-	-	-	-	0.00%
Total	798,432	879,360	940,733	61,373	6.98%

Staffing Summary:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Full-time Positions:					
Leisure Services Director	1.00	1.00	1.00	0.00	0.00%
Asst. Leisure Services Director	1.00	1.00	1.00	0.00	0.00%
Recreation Program Specialist	1.00	1.00	1.00	0.00	0.00%
Office Manager	1.00	1.00	1.00	0.00	0.00%
Office Assistant	2.00	2.00	2.00	0.00	0.00%
Part-time Positions:					
Office Assistant	0.50	0.50	0.50	0.00	0.00%
Total	6.50	6.50	6.50	0.00	0.00%

PARKS & RECREATION ADMINISTRATION

GOALS:

- Continue to update Parks & Recreation website to become more user friendly and focus more on programming and activities.
- Apply for Tree City USA Growth Award through National Arbor Day Foundation in order to retain Ormond Beach's Tree City USA designation.
- Expand advertising for summer camps and yearly programming.
- Partner with Engineering and Grants Coordinator to apply for ECHO grants.
- Continue to promote the existing Memorial Tree program.
- Expand the continued use of volunteers.
- Apply for departmental awards and accolades through agencies including FFEA & FRPA.
- Continue to implement and improve Hometown Heroes Banner Program.
- Achieve all City Commission goals for Leisure Services for FY 2025-26 by the end of the fiscal year.
- Continue harmonious relationship with Leisure Services Advisory Board to build a stronger community.
- Continue to provide exceptional customer service to the residents of Ormond Beach.
- Host Earth Day at Environmental Discovery Center to incorporate tree distribution and educational sessions.
- Implement additional staff training and certifications.
- Transition fully to Parks & Recreation re-brand on all official documentation and materials.
- Continue to offer the Parks & Recreation Month Photography Contest.

PERFORMANCE MEASURES:

Leisure Admin	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Workload:					
# of Field/Park/Facility Rentals	606	725	800	75	10.34%
# of Online Registrations	798	1,000	1,075	75	7.50%
Efficiency/Effectiveness:					
Achieve City Commission Goals	100%	100%	100%	-	0.00%
Customer Satisfaction %	90%	90%	90%	-	0.00%

ACCOMPLISHMENTS:

- City was once again designated as Tree City USA and obtained the Tree City USA Growth Award.
- Employee Appreciation Day event.
- Hosted successful Summer Camp Connections and Enviro Camp Programs and revamped Camp T-Rec Program.
- Helped facilitate State of City banquet.
- Expanded involvement with Volusia County Recreation Directors' Association and attended the annual luncheon.

PARKS & RECREATION ADMINISTRATION

- Three, free fishing tournaments were once again held this year.
- Continued to update and improve the registration software for Parks & Recreation programming.
- Recreation Program Specialist increased social media presence and Citizen awareness of all Parks & Recreation platforms.
- Continued to assist our veterans with the Hometown Heroes application process, banner delivery, and drive-through luncheon.
- Assist with ECHO grant process for new applications.
- South Ormond new gym addition and program implementation.
- Worked in partnership with YMCA to ensure dog park facility is maintained to a high standard for our citizens.
- Continued to promote the existing Memorial Tree program.
- Continued to improve and promote field condition reporting software (Statusfy).
- Won two FFEA Awards for original programming.
- Began participation at area Public School Career Day events to promote Parks & Recreation.

THE CASEMENTS

The Casements is the flagship community enrichment center on the peninsula serving nearly one third of the city's population. Programs that take place at The Casements, in Central Park or as outreach experiences include:

- environmental education such as urban homeowner's landscape conservation
- organic gardening
- safe boating
- manatee and wildlife protection classes and the arts
- Youth-at-Risk programs through story-telling
- computer enrichment classes
- arts and literacy education

Programs and classes offered at Osceola School and the Casements raise confidence and self-esteem to benefit youth, serve families and enhance community values.

As a historic facility, the former home of John D. Rockefeller, Sr., a Great Floridian is on the National Register for Historic Places and is an echo-tourism destination for visitors in Ormond Beach. It serves as an important landmark and symbol of historic preservation for the community within an urban park setting of Parks & Recreation facilities.

THE CASEMENTS

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Casement Fees	79,049	81,500	81,500	-	0.00%
General Fund	323,156	307,973	363,625	55,652	18.07%
Total	402,205	389,473	445,125	55,652	14.29%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	208,318	224,502	267,418	42,916	19.12%
Operating	193,887	164,971	177,707	12,736	7.72%
Capital	-	-	-	-	0.00%
Contributions and Transfers	-	-	-	-	0.00%
Total	402,205	389,473	445,125	55,652	14.29%

Staffing Summary:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
<u>Full-time Positions:</u>					
Cultural Center Coordinator	1.00	1.00	1.00	0.00	0.00%
Special Events Tech	0.00	1.00	1.00	0.00	100.00%
<u>Part-time Positions:</u>					
Maintenance Worker (2)	1.00	1.00	1.00	0.00	0.00%
Recreation Leader (2)	1.00	1.00	1.00	0.00	0.00%
Special Events Tech (1)	0.50	0.50	0.50	0.00	0.00%
Total	3.50	4.50	4.50	0.00	0.00%

THE CASEMENTS

GOALS:

- Generate revenue through rentals, programs and events.
- Continue to rotate art exhibits monthly inviting local artists and art groups.
- Grow sponsorships for community events.
- Continue growing partnership opportunities with Ormond MainStreet, Ormond Memorial Art Museum and Gardens, The Ormond Beach Historical Trust, Ormond Beach Chamber of Commerce, National Multiple Sclerosis, Ormond Beach Rotary, The Antique Automobile Association, Realty Pros and The Jewish American Society and Cultural Awareness Fund as it relates to the various community events held on our property.
- Continue monthly "Movies on the Halifax".
- Plan and execute the 4th annual Father-Daughter Dance for children 7-12 years old.
- Continue to plan and execute an "Art Walk" each 1st Saturday.
- Continue monthly gallery exhibit videos to promote local artists.
- Expand on children's scavenger hunts during the holiday for the upcoming year.
- Create new StoryStroll programs for the holiday season and summer.
- Partner with The Casements Guild to produce another night with "The Three Mrs. Flagler's".
- Partner with The Casements Guild to execute the 47th Casements Christmas Gala.
- Honor our Casements Guild members with an Appreciation Luncheon marking their 48th year of service.
- Offer a Fall program for the Halloween season.

PERFORMANCE MEASURES:

	Actual FY 2023-24	Estimate FY 2025-26	Estimate FY 2026-27	Change FY 2025-26 to FY 2026-27	% Change FY 2025-26 to FY 2026-27
Workload:					
Attendance/Participants:					
Special Events	55,692	62,000	65,000	3,000	4.84%
Tours *	23,803	25,000	28,000	3,000	12.00%
Programs/Classes	330	350	375	25	7.14%
# Rentals:					
Rentals/Groups - Casements	144	150	165	15	10.00%
Rentals/Groups - Riverbridge	109	120	130	10	8.33%
Efficiency/Effectiveness:					
Overall "satisfied/very satisfied" %	95	95	95	-	0.00%

ACCOMPLISHMENTS:

- The Casements continues to partner with Ormond MainStreet for Celtic Festival, Taste of Ormond and Riverfest.
- The Casements worked with Songwriters Showcase of America to offer the annual "Ormond LIVE!" event.
- Worked with the National MS Society with their annual bike race.
- Worked closely with the Seaside Herb Society to execute their annual Plant Sale.

THE CASEMENTS

- Assisted members of the Ormond Beach Garden Club to plan and execute their annual Flower Show and Tea.
- Worked with the coordinator of Sophies Circle to offer their annual bridge walk.
- Hosted the annual Memorial Day program in Rockefeller Gardens; Community Events Departments Art in the Park, organizing and installing the Girl Scouts of the Citrus Council Art Exhibit; City's Independence Day Celebration.
- Worked with members of the Antique Automobile Club to host their annual Gaslight Parade and Antique Car Show.
- Assisted members of Mainland High School's ROTC and The Casements Guild to decorate The Casements for the holiday season.
- Celebrated Florida Arbor Day with 3 trees planted in Rockefeller Garden and the North Lawn, donated from the Ormond Kiwanis and Ormond Beach Garden Club.
- Assisted the Casements Guild in offering a Mother's Day Tea, and 46th Annual Christmas Gala.
- Planned and executed a successful "Breakfast with Santa" with over 360 guests offering a QR code to aid in streamlining ticket sales.
- Worked with Community Events to offer "Holidays at The Casements" holiday concert.
- Created a new Holiday Challenge, "Reindeer Roundup" for our younger guests.
- Participated in the Ormond MainStreet "Christmas in July" event with photo opportunities with Santa, as well as the Reindeer Roundup Scavenger Hunt.
- Created a monthly newsletter for The Casements for those who don't use Facebook, and have added another 650 emails to our mailing list.
- Assisted Ormond Rotary Club with the Craft Beer Festival.
- Continued the educational facts on Facebook under the caption of "Did You Know?"
- The Casements Gallery hosted monthly exhibits with local artists and photographers.
- Hosted the 2nd annual "Young Photography" exhibit in memory of city photographer, David Pizzo.
- Offered eight monthly "Once Upon a Storytime" events for children aged two-four with a story, craft and special treat, sponsored by Morejon Andrews Orthodontics.
- Offered three weeks of watercolor workshops with artist Janet Rogers.
- Planned and executed, "Swing into Spring" with three free concerts in May.
- Held the 46th annual Guild Appreciation Luncheon sponsored and catered by Amber's Jewel Catering outside on the stage in Rockefeller Gardens.
- Participated in the ECHO Ranger program with two site visits, in February and September. Children toured the home and created a bookmark to take home.
- Our "Movies on the Halifax" event happened every first Friday of each month.
- Worked with Ormond MainStreet and the Volusia County Library to offer a free "StoryStroll" in Rockefeller Gardens for the holiday season.
- Reached 6500 followers on Facebook and 2,300 on Instagram.
- Planned and executed a program honoring our Declaration of Independence in partnership with The Casements Guild.
- Repaired the Dance Room and Hallway floors with new wood floors, matching the existing Atrium floors.
- Installed Museum quality exhibit panels in the Archive Room and Birthplace of Speed Room, funded by The Casements Guild.

PERFORMING ARTS CENTER

The Ormond Beach Performing Arts Center (OBPAC) consists of an auditorium, rehearsal room, studio and music rooms for City-sponsored groups, professional theater and musical productions. The Center has a seating capacity for 627 people and is built in a fan-shaped, stadium-style configuration.

The Center is also used for many activities, to include:

- | | |
|-----------------------|----------------------------|
| ➤ Youth dance classes | ➤ Additional dance classes |
| ➤ Recitals | ➤ Acting classes |
| ➤ Senior shows | ➤ Voice and piano lessons |
| ➤ Music events | ➤ Children's choir |
| ➤ Children's theater | ➤ Cultural arts classes |
| ➤ Workshops | ➤ Activities seminars |

PERFORMING ARTS CENTER

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Tickets/Concessions	11,773	27,000	52,000	25,000	92.59%
General Fund	311,784	358,975	413,043	54,068	15.06%
Total	323,557	385,975	465,043	79,068	20.49%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	147,639	232,803	288,554	55,751	23.95%
Operating	175,918	153,172	176,489	23,317	15.22%
Capital	-	-	-	-	0.00%
Contributions and Transfers	-	-	-	-	0.00%
Total	323,557	385,975	465,043	79,068	20.49%

Staffing Summary:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Full-time Positions:					
P.A.C. Supervisor	1.00	1.00	1.00	0.00	0.00%
Assistant P.A.C. Supervisor	0.00	1.00	1.00	0.00	0.00%
Part-time Positions:					
Maintenance Worker (2)	1.00	1.00	1.00	0.00	0.00%
Recreation Leader (1)	0.50	0.50	0.50	0.00	0.00%
Box Office Attendant (2)	1.00	1.00	1.00	0.00	0.00%
House Technician (1)	0.50	0.50	0.50	0.00	0.00%
Total	4.00	5.00	5.00	0.00	0.00%

PERFORMING ARTS CENTER

GOALS:

- Achieve a 90% or better satisfaction rating from show producers, classes and instructors.
- Seek business partnerships to generate grants/donations.
- Achieve 80% or better of returning producers/rentals.
- Maintain total performance visits over 10,000.
- Host a 3-week children's summer theatre/production camp through partnership with local theatre/children's arts group.
- Host a 3-week summer dance camp through local partnerships.
- Increase rental/facility revenue by partnering with producers to bring in national performers.
- Work with internal show groups to improve ticket sales.
- Increase online ticket sales by two percent over last year through public awareness campaign.
- Establish traveling producer/production list to increase show rentals.
- Increase social media and marketing engagement by 10%.

PERFORMANCE MEASURES:

	Actual FY 2024-25	Estimate FY 2025-26	Budget FY 2025-26	Change FY 2025-26 to FY 2025-26	% Change FY 2025-26 to FY 2025-26
Workload:					
Rentals	301	330	350	20	6.06%
Shows/Rentals Attendance	17,353	18,000	20,000	2,000	11.11%
New Contracts	21	15	15	-	-
Not for Profit Shows	32	38	40	2	5.26%
For Profit Shows	17	14	15	1	7.14%
Efficiency/Effectiveness:					
Returning Contracts	19	42	45	3	7.14%
Customer Satisfaction %	95%	95%	95%	0%	0.00%

ACCOMPLISHMENTS:

- Conducted a survey of rental rates for area venues and updated the rates for contracts.
- The PAC held a mandatory training for Ushers to improve facility procedures.
- The PAC developed a strategic business plan and operational guide that introduced a streamlined rental process, significantly reducing booking turnaround time and enhancing the overall producer experience. This plan additionally clarified roles and outline the jobs for all Performing Arts Center staff and volunteers.
- The PAC hosted Children's Musical Theatre Workshop to present four performances each for Finding Nemo Kids, SpongeBob the Musical Jr., At the Bandstand, Kilroy Was Here as well as their Winter & Spring Dance Recitals, and Summer Camp Program and dance and musical theatre classes continued year-round.

PERFORMING ARTS CENTER

- The PAC hosted Ormond Ballet who presented Under the Mistletoe: The Nutcracker & More, Prometheus, and Swan Lake.
- The Performing Art Center hosted Halifax Repertory Theatre who presented two performances for Jingles and Jammies. The Performing Art Center also hosted Halifax Repertory Theatre who used the space to film promotional and educational material.
- The PAC hosted and provided a tour to the Daytona Beach CVB Ambassador Program.
- The PAC hosted two open- house events to allow the public to visit the facility. Free performances were featured from Ormond Beach Community Choir, Children's Musical Theatre Workshop, and Halifax Repertory Theatre.
- The PAC hosted Victor Wainwright and The Train and the Conversations with Chagall fundraisers for the Friends of the OBPAC.
- The PAC hosted the Coffee with the Mayor event.
- The PAC hosted Happy Productions who presented Myles Savage: Singing Love Songs for God, The Last Original Stars of the Platters, Coasters, Drifters and Motown Salute.
- The PAC hosted Elko Concert who presented Jim Messina, and Hotel California: A Salute to the Eagles.
- The Performing Art Center hosted BMG Concerts who presented Garrison Keillor Live, The Mancini Centennial: Jukebox Saturday Night, Spyro Gyra, Tab Benoit: I Hear Thunder Tour, and Blues Legend Larry McCray with Special Guest Selwyn Birchwood.
- The PAC hosted Praia Entertainment who presented Herman's Hermits Starring Peter Noone, and Chris Ruggiero.
- The PAC hosted MusicWorks Concerts who presented Ticket to the Moon: The World's Best ELO Tribute, and The Traveling Wilburys: The World's Greatest Tribute to The Traveling Wilburys.
- The PAC hosted Allengang Entertainment who presented Solitary Man: A Neil Diamond Tribute and The Blues Brother Revue.
- The PAC hosted The NY Rockabilly Rockets, The Rat Pack Together Again Starring Tony Sands, The Edwards Twins, and Steeln' Peaches: Allman Brothers Band Immersive Experience.
- The PAC hosted the Volusia/Flagler Jewish Federation who presented A Salute to Israel Starring Micha Biton.
- The PAC hosted meetings for and presented the Memorial Day Concert Band.
- The PAC hosted Dance and Act with Ms. Debby who presented Mol's Speak Easy.
- The PAC hosted The Dance Factory who presented Art in Motion: Dance Factory's 24th Spring Recital.
- The PAC hosted monthly OBYBSA Meetings in coordination with athletics.
- The PAC hosted several art galleries and receptions with the Friends of the OBPAC including Volusia County Schools, The Dynamic Duo, FLWAA, and Cultivue.
- The PAC hosted the monthly Leisure Service Advisory Board meetings.
- The PAC has conducted several meetings with a variety of venues and producers to explore opportunities for enhancing our facility and overall operations.
- The PAC assisted with additional Parks & Recreation Events (4th of July, Hometown Heroes, Veterans Day Luncheon, Memorial Day Celebration, and the annual Christmas Parade).

PERFORMING ARTS CENTER

- The PAC gained several new vendors to enhance the quality and maintenance of our technical systems. These vendors include, but are not limited to: G2AV, Doug Bishop LLC, AllianceAV, and EOS Systems. Through these collaborations, we have successfully refocused and upgraded and repaired our lighting and sound systems. We also installed new curtains and identified key technical issues, further enhancing the overall functionality and performance capabilities of the facility.
- The PAC attended the Florida Professional Presenters Consortium. The Florida Professional Presenters Consortium is an organization representing performing arts facilities, centers and public venues committed to strengthening Florida's quality of life, economy and communities through the business of culture and education.
- The PAC attended InfoComm, the most comprehensive pro AV trade show.
- The PAC increased social media marketing in all categories in terms of views, reach, content interaction, link clicks, page visits, and follows by at least 40%.

SENIOR CENTER

The Senior Center program coordinates the activities of a multi-purpose center that includes programs for persons over 55 years of age in the following areas:

- Health
- Arts
- Languages
- Nutrition
- Theater
- Personal finance
- Technology
- Music

The Center also offers classes and activities for physically and mentally challenged citizens and those with other special needs.

In addition, the Center hosts the Ormond Senior Games and maintains the Mainland Council on Aging Senior Congregate Dining and Meals on Wheels programs.

SENIOR CENTER

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Senior Center	5,699	5,000	5,000	-	0.00%
General Fund	78,269	114,839	92,933	(21,906)	-19.08%
Total	83,968	119,839	97,933	(21,906)	-18.28%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	461	20,486	-	(20,486)	-100.00%
Operating	83,507	99,353	97,933	(1,420)	-1.43%
Capital	-	-	-	-	0.00%
Contributions and Transfers	-	-	-	-	0.00%
Total	83,968	119,839	97,933	(21,906)	-18.28%

Staffing Summary:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
<u>Part-time Positions:</u>					
Rec Leader (1)	0.50	0.50	0.50	0.00	0.00%
Total	0.50	0.50	0.50	0.00	0.00%

SENIOR CENTER

GOALS:

- Monitor the management agreement with Council on Aging to ensure terms of the contract are met.
- Expand evening and weekend rentals to increase revenue wherever possible.
- Improve all around safety for the public in terms of equipment.

ACCOMPLISHMENTS:

- Continued the Council on Aging Lease Agreement for Operation and Meals on Wheels Congregate Dining.
- The Senior Center hosted weekly Granada Squares Dances.
- The Senior Center hosted City staff meetings and Advisory Board meetings.
- The Senior Center hosted meetings of the Police Explorers.
- The Senior Center hosted the Tomoka Oaks Home Owners Association meeting.
- The Senior Center hosted rentals for Family Reunions, Birthday, Wedding, and Graduation parties.
- The Senior Center hosted the Parks & Recreation Hometown Heroes drive-through event.

COMMUNITY EVENTS

Community Events coordinates and produces community and City-sponsored holiday and cultural events such as the Fireworks on the Halifax & Independence Day Celebration, Santa Land, Holiday Parade, Art in the Park and the Birthplace of Speed Celebration. This division also coordinates various celebrations, dedications, remembrances, groundbreakings, historical celebrations and various other official City events. Assistance is also provided to other City departments, boards and committees, outside agencies and community service clubs with the presentation of their event schedules.

COMMUNITY EVENTS

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
General Fund	224,321	287,632	319,076	31,444	10.93%
Total	224,321	287,632	319,076	31,444	10.93%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	78,294	131,980	152,623	20,643	15.64%
Operating	146,027	155,652	166,453	10,801	6.94%
Capital	-	-	-	-	0.00%
Contributions and Transfers	-	-	-	-	0.00%
Total	224,321	287,632	319,076	31,444	10.93%

Staffing Summary:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Full-time Positions:					
Community Events Coordinator	1.00	1.00	1.00	0.00	0.00%
Community Events Leader	0.00	0.00	1.00	1.00	100.00%
Part-time Positions:					
Community Events Leader (2)	1.00	1.00	0.00	-1.00	-100.00%
Total	2.00	2.00	2.00	0.00	0.00%

COMMUNITY EVENTS

GOALS:

- Continue to increase sponsorships for all annual community events.
- Continue to add new elements of health, wellness and education to the annual Mayor's Health & Fitness Challenge. Secure businesses that will provide sponsorship or be a Perks & Wellness partner during the challenge and offer additional health, wellness and educational opportunities to the challengers, to enable them to achieve their goals.
- Host three Reel in the Fun free, annual kid's fishing tournaments.
- Continue the development of the popular Art in the Park event to encompass additional components for everyone and event amenities.
- Assist with Memorial Day Remembrance Service event with the cooperation and support of the Memorial Committee.
- Assist with Senior Games events with the cooperation and support of the Senior Games Board.
- Develop new partnerships for the major annual events: July 4th Independence Day Celebration, Summer Sounds Free Concert Series, Veteran's Day Celebration, Home for the Holidays Parade, Art in the Park, Memorial Day Remembrance Service and three Reel in the Fun kid's fishing tournaments.
- Assist with the organization and programming for the annual Hometown Heroes Ceremony with sponsor Halifax Health.
- Increase volunteer participation for event support.

PERFORMANCE MEASURES:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Community Events					
Workload:					
Events Total	5	26	45	19	73.08%
Non-annual events	6	14	35	21	150.00%
Efficiency/Effectiveness:					
Customer Satisfaction % - Events	94%	94%	94%	-	0.00%

ACCOMPLISHMENTS:

- Continued with community partnerships with many non-profits and civic groups including: Kiwanis Club, Lions Club, Boy & Girl Scouts, Ormond Beach Historical Society, The Casements Guild, Ormond Main Street, Ormond Beach Chamber of Commerce, American Legion Post 267, Civil Air Patrol, Disabled American Veterans, PACE, and Seabreeze High School.
- Partnered with EDC Coordinator for the annual Arbor Day Tree Planting.
- Two successful kid's fishing tournaments were planned and presented. New and return sponsors contributed prizes, fishing poles, tackle and refreshments for the participants.

COMMUNITY EVENTS

- Applied for and received grant from Florida Fish and Wildlife for free fishing poles to distribute during Reel in the Fun fishing tournaments.
- City and Memorial Day Committee hosted the Memorial Day Remembrance Service.
- Produced and organized a successful Veteran's Day Celebration for local veterans and guests.
- Produced and organized a successful Hometown Heroes Celebration for 100 local banner recipients and guests.
- Staff programmed and facilitated several successful holiday events including:
 - Decorating City Hall tree
 - Holidays at The Casements Concert
 - Breakfast with Santa
 - Letters to Santa
 - Home for the Holidays Parade
- Successfully hosted the Independence Day Celebration on July 4th.
- Hosted three Summer Sounds Free Concerts.
- Assisted with many cross-departmental events: Employee Appreciation Day Luncheon, Citizen's Academy, Earth Day, Doug Thomas Way Ribbon Cutting, National Night Out.
- Assisted with City Commission workshops, shade meetings and strategic planning sessions.
- Assisted with State of the City luncheon and presentation.
- Assisted with Senior Games events.
- Planned, coordinated and presented the Mayor's Health & Fitness Challenge.

ENVIRONMENTAL DISCOVERY CENTER

The Environmental Discovery Center's mission is to foster an awareness and appreciation of the natural environment by providing stimulating environmental education programs that inspire participants to be active stewards of their surrounding natural resources.

The City of Ormond Beach's Environmental Discovery Center (EDC) provides visitors with a glimpse into the diverse ecosystems of Ormond Beach, specifically Central Park. This 2,000 square foot facility is designed to be self-guided. The building serves as a hub for the programming and special events that will immerse visitors in these ecosystems and provide hands-on education.

ENVIRONMENTAL DISCOVERY CENTER

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
General Fund	227,358	272,782	307,215	34,433	12.62%
Total	227,358	272,782	307,215	34,433	12.62%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	133,491	177,274	210,007	32,733	18.46%
Operating	93,867	95,508	97,208	1,700	1.78%
Capital	-	-	-	-	0.00%
Contributions and Transfers	-	-	-	-	0.00%
Total	227,358	272,782	307,215	34,433	12.62%

Staffing Summary:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Full-time Positions:					
Recreation Center Coordinator	1.00	1.00	1.00	0.00	0.00%
Rec Leader	0.00	1.00	1.00	0.00	0.00%
Part-time Positions:					
Rec Leader (2)	1.00	1.00	1.00	0.00	0.00%
Seasonal Positions:					
Summer Counselors	0.00	0.00	0.00	0.00	0.00%
Total	2.00	3.00	3.00	0.00	0.00%

ENVIRONMENTAL DISCOVERY CENTER

GOALS:

- Increase overall attendance and volunteer numbers by five percent each quarter.
- Host Arbor Day in January, Earth Day in April, and Enviro Camp open house.
- Host all new ECHO Ranger Program in February and September with new scavenger hunt program. Host Enviro Camp 2026, with 2 new sessions of Enviro Camp for 2026, for 7-9 years and 10-12 years.
- Create and offer all new Firefly program and Nature Journaling classes to ages 15+.
- Attend Lyonia Wildlife Festival, Ponce Inlet Earth Day Festival, “How-To Festival” in Port Orange, and outreach events as they become scheduled.
- Increase and expand partnerships between EDC and other environmental agencies.
- Commission outdoor cut-outs of various butterfly and bat wings as photo opportunities on the EDC grounds and Central Park.
- Continue to partner with Florida Native Plant Society and other native plant volunteers to maintain wildflower and butterfly gardens at EDC, with the goal of attracting Hummingbirds and Monarch butterflies specifically.
- Continue partnering with UF IFAS Master Gardeners & Beekeepers to host monthly classes, plant clinics, and maintain beehive exhibit, and offer education programs.
- Continue partnership with Volusia County Mosquito Control and ReGrow the Loop initiative to host plant sales, tree giveaways, meetings, and classes.
- Continue partnering with Halifax River Audubon to hold weekly bird walks during spring and fall seasons and host Great Backyard Bird Count in February.
- Continue working with volunteer yoga instructors to host weekly outdoor yoga classes and meditative walks, as well as yogalates.
- Partner with City Arborist and Yellowstone Landscaping to identify new offerings of tree varieties for the Earth Day Tree Giveaway, including fruit trees.
- Partner with City Arborist to develop and host educational programming at EDC.
- Continue work with Zev Cohen & Associates to remove invasive plants from parks.
- Commission a Sandhill art piece into mural wrap for mammal corner.
- Work with local wildlife photographers to make prints of plants and wildlife, install permanently throughout EDC.
- Install sound dampening panels in EDC classroom.
- Update Eagle Cam area—hang small TV on wall; remove kiosk from wall. Update plant exhibits—bog aquarium and large plant stand. Update EDC entry way area.
- Work with IT to make game kiosk.
- Add wrap, lights and larger deck to turtle tank and increase biodiversity of native fish tanks, including plants.
- Create planting and harvesting regimen for hydroponics tower to offer fresh herbs to visitors on a regular basis.

Community Gardens:

- Work with Eagle Scouts to rebuild plots in disrepair at Fleming location.
- Work with Master gardeners to assign plots to new gardeners from wait list.
- Continue partnering with local Eagle Scouts to rebuild plots at Hammock Gardens.
- Work with volunteer committee and Master Gardeners to host monthly workshops for gardeners.

ENVIRONMENTAL DISCOVERY CENTER

- Work with City Arborist to develop tree trimming schedule at Hammock gardens.
- Hold quarterly garden committee meetings.
- Identify new leaders for Fleming Garden.
- Provide garden soil for gardeners before Term 1 begins in September.
- Provide materials to solarize plots during summer.
- Provide tools and materials needed for repairs and upgrades.

ACCOMPLISHMENTS:

- Hosted monthly kids' craft programs, semi-annual ECHO Rangers Program.
- Presented adult/family nature programs regarding plants and wildlife.
- Increased volunteer force and attendance to EDC and classes, programs and events.
- Hosted field trips for public, private and homeschool groups.
- Partnered with Halifax Audubon to provide multiple fall and spring guided bird walks in Central Park.
- Decorated an EDC holiday tree for The Casements holiday tree gallery.
- Decorated EDC for Halloween and Christmas.
- Hosted Arbor Day event with City Commission and Earth Day event at the EDC.
- Partnered with Halifax River Audubon to host annual Great Backyard Bird Count event in February.
- Expanded native plants in the EDC Wildflower and Butterfly gardens, successfully attracted Hummingbirds and Monarchs.
- Partnered with Volusia County Mosquito Control to develop classes and outreach.
- Collected used monofilament for recycling program with Volusia County.
- Worked with Zev Cohen & Associates to remove Brazilian Pepper trees from parks and facility grounds.
- Attended Wildlife Festival at Lyonia Educational Center in March.
- Hosted Enviro Camp Open House in March and Enviro Camp, June 3 – August 2.
- Hosted monthly gardening classes and plant clinics with UF IFAS Master Gardeners.
- Maintain new hydroponics area and successfully growing vegetables and herbs.
- Update Enviro Camp webpage with photos and up to date registration information.
- Hosted ReGrow the Loop partner meetings, plant sales, and tree giveaways.
-

Community Gardens Accomplishments:

- Worked with Master gardeners to assign available plots to new gardeners from wait list.
- Provided garden soil for gardeners during spring term.
- Provided materials for gardeners to solarize plots during summer.
- Provided materials for plot repairs.

NOVA COMMUNITY CENTER

The Nova Community Center is a totally air-conditioned facility, which includes:

- Gymnasium
- family game room
- fitness room
- restrooms
- classroom
- multi-purpose activity room

There are ongoing classes and activities for both children and adults throughout the year.

Outdoor facilities located at the Nova Community Park include:

- Basketball court
- Tennis & racquetball courts
- Jogging trail
- Skateboard court
- Playground
- Baseball fields
- Wide sidewalks

NOVA COMMUNITY CENTER

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Fees	20,606	13,500	13,500	-	0.00%
General Fund	393,697	428,984	467,010	38,026	8.86%
Total	414,303	442,484	480,510	38,026	8.59%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	218,484	250,628	279,607	28,979	11.56%
Operating	195,819	191,856	200,903	9,047	4.72%
Capital	-	-	-	-	0.00%
Contributions and Transfers	-	-	-	-	0.00%
Total	414,303	442,484	480,510	38,026	8.59%

Staffing Summary:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
<u>Full-time Positions:</u>					
Recreation Center Coordinator	1.00	1.00	1.00	0.00	0.00%
Asst. Recreation Coordinator	0.00	1.00	1.00	0.00	100.00%
<u>Part-time Positions:</u>					
Recreation Leaders (4)	2.00	2.00	2.00	0.00	0.00%
Therapeutic Aide (1)	0.50	0.00	0.00	0.00	0.00%
<u>Seasonal Positions:</u>					
Summer Counselors	0.00	0.00	0.00	0.00	0.00%
Total	3.50	4.00	4.00	0.00	0.00%

NOVA COMMUNITY CENTER

GOALS:

Nova Community Center:

- Increase social media presence to promote the Nova Community Center and activities.
- Continue to rent the Tennis Shack.
- Continue to manage Skate Park contractor to ensure safe operation of Nova Community Skate Park.
- Increase usage of the workout room.
- Continue partnership with Volusia County Human Services Summer Food Program.
- Ensure the center is physically and emotionally safe for all ages and abilities.
- Promote inclusivity, respect, and cultural competence.

Special Populations:

- Maintain existing programs and events for special populations while increasing participant numbers by using improved flyers, gaining community contacts through health fairs and community days and increased social media presence.
- Increasing participant numbers by using improved flyers and gaining community contacts through health fairs and community days and increased social media presence.
- Provide regular, reliable opportunities for social engagement in a welcoming environment for young adults.
- Create a theatre program and perform the production on stage.
- Use individualized goals, observation, and feedback to assess personal growth and program impact.
- Present Pickle Squad: Intervention Protocol for Adolescents and Young Adults with IDD at various conferences to spread the awareness of the benefits of playing pickleball.

PERFORMANCE MEASURES:

NOVA	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Workload:					
Total Visits (inside only) Attendance	30,149	32,775	34,000	1,225	3.74%
Special Populations					
Workload:					
Special Needs Division Programs/Events	35	36	40	4	11.11%
Special Needs Division Community Partners	3	2	6	4	200.00%
Efficiency/Effectiveness:					
Customer Satisfaction %	95%	96%	97%	0	1.04%

NOVA COMMUNITY CENTER

ACCOMPLISHMENTS:

Nova Community Center:

- Continued pickleball lessons to teach the game to new players.
- Continued to offer Open Play pickleball.
- Continued to offer Open Play basketball/weight room during time available.
- Continued rental programming with Jazzercise being offered six days a week and Dance and Acting classes three days a week.
- Hosted a successful youth basketball league.
- Hosted a successful youth coed volleyball league.
- Increased open play basketball participant numbers.

Special Populations:

- Offered a safe and rewarding Camp-T-Rec experience.
- Attended FRPA Annual Conference and Therapeutic Recreation Institute.
- Increased participants in Challenger Sports, Social Squad, and Explorers Club for individuals with special needs that were offered throughout the year. Each session offered a different focus.
- Continued the award-winning Pickle Squad for young adults with special needs.
- Partnered with SPARC to host holiday parties.
- Designed programs that offered continuity, progression, and opportunities for continued involvement.
- Created structured and unstructured opportunities for peer relationships and teamwork.

SOUTH ORMOND NEIGHBORHOOD CENTER

The South Ormond Neighborhood Center is an air-conditioned facility with an indoor gymnasium, weight and game room, full service kitchen, concession stand, small theatrical stage for special events, multipurpose room, and computer and learning center.

Recreational programs include:

- | | |
|--------------------------------|--------------------------|
| ➤ Arts and crafts | ➤ Boys & Girls club |
| ➤ Ceramics | ➤ Young ladies club |
| ➤ Dances | ➤ Chess club |
| ➤ Tutoring classes | ➤ Sports |
| ➤ Teen programs | ➤ Occasional field trips |
| ➤ Progressive young men's club | |

SOUTH ORMOND NEIGHBORHOOD CENTER

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Fees	24,020	17,000	17,000	-	0.00%
General Fund	398,334	405,968	424,128	18,160	4.47%
Total	422,354	422,968	441,128	18,160	4.29%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	263,866	260,417	276,832	16,415	6.30%
Operating	158,488	162,551	164,296	1,745	1.07%
Capital	-	-	-	-	0.00%
Contributions and Transfers	-	-	-	-	0.00%
Total	422,354	422,968	441,128	18,160	4.29%

Staffing Summary:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
<u>Full-time Positions:</u>					
Recreation Center Coordinator	1.00	1.00	1.00	0.00	0.00%
Asst. Recreation Coordinator	1.00	1.00	1.00	0.00	100.00%
<u>Seasonal Positions:</u>					
Summer Counselors	0.00	0.00	0.00	0.00	0.00%
<u>Part-time Positions:</u>					
Recreation Leaders (3)	1.50	1.50	1.50	0.00	0.00%
Total	3.50	3.50	3.50	0.00	0.00%

SOUTH ORMOND NEIGHBORHOOD CENTER

GOALS:

- Continue to keep the South Ormond Neighborhood Center a safe and healthy environment for all users.
- Continue to offer mentoring/life skills teaching programming with the desired outcome of having at least 100 children involved in “education through recreation” and positive behavior type activities.
- Continue to promote lifetime health activities as well as prevention and/or elimination of obesity.
- Continue to promote diversity and fellowship through varied youth programming.
- Hold at least six neighborhood festivals and intergenerational events.
- Continue to offer more events involving nutritional education to promote the healthy lifestyle movement (similar to our “lunch and learn” programs).
- Create a mentor program for at risk females ages 11 thru 15.
- Continue to offer a safe, fun and memorable summer camp.
- Continue NYSCA educational opportunities.
- Continue partnership with Volusia County Human Services Summer Food Program.

PERFORMANCE MEASURES:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Workload:					
Total Visits/Attendance	66,500	90,000	105,000	15,000	16.67%
Efficiency/Effectiveness:					
Customer Satisfaction %	90%	90%	90%	-	0.00%

ACCOMPLISHMENTS:

- Revision of programming and tutoring in SONC Computer & Learning Center through partnership with Ormond Beach PAL.
- Continued the partnership with the Ormond Beach PAL in providing Arts & Crafts Programs and additional funding to promote health and positive lifestyle programs.
- Continued to partner with the Ormond Beach YMCA to provide opportunities for underprivileged children at the YMCA and to aid in cross utilization of facilities.
- Continue provided support to local families in need during the holidays.
- Continue to revise and run safe and successful summer camp program.

ATHLETIC FIELDS MAINTENANCE/CITY SPONSORED SPORTS

Athletic Fields Maintenance is responsible for turf maintenance and related athletic field repairs at the Nova Community Park, Ormond Beach Sports Complex and the South Ormond Neighborhood Center. Additional responsibilities include general maintenance and clean-up of various hard courts and playgrounds. Current maintenance responsibilities include the following:

- | | |
|----------------------------------|---------------------------|
| ➤ 9 playgrounds | ➤ 10 tennis courts |
| ➤ 4 major league baseball fields | ➤ 3-1/2 basketball courts |
| ➤ 9 softball fields | ➤ 4 football fields |
| ➤ 11 youth baseball fields | ➤ Skateboard park |
| ➤ 8 soccer fields | ➤ Shuffleboard courts |
| ➤ 8 handball/racquetball courts | |

City-Sponsored Sports coordinates and schedules an array of activities for City sponsored sports, parent run sports, local high schools, colleges, and outside rentals. Games and practices take place at Ormond Beach Sports Complex, Nova Community Park, Nova Community Center and South Ormond Neighborhood Center Gymnasiums.

Youth sports programs include flag football, cheerleading, volleyball, a basketball training league, girls' basketball leagues, softball sports camps, and golf clinics.

Adult sports consist of men and women's softball, coed softball, church leagues, senior softball, coed volleyball, men's basketball and various softball tournaments.

Parent Run Sports-The City acts as the facilitator by providing topnotch athletic facilities for children to play baseball, softball, basketball, and soccer. In addition to providing facilities, the Athletic Supervisor schedules all games, practices, and offers NYSCA Coaching clinics for all sports.

Outside user groups also use City facilities such as Seabreeze High School, Father Lopez High School, ERAU, BCC, and local churches. The Athletic Supervisor assists groups renting fields for tournaments.

ATHLETIC FIELDS MAINTENANCE/CITY SPONSORED SPORTS

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Fees	85,427	81,000	81,000	-	0.00%
General Fund	1,536,801	1,726,636	1,775,450	48,814	2.83%
Total	1,622,228	1,807,636	1,856,450	48,814	2.70%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	440,942	567,686	582,460	14,774	2.60%
Operating	1,181,286	1,239,950	1,273,990	34,040	2.75%
Capital	-	-	-	-	0.00%
Contributions and Transfers	-	-	-	-	0.00%
Total	1,622,228	1,807,636	1,856,450	48,814	2.70%

Staffing Summary:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
<u>Full-time Positions:</u>					
Athletic Field Maint Supervisor	1.00	1.00	1.00	0.00	0.00%
Contract Manager - Grounds	0.00	0.00	0.00	0.00	0.00%
Maintenance Lead	0.00	1.00	1.00	0.00	0.00%
Maintenance Worker	3.00	4.00	4.00	0.00	0.00%
<u>Part-time Positions:</u>					
Maintenance Worker (4)	2.00	2.00	2.00	0.00	0.00%
Athletic Leader (3)	1.50	1.50	1.50	0.00	0.00%
Total	7.50	9.50	9.50	0.00	0.00%

ATHLETIC FIELDS MAINTENANCE/CITY SPONSORED SPORTS

ATHLETIC FIELD MAINTENANCE:

GOALS:

- Achieve a customer satisfaction rating of “satisfactory or better” from 90% of surveyed participants regarding facility maintenance.
- With new laser grader, laser grade all fields on a monthly basis at Nova Community Park Fields, South Ormond Field, and Ormond Beach Sports Complex.
- Work with Public Works on mutual projects.
- Track true costs to City for tournaments.
- Increase use of volunteers.
- Work with the sports associations in an effort to better manage practices and games to reduce wear on athletics fields.
- Continue to develop preventive maintenance program by partnering with Fleet to train ballfield maintenance employees to perform a daily maintenance program with each machine.
- Improve playing surfaces and pitching mounds at all baseball fields.
- Continue a successful partnership with Yellowstone Landscape.
- Add crimson stone to fence lines, warning tracks, front of dugouts, behind backstops and at Shuffleboard to assist with appearance, drainage and weed control.
- Add clay and field conditioner to all baseball and softball fields.
- Improve fencing and barrier structures at the Sports Complex and Nova Fields.

ACCOMPLISHMENTS:

- Increased the number of hours dedicated to the maintenance of South Ormond Neighborhood Center.
- Hosted the Harry Wendelstedt Umpire School for 5 weeks.
- Hosted more than (16) tournament days on the weekends.
- Maintain shuffleboard courts at Sports Complex.
- Added clay and Turface to infields at Nova Community Park.
- Leveled Nova Fields and Quads by cutting out “lips” to insure safe play.
- Instituted routine lip maintenance practice of blowing and watering out lips.
- Added clay and field conditioner to baselines at Wendelstedt Fields, Championship Softball and Kiwanis.
- Replaced cutouts on Kiwanis, Nova Field 5 and Wendelstedt Field 1.
- Replaced carpet and hitting mats in Nova cages 1 and 4.
- Edging of all infields at Nova, Sports Complex, SONC and Osceola.
- Set up soccer fields at SONC for YMCA Leagues.
- Replaced numerous batting cage and soccer goals/nets.
- Rebuilt all bullpens across the Ormond Beach Sports Complex and Nova.
- Replaced all field number and notice signs with new color coordinated signs at the Ormond Beach Sports Complex and Nova.
- Built bullpen mound and renovated structures in the Quad Field Batting cage area.

ATHLETIC FIELDS MAINTENANCE/CITY SPONSORED SPORTS

CITY SPONSORED SPORTS:

GOALS:

- Revamp participant and coaches' surveys.
- Increase player participation.
- Achieve a customer service rating of higher than 90%.
- Promote lifetime healthy activities as well as prevention and/or elimination of obesity.
- Schedule Athletic Field Maintenance Department to ensure seamless preparation for daily activities.
- Work hand-in-hand with the Associations (baseball/softball, soccer, basketball and football) for better utilization of fields/gyms through scheduling.
- Strive to decrease light costs at the Sports and Nova complexes.
- Use volunteers for varied tasks and responsibilities.
- Laser Grade Fields in off-season to improve play & less rainouts.
- Implement live online scheduling for all in-house sport programs.

ACCOMPLISHMENTS:

- Continued the reduction of electricity for utilizing overhead field lights at the Ormond Beach Sports Complex and the Nova Community Complex.
- Increased outside rentals with additional adult and youth sports tournaments.
- Hosted successful youth flag football fall season.
- Scheduled all flag football, OBYBSA softball and baseball games.
- Successfully managed the Athletic Field Maintenance division and City Sponsored Sports division.
- Increased rentals by bringing in Additional Youth Baseball tournaments and Calvary Christian & Halifax Baseball to Sports Complexes.
- Hosted Adult Coed Softball in fall and spring.
- Hosted High School Districts for baseball, soccer, softball, and flag football.
- Hosted High School State Playoff games for baseball.
- Hosted successful City Volleyball Program in Fall and Spring.

CONTRIBUTIONS

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
General Fund	84,257	603,294	291,528	(311,766)	-51.68%
Total	84,257	603,294	291,528	(311,766)	-51.68%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	-	-	-	-	0.00%
Operating	-	-	-	-	0.00%
Capital	-	-	-	-	0.00%
Contributions and Transfers	84,257	91,528	91,528	-	0.00%
Contingency	-	511,766	200,000	(311,766)	0.00%
Total	84,257	603,294	291,528	(311,766)	-51.68%

TRANSFERS

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
General Fund	1,627,536	2,079,813	1,971,033	(108,780)	-5.23%
Total	1,627,536	2,079,813	1,971,033	(108,780)	-5.23%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	-	-	-	-	0.00%
Operating	-	-	-	-	0.00%
Contingency	-	-	-	-	0.00%
Transfers	1,627,536	2,079,813	1,971,033	(108,780)	-5.23%
Total	1,627,536	2,079,813	1,971,033	(108,780)	-5.23%



*.SPECIAL REVENUE, DEBT SERVICE AND CAPITAL
PROJECT FUNDS
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DOWNTOWN REDEVELOPMENT TRUST FUND

Used to account for tax increment proceeds received by the City within a specific district authorized by state statute.

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Intergovernmental	906,892	1,121,241	1,135,798	14,557	1.30%
Miscellaneous	155,913	500	30,000	29,500	5900.00%
Transfers	722,740	700,397	834,038	133,641	19.08%
Use of Fund Balance	-	-	-	-	0.00%
Total	1,785,545	1,822,138	1,999,836	177,698	9.75%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	-	-	-	-	0.00%
Operating	282,368	289,106	307,866	18,760	6.49%
Capital	717,969	220,000	746,000	526,000	239.09%
Contributions and Transfers	-	200,000	200,000	-	0.00%
Contingency	-	1,113,032	745,970	(367,062)	0.00%
Total	1,000,337	1,822,138	1,999,836	177,698	9.75%

ORMOND CROSSINGS TRUST FUND

Used to account for tax increment proceeds received by the City within a specific district authorized by state statute.

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Intergovernmental	150,928	190,378	190,624	246	0.13%
Miscellaneous	39,954	1,704	20,000	18,296	0.00%
Transfers	147,792	154,716	189,016	34,300	22.17%
Use of Fund Balance	-			-	0.00%
Total	338,674	346,798	399,640	52,842	15.24%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	-	-	-	-	0.00%
Operating	-	-	-	-	0.00%
Capital	-	-	-	-	0.00%
Contributions and Transfers	-	-	-	-	0.00%
Contingency	-	346,798	399,640	52,842	15.24%
Total	-	346,798	399,640	52,842	15.24%

STORMWATER DRAINAGE UTILITY FUND

Stormwater Maintenance is responsible for maintaining the drainage systems along City-maintained roads in an effort to reduce flooding and impacts to water quality of receiving streams associated with stormwater runoff. The program responds to public concerns and needs by investigating and resolving complaints of localized flooding. Routine inspections of facilities are scheduled to ensure that all swales, ditches, drains, creeks, rivers, water retention areas and drainage structures are functioning as intended.

In accordance with a formal agreement with FDOT, the City also maintains drainage ways along US 1, SR 40, A1A and Nova Road.

Maintenance operations are supported through a monthly stormwater utility fee of \$8.00 per “equivalent residential unit” which is charged to all residential and commercial units within the City limits of Ormond Beach. The balance of all revenue generated by the fee that is not applied to maintenance operations is dedicated to the ten-year stormwater improvements program approved in FY 96-97.

STORMWATER DRAINAGE UTILITY FUND

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Intergovernmental	-	-	769,020	769,020	0.00%
Charges for Service	2,636,110	2,575,000	3,301,750	726,750	28.22%
Miscellaneous	237,460	100,000	125,000	25,000	25.00%
Transfers	-	-	-	-	0.00%
Use of Fund Balance	-	759,247	1,417,616	658,369	0.00%
Total	2,873,570	3,434,247	5,613,386	2,179,139	63.45%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	700,021	762,641	818,126	55,485	7.28%
Operating	839,951	886,141	989,411	103,270	11.65%
Capital	535,251	1,505,000	3,478,360	1,973,360	131.12%
Contributions and Transfers	253,992	280,465	327,489	47,024	16.77%
Contingency	-	-	-	-	0.00%
Total	2,329,215	3,434,247	5,613,386	2,179,139	63.45%

Staffing Summary:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Full-time Positions:					
Office Manager	1.00	1.00	1.00	0.00	0.00%
System Mnt. Supervisor	1.00	1.00	1.00	0.00	0.00%
Stormwater Technicians	8.00	8.00	8.00	0.00	0.00%
Lead Stormwater Technician	1.00	1.00	1.00	0.00	0.00%
Total	11.00	11.00	11.00	0.00	0.00%

STORMWATER DRAINAGE UTILITY FUND

GOALS:

- Receive less than twelve (12) maintenance-related complaints annually.
- Perform 35,000 catch basin inspections annually.
- Perform 225 outfall inspections annually.
- Maintain 4 million square feet (sf.) of ditches within the City and 1.5 million sf. in the FDOT contract area.
- Clean a minimum of 55,000 linear feet of storm sewer annually.
- Sweep 5,029 curb miles
- Divert 2,125+ cubic yards of debris from the storm drain line system.

PERFORMANCE MEASURES:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Workload:					
Linear Ft. of lines cleaned (City)	32,643	18,750	7,500	(11,250)	-60.00%
Sq footage of ditch maintenance (City)	4,150,984	2,931,852	555,772	(2,376,080)	-81.04%
Sq footage of ditch maintenance (FDOT)	2,907,223	1,813,908	1,813,008	(900)	-0.05%
Pump station inspections	207	149	78	(71)	-47.65%
Outfall inspections	138	98	90	(8)	-8.16%
Catch basin inspections	34,579	26,562	16,640	(9,922)	-37.35%
Miles of street sweeping	5,029	7,492	16,000	8,508	113.56%
Efficiency/Effectiveness:					
Diverted Debris Cubic Yards	2,115	1,358	1,550	192	14.14%
Maintenance Related Downtime Days	11	70	75	5	7.14%

Linear Ft. of Line cleaned (City)

ACCOMPLISHMENTS:

- Received 9 maintenance related complaints annually
- Received 44 maintenance related compliments annually
- Performed more than 35,416 catch basin inspections.
- Performed 84 outfall inspections
- Maintained more than 2,866,821 sq. ft. of ditches within the City of Ormond Beach
- Maintained more than 1,032,879 sq. ft. of ditches within the FDOT MOA
- Completed 5,079 curb miles of street sweeping
- Diverted 2,265 cubic yards of debris from the storm drain line system

MUNICIPAL AIRPORT FUND

The Municipal Airport is located on 1,164 acres of land that was granted to the City in 1959 by the Federal Government. The Airport facility includes two (2) active runways and six (6) taxiways that are fully lighted. Aviation management and other flight support services are provided through private operations including two (2) full service Fixed Based Operators, an automated weather observation system and ten (10) specialty FBOs that include an aircraft paint shop, maintenance facilities, aircraft sales and flight instructors. In addition, there are two (2) non-precision instrument approaches and an FAA Vortac facility.

There are approximately 140 aircraft based at the airport including three (3) flight schools that are based at the airport and two (2) other flight schools that use the airport extensively for training.

MUNICIPAL AIRPORT FUND

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Intergovernmental	144,862	-	822,591	822,591	0.00%
Miscellaneous	157,755	112,000	152,000	40,000	35.71%
Transfers	405,004	129,700	132,979	3,279	2.53%
Use of Fund Balance	-	127,718	210,628	82,910	64.92%
Total	707,621	369,418	1,318,198	948,780	256.83%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	127,753	137,352	138,245	893	0.65%
Operating	258,854	211,101	205,814	(5,287)	-2.50%
Capital	149,159	-	949,779	949,779	0.00%
Contributions and Transfers	17,316	20,965	24,360	3,395	16.19%
Contingency	-	-	-	-	0.00%
Total	553,082	369,418	1,318,198	948,780	256.83%

Staffing Summary:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Full-time Positions:					
Airport Manager	1.00	1.00	1.00	0.00	0.00%
Total	1.00	1.00	1.00	0.00	0.00%

MUNICIPAL AIRPORT FUND

GOALS:

- Commence the construction phase of an airfield marking and pavement rejuvenation project for the airport.
- Commence the construction phase of a project to rehabilitate the Bravo apron and taxi lane area in the southeast quadrant of the airport.
- Commence design of new perimeter fencing and airport access systems, to include additional lighting and security surveillance technology.
- Complete the installation of new vehicular access gates at the airport.
- Complete the construction of the extension of Signal Avenue and East Tower Circle from the Airport Business Park into the Southwest Quadrant of the airport.
- Complete the construction of the connecting perimeter access road within the Southwest Quadrant of the airport between the new Signal Avenue and East Tower Circle access points.
- Complete the design phase of the airport access infrastructure project in the southwest quadrant of the airport.
- Complete an environmental assessment needed to facilitate mitigation of obstructions identified in the airport's Obstacle Action Plan (OAP).
- Assist with the development of new hangar and FBO facilities on the airport.
- Assist companies with plans to relocate their businesses to the airport.
- Market and lease available aeronautical and non-aeronautical use properties at the airport.
- Implement plans to generate additional revenue from users of the airport.
- Secure all FDOT and FAA grants necessary to complete airport capital improvement projects.

ACCOMPLISHMENTS:

- Completed an FAA required aeronautical survey for the airport, for which the FAA has provided primary funding.
- Completed an Obstacle Action Plan (OAP) for the airport.
- Completed the design and bidding phases of an airfield marking and pavement rejuvenation project for the airport.
- Completed the design and bidding phases of a project to install new vehicular access gates at the airport.
- Completed the design phase of the project to rehabilitate the Bravo apron and taxi lane area in the southeast quadrant of the airport.
- Secured \$136,000 in state grant funds for design and construction of new vehicular access gates for the airport. Secured \$163,333 in federal and state grant funds for the design of the Bravo apron and taxi lane design project. Secured \$24,000 in state grant funds for the design of the airfield marking and pavement rejuvenation project. Secured \$116,326 in federal and state grant funds for the aeronautical survey and OAP for the airport. Secured \$105,785 in state grant funds for the design of infrastructure improvements in the southwest quadrant of the airport.
- The airport has been allocated approximately \$1,475,000 of additional federal entitlement funds to be used over a five-year period for qualifying capital improvement projects under the Bipartisan Infrastructure Law, also known as the Infrastructure Investment and Jobs Act.
- Continued implementation of the City's Voluntary Noise Abatement Program for the airport.

LOCAL LAW ENFORCEMENT TRUST FUND

This fund accounts for proceeds generated by confiscation activities of the Police Department. Expenditures are restricted for law enforcement purposes only.

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Fines and Forfeits	164,310	-	-	-	0.00%
Miscellaneous	4,939	-	-	-	0.00%
Use of Fund Balance	-	-	-	-	100.00%
Total	169,249	-	-	-	100.00%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	-	-	-	-	0.00%
Operating	-	-	-	-	100.00%
Capital	-	-	-	-	0.00%
Contributions and Transfers	-	-	-	-	0.00%
Contingency	-	-	-	-	0.00%
Total	-	-	-	-	100.00%

ECONOMIC DEVELOPMENT FUND

This fund accounts for the City's proceeds of land sales and development costs associated with the City's airport business park.

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Intergovernmental	-	-	-	-	100.00%
Miscellaneous	13,135	-	-	-	0.00%
Use of Fund Balance	-	-	-	-	100.00%
Transfers	300,000	-	-	-	100.00%
Total	313,135	-	-	-	100.00%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	-	-	-	-	0.00%
Operating	-	-	-	-	0.00%
Capital	8,333	-	-	-	100.00%
Contributions and Transfers	-	-	-	-	0.00%
Contingency	-	-	-	-	0.00%
Total	8,333	-	-	-	100.00%

FEDERAL LAW ENFORCEMENT TRUST FUND

Used to account for proceeds generated by confiscation activities of the Police Department. Expenditures are restricted for law enforcement purposes only.

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Fines and Forfeits	-	-	-	-	0.00%
Miscellaneous	176	-	-	-	0.00%
Use of Fund Balance	-	-	-	-	0.00%
Total	176	-	-	-	0.00%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	-	-	-	-	0.00%
Operating	-	-	-	-	0.00%
Capital	-	-	-	-	0.00%
Contributions and Transfers	-	-	-	-	0.00%
Contingency	-	-	-	-	0.00%
Total	-	-	-	-	0.00%

PENSION CONTRIBUTION PASS THROUGH

Used to account for State contributions to the Police and Fire pension funds.

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Intergovernmental	1,133,303	1,300,000	1,300,000	-	0.00%
Total	1,133,303	1,300,000	1,300,000	-	0.00%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	-	-	-	-	0.00%
Operating	1,133,303	1,300,000	1,300,000	-	0.00%
Capital	-	-	-	-	0.00%
Contributions and Transfers	-	-	-	-	0.00%
Total	1,133,303	1,300,000	1,300,000	-	0.00%

RECREATIONAL FACILITY FEE FUND

This fund accounts for impact fees assessed against users of recreation and cultural facilities within the City. Use of these funds is limited to expansion of those facilities.

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Miscellaneous (Impact Fees)	62,297	57,225	40,225	(17,000)	-29.71%
Use of Fund Balance	-	-	6,745	6,745	0.00%
Total	62,297	57,225	46,970	(10,255)	-17.92%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	-	-	-	-	0.00%
Operating	35,309	51,995	26,970	(25,025)	-48.13%
Capital	-	-	20,000	20,000	100.00%
Contributions and Transfers	-	-	-	-	0.00%
Contingency	-	5,230	-	(5,230)	-100.00%
Total	35,309	57,225	46,970	(10,255)	-17.92%

FINANCING DEBT SERVICE FUND

This fund records principal and interest payments on various capital lease and notes payable obligations. Revenue sources include interest on investments and transfers from the General Fund.

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Miscellaneous	-	-	-	-	0.00%
Transfers	333,000	660,000	675,000	15,000	2.27%
Use of Fund Balance	-	-	-	-	0.00%
Total	333,000	660,000	675,000	15,000	2.27%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	-	-	-	-	0.00%
Operating	-	-	-	-	0.00%
Debt Service	181,689	660,000	675,000	15,000	2.27%
Contingency	-	-	-	-	0.00%
Total	181,689	660,000	675,000	15,000	2.27%

2010 GENERAL OBLIGATION DEBT SERVICE FUND

This fund records principal and interest payments on Series 2010 General Obligation Bonds. The proceeds of this bond issue are for a beachfront park.

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Property Taxes	390,314	346,322	358,068	11,746	3.39%
Miscellaneous	-	-	-	-	0.00%
Total	390,314	346,322	358,068	11,746	3.39%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	-	-	-	-	0.00%
Operating	-	-	-	-	0.00%
Debt Service	360,448	345,000	347,000	2,000	0.58%
Contingency and Transfers	-	1,322	11,068	9,746	737.22%
Total	360,448	346,322	358,068	11,746	3.39%

CAPITAL IMPROVEMENT FUND

This fund is used to account for capital asset acquisitions and construction from general government resources and intergovernmental grants.

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Property Taxes	411,228	447,555	477,424	29,869	6.67%
Intergovernmental	546,204	1,601,828	1,847,636	245,808	15.35%
Miscellaneous	36,681	-	15,000	15,000	0.00%
Transfers	711,000	700,000	-	(700,000)	0.00%
Use of Fund Balance	-	-	-	-	0.00%
Bond Proceeds	2,500,000	2,250,000	711,279	(1,538,721)	0.00%
Total	4,205,113	4,999,383	3,051,339	(1,948,044)	-38.97%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	-	-	-	-	0.00%
Operating	75,000	-	-	-	0.00%
Capital	3,407,551	4,924,000	3,013,514	(1,910,486)	-38.80%
Bond Issuance Costs					
Contributions and Transfers	24,984	31,244	37,825	6,581	21.06%
Contingency	-	44,139	-	(44,139)	-100.00%
Total	3,507,535	4,999,383	3,051,339	(1,948,044)	-38.97%

EQUIPMENT RENEWAL AND REPLACEMENT FUND

This fund accounts for replacement of existing capital assets provided by general government resources.

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Property Taxes	215,086	234,434	511,525	277,091	118.20%
Miscellaneous	39,316	-	5,000	5,000	0.00%
Transfers	-	90,000	-	(90,000)	0.00%
Lease Financing	-	-	-	-	0.00%
Use of Fund Balance	-	82,566	323,475	240,909	291.78%
Total	254,402	407,000	840,000	433,000	106.39%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	-	-	-	-	0.00%
Operating	-	-	-	-	0.00%
Capital	199,857	317,000	840,000	523,000	164.98%
Contributions and Transfers	-	-	-	-	0.00%
Contingency	-	90,000	-	(90,000)	0.00%
Total	199,857	407,000	840,000	433,000	106.39%

PUBLIC SAFETY VEHICLE AND EQUIPMENT FUND

This fund accounts for replacement of public safety vehicles and equipment.

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Property Taxes	793,794	868,470	1,023,051	154,581	100.00%
Miscellaneous	42,852	-	5,000	5,000	0.00%
Bond Proceeds	1,642,125	-			
Transfers	4	-	-	-	100.00%
Use of Fund Balance	-	19,530	-	(19,530)	0.00%
Total	2,478,775	888,000	1,028,051	140,051	100.00%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	-	-	-	-	0.00%
Operating	3,017	-	-	-	0.00%
Capital	352,600	533,000	635,000	102,000	100.00%
Contributions and Transfers	285,000	355,000	360,000	5,000	100.00%
Contingency	-	-	33,051	33,051	100.00%
Total	640,617	888,000	1,028,051	140,051	100.00%

TRANSPORTATION IMPROVEMENTS FUND

This fund is used to account for transportation related capital infrastructure.

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Property Taxes	509,118	554,116	591,093	36,977	6.67%
Other Taxes	1,296,892	1,200,000	1,140,000	(60,000)	-5.00%
Intergovernmental	-	-	-	-	0.00%
Miscellaneous	81,447	-	-	-	0.00%
Bond Proceeds	-	-	-	-	0.00%
Transfers	-	-	-	-	0.00%
Use of Fund Balance	-	405,860	1,574,914	1,169,054	288.04%
Total	1,887,457	2,159,976	3,306,007	1,146,031	53.06%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	-	-	-	-	0.00%
Operating	224,946	193,023	194,413	1,390	0.72%
Capital	3,154,378	1,217,000	2,309,000	1,092,000	89.73%
Contributions and Transfers	699,900	749,953	802,597	52,644	7.02%
Contingency	-	-	-	-	0.00%
Total	4,079,224	2,159,976	3,306,010	1,146,034	53.06%

RECREATION IMPACT FEE FUND

This fund accounts for impact fees assessed and collected against new construction activities. Use of funds is restricted.

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Fees	314,273	100,000	200,000	100,000	100.00%
Intergovernmental	-	-	300,000	300,000	0.00%
Miscellaneous	18,377	-	-	-	0.00%
Transfers	-	-	-	-	0.00%
Use of Fund Balance	-	-	600,000	600,000	0.00%
Total	332,650	100,000	1,100,000	1,000,000	0.00%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	-	-	-	-	0.00%
Operating	-	-	-	-	0.00%
Capital	-	-	500,000	500,000	0.00%
Contributions and Transfers	-	-	-	-	0.00%
Contingency	-	100,000	600,000	500,000	0.00%
Total	-	100,000	1,100,000	1,000,000	1000.00%

FACILITIES RENEWAL AND REPLACEMENT FUND

This fund accounts for dedicated tax revenues and corresponding facilities maintenance expenditures.

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Property Taxes	800,020	879,126	937,797	58,671	6.67%
Miscellaneous	132,705	-	3,000	3,000	0.00%
Intergovernmental	58,425	-	225,000	225,000	0.00%
Transfers	-	-	500,000	500,000	0.00%
Use of Fund Balance	-	-	-	-	100.00%
Total	991,150	879,126	1,665,797	786,671	89.48%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	-	-	-	-	0.00%
Operating	234,381	262,000	29,700	(232,300)	-88.66%
Capital	869,580	592,000	1,335,833	743,833	125.65%
Contributions and Transfers	-	-	-	-	0.00%
Contingency	-	25,126	300,264	275,138	0.00%
Total	1,103,961	879,126	1,665,797	786,671	89.48%

LOCAL ROAD IMPACT FEE FUNDS

This fund accounts for impact fees collected for the purposes of maintaining local roads.

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Fees	540,064	30,000	250,000	220,000	733.33%
Miscellaneous	47,401	20,000	25,000	5,000	25.00%
Use of Fund Balance	-	-	-	-	0.00%
Total	587,465	50,000	275,000	225,000	450.00%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	-	-	-	-	0.00%
Operating	-	-	-	-	0.00%
Capital	-	-	-	-	0.00%
Contributions and Transfers	-	-	-	-	0.00%
Contingency	-	50,000	275,000	225,000	450.00%
Total	-	50,000	275,000	225,000	450.00%

LEISURE SERVICES CAPITAL FUND

This fund accounts for dedicated tax revenues and corresponding leisure services capital expenses.

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Property Taxes	495,947	554,116	591,096	36,980	0.00%
Miscellaneous	10,553	-	5,000	5,000	0.00%
Intergovernmental	190,928	400,000	850,000	450,000	0.00%
Transfers	195,000	-	-	-	0.00%
Use of Fund Balance	-	-	-	-	0.00%
Total	892,428	954,116	1,446,096	491,980	0.00%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	-	-	-	-	0.00%
Operating	-	-	-	-	0.00%
Capital	394,637	900,000	1,700,000	800,000	0.00%
Contributions and Transfers	-	-	-	-	0.00%
Contingency	-	54,116	-	(54,116)	0.00%
Total	394,637	954,116	1,700,000	745,884	0.00%

STORMWATER IMPACT FEE FUNDS

This fund accounts for impact fees collected for the purposes of maintaining the stormwater system.

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Fees	18,407	50,000	10,000	(40,000)	0.00%
Miscellaneous	16,051	-	5,000	5,000	0.00%
Use of Fund Balance	-	-	-	-	0.00%
Total	34,458	50,000	15,000	(35,000)	0.00%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	-	-	-	-	0.00%
Operating	-	-	-	-	0.00%
Capital	-	-	-	-	0.00%
Contributions and Transfers	-	-	-	-	0.00%
Contingency	-	50,000	15,000	(35,000)	0.00%
Total	-	50,000	15,000	(35,000)	0.00%



ENTERPRISE AND INTERNAL SERVICE FUNDS

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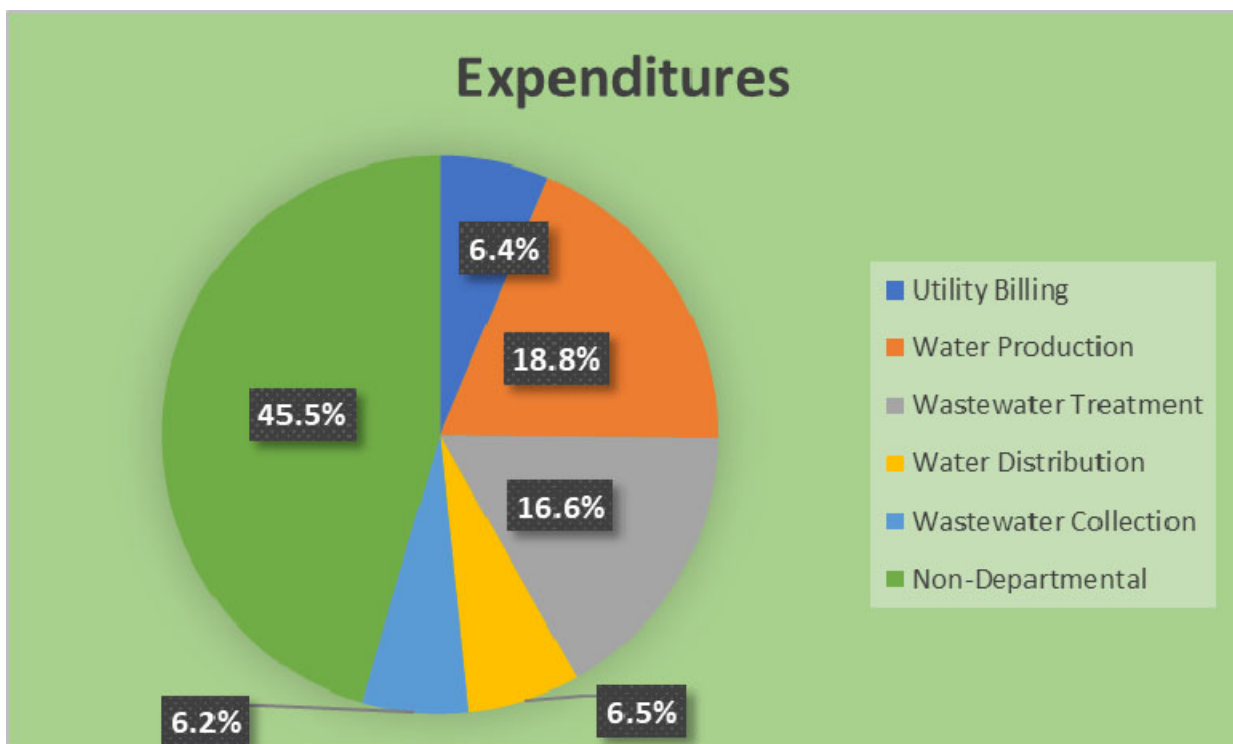
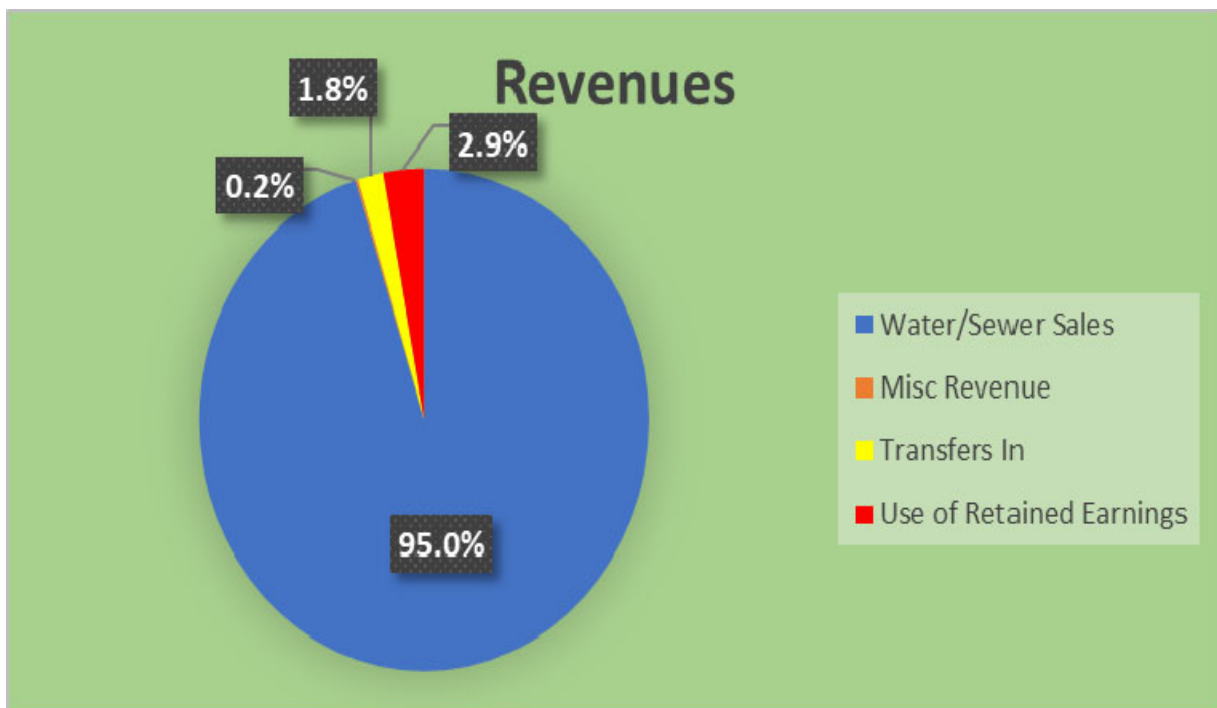
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WATER AND SEWER SUMMARY

Description	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Revenues					
Water/Sewer Sales	22,922,165	23,471,000	27,325,000	3,854,000	16.42%
Intergovernmental	-	-	-	-	0.00%
Misc Revenue	351,220	60,000	51,000	(9,000)	-15.00%
Transfers In	461,796	450,984	530,427	79,443	17.62%
Use of Retained Earnings	-	2,325,903	842,511	(1,483,392)	-63.78%
Total Net Revenues	23,735,181	26,307,887	28,748,938	2,441,051	9.28%

Expenditures					
Utility Billing	1,821,011	1,698,991	1,831,300	132,309	7.79%
Water Production	4,692,936	5,175,140	5,402,295	227,155	4.39%
Wastewater Treatment	3,855,945	4,439,203	4,786,102	346,899	7.81%
Water Distribution	1,681,719	1,720,373	1,875,744	155,371	9.03%
Wastewater Collection	1,612,808	1,639,761	1,787,071	147,310	8.98%
Non-Departmental	3,628,616	11,634,419	13,066,426	1,432,007	12.31%
Total Net Expenditures	17,293,035	26,307,887	28,748,938	2,441,051	9.28%



UTILITY BILLING AND CUSTOMER SERVICE

Utility Billing and Customer Service administers the City's utility billing system, which includes meter reading, billing and collection, and customer service support. This program produces bills annually for water and wastewater service, stormwater utility, solid waste collection and recycling and performs approximately 260,000 meter readings per year.

UTILITY BILLING AND CUSTOMER SERVICE

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Water & Wastewater	1,821,011	1,698,991	1,831,300	132,309	7.79%
Total	1,821,011	1,698,991	1,831,300	132,309	7.79%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	840,792	888,570	951,351	62,781	7.07%
Operating	980,219	810,421	879,949	69,528	8.58%
Capital	-	-	-	-	0.00%
Contributions and Transfers	-	-	-	-	0.00%
Total	1,821,011	1,698,991	1,831,300	132,309	7.79%

Staffing Summary:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Full-time Positions:					
Accounting Clerk	2.00	2.00	2.00	0.00	0.00%
Accounting Technician	3.00	3.00	3.00	0.00	0.00%
Staff Accountant	1.00	1.00	1.00	0.00	0.00%
Customer Serv. Supervisor /Acct.	1.00	1.00	1.00	0.00	0.00%
Meter Reader Supervisor	1.00	1.00	1.00	0.00	0.00%
Meter Reader	4.00	4.00	4.00	0.00	0.00%
Total	12.00	12.00	12.00	0.00	0.00%

UTILITY BILLING AND CUSTOMER SERVICE

GOALS:

- Complete the tenth phase of the City-wide meter replacement program.
- Develop a future plan for City water meters as the tenth phase will complete the process of ensuring all meters throughout the City are radio read meters.
- Maintain generation of 90% of all utility bills within forty-eight hours of the meter read date.
- Maintain the active participation rate for bank drafting utility account payments at 25% of the customer base.
- Increase the active participation rate for customers paying by Internet credit card method.
- Complete 98% of utility work orders within three business days of request.
- Continue working with the utilities distribution program staff replacing commercial meters with radio read meters.
- Increase customer usage of the Interactive Voice Response System by 5%, currently 10%.
- Increase customer usage of the Online Payment Portal by 5%, currently 18%.
- Transition to the online payment portal Resident Self-Service.
- Update the City online payment portal.

PERFORMANCE MEASURES:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Workload:					
Number of utility bills	298,296	305,000	315,000	10,000	3.28%
Customers participating in bank drafting	6,750	7,100	7,300	200	2.82%
Total Number of work orders	21,595	22,000	22,250	250	1.14%
Number of work orders - delinquent cut-offs	3,965	4,120	4,250	130	3.16%
Number of work orders - reconnects	3,414	3,500	3,650	150	4.29%
Efficiency/Effectiveness:					
% customers using bank draft payment	28%	30%	35%	0	0.00%

ACCOMPLISHMENTS:

- Maintained generation of 90% of all utility bills within forty-eight hours of the meter read date.
- Maintained the active participation rate for bank drafting utility account payments.
- Maintained the active participation rate for customers using the Internet account charge and consumption inquiry at 18% of the customer base.
- Completed 98% of utility work orders within three business days of request.

WATER PRODUCTION

The City's Water Production section is responsible for providing a reliable source for safe drinking water to customers contained within the City's 57-square mile service area which includes the incorporated city limits and adjacent unincorporated areas.

The Water Production program is responsible for licensed operation and maintenance of all equipment associated with the City's twelve (12) million gallons per day (mgd) Water Treatment Facility. The treatment facility includes an 8 mgd lime softening process and a 4 mgd low pressure reverse osmosis (LPRO) process. Water is blended from both treatment processes prior to distribution. The LPRO concentrate serves as an irrigation source water source as it is blended with reclaimed water for public access irrigation.

The water production section operates and maintains five (5) wellfields that withdraw groundwater from the Upper Florida aquifer through 38 existing wells to meet current and future water demands. The five wellfields, starting in the west and continuing easterly toward the city, include the Rima Ridge, Hudson, Breakaway Trails, State Road 40, and Division Avenue wellfields. Additionally, two elevated storage tanks & 2 ground storage tanks (total storage @ 4.7 mg) and five booster pumping stations are contained within the distribution system to further assist the delivery of finished water to customers.

The program also maintains the water system in conformance with the requirements of the Safe Drinking Water Act, the regulations of the Florida Department of Environmental Protection, Florida Department of Health (DOH) and the Consumptive Use Permit conditions issued by the St. Johns River Water Management District.

WATER PRODUCTION

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Water & Wastewater	4,692,936	5,175,140	5,402,295	227,155	4.39%
Total	4,692,936	5,175,140	5,402,295	227,155	4.39%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	2,031,229	2,213,837	2,399,948	186,111	8.41%
Operating	2,661,707	2,961,303	3,002,347	41,044	1.39%
Capital	-	-	-	-	0.00%
Contributions and Transfers	-	-	-	-	0.00%
Total	4,692,936	5,175,140	5,402,295	227,155	4.39%

Staffing Summary:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Full-time Positions:					
Utilities Manager	1.00	1.00	1.00	0.00	0.00%
Utilities Engineer	2.00	2.00	2.00	0.00	0.00%
Office Assistant II	1.00	1.00	1.00	0.00	0.00%
Chief Treatment Plant Oper. "A"	1.00	1.00	1.00	0.00	0.00%
Supervisor of Equipment Mnt.	1.00	1.00	1.00	0.00	0.00%
Equipment Maintenance Lead	1.00	1.00	1.00	0.00	0.00%
Lead WTP Operator	1.00	1.00	1.00	0.00	0.00%
Treatment Plant Operator	8.00	8.00	9.00	1.00	12.50%
Plant/Pump Mechanic	1.00	1.00	1.00	0.00	0.00%
Utility Electrician	1.00	1.00	2.00	1.00	100.00%
Enviro. Regulatory Compl. Coord.	1.00	1.00	1.00	0.00	0.00%
Sludge Hauling Tech	1.00	1.00	1.00	0.00	0.00%
SCADA Tech.	1.00	2.00	2.00	0.00	0.00%
Part-time Positions:					
Treatment Plant Operator (1)	0.50	0.50	0.50	0.00	0.00%
Total	21.50	22.50	24.50	2.00	8.89%

* Indicates primary department

WATER PRODUCTION

GOALS:

- Maintain compliant and reliable water production activities meeting customer use demands and regulatory standards to include 4 log Removal Disinfection Certification Status for 12 MGD Water Treatment Facility (8 MGD Lime Softening / 4 MGD LPRO Processes) which requires a 0.7 mg/L Free Chlorine in all three Clearwells and a Combined Filter Effluent (CFE) turbidity of less than or equal to 1 NTU.
- Maintain compliant and reliable water production activities for control of lead and copper, specifically through the use of corrosion inhibitor, to include triennial lead and copper sampling of the distribution system and maintaining an LSI in the finished water of +/- 0.20.
- Maintain an impeccable safety record with a zero loss of work record.
- Implement Citywide Workplace Safety Program as it pertains to Utilities.
- Implement new and improved Safety Procedures including but not limited to gas detection device and use for confined space entry and other Personal Protection Equipment and usage.
- Maintain accurate records and submit regulatory reports on schedule.
- Enhance record keeping and tracking practices for water loss prevention and audit purposes.
- Continue to assess well field, in-plant and distribution system operations to identify all groundwater and finished water use.
- Continue to amend the Water Plants Standard Operating procedures
- Maintain accurate database for recording well pumping, water distribution system flushing, leak detection, main break and fire hydrant flushing activities for quantifying water use and for adherence to regulatory permit standards.
- Promptly and efficiently address recommendations made during periodic Florida Dept. of Health (FDEP/ FDOH) inspections.
- Continue the integration and efficiently utilize the VT SCADA/ RTU systems for in-plant and remote wellfields and storage tanks and booster pumping stations.
- Continue to repaint aboveground yard piping to coincide with FDEP regulations.
- Consistently monitor the status of the LPRO Membranes by utilizing the normalization software provided by the membrane manufacturer.
- Improve plant equipment efficiency reduce downtime through timely maintenance and replacement.
- Continue study to site and permits additional production wells.
- Continued design and refurbishment of the aeration tank, blowers, clear well project.
- Procure contractors to remediate the corrosion and paint the Clairicone treatment units
- Procure contractors to clean and inspect ALL potable water tanks and clearwells
- Procure a contractor or equipment to remove the lime sludge from the south pits.

WATER PRODUCTION

PERFORMANCE MEASURES:

	Actual FY 2023-24	Actual YTD FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Volume of water (in MG) processed during reporting period	2,042	2,216	2,212	(4)	-0.18%
Volume of wastewater (in MG) processed during reporting period	1,772	2,123	1,956	(167)	-7.88%
Volume of Reclaimed Water (in MG) distributed during reporting period	1,230	1,612	1,200	(412)	-25.56%
Total volume of raw sewage collected for treatment (MGD AADF) from retail customers	5.33	5.45	5.35	(0)	-1.83%
Total number of manhole failures in collection system	201	95	125	30	31.58%
Total number of leaks in distribution system	211	572	300	(272)	-47.55%
Total number of pipeline breaks in distribution system	34	40	45	5	12.50%
Total number of leaks in reclaimed water system	27	28	30	2	7.14%
Total number of pipeline breaks in reclaimed water system	7	17	10	(7)	-41.18%
Sum of all qualified formal training hours completed by all employees	700	700	700	-	0.00%
Number of calendar days utility was in full compliance with all drinking water quality and treatment technique requirements contained in National Primary Drinking Water Regulations	365	365	365	-	0.00%
Number of calendar days utility was in full compliance with all drinking water quality and treatment technique requirements contained in National Secondary Drinking Water Regulations	365	365	365	-	0.00%
Total number of standard non-compliance days	-	-	-	-	-
Total water treatment plant effluent flow distributed to distribution system	2,042	2,017	2,200	183	9.07%

ACCOMPLISHMENTS:

- Maintained compliant Consumptive Use Permit (CUP) operating and reporting requirements and annual groundwater withdrawal allocations. Current year groundwater withdrawal allocation at 8.041 MGD. Current year annual average day groundwater withdrawals for FY 2023-24 at 5.962 MGD.
- Reporting includes semi-annual EN-50 Groundwater Withdrawal & Annual Wetlands Monitoring reports along with other groundwater conditions sampling, monitoring
- Completed 2023 Annual Water Quality “Consumer Confidence” Report.
- Maintained compliant and reliable water production activities meeting customer use demands and regulatory standards. Current year water plant average day production is 5.51 Million Gallons per Day (MGD) with 6.71 max day demand during previous 12-month period (May 2024).
- Provide necessary training and continuing education opportunities.

WATER PRODUCTION

- Maintained Citywide Workplace Safety Program as it pertains to Utilities.
- Maintained the distribution system through consistent monthly flushing programs.
- Controlled biological growth in the distribution system by conducting two “Change in Disinfection” event.
- Updated the Water Plant’s Standard Operating Procedures
- Trained Water Treatment Plant Operators in the use of the E-logs to accurately record daily plant activities.
- Completed the input of plant equipment inventory in new Asset Management software.
- Staff has been trained to utilize the Asset Management software to generate and track preventative maintenance actions, work orders, identify assets for replacement.
- Continued using the Tour Trax Asset management system to ensure that quality inspections on vital equipment are done consistently around the plant.
- Upgraded the security surveillance equipment around the facility
- Continued the Water Plant beautification project. This project includes the remediation of rust and corrosion on the plant infrastructure, the addition of planters, shrubbery and trees, as well as painting the pipes and the interior of the Administration building.
- Upgraded ALL compliance and operational instrumentation throughout the water plant and pumping stations
- Succeeded in cross training Operators to assist in miscellaneous duties such as BacT collection and instrumentation calibration.
- Implemented a Lock Out Tag Out system at the Water Plant
- Maintain a zero loss of work record by way of continuously implementing plant safety measures.
- Completed the Consumptive Use Permit Renewal Process.
- Added VFD motor control to the production wells to increase efficiency and save energy.
- Added Use cellular technology for RTU/SCADA communications to replace radios where signal strength is no longer acceptable.

WASTEWATER TREATMENT

The City's Wastewater Treatment section is responsible for the compliant operation and maintenance of an advanced domestic wastewater treatment facility having an annual average day capacity of 8.0 million gallons per day (mgd). The treatment process utilized at the City's WWTP consists of influent pumping with odor control, primary screening, five-stage Bardenpho™ (fermentation, first anoxic, aeration, second anoxic, and re-aeration), clarification, media filtration, and disinfection. The wastewater section is also responsible for the reliable operation of over eighty (80) remote lift stations contained within the sanitary sewer service area.

The wastewater treatment facility serves as the source of water for the City's public access reclaimed water system. The reclaimed water system generally consists of two reclaimed water storage tanks (one with a capacity of 3.0 million gallons and one with a capacity of 4.0 million gallons, one high service pump station with a total installed pumping capacity rated at 9800 gpm (14.1 mgd) at 85 psi. This program produces approximately 840 million gallons of reuse water annually, providing an available alternative water source for irrigation needs for 2,345 reuse customers in addition to two golf courses. Treated effluent not reused for irrigation is discharged to the City's permitted surface water discharge, the Halifax River. De-watered residuals (or biosolids) are transported from the wastewater treatment facility and treated to Class AA residual standards by a State-licensed contractor.

Competent, State-licensed operators are responsible for operating the plant in conformance with the requirements of the Clean Water Act, the operating permit and NPDES (National Pollution Discharge Elimination System) permit issued by the Florida Department of Environmental Protection (DEP) and the Environmental Protection Agency (EPA).

WASTEWATER TREATMENT

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Water & Wastewater	3,855,945	4,439,203	4,786,102	346,899	7.81%
Total	3,855,945	4,439,203	4,786,102	346,899	7.81%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	1,147,152	1,321,974	1,369,716	47,742	3.61%
Operating	2,708,793	3,117,229	3,416,386	299,157	9.60%
Capital	-	-	-	-	0.00%
Contributions and Transfers	-	-	-	-	0.00%
Total	3,855,945	4,439,203	4,786,102	346,899	7.81%

Staffing Summary:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Full-time Positions:					
Equipment Mnt. Lead	1.00	1.00	1.00	0.00	0.00%
Plant/Pump Mechanic	2.00	2.00	3.00	1.00	50.00%
Chief Treatment Plant Operator	1.00	1.00	1.00	0.00	0.00%
Lead Operator	1.00	1.00	1.00	0.00	0.00%
Treatment Plant Operator	9.00	9.00	9.00	0.00	0.00%
Chief Lab Technician	1.00	1.00	1.00	0.00	0.00%
Total	15.00	15.00	16.00	1.00	6.67%

WASTEWATER TREATMENT

GOALS:

- Attain zero permit exceedances for upcoming year.
- NELAC certify plant laboratory for bacteriological testing (Fecal & Total Coliform, E.Coli and Enterococci Bacteria). In Process
- Decant pump station upgrades and modifications with new pumps and piping to centrifuge. In Process. WRF Improvements
- Install middle mixer in PAN tank #1. In Process. WRF Improvements
- Replace all Wylo submersible mixers with more reliable Flygt mixers as units fail. CIP
- Upgrade to UV disinfection installation which will eliminate Hypo and Bisulfite chemicals and decrease Fecal Coliform, Enterococci, Giardia and Cryptosporidium non-compliance events which is being partially funded by a state grant. In Process
- Replace failed RAS/WAS isolation valves. CIP
- Improve overall SCADA control of equipment and processes for ease of plant operation. On-Going
- Execute Grit Removal contract and complete recommended grit removal from Sedivision results on Fermentation, Carrousel and Post Anoxic Tanks. Sedivision completed. Removal being budgeted for 24-25
- Continue to maintain reliable WWTP operations monitoring and reporting standards and operation parameters for reuse and surface water discharges and Class AA residuals sludge disposal in accordance with regulatory conditions contained in the City's current FDEP Operating Permit. On-going
- Continue optimizing reuse disposal system operations and expansion to further reduce surface water discharges to Halifax River and to promote water conservation. On-going
- Complete the annual reporting requirements for the following topics and activities: Capacity Analysis, Reuse Summary and Correlation, Pretreatment DMR, Primary and Secondary Drinking Water Standards, Summary of Water Quality and Residuals.
- Provide necessary training and continuing education opportunities to current operations staff to promote licensure certification and personnel expertise On-going
- Improve plant equipment and Lift Stations through maintenance, replacement and purchase of critical equipment spares On-going
- Design, permit and construct new WRF headworks. Future CIP
- Design, permit and construct new WRF influent pumping station. Future CIP
- Award and complete WRF improvements to sludge decant and polymer rooms and new post anoxic mixer in PAN tank #1 In process
- Replacing a sand filter with a Diamond Filter cloth media filter.
- Rehab and remodel Operations building
- Apply to FDEP when applicable to reduce required operating hours from 24 hours per day to 16 hours per day
- Replace 2 Sand Filters with Aquadiamond filters. Planning in process
- Install actuators and SCADA control for the 3 Tea Cup grit removal units. In Process
- Install overflow channel at bar screen to avoid headworks overflows.
- Install new Carrousel mixer VFD's and tie to SCADA for future process control automation. 2 units for Outboards are in process and 2 for inboards will be on next budget

WASTEWATER TREATMENT

- Rebuild failing Clarifier distribution box actuator gears. Awaiting vendor quote
- Modify screw pump roof for access to pumps CIP
- Begin secondary clarifier rehabs at 1 unit per year.
- Build new Main Lift Station within 2 years.
- Reduce Surface Water Discharges via increase reclaim system storage.
- Reduced fecal coliform permit exceedances for 11 straight months since recommended improvements completed.
- Replaced WAS and RAS pump VFD's and tie to SCADA for operational control. 5 out of 7 complete
- Completed input of plant equipment inventory in new Asset Management software. Get staff trained and utilize Asset Management software to generate and track preventative maintenance actions, work orders, identify assets for replacement. Partial completion
- Both Centrifuge units were disassembled and rebuilt by Flottweg
- Replaced roof top AC unit for Operations building.
- Added VFD's and SCADA control improvements for Effluent Transfer pumps.
- Replaced Influent Pump #3 VFD.
- Rectified longstanding FPL plant power imbalance equipment issues that was damaging equipment and causing plant operational issues. Rectified at motor starters
- Completed preparation of bid documents and award for multi-year contracts for annual chemical supplies for water and wastewater treatment facilities and wastewater residuals hauling treatment and disposal contract services
- Completed the sampling and reporting requirements for the following topics and activities: Reuse, Pretreatment DMR, Primary & Secondary Drinking Water Standards, Priority Pollutants, EPA 503 Biosolids, Reuse Summary and Correlation, Summary of Water Quality & Residuals, Bi-annual Giardia and Cryptosporidium, Semi-annual SWD Toxicity, quarterly Groundwater Monitoring and monthly Discharge Monitoring Reports.
- Plant processed 2,103 million gallons of influent flow (5.75 MGD annual avg. day) and distributed 1,129 million gallons of reuse product (3.08 MGD annual avg. day) for reporting period 6/1/23 to 5/31/24.
- Accurately monitored and reported operation parameters for reuse and surface water discharges and Class AA residuals sludge disposal in accordance with regulatory conditions contained in the City's current FDEP Operating Permit.
- Provided necessary training and continuing education opportunities to current operations staff to promote licensure certification and personnel expertise.
- Installed audible and visual Turbidity, Secondary Scum Well and Dewatering Pump Station wet well alarms.
- Multitude of plant lighting improvements for safety.

WATER DISTRIBUTION

The Water Distribution Section is responsible for reliable operation of the water distribution system.

State-licensed operators and experienced technicians operate and maintain over 400 miles of potable and 25 miles of raw water mains comprised of several material types to include nearly 2000 fire hydrants and thousands of various sized valves and miscellaneous appurtenances.

In addition, this section is responsible for the installation of all new water meters, testing, calibration and/or replacement of existing water meters, enforcement of the cross connection control program and backflow prevention device maintenance. The water distribution crews also self-perform leak detection reconnaissance of the distribution system and respond to all customer requests for assistance and perform any repairs necessary to maintain system service reliability.

WATER DISTRIBUTION

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Water & Wastewater	1,681,719	1,720,373	1,875,744	155,371	9.03%
Total	1,681,719	1,720,373	1,875,744	155,371	9.03%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	1,011,245	1,100,027	1,214,637	114,610	10.42%
Operating	670,474	620,346	661,107	40,761	6.57%
Capital	-	-	-	-	0.00%
Contributions and Transfers	-	-	-	-	0.00%
Total	1,681,719	1,720,373	1,875,744	155,371	9.03%

Staffing Summary:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Full-time Positions:					
Supervisor of Water Distribution	1.00	1.00	1.00	0.00	0.00%
Utility Mapping/Locate Tech.	2.00	2.00	2.00	0.00	0.00%
Water Distribution Lead	2.00	2.00	2.00	0.00	0.00%
Water Distribution Operators	8.00	8.00	8.00	0.00	0.00%
Water Quality Control Tech	1.00	1.00	1.00	0.00	0.00%
Total	14.00	14.00	14.00	0.00	0.00%

WATER DISTRIBUTION

GOALS:

- Maintain reliable water distribution system operations for meeting customers use and quality demands.
- Continue to search for sources of unaccounted for water with emphasis on leak detection program, frequent large meter testing and maintenance of accurate flushing record database to detect all usage throughout City's distribution system. Perform leak detection with in-house personnel for distribution system annually.
- Implement Citywide Workplace Safety Program as it pertains to Utilities.
- Implement new and improved Safety Procedures including but not limited to gas detection device and use for confined space entry and other Personal Protection Equipment and usage.
- Ensure main breaks and service interruptions are repaired in a timely manner and noticed in accordance with pertinent Florida Dept. of Health Regulations.
- Test and inspect all City owned backflow preventers on an annual basis.
- Complete 100% of all service work orders prepared for fire hydrants as identified by Utilities and Fire Department inspections.
- Complete maintenance of all fire hydrants in Ormond by the Sea per yearly contract condition with Volusia County.
- Complete input of asset inventory in new Asset Management software. Get staff trained and utilize Asset Management software to generate and track preventative maintenance actions, work orders, identify assets for replacement.
- Continue enhancements to City's Cross Connection Control Program and compliance rating.
- Modify for efficiencies and continue to improve current distribution system monitoring, sampling and flushing programs to promote better understanding of system operating conditions and improve water quality.
- Install all new meter requests received due to new development or new customer requests for service.
- Perform accuracy testing on water meters in accordance with or exceeding AWWA standards as referenced in the Water Meter Testing and Repair Manual.
- Complete the Phase IV design for the water main replacement project.
- Construct a secondary 24" raw water main along SR40 from Hunters Ridge to Williamson Boulevard.
- Award bid and complete Leeway Storage Tank and Pump Station Rehabilitation and Improvements project.
- Begin implementation of Western service area improvements including completion of SR 40 / Airport Road water main loop project.
- Have the internal parts of the Residential Dual Checks changed out that are nearing their 10-year life span.
- Continue installing Insert a Valves in areas where there are long distances between in-line valves.

WATER DISTRIBUTION

ACCOMPLISHMENTS:

- Maintained reliable water distribution system operations for meeting customer water use demands and water quality concerns.
- Continued activities and focus to minimize unaccounted water with emphasis on large meter testing, leak detection, flushing database records, small meter replacement and raw water metering accuracy and reporting.
- Repaired all water main breaks and service interruptions in a timely manner and notified affected customers in accordance with pertinent FDEP/ FDOH regulations.
- Inspected and/ or repaired all city owned backflow prevention devices (BFPD). Continue installation of BFPD on city owned irrigation systems lacking protection.
- Installed new or exchanged approximately 275 water meters.
- Serviced approximately 290 fire hydrants in Ormond-by-the-Sea that are under a maintenance contract with Volusia County Fire Dept., performed maintenance activities on 120 fire hydrants within city limits located between Beach St and US1 starting from south city limits.
- Responded to and performed repairs on approximately 59 main breaks and 624 service laterals and prepared the necessary Precautionary Boil Water Notices.
- Tested and repaired 100% of all meters within City sized 3" and larger scheduled for this fiscal year. Continue scheduling four to six-year testing program on 2" and 1 ½" water meters
- Replaced approximately 8 non-operable isolation valves of various sizes throughout distribution system.
- Performed scheduled valve maintenance activity on approximately 225 water main valves and as necessary in support of scheduled system shutdowns associated with capital projects or water distribution main and services breaks.
- Flushed water mains for Cl2 residual and overall water quality maintenance from US1 to west City Limits.
- Serviced 26 automatic flushing devices in various locations throughout distribution system.
- Located, marked, and exercised valves in preparation for the 2-inch main replacement program.
- Located all in-line and hydrant valves for the completed instillation of the N US 1 expansion project. Also made sure all valves were on and centered in the valve boxes.
- Locate Technicians located a total of 9,784 locates in 2023.

WASTEWATER COLLECTION AND REUSE DISTRIBUTION

The City's wastewater collection system section is responsible for maintaining reliable operating characteristics throughout the City's wastewater customer service area for:

- 182 miles of gravity sewer main
- 54 miles of force mains
- 24 miles of reuse water mains
- 23 miles of low-pressure sewer mains

The Wastewater Collections program services and maintains over 1,600 Pretreatment Effluent Pumping (PEP) systems serving the low pressure sewer collection needs at the Hunter's Ridge and Breakaway Trails development areas.

The wastewater collection and reuse distribution program performs various preventative maintenance functions to include televising sewer mains for determination of repair needs and identifying inflow-infiltration areas of concern, root control, and periodic pigging of force mains due to main pressure fluctuations affecting operational reliability.

This program also provides round the clock piping and manhole repair activities and response to customer requests for assistance in the event of a sewer backup or reuse irrigation service interruption.

WASTEWATER COLLECTION AND REUSE DISTRIBUTION

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Water & Wastewater	1,612,808	1,639,761	1,787,071	147,310	8.98%
Total	1,612,808	1,639,761	1,787,071	147,310	8.98%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	839,351	927,453	1,072,890	145,437	15.68%
Operating	773,457	712,308	714,181	1,873	0.26%
Capital	-	-	-	-	0.00%
Contributions and Transfers	-	-	-	-	0.00%
Total	1,612,808	1,639,761	1,787,071	147,310	8.98%

Staffing Summary:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Full-time Positions:					
Lead Utilities Technicians	2.00	2.00	2.00	0.00	0.00%
Supervisor of Collection/Reuse	1.00	1.00	1.00	0.00	0.00%
Plant/Pump Mechanic	2.00	2.00	2.00	0.00	0.00%
Utilities Technicians	8.00	8.00	8.00	0.00	0.00%
Total	13.00	13.00	13.00	0.00	0.00%

WASTEWATER COLLECTION AND REUSE DISTRIBUTION

GOALS

- Maintain reliable wastewater collection system (gravity and force main) and reuse storage and distribution operations for customers.
- Implement Citywide Workplace Safety Program as it pertains to Utilities.
- Implement new and improved Safety Procedures including but not limited to gas detection device and use for confined space entry and other Personal Protection Equipment and usage.
- Continue sanitary sewer lining projects citywide.
- Prioritize multi-year lining contract scope of work and renewal to correct known defects or deteriorated portions of sewer mains to ensure the integrity of the system and reduce inflow and infiltration.
- Clean and televise approximately 10,000 feet of gravity sewer main and 200 each sewer laterals. PM activities are performed to prioritize and correct defects in deteriorated portions of sewer mains/ service laterals to reduce likelihood of overflows, inflow and infiltration.
- Begin input of asset inventory in new Asset Management software. Get staff trained and utilize Asset Management software to generate and track preventative maintenance actions, work orders, identify assets for replacement.
- Rehabilitation of 50 PEP Systems in Hunter's Ridge and Breakaway Trails Areas.
- Complete construction for Lift Station Rehabilitation Projects including station piping, valves and controls upgrades.
- Perform root control services on gravity sanitary sewer as necessary.
- Support Reuse Service area expansion and service to include recent priority to serve south peninsula area customers.
- Develop a Fats, Oils and Grease (FOG) program plan to assist in reducing the amount of the FOG clogging the sewer transmission lines. Initiate records database for development of inspection program for grease interceptors installed at commercial restaurants within the City's sewer collection service area.
- Review best practices concerning flushable items with all Daycare and Senior care facilities to enhance awareness of potentially harmful disposal methods.
- Begin implementation of western service area improvements related to wastewater collection and conveyance including extension of SR 40 Force main and site evaluation of Airport Road Utility Parcels.

WASTEWATER COLLECTION AND REUSE DISTRIBUTION

ACCOMPLISHMENTS

- Successfully operated City-wide reuse system for annual period delivering reuse product to over 3,200 residential and 1 golf course customers having demand in excess of 1.3 Billion Gallons.
- Submitted the Annual Reuse Report 2024 per FDEP WWTF permit requirements illustrating 4.2 MGD of the 4.43 MGD annual average day flow received at the City's treatment facility is utilized for land application irrigation purposes.
- Maintained Standard Operating Procedures for Reuse Distribution System including responses to extended dry and wet weather conditions and notification to customers regarding service interruptions or other changes.
- Identified locations for additional meters and valves to provide better operational control and water accounting. Installation commenced.
- PEP System PM Activities: Completed rehabilitation of 21 units, replacement of 22 units, performed installation of 3 new units and performed electrical upgrades to 136 PEP System units replaced in West Ormond Low Pressure Sewer Service area.
- Cleaned approximately 7,000 feet of gravity sewer main and 129 each sewer laterals. Televised approximately 1500 feet of gravity sewer main and 333 each sewer laterals. Performed root control program activities on approximately 110 each sewer laterals.
- Completed monthly and annual scheduled preventative maintenance service calls for 95 sewage lift stations throughout the collection system which includes reassembly of each duplex configured pump and motor. Responded to all emergency call outs from SCADA and WIN911 Lift Station monitoring system after hours calls for service alarms (annual average 3 calls per week). Ongoing accomplishment
- Completed approximately 1145 repairs to collection system (gravity, force main, services and manhole) service calls and 130 reuse system leaks and main breaks.
- Completed a variety of lift station and motor replacements and repairs at various lift stations throughout the sanitary sewer collection system.
- Maintained reliable wastewater collection system (gravity and force main) and reuse storage and distribution operations for customers.
- Prepared design plans and specifications for bidding Lift Station Rehabilitation Project to include 4P and 11M lift station piping, valves and controls upgrades.
- Completed the Shadow Crossings Reuse Pump Facility Upgrades Project.
- Prepared design plans and specifications for the West 40 force main improvements project for promoting improved level of service and reliability and for developing effective options for developer considerations.
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WATER AND WASTEWATER TRANSFERS

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Water & Wastewater	3,628,616	11,634,419	13,066,426	1,432,007	12.31%
Total	3,628,616	11,634,419	13,066,426	1,432,007	12.31%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	-	-	-	-	0.00%
Operating	25,136	-	-	-	0.00%
Capital	-	-	-	-	0.00%
Contingency	-	-	-	-	100.00%
Contributions and Transfers	3,603,480	11,634,419	13,066,426	1,432,007	12.31%
Total	3,628,616	11,634,419	13,066,426	1,432,007	12.31%

WATER AND WASTEWATER VEHICLE AND EQUIPMENT REPLACEMENT FUND

This fund accounts for replacement of existing vehicles and equipment for the benefit of Water and Wastewater.

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Miscellaneous	38,062	-	-	-	0.00%
Transfer	249,996	250,000	750,000	500,000	200.00%
Use of Fund Balance	-	600,000	80,000	(520,000)	0.00%
Total	288,058	850,000	830,000	(20,000)	-2.35%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	-	-	-	-	0.00%
Operating	-	-	-	-	0.00%
Capital	-	850,000	830,000	(20,000)	-2.35%
Contributions and Transfers	-	-	-	-	0.00%
Contingency	-	-	-	-	0.00%
Total	-	850,000	830,000	(20,000)	-2.35%

WATER AND WASTEWATER RENEWAL AND REPLACEMENT FUND

This fund accounts for replacement of existing capital assets for the benefit of Water and Wastewater.

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Bond Proceeds	-	6,150,000	-	(6,150,000)	0.00%
Intergovernmental	-	2,870,000	-	(2,870,000)	100.00%
Charges for Services	156,062	155,000	150,000	(5,000)	0.00%
Miscellaneous	341,987	100,000	150,000	50,000	0.00%
Transfers	-	3,071,951	4,428,000	1,356,049	44.14%
Use of Retained Earnings	-	-	2,102,768	2,102,768	100.00%
Total	498,049	12,346,951	6,830,768	(5,516,183)	-44.68%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	-	-	-	-	0.00%
Operating	769,720	833,589	952,406	118,817	14.25%
Capital	4,364,670	11,513,362	5,878,362	(5,635,000)	-48.94%
Contributions and Transfers	-	-	-	-	0.00%
Contingency	-	-	-	-	0.00%
Total	5,134,390	12,346,951	6,830,768	(5,516,183)	-44.68%

WATER AND WASTEWATER CONSOLIDATED DEBT SERVICE FUND

Used to account for principal and interest payments resulting from the issue of revenue bonds and debt financing.

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Bond Proceeds		-	-	-	0.00%
Transfer	-	4,924,000	3,824,000	(1,100,000)	-22.34%
Use of Fund Balance	-	-	-	-	0.00%
Total	-	4,924,000	3,824,000	(1,100,000)	-22.34%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	-	-	-	-	0.00%
Operating	-	-	-	-	0.00%
Debt Service	4,361,647	4,924,000	3,824,000	(1,100,000)	-22.34%
Contributions and Transfers	(3,753,175)	-	-	-	0.00%
Contingency	-	-	-	-	0.00%
Total	608,472	4,924,000	3,824,000	(1,100,000)	-22.34%

WEST ORMOND REUSE IMPACT FEE FUND

This fund accounts for impact fees assessed against new construction activities. Use of these funds is restricted for expansion and construction of West Ormond irrigation facilities.

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Intergovernmental	-	-	-	-	0.00%
Fees	18,664	-	-	-	0.00%
Miscellaneous	11,950				
Use of Retained Earnings	-	-	-	-	0.00%
Total	30,614	-	-	-	0.00%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Operating	4,975	-	-	-	0.00%
Capital	-	-	-	-	0.00%
Contributions and Transfers	-	-	-	-	0.00%
Contingency	-	-	-	-	0.00%
Total	4,975	-	-	-	0.00%

WATER SYSTEM IMPACT FEE FUND

This fund accounts for impact fees assessed against new construction activities.

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Intergovernmental	-	-	-	-	0.00%
Fees	610,911	700,000	676,000	(24,000)	-3.43%
Miscellaneous	185,306	-	75,000	75,000	0.00%
Transfers	-	-	-	-	0.00%
Use of Retained Earnings	-	-	-	-	0.00%
Total	796,217	700,000	751,000	51,000	7.29%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	-	-	-	-	0.00%
Operating	-	-	-	-	0.00%
Capital	103,899	-	380,000	380,000	0.00%
Contributions and Transfers	-	-	-	-	0.00%
Contingency	-	700,000	371,000	(329,000)	0.00%
Total	103,899	700,000	751,000	51,000	7.29%

WASTEWATER SYSTEM IMPACT FEE FUND

This fund accounts for impact fees assessed against new construction activities.

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Intergovernmental	-	-	-	-	0.00%
Fees	1,158,586	675,000	800,000	125,000	18.52%
Miscellaneous	115,459	-	50,000	50,000	0.00%
Transfers	-	-	-	-	0.00%
Use of Retained Earnings	-	-	-	-	0.00%
Total	1,274,045	675,000	850,000	175,000	25.93%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	-	-	-	-	0.00%
Operating	3,179	-	-	-	0.00%
Capital	139,328	-	-	-	0.00%
Contributions and Transfers	-	-	-	-	0.00%
Contingency	-	675,000	850,000	175,000	0.00%
Total	142,507	675,000	850,000	175,000	25.93%

2024 WATER & WASTEWATER BOND PROJECTS

This fund accounts for construction projects funded by bonds.

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Bond Proceeds	13,000,000	-	-	-	0.00%
Miscellaneous	47,083	-	-	-	0.00%
Transfers	-	-	-	-	0.00%
Use of Retained Earnings	-	-	-	-	0.00%
Total	13,047,083	-	-	-	0.00%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	-	-	-	-	0.00%
Operating	56,150	-	-	-	0.00%
Capital	-	-	-	-	0.00%
Contributions and Transfers	-	-	-	-	0.00%
Contingency	-	-	-	-	0.00%
Total	56,150	-	-	-	0.00%

2026 WATER & WASTEWATER BOND PROJECTS

This fund accounts for construction projects funded by bonds.

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Bond Proceeds	-	-	5,680,000	5,680,000	0.00%
Miscellaneous	-	-	-	-	0.00%
Transfers	-	-	-	-	0.00%
Use of Retained Earnings	-	-	-	-	0.00%
Total	-	-	5,680,000	5,680,000	0.00%

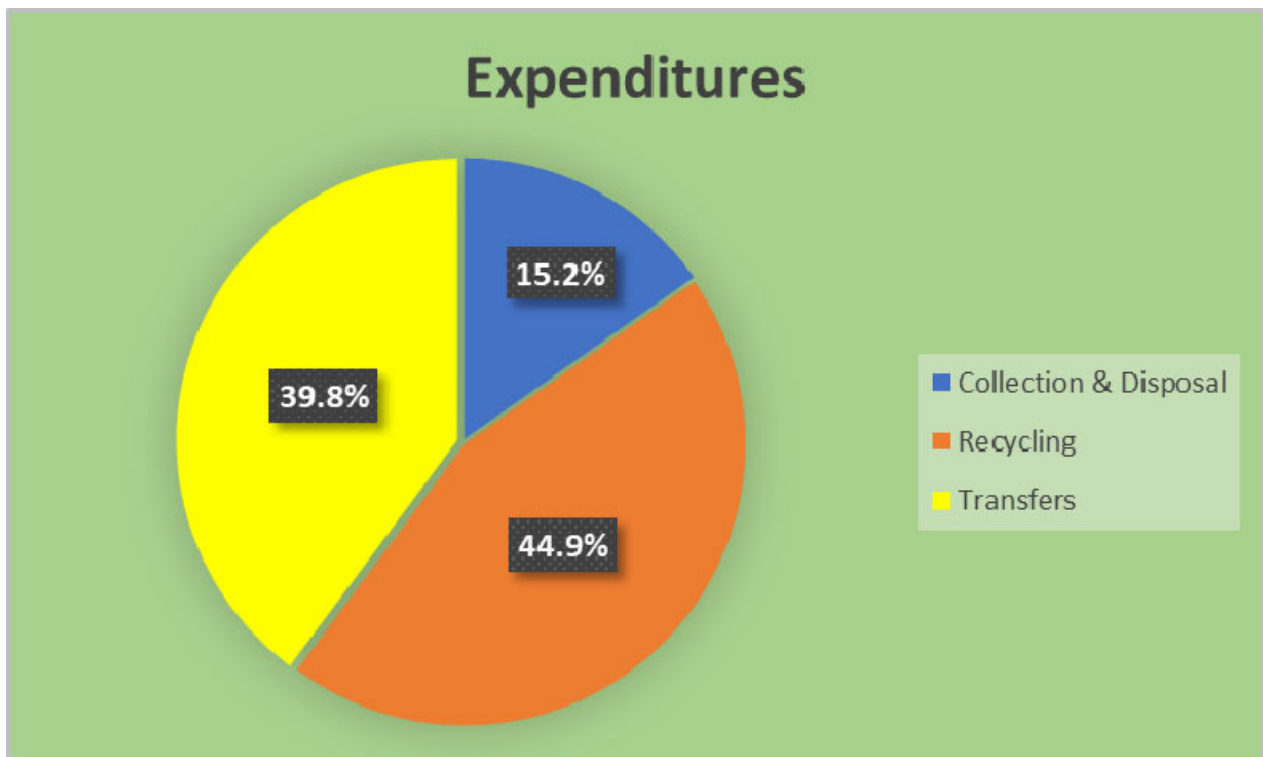
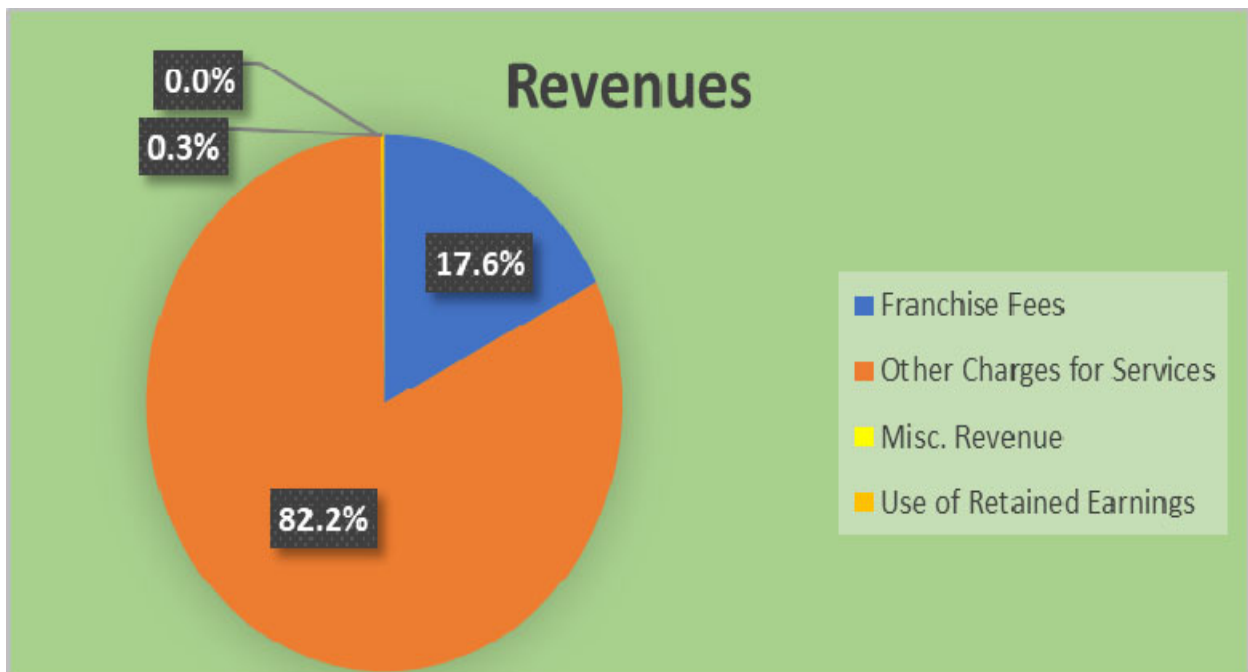
Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	-	-	-	-	0.00%
Operating	-	-	-	-	0.00%
Capital	-	-	5,680,000	5,680,000	0.00%
Contributions and Transfers	-	-	-	-	0.00%
Contingency	-	-	-	-	0.00%
Total	-	-	5,680,000	5,680,000	0.00%

SOLID WASTE FUND SUMMARY

Description	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Revenues					
Franchise Fees	1,845,925	1,864,304	2,626,000	761,696	40.86%
Intergovernmental	2,050,761	-	-	-	0.00%
Other Charges for Services	11,655,350	11,542,000	12,295,000	753,000	6.52%
Misc. Revenue	66,542	1,000	1,000	-	0.00%
Transfers In	-	-	-	-	0.00%
Use of Retained Earnings	-	-	38,267	38,267	0.00%
Total Net Revenues	15,618,578	13,407,304	14,960,267	1,552,963	11.58%

Expenditures					
Collection & Disposal	8,715,459	8,796,648	11,414,726	2,618,078	29.76%
Recycling	1,270,448	1,309,300	1,606,800	297,500	22.72%
Transfers	1,709,472	1,720,868	1,938,741	217,873	12.66%
Contingency	-	1,580,488	-	(1,580,488)	-100.00%
Total Net Expenditures	11,695,379	13,407,304	14,960,267	1,552,963	11.58%



SOLID WASTE COLLECTION AND DISPOSAL

Through an exclusive franchise with a private contractor, the Collection and Disposal program provides for curbside collection of Class I residential solid waste twice per week and yard once per week. The contractor also collects solid waste from all commercial businesses a minimum of three (3) days per week to a maximum of six (6) days per week.

The contractor disposes of all Class I solid waste at the Volusia County solid waste facility. Residential customers pay a monthly fee to cover the costs of collection and disposal. Commercial customers are presently charged per cubic yard of solid waste disposed in two, four, six and eight cubic yard containers.

Approximately 28,000 tons of solid waste consisting of residential (15,000 tons) and commercial (13,000 tons) is collected annually (excludes 8,300 tons of yard waste).

SOLID WASTE COLLECTION AND DISPOSAL

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Solid Waste	8,715,459	8,796,648	11,414,726	2,618,078	29.76%
Total	8,715,459	8,796,648	11,414,726	2,618,078	29.76%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	222,759	306,828	140,988	(165,840)	-54.05%
Operating	8,492,700	8,489,820	10,828,738	2,338,918	27.55%
Capital	-	-	445,000	445,000	0.00%
Contributions and Transfers	-	-	-	-	0.00%
Total	8,715,459	8,796,648	11,414,726	2,618,078	29.76%

Staffing Summary:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Full-time Positions:					
Contract Manager	1.00	1.00	1.00	0.00	0.00%
Total	1.00	1.00	1.00	0.00	0.00%

SOLID WASTE COLLECTION AND DISPOSAL

GOALS:

Collection and Disposal:

- Complete 100% of daily residential and commercial collections no later than 7:00 p.m. each day.
- Achieve an on-time daily collection rate of at least 95% (collections time variance of no more than four (4) hours from original time).

Recycling:

- Achieve a monthly participation rate for residential customers of 90%.
- Divert a total of 30% from all solid waste (includes C/D, yard waste tires, etc.) generated within the City from being disposed at a certified Class I Landfill (includes commercial recycling).
- Maintain the number of recyclables collected per residential unit at an average of five (5) pounds.

PERFORMANCE MEASURES:

	Actual FY 2023-24	Actual FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Workload:					
Residential collections	17,650	18,063	18,000	(63)	-0.35%
Commercial collections	550	528	522	(6)	-1.14%
Recycling customers	18,125	18,592	18,625	33	0.18%
Efficiency/Effectiveness:					
Inquiries-Residential collections monthly average	73	43	40	(3)	-6.98%
Inquiries-Commercial collections monthly average	17	14	8	(6)	-42.86%

ACCOMPLISHMENTS:

Collection & Disposal:

- Completed 100% of solid waste collections on time (residential/commercial)
- Achieved a 100% on-time daily collection rate.
- Received compliments for excellence in service provided

Recycling:

- Achieved a monthly participation rate of 90%.
- Achieved a diversion rate of 30% (elimination of glass 5/19)
- Maintained 12 recyclable items collected curbside.
- Maintained a 100% compliance with daily recycling bin delivery.
- Maintained an average 5 pounds per household of recyclables collected curbside.
- Successfully promoted recycling program changes, elimination of glass from recycling collection to the community

SOLID WASTE RECYCLING

The Recycling program provides curbside collection of fourteen (14) different recyclable products for all residential customers on a once per week basis through a private contractor. The program was initiated on a citywide basis on July 1, 1991 in order to meet the requirements of the 1988 Solid Waste Management Act, which requires cities and counties in the State of Florida to reduce the amount of solid waste disposed at landfills by 30%.

Approximately 3,500 tons of recyclable materials are collected annually. Residential customers pay a monthly fee to cover the costs of recycling.

In addition, the program provides educational classes and materials through publications, trade shows and in-school presentations.

SOLID WASTE RECYCLING

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Solid Waste	1,270,448	1,309,300	1,606,800	297,500	22.72%
Total	1,270,448	1,309,300	1,606,800	297,500	22.72%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	-	-	-	-	0.00%
Operating	1,270,448	1,309,300	1,606,800	297,500	22.72%
Capital	-	-	-	-	0.00%
Contributions and Transfers	-	-	-	-	0.00%
Total	1,270,448	1,309,300	1,606,800	297,500	22.72%

SOLID WASTE TRANSFERS

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Solid Waste	1,709,472	3,301,356	1,938,741	(1,362,615)	-41.27%
Total	1,709,472	3,301,356	1,938,741	(1,362,615)	-41.27%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	-	-	-	-	0.00%
Operating	-	-	-	-	0.00%
Capital	-	-	-	-	0.00%
Debt Service	-	-	-	-	0.00%
Contributions and Transfers	1,709,472	1,720,868	1,938,741	217,873	12.66%
Contingency	-	1,580,488	-	(1,580,488)	0.00%
Total	1,709,472	3,301,356	1,938,741	(1,362,615)	-41.27%

WORKERS COMPENSATION FUND

This fund is used to account for expenditures associated with providing workers compensation coverage to employees.

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Internal Service Charges	8,971	826,612	747,500	(79,112)	-9.57%
Miscellaneous	53,811	25,000	-	(25,000)	0.00%
Use of Fund Balance	-	1,000,000	-	(1,000,000)	0.00%
Total	62,782	1,851,612	747,500	(1,104,112)	-59.63%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	-	-	-	-	0.00%
Operating	545,727	777,500	747,500	(30,000)	-3.86%
Capital	-	-	-	-	0.00%
Contributions and Transfers	74,112	1,074,112	-	(1,074,112)	-100.00%
Total	619,839	1,851,612	747,500	(1,104,112)	-59.63%

GENERAL LIABILITY INSURANCE FUND

This fund is used to account for expenditures associated with providing general liability coverage to employees.

Revenue and Expenditure Summaries:

Revenues:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Internal Service Charges	2,455,253	2,905,253	2,317,400	(587,853)	-20.23%
Miscellaneous	686,503	-	-	-	0.00%
Use of Fund Balance	-	-	-	-	0.00%
Total	3,141,756	2,905,253	2,317,400	(587,853)	-20.23%

Expenditures:

	Actual FY 2023-24	Estimate FY 2024-25	Budget FY 2025-26	Change FY 2024-25 to FY 2025-26	% Change FY 2024-25 to FY 2025-26
Personnel Services	-	-	-	-	0.00%
Operating	2,554,449	2,867,400	2,317,400	(550,000)	-19.18%
Capital	-	-	-	-	0.00%
Contributions and Transfers	748,848	37,853	-	(37,853)	0.00%
Total	3,303,297	2,905,253	2,317,400	(587,853)	-20.23%

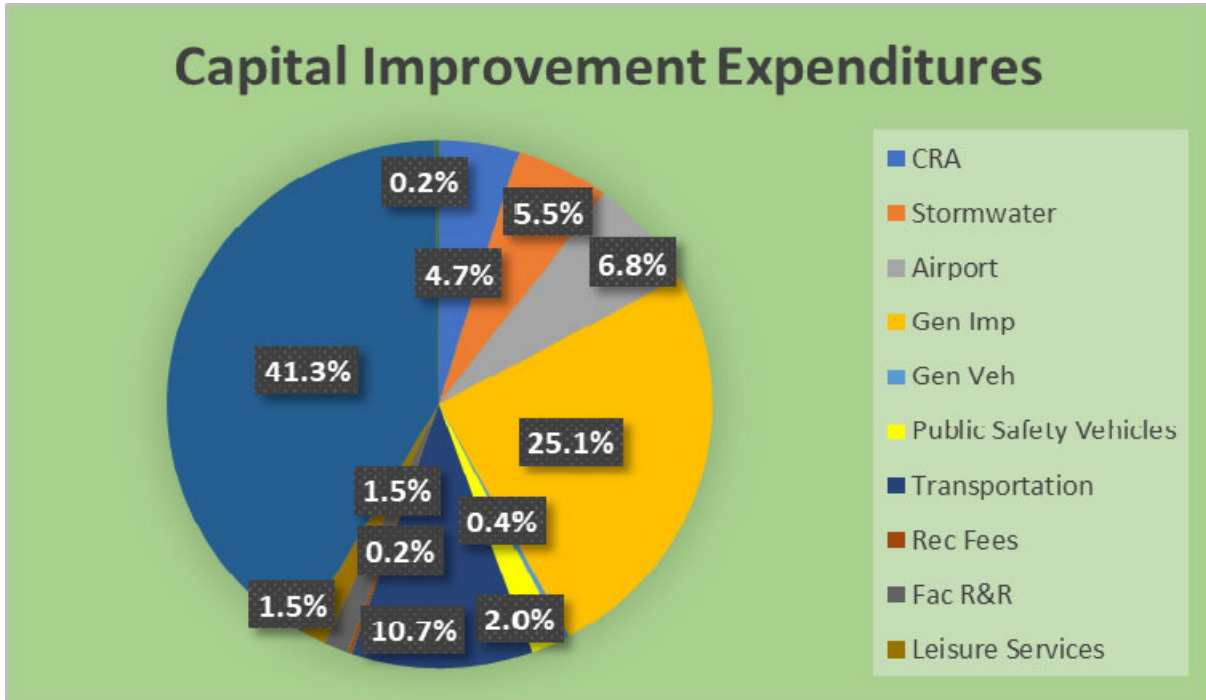
CAPITAL IMPROVEMENTS
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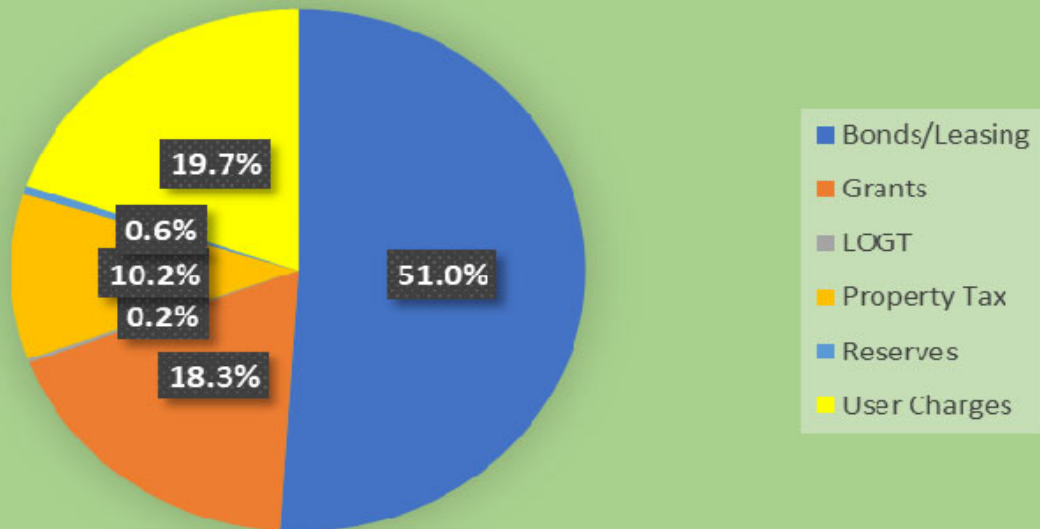
Overview

The City's Five-Year Capital Improvements Program represents a substantial effort to identify and schedule capital investments for a multi-year.



Category	Total
Community Redevelopment	\$9,845,989
Stormwater	11,578,360
Airport	14,173,731
General Improvements	52,533,514
General Vehicles	760,000
Public Safety Vehicles	4,215,000
Transportation	22,319,645
Recreation Fees	500,000
Facilities Renewal and Replacement	3,091,933
Leisure Services	3,200,000
Water & Wastewater	86,409,624
Solid Waste	445,000
TOTAL	\$212,072,796

Capital Improvement Revenues



Category	Total
Bonds/Leasing	\$106,061,530
Grants	37,548,667
Local Options Gas Tax	5,000,000
Property Tax	21,273,112
Reserves	1,150,000
User Charges	41,039,487
TOTAL	\$212,072,796

FY 2025-26 CIP Projects

Fund 104-Community Redevelopment

Downtown improvements are funded through property tax revenue which is expendable only within the downtown area. For FY 2025-26 the projects include Fortunato Park Fishing Pier (\$450,000), Linear Park Concept (\$36,000), Public Art initiative (\$100,000) and the annual allocation to Traffic Calming and Upgrades and Improvements (\$160,000).

Fund 107-Stormwater Drainage Improvements

FY 2025-26 projects include the continuation of the Stormwater Piping Replacement project (\$1,500,000), Stormwater Construction (\$250,000) and Vehicle Replacements (\$300,000). Several targeted area projects are also included (\$1,428,360).

Fund 108-Airport Fund

Projects for FY 2025-26 include Airfield Remarketing and Pavement Rejuvenation (\$780,879) and Environmental Services for Obstruction Mitigation.

Fund 301-General Improvement Fund

Projects included for FY 2025-26 are Facility Hardening Retrofit (\$2,463,514), Network and Security Assessment (\$35,000), Security Access Control (\$300,000) and Solar Parking Lot Lights (\$215,000).

Fund 302-General Vehicle and Equipment Replacement

The FY 2025-26 plan includes the replacement of two Public Works vehicles, three Leisure Service vehicles, and two Engineering Vehicles (\$760,000).

Fund 305-Public Safety Vehicle and Equipment Replacement

The FY 2025-26 plan includes purchase of an Emergency Response UTV with Trailer (\$55,000), Extrication Equipment Replacement (\$40,000) and the replacement of six Patrol Vehicles and three Special Unit vehicles (\$540,000).

Fund 308-Transportation

Transportation projects include Main Trail Bridge R&R (\$500,000), Multi-modal Trails Plan (\$250,000), Neighborhood Traffic Calming (\$50,000), Railroad Crossings (\$200,000), Road Rehabilitation (\$1,000,000), Sidewalk Repairs & Replacements (\$125,000). Also proposed is the annual allocation for Street Light and Traffic Signal Maintenance (\$184,000).

Fund 310-Recreation Collection Fees

The funding provided for FY 2025-26 will be utilized to provide LED Lighting on Field 11-12 (\$500,000).

Fund 317-Facility Renewal and Replacement

For FY 2025-26, projects include Air Conditioner Replacement (\$60,000), Facility Maintenance Master Plan (\$100,000), Fire Station Floor Renovations (\$100,000), Nova Field 5 Transformer (\$56,535), Riviera Park Fishing Pier (\$450,000), ARBFP Shade Structure Replacement (\$300,000), Soccer Bathrooms (\$55,398) and Shell Parking Lot Refurbishment (\$51,000). *Projects below the CIP threshold will be included as part of the annual operating budget.*

Fund 322-Leisure Service Capital

The funding provided for FY 2025-26 will be utilized to reconstruct OBSC Softball Fields and add an additional baseball field at a to be determined location in place of Nova Field (\$900,000).

408-Water & Wastewater Vehicle and Equipment Replacement

The FY 2024-25 plan includes the replacement of nine utility vehicles. (\$695,000).

Fund 409-Water and Wastewater System Improvements

Annual recurring projects totaling \$4.7 million include Fire Hydrant & Valve Expansion Program, General Facility and System Upgrades, Lift Station Rehabilitation, Manhole Rehabilitation Program Meter Installation, PEP Tank Replacement and Sanitary Sewer Inflow Infiltration. Non-recurring projects totaling \$6.88 million include design for several projects: Halifax River Utility Crossing, Public Works Generator and Facilities Renovations.

Operating Expenditures

During the capital improvement process, additional staffing requirements and ongoing operating expenses are identified for inclusion in the appropriate department's operating budget. No significant increases in operating revenue or expenditures are anticipated as a result of capital projects. Below is a matrix, by fund, detailing the additional annual operating expenditures anticipated if the identified capital projects were not funded.

Category	Total
Community Redevelopment	\$250,000
Stormwater	350,000
Airport	200,000
Economic Development	50,000
General Improvements	250,000
General Vehicles	0
Transportation	300,000
Facilities Renewal and Replacement	50,000
Water & Wastewater	500,000
Solid Waste	15,000

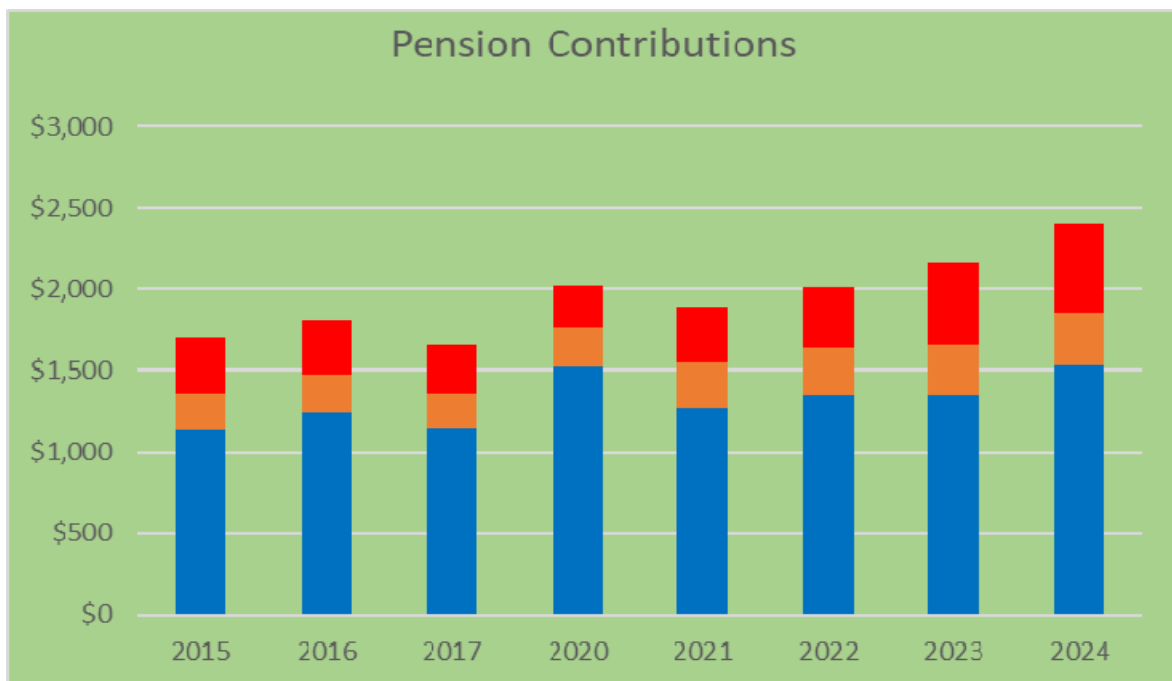
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CITY OF ORMOND BEACH, FLORIDA
MUNICIPAL FIREFIGHTERS' RETIREMENT TRUST
REVENUES BY SOURCE
LAST TEN FISCAL YEARS
SEPTEMBER 30, 2024
(In Thousands)

Revenues by Source

Fiscal Year Ended	Employee Contributions	Employer Contributions	State Contributions	Investment Income	Other	Total
2015	216	1,136	358	(399)	-	1,311
2016	235	1,241	338	2,036	-	3,850
2017	212	1,145	306	3,046	-	4,709
2018	203	1,019	295	3,046	-	4,563
2019	228	1,303	306	921	-	2,758
2020	246	1,520	259	2,423	-	4,448
2021	277	1,273	346	6,283	-	8,179
2022	300	1,344	365	(5,787)	-	(3,778)
2023	310	1,350	505	4,165	-	6,330
2024	322	1,530	552	6,644	-	9,048



**CITY OF ORMOND BEACH, FLORIDA
GENERAL EMPLOYEES PENSION
REVENUES BY SOURCE
LAST TEN FISCAL YEARS
SEPTEMBER 30, 2024
(In Thousands)**

Revenues by Source

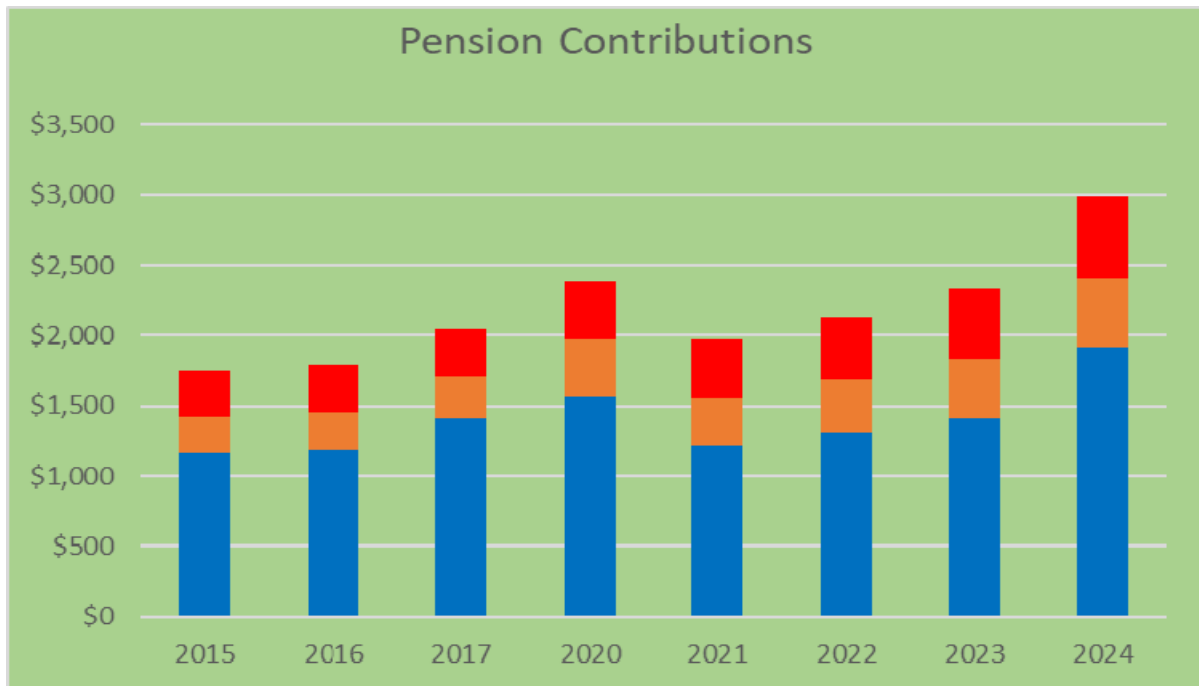
Fiscal Year Ended	Employee Contributions	Employer Contributions	Investment Income	Total
2015	280	1,958	(584)	1,654
2016	268	1,842	3,480	5,590
2017	258	1,677	5,035	6,970
2018	258	1,677	5,035	6,970
2019	212	1,433	1,501	3,146
2020	201	1,280	3,775	5,256
2021	195	950	10,348	11,493
2022	198	807	(9,294)	(8,289)
2023	189	657	6,562	7,408
2024	184	799	10,314	11,297



CITY OF ORMOND BEACH, FLORIDA
MUNICIPAL POLICE OFFICERS' RETIREMENT TRUST
REVENUES BY SOURCE
LAST TEN FISCAL YEARS
SEPTEMBER 30, 2024
(In Thousands)

Revenues by Source

Fiscal Year Ended	Employee Contributions	Employer Contributions	State Contributions	Investment Income	Total
2015	260	1,166	315	(472)	1,269
2016	272	1,184	334	2,355	4,145
2017	302	1,406	343	5,432	7,483
2018	318	1,527	379	3,475	5,699
2019	338	1,575	407	978	3,298
2020	406	1,561	411	2,849	5,227
2021	340	1,213	415	7,218	9,186
2022	378	1,316	440	(6,706)	(4,572)
2023	416	1,413	507	4,846	7,182
2024	482	1,921	581	8,080	11,064



CITY OF ORMOND BEACH, FLORIDA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
SEPTEMBER 30, 2023

Fiscal Year	Population ⁽¹⁾	Personal Income (In thousands)	Per Capita Personal Income ⁽²⁾	Median Age ⁽³⁾	Unemployment Rate ⁽⁴⁾
2014	39,455	1,376,980	34,900	46.3	5.00%
2015	40,013	1,447,230	36,169	46.6	5.00%
2016	40,366	1,541,860	38,197	46.6	5.20%
2017	40,722	1,591,660	39,086	47.0	3.70%
2018	42,816	1,427,314	33,336	51.0	3.20%
2019	43,475	1,503,322	34,579	51.5	3.20%
2020	43,759	1,523,645	34,819	50.8	5.90%
2021	43,159	1,502,753	34,819	50.2	4.30%
2022	43,517	1,665,874	38,281	52.5	2.80%
2023	44,052	1,889,787	42,899	51.5	3.07%
2024	44,663	1,973,033	44,176	51.9	4.00%

Sources: (1) Bureau of Economic and Business Research, University of Florida

(2) United States Department of Commerce, Bureau of Economic Analysis, Deltona-Daytona Beach-Ormond Beach Metropolitan Statistical Area

(3) Volusia County, Florida

(4) Bureau of Labor Statistics

Source: City of Ormond Beach Finance Department

CITY OF ORMOND BEACH, FLORIDA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO
SEPTEMBER 30, 2024

Fiscal Year 2024			Fiscal Year 2015		
Employer	Number of Employees	Percent of Total Employment	Employer	Number of Employees	Percent of Total Employment
Volusia County School Board	8,197	3.13	Board	7,742	3.25
Advent Healthcare	4,312	1.64	Halifax Community Health	4,294	1.80
Publix Supermarkets	4,069	1.55	Divisions	4,040	1.70
Walmart	3,586	1.37	County of Volusia	3,333	1.40
State of Florida	2,628	1.00	Incorporated	3,241	1.36
County of Volusia	2,464	0.94	State of Florida	2,758	1.16
Embry-Riddle University	1,973	0.75	Walmart	1,875	0.79
Stetson University	1,590	0.61	Daytona State College	1,711	0.72
Daytona State College	1,424	0.54	Embry Riddle Aeronautical		
Amazon	1,300	0.50	University	1,483	0.62
Total	<u>31,543</u>	<u>12.03</u>	U.S Government	1,216	0.51
			Total	<u>31,693</u>	<u>13.31</u>
Estimated total workforce	262,170		Estimated total workforce	238,311	

Note: No statistics are kept on primary employers within the City of Ormond Beach, Florida
2022 information is not available

Sources: County of Volusia, Department of Economic Development (Latest Available Data)
Labor Market Statistics, Florida Research and Economic Database
Labor Market Statistics, Florida Research and Economic Database

CITY OF ORMOND BEACH, FLORIDA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
SEPTEMBER 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2013
Police											
Number of traffic citations issued	6,635	7,294	6,750	6,669	7,626	8,906	9,281	6,803	7,551	8,237	9,814
Number of offense reports	5,809	6,114	6,550	6,448	5,923	6,713	6,568	8,834	7,326	7,501	7,025
Number of calls for service	64,740	71,583	70,200	70,124	75,266	54,949	65,390	83,083	83,098	87,867	84,485
Fire											
Emergency fire responses	3,534	3,534	3,586	3,299	3,065	2,790	3,045	5,600	2,120	2,025	2,090
Emergency rescue responses (ALS/BLS)	4,637	4,637	4,533	4,435	4,119	4,411	4,796	6,800	5,300	5,424	4,577
Education classroom presentations	84	84	33	31	5	50	64	86	98	75	61
Education (not included in reporting entity)											
Kindergarten-Grade 5 students	3,260	3,250	3,209	2,995	2,980	2,940	2,892	2,931	2,899	2,899	2,857
Grades 6-8 students	1,000	1,600	1,580	1,265	1,260	1,054	1,006	1,048	1,022	1,022	1,108
Airport	-	-	-	-							
Fixed based operator	13	13	11	14	13	13	12	11	10	10	10
Flight School	4	4	3	3	3	3	2	2	5	2	2
Based aircraft	150	150	145	144	140	142	175	163	140	180	169
Total 12 hour, operations	109,649	109,649	96,487	105,143	112,677	100,877	100,173	116,165	109,000	108,689	124,769
Water treatment plants											
Jefferson Street Plant:											
Design capacity	12.00 MGD	12.00 MGD	12.00 MGD	12.00 MGD	12.00 MGD	12.00 MGD	12.00 MGD	12.00 MGD	12.00 MGD	12.00 MGD	12.00 MGD
Current production rate	5.5	5.5	5.59 MGD	5.54 MGD	5.93 MGD	5.93 MGD	5.93 MGD	5.93 MGD	5.93 MGD	5.73 MGD	5.27 MGD
Number of water utility connections	25,162	24,946	24,400	23,923	23,638	23,465	22,793	21,905	21,905	21,661	21,248
Solid waste system											
Number of solid waste disposal customers	18,012	17,917	17,650	17,617	17,214	17,501	17,284	17,066	16,868	16,672	16,333
Number of active participating recycling program (units)	17,164	17,070	16,900	16,834	16,704	16,667	17,017	16,302	16,105	17,321	16,998
Water pollution control plants											
Orchard Street Plant:											
Design capacity	8.00 MGD	8.00 MGD	8.00 MGD	8.00 MGD	8.00 MGD	8.00 MGD	8.00 MGD	8.00 MGD	8.00 MGD	8.00 MGD	8.00 MGD
Current treatment rate	5.0	5.2	4.20 MGD	4.10 MGD	4.10 MGD	4.10 MGD	4.10 MGD	4.10 MGD	4.10 MGD	4.10 MGD	4.67 MGD

GLOSSARY

Accounting Basis- Method used to determine when revenues and expenses (with associated assets and liabilities) are recognized in the accounts of a firm, and reported in its financial statements. In accrual basis accounting, for example, revenues are recognized when earned and expenses are recognized when incurred, whether or not any cash is received or paid. In cash basis accounting, however, revenues and expenses are recognized only when cash is received or paid, irrespective of the timing of actual sales or purchases.

Accrual- A basis of accounting in which revenues are recognized when they are measurable and earned and expenditures are recorded when incurred.

ACFR- (annual comprehensive financial report) a standard accounting requirement followed by local and state governments to show how tax money is spent. The report serves several purposes which also help explain various aspects of government activity for taxpayers.

Appropriation- Authorization by the City Commission that allows expenditures to be made on behalf of the City against governmental resources.

Audit- An examination of internal controls and financial statements.

Balance Sheet- A statement which presents the financial position of an entity as of a specified date.

Budget- A financial plan or proposed revenues and expenditures for a specified period of time (usually one year).

Budgetary Accounting- Used by governments where a formal budget is adopted through an extensive approval process as an expression of public policy. The budget is a statement of financial intent indicating how the government plans to raise revenue and expend its resources.

Budget Calendar- The schedule of key dates or milestones, which the City follows in the preparation and adoption of the budgets.

Budget Deficit- A budget in which expenditures exceed the projected funds available.

Capital Expenditures- Expenditures for items which exceed \$25,000 in value and have a useful life of 1 year or more.

Capital Projects- Have long range returns, useful life spans, are relatively expensive, and have physical presence such as buildings, roads, sewage systems, water systems, etc.

CIP- (capital improvement project) New or continued and approved capital projects for the maintenance or improvement of city assets.

Committed- Fund balance classification that can only be used for a specific purpose pursuant to constraints imposed by formal action of the government's highest level of decision making authority.

Debt Service- The City's obligation to pay principal and interest according to a predetermined schedule.

Debt Service Fund- The funds created to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Department- A major organizational unit that indicates management responsibility for a group of related operations.

DEP- (Florida Department of Environmental Protection) Florida agency devoted to environmental management and stewardship. Florida's environmental priorities include achieving regulatory certainty, consistency and protection, and achieving the highest water quality.

Depreciation- The periodic expiration of an asset's useful life. Depreciation is a requirement in proprietary-type funds, such as enterprise and internal service funds. It is not used in any other fund. Depreciation is a non-cash expense and while it is recorded in the annual financial statements, it is not budgeted.

Encumbrances- Commitments against an appropriation.

EPA- (Environmental Protection Agency) an independent federal agency, created in 1970, that sets and enforces rules and standards that protect the environment and control pollution.

Enterprise Fund- The funds established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Estimated Revenues- Projections of funds to be received during the fiscal year.

FAA- (Federal Aviation Administration) is a component of the U.S. Department of Transportation that sets standards for the air-worthiness of all civilian aircraft, inspects and licenses them and regulates civilian and military air traffic control centers.

FDOT- (Florida Department of Transportation) a decentralized agency charged with the establishment, maintenance, and regulation of public transportation in the state of Florida.

Franchise Fees- Fees levied on a corporation in return for granting privilege, sanctioning a monopoly, or permitting the use of public property, usually subject to regulation.

Fund Balance- The amount by which assets exceed liabilities.

GIS- (geographic information system) allows the city's users to produce maps from the existing GIS with integrated information from the data base of the primary mini-computer application.

Impact Fees- A connection's contribution toward its equitable share of the cost of capital improvements required to serve new customers.

Interfund Transfers- Amounts transferred from one fund to another.

Intergovernmental Revenues- Revenues received from another government.

Internal Service Funds- The funds established for the financing of goods or services provided by one department to other departments within the City on a cost reimbursement basis. Examples are the Data Processing Fund and the Insurance Fund.

LAN- (local area network) a computer network covering a small local area, such as a home or office.

Levy- Imposed taxes, special assessments, or service charges.

MGD- (million gallons per day) a measurement standard for city owned water treatment pumps.

Modified Accrual Method- Method under which revenues are recognized in the period they become available and measurable, and expenditures are recognized in the period the associated liability is incurred. Most government accounting follows this method.

NPDES- (national pollution discharge elimination system) a national program under Section 402 of the Clean Water Act for regulation of discharges of pollutants from point sources to waters of the United States. Discharges are illegal unless authorized by an NPDES permit.

OBPAC- (Ormond Beach Performing Arts Center) consists of an auditorium, rehearsal room, studio and music rooms for city sponsored groups, professional theater and musical productions.

Operating Expenditures- Ongoing expenditures that are not wages, benefits or capital in nature.

Ordinance- A formal legislative enactment by the governing board of a municipality.

Personal Property- Livestock, commercial equipment and furnishings, attachments to mobile homes, railroad cars, and similar possessions that are taxable under State law.

Real Property- Land and the buildings and other structures attached to it that are taxable under state law.

Reserved- Indicates that a portion of fund balance is restricted for a specific purpose.

Roll back tax rate- The tax rate that generates the same amount of revenue as the prior year exclusive of gains from new construction.

SOH- (save our homes) an amendment to the Florida Constitution that mandates that the assessed value of your Homestead property can increase by no more than 3% above last year's assessed value (or the consumer price index, whichever is less).

Special Revenue Fund- Account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

State Revenue Sharing- Allocations to municipalities from a trust fund primarily supported by State cigarette and motor fuel taxes.

Taxable Value- Assessed value of property minus any exceptions, which may be applicable.

Tax Base- The total property valuations on which each taxing agency levies its tax rates.

Tentative Millage- The tax rate adopted at the first public hearing of a taxing agency. Under State law, the agency may reduce, but not increase, the tentative millage during the second budget hearing.

Truth in Millage- State law establishing mandatory procedures, including advertising requirements and the holding of public hearings, for adoption of budgets and tax rates.

Unassigned- Fund balance classification that has not been assigned to other fund balance classifications.

Utility Tax- Municipal charges levied by the City in each and every purchase of a public service within the corporate limits of the City. Public service is electricity, gas, fuel oil, water, and telephone service.

WAN- (wide area network) a large, integrated computer network with multiple access points and users. An example would be the World Wide Web.

Cost Allocation Plan FY 2025-26

Allocation of General Fund Costs to Other Funds through interfund transfer

						General Fund Police Department Budget Allocated based on estimated cost to secure assets 0.5%	General Fund Fire Department Budget Allocated based on estimated time spent on flow testing & hydrant maintenance 2.0%	General Fund Planning Department Budget Allocated based on estimated cost of development review plus Avolve 15.0%	Total General Fund Costs Allocated to Other Funds				
General Fund Administration Budget (Commission, City Manager, Legal, Support Services) Allocation based on % of agenda items		General Fund Finance and Human Resources Budget Allocation based on # of employees		General Fund Information Technology Munis/Energov									
Amount to be allocated		\$	3,782,457	\$	1,961,281	\$	2,768,252	\$	13,718,987	\$	8,199,114	\$	920,264
Allocation of costs to:												Allocation of costs to:	
Stormwater	4.0%	151,298	2.2%	43,584	0.0%	-	NA	NA	NA	NA	194,882	Stormwater	
Airport	0.5%	18,912	0.3%	5,448	0.0%	-	NA	NA	NA	NA	24,360	Airport	
General Capital Improvements	1.0%	37,825	0.0%	-	0.0%	-	NA	NA	NA	NA	37,825	General Capital Improvements	
Transportation	8.0%	302,597	0.0%	-	0.0%	-	NA	NA	NA	NA	302,597	Transportation	
Water/Wastewater Operating	15.0%	567,369	17.8%	348,672	35.0%	968,888	68,595	163,982	138,040	NA	2,255,546	Water/Wastewater Operating	
Solid Waste	1.0%	37,825	0.6%	10,896	0.6%	15,379	NA	NA	NA	NA	48,721	Solid Waste	

Allocation of Engineering Costs to Other Funds through department charge

	General Fund Engineering Budget Allocation based on average CIP budget	
Amount to be allocated	\$	1,457,708
Planning	2.00%	29,154
Streets	2.00%	29,154
Parks	2.00%	29,154
Building	2.00%	29,154
Leisure Services	2.00%	29,154
Airport	1.00%	14,577
		160,348
Allocation of costs to:		
Downtown Redevelopment	3.04%	39,388
Stormwater	14.16%	183,654
Transportation	9.40%	121,913
Water/Wastewater R&R	73.41%	952,406
Solid Waste	0.00%	-
		1,297,360
24,571,722		1,457,708

Allocation of Water/Wastewater Utility Billing Costs to Other Funds through interfund transfer

	Water/Wastewater Utility Billing Costs (Excluding Meter Reading Costs) Allocation based on Fund Revenues to Total Revenue	
Amount to be allocated	\$	1,326,065
Allocation of costs to:		
Stormwater	10.00%	132,607
Solid Waste	30.00%	397,820
Cost Allocation for Utility Billing Services		
Budget 40151302		1,831,300.00
Less: Professional Services		(100,000.00)
Less: Meter Reading Personnel Cost		(350,000.00)
Less: Vehicle Costs		(49,035.00)
Less: Equipment Repair		(4,700.00)
Less: Uniforms/Clothing		(1,500.00)
Total to Allocate		1,326,065.00

Investment Policy
City of Ormond Beach, Florida

**Approved By City Council
April 16, 2013**

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Investment Policy of the City of Ormond Beach, Florida

I. PURPOSE

The purpose of this Investment Policy (hereinafter “Policy”) is to set forth the investment objectives and parameters for the management of the funds of the City of Ormond Beach, Florida, (hereinafter the “City”). This Policy is designed to ensure the prudent management of public funds, the availability of operating and capital funds when needed, and an investment return competitive with comparable funds and financial market indices.

II. SCOPE

In accordance with Section 218.415, Florida Statutes, this Policy applies to all cash and investments held or controlled by the City and shall be identified as “general operating funds” of the City with the exception of the City’s Pension Funds and funds related to the issuance of debt where there are other existing policies or indentures in effect for such funds. Additionally, any future revenues, which have statutory investment requirements conflicting with this Policy and funds held by state agencies (e.g., Department of Revenue), are not subject to the provisions of this Policy.

III. INVESTMENT OBJECTIVES

Safety of Principal

The foremost objective of this investment program is the safety of the principal of those funds within the portfolios. Investment transactions shall seek to keep capital losses at a minimum, whether they are from securities defaults or erosion of market value. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

Maintenance of Liquidity

The portfolios shall be managed in such a manner that funds are available to meet reasonably anticipated cash flow requirements in an orderly manner. Periodical cash flow analyses will be completed in order to ensure that the portfolios are positioned to provide sufficient liquidity.

Return on Investment

The portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of least importance compared to the safety and liquidity objectives described above. However, return is attempted through active management where the adviser utilizes a total return strategy (which includes both realized and unrealized gains and losses in the portfolio). This total return strategy seeks to increase the value of the portfolio through reinvestment of income and capital gains. The

core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Despite this, an Investment Manager(s) may trade to recognize a loss from time to time to achieve a perceived relative value based on its potential to enhance the total return of the portfolio.

IV. DELEGATION OF AUTHORITY

In accordance with the City's Charter, the responsibility for providing oversight and direction in regard to the management of the investment program resides with the City's Manager. Responsibility for the administration of the investment program is hereby delegated by the City Manager to the Finance Director, who shall maintain an Investment Procedures and Internal Controls Manual based on this Policy. The Finance Director shall be responsible for monitoring internal controls, administrative controls and to regulate the activities of the City's staff involved with the investment program. The City may employ an Investment Advisor(s) to assist in managing some of the City's portfolios. Such Investment Advisor(s) must be registered under the Investment Advisors Act of 1940.

V. STANDARDS OF PRUDENCE

The standard of prudence to be used by investment officials shall be the "Prudent Person" standard and shall be applied in the context of managing the overall investment program. Investment officers acting in accordance with written procedures and this investment Policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectation are reported to the City Council in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this Policy. The "Prudent Person" rule states the following:

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived from the investment.

While the standard of prudence to be used by investment officials who are officers or employees is the "Prudent Person" standard, any person or firm hired or retained to invest, monitor, or advise concerning these assets shall be held to the higher standard of "Prudent Expert". The standard shall be that in investing and reinvesting moneys and in acquiring, retaining, managing, and disposing of investments of these funds, the contractor shall exercise: the judgment, care, skill, prudence, and diligence under the circumstances then prevailing, which persons of prudence, discretion, and intelligence, acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims by diversifying the investments of the funds, so as to minimize the risk, considering the probable income as well as the probable safety of their capital.

VI. ETHICS AND CONFLICTS OF INTEREST

Employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Also, employees involved in the investment process shall disclose to the City Manager any material financial interests in financial institutions that conduct business with the City,

and they shall further disclose any material personal financial/investment positions that could be related to the performance of the City's investment program.

VII. INTERNAL CONTROLS AND INVESTMENT PROCEDURES

The Finance Director shall establish a system of internal controls and operational procedures that are in writing and made a part of the City's operational procedures. The internal controls should be designed to prevent losses of funds, which might arise from fraud, employee error, and misrepresentation by third parties, or imprudent actions by employees. The written procedures should include reference to safekeeping, repurchase agreements, separation of transaction authority from accounting and record keeping, wire transfer agreements, banking service contracts, collateral/depository agreements, and "delivery vs. payment" procedures. No person may engage in an investment transaction except as authorized under the terms of this Policy. These procedures are intended to reduce the relatively low risk that material losses may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Independent auditors as a normal part of the annual financial audit to the City shall conduct a review of the system of internal controls to ensure compliance with policies and procedures.

VIII. CONTINUING EDUCATION

The Finance Director, management designee and/or appropriate staff shall annually complete 8 hours of continuing education in subjects or courses of study related to investment practices and products.

IX. AUTHORIZED INVESTMENT INSTITUTIONS AND DEALERS

Authorized City staff and Investment Advisor(s) shall only purchase securities from financial institutions, which are Qualified Institutions by the City or institutions designated as "Primary Securities Dealers" by the Federal Reserve Bank of New York. Authorized City staff and Investment Advisor(s) shall only enter into repurchase agreements with financial institutions that are Qualified Institutions and Primary Securities Dealers as designated by the Federal Reserve Bank of New York.

The City's Investment Advisor(s) shall utilize and maintain its own list of approved primary and non-primary securities dealers.

The Finance Director and/or the management designee shall maintain a list of financial institutions and broker/dealers that are approved for investment purposes and only firms meeting the following requirements will be eligible to serve as Qualified Institutions:

- 1) regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule);
- 2) Capital of no less than \$10,000,000;
- 3) registered as a dealer under the Securities Exchange Act of 1934;
- 4) member of the National Association of Dealers (NASD);
- 5) registered to sell securities in Florida; and
- 6) the firm and assigned broker have been engaged in the business of effecting transactions in U.S. government and agency obligations for at least five (5) consecutive years.

All brokers, dealers and other financial institutions deemed to be Qualified Institutions shall be provided with current copies of the City's Investment Policy. A current audited financial statement is required to be on file for each financial institution and broker/dealer with which the City transacts business.

X. MATURITY AND LIQUIDITY REQUIREMENTS

To the extent possible, an attempt will be made to match investment maturities with known cash needs and anticipated cash flow requirements. .

Investments shall have a term appropriate to the need for funds and in accordance with debt covenants, but in no event shall exceed five (5) years.

XI. COMPETITIVE SELECTION OF INVESTMENT INSTRUMENTS

After the Finance Director or management designee and the Investment Advisor(s) has determined the approximate maturity date based on cash flow needs and market conditions and has analyzed and selected one or more optimal types of investments, a minimum of three (3) Qualified Institutions and/or Primary Dealers must be contacted and asked to provide bids/offers on securities in questions. Bids will be held in confidence until the bid deemed to best meet the investment objectives is determined and selected.

However, if obtaining bids/offers are not feasible and appropriate, securities may be purchased utilizing the comparison to current market price method on an exception basis. Acceptable current market price providers include, but are not limited to:

- A. Telerate Information System
- B. Bloomberg Information Systems
- C. Wall Street Journal or a comparable nationally recognized financial publication providing daily market pricing
- D. Daily market pricing provided by the City's custodian or their correspondent institutions

The Finance Director and the Investment Advisor(s) shall utilize the competitive bid process to select the securities to be purchased or sold. Selection by comparison to a current market price, as indicated above, shall only be utilized when, in judgment of the Finance Director and the Investment Advisor(s), competitive bidding would inhibit the selection process.

Examples of when this method may be used include:

- A. When time constraints due to unusual circumstances preclude the use of the competitive bidding process
- B. When no active market exists for the issue being traded due to the age or depth of the issue
- C. When a security is unique to a single dealer, for example, a private placement
- D. When the transaction involves new issues or issues in the "when issued" market

Overnight sweep investments or repurchase agreements will not be bid, but may be placed with the City's depository bank relating to the demand account for which the sweep investments or repurchase agreement was purchased.

XII. AUTHORIZED INVESTMENTS AND PORTFOLIO COMPOSITION

Investments should be made subject to the cash flow needs and such cash flows are subject to revisions as market conditions and the City's needs change. However, when the invested funds are needed in whole or in part for the purpose originally intended or for more optimal investments, the Finance Director or management designee may direct the Investment Advisor(s) to sell the investment at the then-prevailing market price and place the proceeds into the proper account at the City's custodian.

The following are the investment requirements and allocation limits on security types, issuers, and maturities as established by the City. The Finance Director or management designee shall have the option to further restrict investment percentages from time to time based on market conditions, risk and diversification investment strategies. The percentage allocations requirements for investment types and issuers are calculated based on the original cost of each investment. Investments not listed in this Policy are prohibited.

In the event of a ratings downgrade of a security, the Investment Advisor(s) shall notify the Finance Director within five business days of such a decline in the required rating. The Investment Advisor(s) and the Finance Director will review the individual facts and circumstances of the situation and determine an appropriate course of action.

The allocation limits and security types do not apply to the investment of debt proceeds. These investments shall be governed by the debt covenant included in the debt instrument.

Security Type	Minimum Rating Requirement	Maturity Limits	Maximum Allocation Limit	Maximum Issuer Limit
United States Government Securities	N/A	5 Years	100%	N/A
United States Government Agencies (full faith and credit of the United States Government)	N/A	5 Years	50%	25%
Federal Instrumentalities (United States Government Sponsored Enterprises (“GSE”) which are non-full faith and credit).*	N/A	5 Years	80%	40%
Mortgage-Backed Securities (MBS) *	N/A	5 Years	20%	15%
Non-Negotiable Interest Bearing Time Certificates of Deposit	N/A	1 Years	50%	25%
Repurchase Agreements	N/A	60 Days	50%	25%
Commercial Paper	P-1/A-1	270 Days	25%	15%
Corporate Notes	single “A” category by any two NRSROs	5 Years	25%	5%
Bankers’ Acceptances	P-1/A-1	180 Days	35%	20%
State and/or Local Government Taxable and/or Tax-Exempt Debt	Single “A” category by two NRSROs	5 Years	20%	20%
Registered Investment Companies (Money Market Mutual Funds)	AAAm	N/A	50%	25%
Intergovernmental Investment Pool	AAA	N/A	25%	N/A
Florida PRIME	AAAm	N/A	25%	N/A

*The combined total of available funds invested in Federal Instrumentalities and Mortgage- Backed Securities cannot be more than 80%.

A. United States Government Securities

1. Purchase Authorization

Authorized Staff may invest in negotiable direct obligations, or obligations the principal and interest of which are unconditionally guaranteed by the United States Government. Such securities will include, but not be limited to the following:

Cash Management Bills
Treasury Securities – State and Local Government Series (SLGS)
Treasury Bills
Treasury Notes
Treasury Bonds
Treasury Strips

2. Portfolio Composition

A maximum of 100% of available funds may be invested in the United States Government Securities.

3. Maturity Limitations

The length to maturity of any direct investment in the United States Government Securities is five (5) years from the date of purchase.

B. United States Government Agencies (full faith and credit of the United States Government)

1. Purchase Authorization

Authorized Staff may invest in bonds, debentures or notes issued or guaranteed by the United States Government agencies, provided such obligations are backed by the full faith and credit of the United States Government. Such securities will include, but not be limited to the following:

- Government National Mortgage Association (GNMA)
- United States Export – Import Bank
 - Direct obligations or fully guaranteed certificates of beneficial ownership
- Farmer Home Administration
 - Certificates of beneficial ownership
- Federal Financing Bank
 - Discount notes, notes and bonds
- Federal Housing Administration Debentures
- General Services Administration
- New Communities Debentures
 - United States Government guaranteed debentures
- United States Public Housing Notes and Bonds
 - United States Government guaranteed public housing notes and bonds
- United States Department of Housing and Urban Development
 - Project notes and local authority bonds

2. Portfolio Composition

A maximum of 50% of available funds may be invested in United States Government agencies.

3. Limits on Individual Issuers

A maximum of 25% of available funds may be invested in individual United States Government agencies.

4. Maturity Limitations

The length to maturity for an investment in any United States Government agency security is five (5) years from the date of purchase.

- C. Federal Instrumentalities (United States Government Sponsored Enterprises (“GSE”) which are non-full faith and credit).
1. Purchase Authorization

Authorized Staff may invest in bonds, debentures or notes issued or guaranteed by United States Government Sponsored Enterprises (Federal Instrumentalities which are non-full faith and credit agencies) limited to the following:

 - Federal Farm Credit Bank (FFCB)
 - Federal Home Loan Bank or its District banks (FHLB)
 - Federal National Mortgage Association (FNMA)
 - Federal Home Loan Mortgage Corporation (Freddie-Macs) including Federal Home Loan Mortgage Corporation participation certificates
 2. Portfolio Composition

A maximum of 80% of available funds may be invested in Federal Instrumentalities. The combined total of available funds invested in Federal Instrumentalities and Mortgage-Backed Securities cannot be more than 80%.
 3. Limits on Individual Issuers

A maximum of 40% of available funds may be invested in any one issuer.
 4. Maturity Limitations

The length to maturity for an investment in any Federal Instrumentality is five (5) years from the date of purchase.
- D. Mortgage-Backed Securities (MBS)
1. Purchase Authorization

Authorized Staff may invest in mortgage-backed securities (MBS) which are based on mortgages that are guaranteed by a government agency or GSE for payment of principal and a guarantee of timely payment.
 2. Portfolio Composition

A maximum of 20% of available funds may be invested in MBS. The combined total of available funds invested in Federal Instrumentalities and Mortgage Backed Securities cannot be more than 80%.
 3. Limits of Individual Issuers

A maximum of 15% of available funds may be invested with any one issuer.

4. Maturity Limitations

A maximum length to maturity for an investment in any MBS is five (5) years from the date of purchase.

The maturity of mortgage securities shall be considered the date corresponding to its average life. This date reflects the point at which an investor will have received back half of the original principal (face) amount. The average life may be different from the stated legal maturity included in a security's description.

E. Non-Negotiable Interest Bearing Time Certificates of Deposit

1. Purchase Authorization

Authorized Staff may invest in non-negotiable interest bearing time certificates of deposit or savings accounts in banks organized under the laws of this state and/or in national banks organized under the laws of the United States and doing business and situated in this state, provided that any such deposits are secured by the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes.

2. Portfolio Composition

A maximum of 50% of available funds may be invested in non-negotiable interest bearing time certificates of deposit or savings accounts.

3. Limits on Individual Issuers

A maximum of 25% of available funds may be deposited with any one issuer.

4. Maturity Limitations

The maximum maturity on any certificate shall be no greater than one (1) year from the date of purchase.

F. Repurchase Agreements

1. Purchase Authorization

a. Authorized Staff may invest in repurchase agreements comprised of only those investments based on the requirements set forth by the City's Master Repurchase Agreement. All firms with whom the City enters into repurchase agreements will have in place an executed Master Repurchase Agreement with the City.

b. A third party custodian shall hold collateral for all repurchase agreements with a term longer than one (1) business day.

c. Securities authorized for collateral are negotiable direct obligations of the United States Government and Federal Instrumentalities with maturities under five (5) years and must have a mark-to-market value at a minimum of 102 percent during the term of the repurchase agreement.

Immaterial short-term deviations from 102 percent requirement are permissible only upon the approval of the Authorized Staff.

2. Portfolio Composition

A maximum of 50% of available funds may be invested in repurchase agreements with the exception of one (1) business day agreements and overnight sweep agreements.

3. Limits on Individual Issuers

A maximum of 25% of available funds may be invested with any one institution with the exception of one (1) business day agreements and overnight sweep agreements.

4. Maturity Limitations

The maximum length to maturity of any repurchase agreement is 60 days from the date of purchase.

G. Commercial Paper

1. Purchase Authorization

Authorized Staff may invest in commercial paper of any United States company that is rated, at the time of purchase, "Prime-1" by Moody's and "A-1" by Standard & Poor's (prime commercial paper). If backed by a letter of credit (LOC), the long-term debt of the LOC provider must be rated at least single "A" category by any two Nationally Recognized Statistical Rating Organizations ("NRSROs").

2. Portfolio Composition

A maximum of 25% of available funds may be directly invested in prime commercial paper.

3. Limits on Individual Issuers

A maximum of 15% of available funds may be invested with any one issuer.

4. Maturity Limitations

The maximum length to maturity for prime commercial paper shall be 270 days from the date of purchase.

H. Corporate Notes

1. Purchase Authorization

Authorized Staff may invest in corporate notes issued by corporations organized and operating within the United States or by depository institutions licensed by the United States that have a long term debt rating, at the time of purchase, at a minimum single “A” category by any two NRSROs.

2. Portfolio Composition

A maximum of 25% of available funds may be directly invested in corporate notes.

3. Limits on Individual Issuers

A maximum of 5% of available funds may be invested with any one issuer.

4. Maturity Limitations

The maximum length to maturity for corporate notes shall be five (5) years from the date of purchase.

I. Bankers’ Acceptances

1. Purchase Authorization

Authorized Staff may invest in bankers’ acceptances which are issued by a domestic bank which has at the time of purchase, an unsecured, uninsured and unguaranteed obligation rating of at least “Prime-1” by Moody’s or “A-1” by Standard & Poor’s.

2. Portfolio Composition

A maximum of 35% of available funds may be directly invested in bankers’ acceptances.

3. Limits on Individual Issuers

A maximum of 20% of available funds may be invested with any one issuer.

4. Maturity Limitations

The maximum length to maturity for bankers’ acceptances shall be 180 days from the date of purchase.

J. State and/or Local Government Taxable and/or Tax-Exempt Debt

1. Purchase Authorization

Authorized Staff may invest in state and/or local government taxable and/or tax-exempt debt, general obligation and/or revenue bonds, rated at the time of purchases, at a minimum single “A” category by any two NRSROs, or rated at least “MIG-2” by Moody’s or “SP-2” by Standard & Poor’s for short-term debt.

2. Portfolio Composition

A maximum of 20% of available funds may be invested in taxable and tax-exempt debts.

3. Limits on Individual Issuers

A maximum of 20% of available funds may be invested with any one issuer.

4. Maturity Limitations

A maximum length to maturity for an investment in any state or local government debt security is five (5) years from the date of purchase.

K. Registered Investment Companies (Money Market Mutual Funds)

1. Purchase Authorization

Authorized Staff may invest in shares in open-end and no-load money market funds provided such funds are registered under the Federal Investment Company Act of 1940 and operate in accordance with 17 C.F.R. § 270.2a-7, which stipulates that money market funds must have an average weighted maturity of 60 days or less. In addition, the share value of the money market funds must be equal to \$1.00.

2. Portfolio Composition

A maximum of 50% of available funds may be invested in money market funds.

3. Limits of Individual Issuers

A maximum of 25% of available funds may be invested with any one money market fund.

4. Rating Requirements

The money market funds shall be rated “AAAm” by Standard & Poor’s or the equivalent by another NRSRO.

5. Due Diligence Requirements

A thorough review of any money market fund is required prior to investing, and on a continual basis. There shall be a questionnaire developed by the Finance Director that will contain a list of questions that covers the major aspects of any investment pool/fund.

L. Intergovernmental Investment Pool

1. Purchase Authorization

Authorized Staff may invest in intergovernmental investment pools that are authorized pursuant to the Florida Interlocal Cooperation Act, as provided in s. 163.01, F.S.

2. Portfolio Composition

A maximum of 25% of available funds may be invested in intergovernmental investment pools.

3. Rating Requirements

The Intergovernmental Investment Pool shall be rated “AAA” by Standard & Poor’s or the equivalent by another NRSRO.

4. Due Diligence Requirements

A thorough review of any investment pool/fund is required prior to investing, and on a continual basis. There shall be a questionnaire developed by the Finance Director that will contain a list of questions that covers the major aspects of any investment pool.

M. The Florida PRIME

1. Purchase Authorization

Authorized Staff may invest in the Florida PRIME.

2. Portfolio Composition

A maximum of 25% of available funds may be invested in the Florida PRIME.

3. Rating Requirements

The Florida PRIME shall be rated “AAAm” by Standard & Poor’s or the equivalent by another NRSRO.

4. Due Diligence Requirements

A thorough review of the Florida PRIME is required prior to investing, and on a continual basis. There shall be a questionnaire developed by the Finance Director that will contain a list of questions that covers the major aspects of any investment pool/fund.

XIII. DERIVATIVES AND REVERSE REPURCHASE AGREEMENTS

Investment in any derivative products or the use of reverse repurchase agreements requires specific City Council approval prior to their use. If the City Council approves the use of derivative products, the Finance Director or management designee shall develop sufficient understanding of the derivative products and have the expertise to manage them. A “derivative” is defined as a financial instrument the value of which depends on, or is derived from, the value of one or more underlying assets or indices or asset values. If the City Council approves the use of reverse repurchase agreements or other forms of leverage, the investment shall be limited to transactions in which the proceeds are intended to provide liquidity and for which the Finance Director or management designee has sufficient resources and expertise to manage them.

XIV. PERFORMANCE MEASUREMENTS

In order to assist in the evaluation of the portfolios' performance, the City will use performance benchmarks for short-term and long-term portfolios. The use of benchmarks will allow the City to measure its returns against other investors in the same markets.

- A. Investment performance of funds designated as short-term funds and other funds that must maintain a high degree of liquidity will be compared to the return on the S&P Rated GIP Index Government 30 Day Yield. Investments of current operating funds shall have maturities of no longer than twenty-four (24) months.
- B. Investment performance of funds designated as core funds and other non-operating funds that have a longer-term investment horizon will be compared to the Merrill Lynch 1-3 Year U.S. Treasury Note Index and the portfolio's total rate of return will be compared to this benchmark. The appropriate index will have a duration and asset mix that approximates the portfolios and will be utilized as a benchmark to be compared to the portfolios' total rate of return. Investments of bond reserves, construction funds, and other non-operating funds ("core funds") shall have a term appropriate to the need for funds and in accordance with debt covenants, but in no event shall exceed five (5) years.

XV. REPORTING

The Finance Director, management designee and/or Investment Advisor(s) shall provide the City Manager with a "Quarterly Investment Report" that summarizes but not limited to the following:

- A. Recent market conditions, economic developments and anticipated investment conditions.
- B. The investment strategies employed in the most recent quarter.
- C. A description of all securities held in investment portfolios at month-end.
- D. The total rate of return for the quarter and year-to-date versus appropriate benchmarks.
- E. Any areas of the Policy concern warranting possible revisions to current or planned investment strategies. The market values presented in these reports will be consistent with accounting guidelines in GASB Statement 31.

On an annual basis, the City Manager designee shall submit to the City Council a written report on all invested funds. The annual report shall provide all, but not limited to, the following: a complete list of all invested funds, name or type of security in which the funds are invested, the amount invested, the maturity date, earned income, the book value, the market value, the yield on each investment.

The annual report will show performance on both a book value and total rate of return basis and will compare the results to the above-stated performance benchmarks. All investments shall be reported at fair value per GASB Statement 31. Investment reports shall be available to the public.

XVI. THIRD-PARTY CUSTODIAL AGREEMENTS

Securities, with the exception of certificates of deposits, shall be held with a third party custodian; and all securities purchase by, and all collateral obtained by the City should be properly designated as an asset of the City. The securities must be held in an account separate and apart from the assets of the financial institution. A third party custodian is defined as any bank depository chartered by the Federal Government, the State of Florida, or any other state or territory of the United States which has a branch or principal place of business in the State of Florida, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in the State of Florida. Certificates of deposits will be placed in the provider's safekeeping department for the term of the deposit.

The custodian shall accept transaction instructions only from those persons who have been duly authorized by the City Manager and which authorization has been provided, in writing, to the custodian. No withdrawal of securities, in whole or in part, shall be made from safekeeping, shall be permitted unless by such a duly authorized person.

The custodian shall provide the Finance Director or management designee with safekeeping statements that provide detail information on the securities held by the custodian. On a monthly basis, the custodian will also provide reports that list all securities held for the City, the book value of holdings and the market value as of month-end.

Security transactions between a broker/dealer and the custodian involving the purchase or sale of securities by transfer of money or securities must be made on a "delivery vs. payment" basis, if applicable, to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction. Securities held as collateral shall be held free and clear of any liens.

XVII. INVESTMENT POLICY ADOPTION

The Investment Policy shall be adopted by City resolution. The Finance Director and Accounting Manager shall review the Policy annually and submit recommendations to the City Manager for review and approval. If a change in the Policy is recommended for approval by the City Manager, the Finance Director will prepare the necessary report to Council.

**APPROVED AND ADOPTED BY THE CITY COUNCIL ON April 16, 2013.
RESOLUTION NUMBER**

Name: _____

Title: _____

Attachment A

Glossary of Cash and Investment Management Terms

Accrued Interest. Interest earned but which has not yet been paid or received.

Agency. See "Federal Agency Securities."

Ask Price. Price at which a broker/dealer offers to sell a security to an investor. Also known as "offered price."

Asset Backed Securities (ABS). A fixed-income security backed by notes or receivables against assets other than real estate. Generally issued by special purpose companies that "own" the assets and issue the ABS. Examples include securities backed by auto loans, credit card receivables, home equity loans, manufactured housing loans, farm equipment loans and aircraft leases.

Average Life. The average length of time that an issue of serial bonds and/or term bonds with a mandatory sinking fund feature is expected to be outstanding.

Bankers' Acceptance (BA's). A draft or bill of exchange drawn upon and accepted by a bank. Frequently used to finance shipping of international goods. Used as a short-term credit instrument, bankers' acceptances are traded at a discount from face value as a money market instrument in the secondary market on the basis of the credit quality of the guaranteeing bank.

Basis Point. One hundredth of one percent, or 0.01%. Thus 1% equals 100 basis points.

Bearer Security. A security whose ownership is determined by the holder of the physical security. Typically, there is no registration on the issuer's books. Title to bearer securities is transferred by delivery of the physical security or certificate. Also known as "physical securities."

Benchmark Bills: In November 1999, FNMA introduced its Benchmark Bills program, a short-term debt securities issuance program to supplement its existing discount note program. The program includes a schedule of larger, weekly issues in three- and six-month maturities and biweekly issues in one-year for Benchmark Bills. Each issue is brought to market via a Dutch (single price) auction. FNMA conducts a weekly auction for each Benchmark Bill maturity and accepts both competitive and non-competitive bids through a web based auction system. This program is in addition to the variety of other discount note maturities, with rates posted on a daily basis, which FNMA offers. FNMA's Benchmark Bills are unsecured general obligations that are issued in book-entry form through the Federal Reserve Banks. There are no periodic payments of interest on Benchmark Bills, which are sold at a discount from the principal amount and payable at par at maturity. Issues under the Benchmark program constitute the same credit standing as other FNMA discount notes; they simply add organization and liquidity to the short-term Agency discount note market.

Benchmark Notes/Bonds: Benchmark Notes and Bonds are a series of FNMA "bullet" maturities (non-callable) issued according to a pre-announced calendar. Under its Benchmark Notes/Bonds program, 2, 3, 5, 10 and 30-year maturities are issued each quarter. Each Benchmark Notes new issue has a minimum size of \$4 billion, 30-year new issues having a minimum size of \$1 billion, with re-openings based on investor demand to further enhance liquidity. The amount of non-callable issuance has allowed FNMA to build a yield curve in Benchmark Notes and Bonds in maturities ranging from 2 to 30 years. The liquidity emanating from these large size issues has facilitated favorable financing opportunities through the development of a liquid overnight and term repo market. Issues under the Benchmark program constitute the same credit standing as other FNMA issues; they simply add organization and liquidity to the intermediate- and long-term Agency market.

Benchmark. A market index used as a comparative basis for measuring the performance of an investment portfolio. A performance benchmark should represent a close correlation to investment guidelines, risk tolerance and duration of the actual portfolio's investments.

Bid Price. Price at which a broker/dealer offers to purchase a security from an investor.

Bond Market Association (BMA). The bond market trade association representing the largest securities markets in the world. In addition to publishing a Master Repurchase Agreement, widely accepted as the industry standard document for Repurchase Agreements, the BMA also recommends bond market closures and early closes due to holidays.

Bond. Financial obligation for which the issuer promises to pay the bondholder (the purchaser or owner of the bond) a specified stream of future cash flows, including periodic interest payments and a principal repayment.

Book Entry Securities. Securities that are recorded in a customer's account electronically through one of the financial markets electronic delivery and custody systems, such as the Fed Securities wire, DTC and PTC

(as opposed to bearer or physical securities). The trend is toward a certificate-free society in order to cut down on paperwork and to diminish investors' concerns about the certificates themselves. The vast majority of securities are now book entry securities.

Book Value. The value at which a debt security is reflected on the holder's records at any point in time. Book value is also called "amortized cost" as it represents the original cost of an investment adjusted for amortization of premium or accretion of discount. Also called "carrying value." Book value can vary over time as an investment approaches maturity and differs from "market value" in that it is not affected by changes in market interest rates.

Broker/Dealer. A person or firm transacting securities business with customers. A "broker" acts as an agent between buyers and sellers, and receives a commission for these services. A "dealer" buys and sells financial assets from its own portfolio. A dealer takes risk by owning inventory of securities, whereas a broker merely matches up buyers and sellers. See also "Primary Dealer."

Bullet Notes/Bonds. Notes or bonds that have a single maturity date and are non-callable.

Call Date. Date at which a call option may be or is exercised.

Call Option. The right, but not the obligation, of an issuer of a security to redeem a security at a specified value and at a specified date or dates prior to its stated maturity date. Most fixed-income calls are at par, but can be at any previously established price. Securities issued with a call provision typically carry a higher yield than similar securities issued without a call feature. There are three primary types of call options (1) European - one-time calls, (2) Bermudan - periodically on a predetermined schedule (quarterly, semi-annual, annual), and (3) American - continuously callable at any time on or after the call date. There is usually a notice period of at least 5 business days prior to a call date.

Callable Bonds/Notes. Securities, which contain an imbedded call option giving the issuer, the right to redeem the securities prior to maturity at a predetermined price and time.

Certificate of Deposit (CD). Bank obligation issued by a financial institution generally offering a fixed rate of return (coupon) for a specified period of time (maturity). Can be as long as 10 years to maturity, but most CDs purchased by public agencies are one year and under.

Collateral. Investment securities or other property that a borrower pledges to secure repayment of a loan, secure deposits of public monies, or provide security for a repurchase agreement.

Collateralization. Process by which a borrower pledges securities, property, or other deposits for securing the repayment of a loan and/or security.

Collateralized Mortgage Obligation (CMO). A security that pools together mortgages and separates them into short, medium, and long-term positions (called tranches). Tranches are set up to pay different rates of interest

depending upon their maturity. Interest payments are usually paid monthly. In “plain vanilla” CMOs, principal is not paid on a tranche until all shorter tranches have been paid off. This system provides interest and principal in a more predictable manner. A single pool of mortgages can be carved up into numerous tranches each with its own payment and risk characteristics.

Commercial Paper. Short term unsecured promissory note issued by a company or financial institution. Issued at a discount and matures for par or face value. Usually a maximum maturity of 270 days, and given a short-term debt rating by one or more NRSROs.

Convexity. A measure of a bond's price sensitivity to changing interest rates. A high convexity indicates greater sensitivity of a bond's price to interest rate changes.

Corporate Note. A debt instrument issued by a corporation with a maturity of greater than one year and less than ten years.

Counterparty. The other party in a two party financial transaction. "Counterparty risk" refers to the risk that the other party, to a transaction, will fail in its related obligations. For example, the bank or broker/dealer in a repurchase agreement.

Coupon Rate. Annual rate of interest on a debt security, expressed as a percentage of the bond's face value.

Current Yield. Annual rate of return on a bond based on its price. Calculated as (coupon rate / price), but does not accurately reflect a bond's true yield level.

Custody. Safekeeping services offered by a bank, financial institution or trust company, referred to as the “custodian.” Service normally includes the holding and reporting of the customer's securities, the collection and disbursement of income, securities settlement and market values.

Dealer. A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

Delivery Versus Payment (DVP). Settlement procedure in which securities are delivered versus payment of cash, but only after cash has been received. Most security transactions, including those through the Fed Securities Wire system and DTC, are done DVP as a protection for both the buyer and seller of securities.

Depository Trust Company (DTC). A firm through which members can use a computer to arrange for securities to be delivered to other members without physical delivery of certificates. A member of the Federal Reserve System and owned mostly by the New York Stock Exchange, the Depository Trust Company uses computerized debit and credit entries. Most corporate securities, commercial paper, CDs and BAs clear through DTC.

Derivatives. For hedging purposes, common derivatives are options, futures, swaps and swaptions. All Collateralized Mortgage Obligations (“CMOs”) are derivatives. (1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).

Derivative Security. Financial instrument created from, or whose value depends upon, one or more underlying assets or indexes of asset values.

Designated Bond. FFCB's regularly issued, liquid, non-callable securities that generally have a 2 or 3 year original maturity. New issues of Designated Bonds are \$1 billion or larger. Re-openings of existing Designated Bond issues are generally a minimum of \$100 million. Designated Bonds are offered through a syndicate of two to six dealers. Twice each month the Funding Corporation announces its intention to issue a new Designated Bond, reopen an existing issue, or to not issue or reopen a Designated Bond. Issues under the Designated Bond

program constitute the same credit standing as other FFCB issues; they simply add organization and liquidity to the intermediate- and long-term Agency market.

Discount Notes. Unsecured general obligations issued by Federal Agencies at a discount. Discount notes mature at par and can range in maturity from overnight to one year. Very large primary (new issue) and secondary markets.

Discount Rate. Rate charged by the system of Federal Reserve Banks on overnight loans to member banks. Changes to this rate are administered by the Federal Reserve and closely mirror changes to the “fed funds rate.”

Discount Securities. Non-interest bearing money market instruments that are issued at discount and redeemed at maturity for full face value. Examples include: U.S. Treasury Bills, Federal Agency Discount Notes, Bankers' Acceptances and Commercial Paper.

Discount. The amount by which a bond or other financial instrument sells below its face value. See also "Premium."

Diversification. Dividing investment funds among a variety of security types, maturities, industries and issuers offering potentially independent returns.

Dollar Price. A bond's cost expressed as a percentage of its face value. For example, a bond quoted at a dollar price of 95 ½, would have a principal cost of \$955 per \$1,000 of face value.

Duff & Phelps. One of several NRSROs that provide credit ratings on corporate and bank debt issues.

Duration. The weighted average maturity of a security's or portfolio's cash flows, where the present values of the cash flows serve as the weights. The greater the duration of a security/portfolio, the greater its percentage price volatility with respect to changes in interest rates. Used as a measure of risk and a key tool for managing a portfolio versus a benchmark and for hedging risk. There are also different kinds of duration used for different purposes (e.g. MacAuley Duration, Modified Duration).

Fannie Mae. See "Federal National Mortgage Association."

Fed Money Wire. A computerized communications system that connects the Federal Reserve System with its member banks, certain U. S. Treasury offices, and the Washington D.C. office of the Commodity Credit Corporation. The Fed Money Wire is the book entry system used to transfer cash balances between banks for themselves and for customer accounts.

Fed Securities Wire. A computerized communications system that facilitates book entry transfer of securities between banks, brokers and customer accounts, used primarily for settlement of U.S. Treasury and Federal Agency securities.

Fed. See "Federal Reserve System."

Federal Agency Security. A debt instrument issued by one of the Federal Agencies. Federal Agencies are considered second in credit quality and liquidity only to U.S. Treasuries.

Federal Agency. Government sponsored/owned entity created by the U.S. Congress, generally for the purpose of acting as a financial intermediary by borrowing in the marketplace and directing proceeds to specific areas of the economy considered to otherwise have restricted access to credit markets. The largest Federal Agencies are GNMA, FNMA, FHLMC, FHLB, FFCB, SLMA, and TVA.

Federal Deposit Insurance Corporation (FDIC). Federal agency that insures deposits at commercial banks, currently to a limit of \$250,000 per depositor per bank.

Federal Farm Credit Bank (FFCB). One of the large Federal Agencies. A government sponsored enterprise (GSE) system that is a network of cooperatively-owned lending institutions that provides credit services to farmers, agricultural cooperatives and rural utilities. The FFCBs act as financial intermediaries that borrow money in the capital markets and use the proceeds to make loans and provide other assistance to farmers and farm-affiliated businesses. Consists of the consolidated operations of the Banks for Cooperatives, Federal Intermediate Credit Banks, and Federal Land Banks. Frequent issuer of discount notes, agency notes and callable agency securities. FFCB debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and agricultural industry. Also issues notes under its “designated note” program.

Federal Funds (Fed Funds). Funds placed in Federal Reserve Banks by depository institutions in excess of current reserve requirements, and frequently loaned or borrowed on an overnight basis between depository institutions.

Federal Funds Rate (Fed Funds Rate). The interest rate charged by a depository institution lending Federal Funds to another depository institution. The Federal Reserve influences this rate by establishing a “target” Fed Funds rate associated with the Fed's management of monetary policy.

Federal Home Loan Bank System (FHLB). One of the large Federal Agencies. A government sponsored enterprise (GSE) system, consisting of wholesale banks (currently twelve district banks) owned by their member banks, which provides correspondent banking services and credit to various financial institutions, financed by the issuance of securities. The principal purpose of the FHLB is to add liquidity to the mortgage markets. Although FHLB does not directly fund mortgages, it provides a stable supply of credit to thrift institutions that make new mortgage loans. FHLB debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and housing market. Frequent issuer of discount notes, agency notes and callable agency securities. Also issues notes under its “global note” and “TAP” programs.

Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac"). One of the large Federal Agencies. A government sponsored public corporation (GSE) that provides stability and assistance to the secondary market for home mortgages by purchasing first mortgages and participation interests financed by the sale of debt and guaranteed mortgage backed securities. FHLMC debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and housing market. Frequent issuer of discount notes, agency notes, callable agency securities and MBS. Also issues notes under its “reference note” program.

Federal National Mortgage Association (FNMA or "Fannie Mae"). One of the large Federal Agencies. A government sponsored public corporation (GSE) that provides liquidity to the residential mortgage market by purchasing mortgage loans from lenders, financed by the issuance of debt securities and MBS (pools of mortgages packaged together as a security). FNMA debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and housing market. Frequent issuer of discount notes, agency notes, callable agency securities and MBS. Also issues notes under its “benchmark note” program.

Federal Reserve Bank. One of the 12 distinct banks of the Federal Reserve System.

Federal Reserve System (the Fed). The independent central bank system of the United States that establishes and conducts the nation's monetary policy. This is accomplished in three major ways: (1) raising or lowering bank reserve requirements, (2) raising or lowering the target Fed Funds Rate and Discount Rate, and (3) in open market operations by buying and selling government securities. The Federal Reserve System is made up of twelve Federal Reserve District Banks, their branches, and many national and state banks throughout the nation. It is headed by the seven member Board of Governors known as the “Federal Reserve Board” and headed by its Chairman.

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Financial Industry Regulatory Authority, Inc (FINRA). is a private corporation that acts as a self-regulatory organization (SRO). FINRA is the successor to the National Association of Securities Dealers, Inc. (NASD). Though sometimes mistaken for a government agency, it is a non-governmental organization that performs financial regulation of member brokerage firms and exchange markets. The government also has a regulatory arm for investments, the Securities and Exchange Commission.

Fiscal Agent/Paying Agent. A bank or trust company that acts, under a trust agreement with a corporation or municipality, in the capacity of general treasurer. The agent performs such duties as making coupon payments, paying rents, redeeming bonds, and handling taxes relating to the issuance of bonds.

Fitch Investors Service, Inc. One of several NRSROs that provide credit ratings on corporate and municipal debt issues.

Floating Rate Security (FRN or “floater”). A bond with an interest rate that is adjusted according to changes in an interest rate or index. Differs from variable-rate debt in that the changes to the rate take place immediately when the index changes, rather than on a predetermined schedule. See also “Variable Rate Security.”

Freddie Mac. See "Federal Home Loan Mortgage Corporation".

Ginnie Mae. See "Government National Mortgage Association".

Global Notes: Notes designed to qualify for immediate trading in both the domestic U.S. capital market and in foreign markets around the globe. Usually large issues that are sold to investors worldwide and therefore have excellent liquidity. Despite their global sales, global notes sold in the U.S. are typically denominated in U.S. dollars.

Government National Mortgage Association (GNMA or "Ginnie Mae"). One of the large Federal Agencies. Government-owned Federal Agency that acquires, packages, and resells mortgages and mortgage purchase commitments in the form of mortgage-backed securities. Largest issuer of mortgage pass-through securities. GNMA debt is guaranteed by the full faith and credit of the U.S. government (one of the few agencies that is actually full faith and credit of the U.S.).

Government Securities. An obligation of the U.S. government, backed by the full faith and credit of the government. These securities are regarded as the highest quality of investment securities available in the U.S. securities market. See "Treasury Bills, Notes, Bonds, and SLGS."

Government Sponsored Enterprise (GSE). Privately owned entity subject to federal regulation and supervision, created by the U.S. Congress to reduce the cost of capital for certain borrowing sectors of the economy such as students, farmers, and homeowners. GSEs carry the implicit backing of the U.S. Government, but they are not direct obligations of the U.S. Government. For this reason, these securities will offer a yield premium over U.S. Treasuries. Some consider GSEs to be stealth recipients of corporate welfare. Examples of GSEs include: FHLB, FHLMC, FNMA and SLMA.

Government Sponsored Enterprise Security. A security issued by a Government Sponsored Enterprise. Considered Federal Agency Securities.

Index. A compilation of statistical data that tracks changes in the economy or in financial markets.

Interest-Only (IO) STRIP. A security based solely on the interest payments from the bond. After the principal has been repaid, interest payments stop and the value of the security falls to nothing. Therefore, IOs are considered risky investments. Usually associated with mortgage-backed securities.

Internal Controls. An internal control structure ensures that the assets of the entity are protected from loss, theft, or misuse. The internal control structure is designed to provide reasonable assurance that these objectives are met.

The concept of reasonable assurance recognizes that 1) the cost of a control should not exceed the benefits likely to be derived and 2) the valuation of costs and benefits requires estimates and judgments by management. Internal controls should address the following points:

1. **Control of collusion** - Collusion is a situation where two or more employees are working in conjunction to defraud their employer.
2. **Separation of transaction authority from accounting and record keeping** - By separating the person who authorizes or performs the transaction from the people who record or otherwise account for the transaction, a separation of duties is achieved.
3. **Custodial safekeeping** - Securities purchased from any bank or dealer including appropriate collateral (as defined by state law) shall be placed with an independent third party for custodial safekeeping.
4. **Avoidance of physical delivery securities** - Book-entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Delivered securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increases with physically delivered securities.
5. **Clear delegation of authority to subordinate staff members** - Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.
6. **Written confirmation of transactions for investments and wire transfers** - Due to the potential for error and improprieties arising from telephone and electronic transactions, all transactions should be supported by written communications and approved by the appropriate person. Written communications may be via fax if on letterhead and if the safekeeping institution has a list of authorized signatures.
7. **Development of a wire transfer agreement with the lead bank and third-party custodian** - The designated official should ensure that an agreement will be entered into and will address the following points: controls, security provisions, and responsibilities of each party making and receiving wire transfers.

Inverse Floater. A floating rate security structured in such a way that it reacts inversely to the direction of interest rates. Considered risky as their value moves in the opposite direction of normal fixed-income investments and whose interest rate can fall to zero.

Investment Advisor. A company that provides professional advice managing portfolios, investment recommendations and/or research in exchange for a management fee.

Investment Adviser Act of 1940. Federal legislation that sets the standards by which investment companies, such as mutual funds, are regulated in the areas of advertising, promotion, performance reporting requirements, and securities valuations.

Investment Grade. Bonds considered suitable for preservation of invested capital; bonds rated a minimum of Baa3 by Moody's, BBB- by Standard & Poor's, or BBB- by Fitch. Although "BBB" rated bonds are considered investment grade, most public agencies cannot invest in securities rated below "A."

Liquidity. Relative ease of converting an asset into cash without significant loss of value. Also, a relative measure of cash and near-cash items in a portfolio of assets. Also, a term describing the marketability of a money market security correlating to the narrowness of the spread between the bid and ask prices.

Local Government Investment Pool (LGIP). An investment by local governments in which their money is pooled as a method for managing local funds, (i.e., Florida State Board of Administration's Florida Prime Fund).

Long-Term Core Investment Program. Funds that are not needed within a one year period.

Market Value. The fair market value of a security or commodity. The price at which a willing buyer and seller would pay for a security.

Mark-to-market. Adjusting the value of an asset to its market value, reflecting in the process unrealized gains or losses.

Master Repurchase Agreement. A widely accepted standard agreement form published by the Bond Market Association (BMA) that is used to govern and document Repurchase Agreements and protect the interest of parties in a repo transaction.

Maturity Date. Date on which principal payment of a financial obligation is to be paid.

Medium Term Notes (MTN's). Used frequently to refer to corporate notes of medium maturity (5-years and under). Technically, any debt security issued by a corporate or depository institution with a maturity from 1 to 10 years and issued under an MTN shelf registration. Usually issued in smaller issues with varying coupons and maturities, and underwritten by a variety of broker/dealers (as opposed to large corporate deals issued and underwritten all at once in large size and with a fixed coupon and maturity).

Money Market. The market in which short-term debt instruments (bills, commercial paper, bankers' acceptance, etc.) are issued and traded.

Money Market Mutual Fund (MMF). A type of mutual fund that invests solely in money market instruments, such as: U.S. Treasury bills, commercial paper, bankers' acceptances, and repurchase agreements. Money market mutual funds are registered with the SEC under the Investment Company Act of 1940 and are subject "rule 2a-7" which significantly limits average maturity and credit quality of holdings. MMF's are managed to maintain a stable net asset value (NAV) of \$1.00. Many MMFs carry ratings by a NRSRO.

Moody's Investors Service. One of several NRSROs that provide credit ratings on corporate and municipal debt issues.

Mortgage Backed Securities (MBS). Mortgage-backed securities represent an ownership interest in a pool of mortgage loans made by financial institutions, such as savings and loans, commercial banks, or mortgage companies, to finance the borrower's purchase of a home or other real estate. The majority of MBS are issued and/or guaranteed by GNMA, FNMA and FHLMC. There are a variety of MBS structures, some of which can be very risky and complicated. All MBS have reinvestment risk as actual principal and interest payments are dependent on the payment of the underlying mortgages which can be prepaid by mortgage holders to refinance and lower rates or simply because the underlying property was sold.

Mortgage Pass-Through Securities. A pool of residential mortgage loans with the monthly interest and principal distributed to investors on a pro-rata basis. Largest issuer is GNMA.

Municipal Note/Bond. A debt instrument issued by a state or local government unit or public agency. The vast majority of municipals are exempt from state and federal income tax, although some non-qualified issues are taxable.

Mutual Fund. Portfolio of securities professionally managed by a registered investment company that issues shares to investors. Many different types of mutual funds exist (bond, equity, money fund); all except money market funds operate on a variable net asset value (NAV).

Negotiable Certificate of Deposit (Negotiable CD). Large denomination CDs (\$100,000 and larger) that are issued in bearer form and can be traded in the secondary market.

Net Asset Value. The market value of one share of an investment company, such as a mutual fund. This figure is calculated by totaling a fund's assets which includes securities, cash, and any accrued earnings, subtracting this from the fund's liabilities and dividing this total by the number of shares outstanding. This is calculated once a day based on the closing price for each security in the fund's portfolio. (See below.)

$$[(\text{Total assets}) - (\text{Liabilities})]/(\text{Number of shares outstanding})$$

NRSRO. A “Nationally Recognized Statistical Rating Organization.” A designated rating organization that the SEC has deemed a strong national presence in the U.S. NRSROs provide credit ratings on corporate and bank debt issues. Only ratings of a NRSRO may be used for the regulatory purposes of rating. Includes Moody’s, S&P, Fitch and Duff & Phelps.

Offered Price. See also "Ask Price."

Open Market Operations. Federal Reserve monetary policy tactic entailing the purchase or sale of government securities in the open market by the Federal Reserve System from and to primary dealers in order to influence the money supply, credit conditions, and interest rates.

Par Value. Face value, stated value or maturity value of a security.

Physical Delivery. Delivery of readily available underlying assets at contract maturity.

Portfolio. Collection of securities and investments held by an investor.

Premium. The amount by which a bond or other financial instrument sells above its face value. See also "Discount."

Primary Dealer. Any of a group of designated government securities dealers designated by to the Federal Reserve Bank of New York. Primary dealers can buy and sell government securities directly with the Fed. Primary dealers also submit daily reports of market activity and security positions held to the Fed and are subject to its informal oversight. Primary dealers are considered the largest players in the U.S. Treasury securities market.

Prime Paper. Commercial paper of high quality. Highest rated paper is A-1+/A-1 by S&P and P-1 by Moody’s.

Principal. Face value of a financial instrument on which interest accrues. May be less than par value if some principal has been repaid or retired. For a transaction, principal is par value times price and includes any premium or discount.

Prudent Investor Standard. Standard that requires that when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. More stringent than the “prudent person” standard as it implies a level of knowledge commensurate with the responsibility at hand.

Qualified Public Depository - Per Florida Statute 280, means any bank, saving bank or savings association that:

1. Is organized and exists under the laws of the United States, the laws of this state or any other state or territory of the United States;

2. Has its principal place of business in this state or has a branch office in this state which is authorized under the laws of this state or of the United States to receive deposits in this state.
3. Has deposit insurance under the provision of the Federal Deposit Insurance Act, as amended, 12 U.S.C. ss.1811 seq.
4. Meets all requirements of F.S. 280
5. Has been designed by the Treasurer as a qualified public depository.

Range Note. A type of structured note that accrues interest daily at a set coupon rate that is tied to an index. Most range notes have two coupon levels; a higher accrual rate for the period the index is within a designated range, the lower accrual rate for the period that the index falls outside the designated range. This lower rate may be zero and may result in zero earnings.

Rate of Return. Amount of income received from an investment, expressed as a percentage of the amount invested.

Realized Gains (Losses). The difference between the sale price of an investment and its book value. Gains/losses are “realized” when the security is actually sold, as compared to “unrealized” gains/losses which are based on current market value. See “Unrealized Gains (Losses).”

Reference Bills: FHLMC’s short-term debt program created to supplement its existing discount note program by offering issues from one month through one year, auctioned on a weekly or on an alternating four-week basis (depending upon maturity) offered in sizeable volumes (\$1 billion and up) on a cycle of regular, standardized issuance. Globally sponsored and distributed, Reference Bill issues are intended to encourage active trading and market-making and facilitate the development of a term repo market. The program was designed to offer predictable supply, pricing transparency and liquidity, thereby providing alternatives to U.S. Treasury bills. FHLMC’s Reference Bills are unsecured general corporate obligations. This program supplements the corporation’s existing discount note program. Issues under the Reference program constitute the same credit standing as other FHLMC discount notes; they simply add organization and liquidity to the short-term Agency discount note market.

Reference Notes: FHLMC’s intermediate-term debt program with issuances of 2, 3, 5, 10 and 30-year maturities. Initial issuances range from \$2 - \$6 billion with re-openings ranging \$1 - \$4 billion.

The notes are high-quality bullet structures securities that pay interest semiannually. Issues under the Reference program constitute the same credit standing as other FHLMC notes; they simply add organization and liquidity to the intermediate- and long-term Agency market.

Repurchase Agreement (Repo). A short-term investment vehicle where an investor agrees to buy securities from a counterparty and simultaneously agrees to resell the securities back to the counterparty at an agreed upon time and for an agreed upon price. The difference between the purchase price and the sale price represents interest earned on the agreement. In effect, it represents a collateralized loan to the investor, where the securities are the collateral. Can be DVP, where securities are delivered to the investor’s custodial bank, or “tri-party” where the securities are delivered to a third party intermediary. Any type of security can be used as “collateral,” but only some types provide the investor with special bankruptcy protection under the law. Repos should be undertaken only when an appropriate BMA approved master repurchase agreement is in place.

Reverse Repurchase Agreement (Reverse Repo). A repo from the point of view of the original seller of securities. Used by dealers to finance their inventory of securities by essentially borrowing at short-term rates. Can also be used to leverage a portfolio and in this sense, can be considered risky if used improperly.

Safekeeping. Service offered for a fee, usually by financial institutions, for the holding of securities and other valuables. Safekeeping is a component of custody services.

Secondary Market. Markets for the purchase and sale of any previously issued financial instrument.

Securities Lending. An arrangement between an investor and a custody bank that allows the custody bank to “loan” the investor’s investment holdings, reinvest the proceeds in permitted investments, and share any profits with the investor. Should be governed by a securities lending agreement. Can increase the risk of a portfolio in that the investor takes on the default risk on the reinvestment at the discretion of the custodian.

Sinking Fund. A separate accumulation of cash or investments (including earnings on investments) in a fund in accordance with the terms of a trust agreement or indenture, funded by periodic deposits by the issuer (or other entity responsible for debt service), for the purpose of assuring timely availability of moneys for payment of debt service. Usually used in connection with term bonds.

Spread. The difference between the price of a security and similar maturity U.S. Treasury investments, expressed in percentage terms or basis points. A spread can also be the absolute difference in yield between two securities. The securities can be in different markets or within the same securities market between different credits, sectors, or other relevant factors.

Standard & Poor's. One of several NRSROs that provide credit ratings on corporate and municipal debt issues.

STRIPS (Separate Trading of Registered Interest and Principal of Securities). Acronym applied to U.S. Treasury securities that have had their coupons and principal repayments separated into individual zero-coupon Treasury securities. The same technique and “strips” description can be applied to non-Treasury securities (e.g. FNMA strips).

Structured Notes. Notes that have imbedded into their structure options such as step-up coupons or derivative-based returns.

Swap. Trading one asset for another.

TAP Notes: Federal Agency notes issued under the FHLB TAP program. Launched in 6/99 as a refinement to the FHLB bullet bond auction process. In a break from the FHLB’s traditional practice of bringing numerous small issues to market with similar maturities, the TAP Issue Program uses the four most common maturities and reopens them up regularly through a competitive auction. These maturities (2, 3, 5 and 10 year) will remain open for the calendar quarter, after which they will be closed and a new series of TAP issues will be opened to replace them. This reduces the number of separate bullet bonds issued, but generates enhanced awareness and liquidity in the marketplace through increased issue size and secondary market volume.

Tennessee Valley Authority (TVA). One of the large Federal Agencies. A wholly owned corporation of the United States government that was established in 1933 to develop the resources of the Tennessee Valley region in order to strengthen the regional and national economy and the national defense. Power operations are separated from non-power operations. TVA securities represent obligations of TVA, payable solely from TVA's net power proceeds, and are neither obligations of nor guaranteed by the United States. TVA is currently authorized to issue debt up to \$30 billion. Under this authorization, TVA may also obtain advances from the U.S. Treasury of up to \$150 million. Frequent issuer of discount notes, agency notes and callable agency securities.

Total Return. Investment performance measured over a period of time that includes coupon interest, interest on interest, and both realized and unrealized gains or losses. Total return includes, therefore, any market value appreciation/depreciation on investments held at period end.

Treasuries. Collective term used to describe debt instruments backed by the U.S. Government and issued through the U.S. Department of the Treasury. Includes Treasury bills, Treasury notes, and Treasury bonds. Also a benchmark term used as a basis by which the yields of non-Treasury securities are compared (e.g., "trading at 50 basis points over Treasuries").

Treasury Bills (T-Bills). Short-term direct obligations of the United States Government issued with an original term of one year or less. Treasury bills are sold at a discount from face value and do not pay interest before maturity. The difference between the purchase price of the bill and the maturity value is the interest earned on the bill. Currently, the U.S. Treasury issues 4-week, 13-week and 26-week T-Bills

Treasury Bonds. Long-term interest-bearing debt securities backed by the U.S. Government and issued with maturities of ten years and longer by the U.S. Department of the Treasury. The Treasury stopped issuing Treasury Bonds in August 2001.

Treasury Notes. Intermediate interest-bearing debt securities backed by the U.S. Government and issued with maturities ranging from one to ten years by the U.S. Department of the Treasury. The Treasury currently issues 2-year, 5-year and 10-year Treasury Notes.

Trustee. A bank designated by an issuer of securities as the custodian of funds and official representative of bondholders. Trustees are appointed to insure compliance with the bond documents and to represent bondholders in enforcing their contract with the issuer.

Uniform Net Capital Rule. SEC regulation 15C3-1 that outlines the minimum net capital ratio (ratio of indebtedness to net liquid capital) of member firms and non-member broker/dealers.

Unrealized Gains (Losses). The difference between the market value of an investment and its book value. Gains/losses are "realized" when the security is actually sold, as compared to "unrealized" gains/losses which are based on current market value. See also "Realized Gains (Losses)."

Variable-Rate Security. A bond that bears interest at a rate that varies over time based on a specified schedule of adjustment (e.g., daily, weekly, monthly, semi-annually or annually). See also "Floating Rate Note."

Weighted Average Maturity (or just "Average Maturity"). The average maturity of all securities and investments of a portfolio, determined by multiplying the par or principal value of each security or investment by its maturity (days or years), summing the products, and dividing the sum by the total principal value of the portfolio. A simple measure of risk of a fixed-income portfolio.

Weighted Average Maturity to Call. The average maturity of all securities and investments of a portfolio, adjusted to substitute the first call date per security for maturity date for those securities with call provisions.

Yield Curve. A graphic depiction of yields on like securities in relation to remaining maturities spread over a time line. The traditional yield curve depicts yields on U.S. Treasuries, although yield curves exist for Federal Agencies and various credit quality corporates as well. Yield curves can be positively sloped (normal) where longer-term investments have higher yields, or "inverted" (uncommon) where longer-term investments have lower yields than shorter ones.

Yield to Call (YTC). Same as "Yield to Maturity," except the return is measured to the first call date rather than the maturity date. Yield to call can be significantly higher or lower than a security's yield to maturity.

Yield to Maturity (YTM). Calculated return on an investment, assuming all cash flows from the security are reinvested at the same original yield. Can be higher or lower than the coupon rate depending on market rates and whether the security was purchased at a premium or discount. There are different conventions for calculating YTM for various types of securities.

Yield. There are numerous methods of yield determination. In this glossary, see also "Current Yield," "Yield Curve," "Yield to Call" and "Yield to Maturity."

Attachment B
Investment Pool/Fund Questionnaire

1. A description of eligible investment securities, and a written statement of investment policy and objectives.
2. A description of interest calculations and how it is distributed, and how gains and losses are treated.
3. A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.
4. A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.
5. A schedule for receiving statements and portfolio listings.
6. Are reserves, retained earnings, etc. utilized by the pool/fund?
7. A fee schedule, and when and how is it assessed.
8. Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?





Ordinance Adoption **Business Impact Estimate**

Proposed ordinance's number and legal title:

ORDINANCE NO. 2025-29 AN ORDINANCE ADOPTING THE ANNUAL BUDGET FOR THE 2025-2026 FISCAL YEAR BEGINNING OCTOBER 1, 2025 AND ENDING SEPTEMBER 30, 2026; REPEALING ALL INCONSISTENT ORDINANCES OR PARTS THEREOF; AND SETTING FORTH AN EFFECTIVE DATE.

This Business Impact Estimate is provided in accordance with section 166.041(4), Florida Statutes. If one or more boxes are checked below, this means the City is of the view that a business impact estimate is not required by state law for the proposed ordinance, but the City is, nevertheless, providing this Business Impact Estimate as a courtesy and to avoid any procedural issues that could impact the enactment of the proposed ordinance. This Business Impact Estimate may be revised following its initial posting.

- ☐ The proposed ordinance is required for compliance with Federal or State law or regulation;
- ☐ The proposed ordinance relates to the issuance or refinancing of debt;
- ☒ The proposed ordinance relates to the adoption of budgets or budget amendments, including revenue sources necessary to fund the budget;
- ☐ The proposed ordinance is required to implement a contract or an agreement, including, but not limited to, any Federal, State, local, or private grant or other financial assistance accepted by the municipal government;
- ☐ The proposed ordinance is an emergency ordinance;
- ☐ The ordinance relates to procurement; or
- ☐ The proposed ordinance is enacted to implement the following:
 - a. Part II of Chapter 163, Florida Statutes, relating to growth policy, county and municipal planning, and land development regulation, including zoning, development orders, development agreements and development permits;
 - b. Sections 190.005 and 190.046, Florida Statutes, regarding community development districts;
 - c. Section 553.73, Florida Statutes, relating to the Florida Building Code; or
 - d. Section 633.202, Florida Statutes, relating to the Florida Fire Prevention Code.

In accordance with the provisions of controlling law, even notwithstanding the fact that an exemption noted above may apply, the City hereby publishes the following information:

1. A summary of the proposed ordinance, including a statement of the public purpose to be served by the proposed ordinance, such as serving the public health, safety, morals, and welfare of the City.

Ordinance is required to comply with Florida Statute regarding annual adoption of budgets.

2. An estimate of the direct economic impact of the proposed ordinance on private, for-profit businesses in the City, including the following, if any:

- a. An estimate of direct compliance costs that businesses may reasonably incur if the ordinance is enacted;

None

- b. Identification of any new charge or fee on businesses subject to the proposed ordinance, or for which businesses will be financially responsible; and

None

- c. An estimate of the City's regulatory costs, including an estimate of revenues from any new charges or fees that will be imposed on businesses to cover such costs.

None

3. A good faith estimate of the number of businesses likely to be impacted by the ordinance.

Not applicable

4. Any additional information the City determines may be useful.

(This section may include: methodology or data used to prepare the Business Impact Estimate, e.g., City staff solicited comments from businesses as to the potential impact of the proposed ordinance by contacting the chamber of commerce, social media posting, direct mail/email, posting on the City's website, public workshop, etc.; efforts made to reduce the potential fiscal impact on businesses; and state the proposed ordinance is a generally applicable ordinance that applies to all persons similarly situated (individuals or businesses) and, therefore, the proposed ordinance does not affect only businesses.)



City of Ormond Beach

City Commission Meeting

City Hall Commission Chambers

22 South Beach St., Ormond Beach FL 32174

August 19, 2025, 7:00 PM

*Jason Leslie, Mayor
Lori Tolland, Zone 1
Travis Sargent, Zone 2
Kristin Deaton, Zone 3
Harold Briley, Zone 4*

Minutes

1. **CALL TO ORDER**

Mayor Leslie called the meeting to order at 07:01 PM.

Present: Mayor Jason Leslie, Commissioners Lori Tolland, Travis Sargent, Kristin Deaton, and Harold Briley, City Manager Joyce Shanahan, City Attorney Randy Hayes, Assistant City Managers Claire Whitley, and Shawn Finley, and City Clerk Susan Dauderis.

2. **INVOCATION**

Pastor Aaron Sweigart, Tomoka Christian Church, provided the invocation.

3. **PLEDGE OF ALLEGIANCE**

Mayor Leslie led the Pledge of Allegiance.

4. **AUDIENCE REMARKS - REGARDING ITEMS NOT ON THE AGENDA & ON THE CONSENT AGENDA**

Mr. Ike Leary, 23 Marjorie Trail, thanked the Commission and city staff for their work at Cassen Park, including the bait shop. He invited the Commission to the grand opening of the bait shop on Labor Day weekend.

Ms. Debbie Kruck-Forrester, 15 Brookwood Drive, invited the Commission to a September 11 memorial ceremony and walk on behalf of Ormond Strong.

Mr. Sean Daly, Northbrook Subdivision, suggested the Commission consider adding landing fees to the Ormond Beach Municipal Airport to help generate revenue to offset the city's budget. He voiced concerns regarding the noise and noise abatement from the airport.

Commissioner Sargent inquired on the status of landing fees at the airport; whereby, Mr. Brian Rademacher, Economic Development Director, indicated the item was set to go before the Aviation Advisory Board for their input, however deferred since the Florida Legislature passed legislation which excluded four-year institutions that teach flying from having fees levied against them. He explained the difficulties surrounding the new legislature, noting the city was waiting for guidance and direction from the Federal Aviation Administration (FAA) before moving forward with landing fees.

Ms. Elena Krafft, 28 Old Canyon Lane, expressed her disappointment and concerns regarding the Request for Proposal (RFP) process for the employee health insurance broker item discussed at the Commission's workshop on August 5, 2025. She requested the Commission join other municipalities in the lawsuit against Senate Bill 180. She voiced her opposition to comments made publicly by a Commissioner towards the founder of Protect Volusia. She discussed the work Protect Volusia did for the county and community and requested an apology be made.

5. APPROVAL OF MINUTES

A. Minutes from City Commission meeting - August 5, 2025

Mayor Leslie advised the minutes from the August 5, 2025, City Commission meeting were sent to the Commission for review and posted on the city's website for public viewing. He asked if there were any corrections, additions, or omissions. He stated, hearing no corrections, the minutes would stand approved as presented.

Commissioner Briley moved, seconded by Commissioner Sargent, for approval of the August 5, 2025, City Commission meeting minutes.

Motion passed by voice vote.

6. CONSENT AGENDA

Mayor Leslie advised the actions proposed for the items on the Consent Agenda were so stated on the agenda. He asked if any member of the Commission had questions or wished to discuss any items separately.

Commissioner Tolland requested Item 6A be pulled from the Consent Agenda.

Commissioner Sargent agreed with Item 6A and requested Item 6C also be pulled from the Consent Agenda.

Commissioner Briley moved, seconded by Commissioner Sargent, for approval of the Consent Agenda, absent Items 6A and 6C.

Call Vote:	Commissioner Tolland	Yes
	Commissioner Sargent	Yes
	Commissioner Deaton	Yes
	Commissioner Briley	Yes
Carried.	Mayor Leslie	Yes

B. Budget Advisory Board Appointment

RESOLUTION NO. 2025-136: A RESOLUTION APPOINTING A MEMBER TO THE BUDGET ADVISORY BOARD; SETTING FORTH TERMS AND CONDITIONS OF SERVICE; AND SETTING FORTH AN EFFECTIVE DATE.

D. Emergency Procurement - Water Treatment Plant Generator Replacement

RESOLUTION NO. 2025-138: A RESOLUTION RATIFYING, AFFIRMING AND AUTHORIZING AN EMERGENCY EXPENDITURE FOR THE RENTAL OF A TEMPORARY GENERATOR FROM RING POWER CORPORATION; AUTHORIZING AN EMERGENCY EXPENDITURE FOR THE PURCHASE OF A NEW CATERPILLAR 1250 KW GENERATOR FROM RING POWER CORPORATION; AUTHORIZATION AN EMERGENCY EXPENDITURE FOR ELECTRICAL SERVICES FROM ECONOMY ELECTRIC COMPANY; AND SETTING FORTH AN EFFECTIVE DATE.

E. Volusia County Interlocal Agreement for Provision of Municipal Services

RESOLUTION NO. 2025-139: A RESOLUTION AUTHORIZING THE EXECUTION OF AN INTERLOCAL AGREEMENT WITH THE COUNTY OF VOLUSIA FOR THE PROVISION OF MUNICIPAL SERVICES AND TRAFFIC SIGNAL MAINTENANCE WITHIN THE CITY OF ORMOND BEACH; SETTING FORTH AN EFFECTIVE DATE.

F. Volusia County Transform386 Hurricane Milton Homeowner Recovery Program

RESOLUTION NO. 2025-140: A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF ORMOND BEACH, FLORIDA, AUTHORIZING THE CITY MANAGER TO ENTER INTO AGREEMENTS WITH VOLUSIA COUNTY FOR THE ACCEPTANCE OF PROPERTIES ACQUIRED THROUGH THE HOUSING AND URBAN DEVELOPMENT (HUD) COMMUNITY DISASTER BLOCK GRANT-DISASTER RECOVERY (CBDG-DR) FUNDED SINGLE FAMILY HOMEOWNER REPAIR AND REPLACEMENT PROGRAM AND HOMEOWNER RECOVERY PROGRAM BUYOUT PATHWAY; PROVIDING FOR SEVERABILITY; AND PROVIDING FOR AN EFFECTIVE DATE.

G. **Disposition Item:** Stanley Steamer Renewal

H. **Disposition Item:** RFP - Process Control System, Equipment, & Instrumentation Services

I. **Disposition Item:** City Manager's Monthly Report, August 2025

City Clerk Susan C. Dauderis read by legal title only:

A. RFP Award - New Playground Equipment, Andy Romano Beachfront Park and Fire Station 91

RESOLUTION NO. 2025-117: A RESOLUTION ACCEPTING THE PROPOSAL OF PLAYCORE WISCONSIN, INC. D/B/A GAMETIME REGARDING THE PURCHASE AND INSTALLATION OF PLAYGROUND EQUIPMENT FOR ANDY ROMANO BEACHFRONT PARK AND FIRE STATION 91 PARK; AUTHORIZING THE EXECUTION OF AN AGREEMENT AND PAYMENT THEREFOR; REJECTING ALL OTHER PROPOSALS; AND SETTING FORTH AN EFFECTIVE DATE.

Commissioner Briley moved, seconded by Commissioner Deaton, to approve Resolution No. 2025-117, as read by title only.

Commissioner Tolland inquired why the highest priced bid was selected; whereby, Mr. Robert Carolin, Leisure Services Director, explained the selected vendor was utilized for many years, noting their coastal coatings which was a higher quality compared to the other vendors who submitted proposals. He highlighted aspects of the vendor and their prior work within the city.

Mayor Leslie questioned the budget from the prior fiscal year to the current fiscal year; whereby, Mr. Carolin stated the project was within the budget from the prior fiscal year and moved to the current fiscal year, and discussed how the RFP was sent out and the requests within it. Mayor Leslie inquired about the life of the playground; whereby, Mr. Carolin stated the fire station playground was expected around 20 years and 10 years at Andy Romano Beachfront Park.

Commissioner Sargent requested the item be approved with the condition of an updated insurance policy; whereby, Mr. Hayes explained the insurance in the RFP paperwork was valid at the time it was submitted.

Mr. Shawn Finley, Assistant City Manager, explained the active certificate of insurance was at the end of the supporting documentation.

Commissioner Tolland moved, seconded by Commissioner Sargent, to approve Resolution No. 2025-117, as read by title only.

Call Vote:	Commissioner Sargent	Yes
	Commissioner Deaton	Yes
	Commissioner Briley	Yes
	Commissioner Tolland	Yes
Carried.	Mayor Leslie	Yes

City Clerk Susan C. Dauderis read by legal title only:

C. Bid Award - Pressure Main Cleaning Services

RESOLUTION NO. 2025-137: A RESOLUTION ACCEPTING A BID FROM PROFESSIONAL PIPING SERVICES, INC. FOR PRESSURE MAIN CLEANING SERVICES, UNDER BID NO. 2025-39; AUTHORIZING THE EXECUTION OF A CONTRACT AND PAYMENT THEREFOR; AND SETTING FORTH AN EFFECTIVE DATE.

Commissioner Sargent moved, seconded by Commissioner Deaton, to approve Resolution No. 2025-137, as read by title only.

Commissioner Sargent inquired if the service was unique due to the lack of bids; whereby, Mr. Finley indicated it was a highly specialized service, noting the bid was handled as all others were.

Call Vote:	Commissioner Deaton	Yes
	Commissioner Briley	Yes
	Commissioner Tolland	Yes
	Commissioner Sargent	Yes
Carried.	Mayor Leslie	Yes

Comments on the Consent Agenda

There were no further comments on the Consent Agenda.

7. PUBLIC HEARINGS

Mayor Leslie opened the Public Hearings.

City Clerk Susan C. Dauderis read by legal title only:

- A. Comprehensive Plan Amendments, Comprehensive Plan 2045 update (SECOND READING)

ORDINANCE NO. 2025-17: AN ORDINANCE OF THE CITY OF ORMOND BEACH, FLORIDA, AMENDING THE COMPREHENSIVE PLAN FOR THE CITY OF ORMOND BEACH IN ITS ENTIRETY PURSUANT TO CHAPTER 163, FLORIDA STATUTES; ADOPTING COMPREHENSIVE PLAN 2045, INCLUDING AMENDMENTS TO THE PLAN ADMINISTRATION, FUTURE LAND USE ELEMENT, TRANSPORTATION ELEMENT, UTILITIES ELEMENT, CONSERVATION ELEMENT, COASTAL MANAGEMENT ELEMENT, HOUSING ELEMENT, RECREATION AND OPEN SPACE ELEMENT, CAPITAL IMPROVEMENTS ELEMENT, INTERGOVERNMENTAL COORDINATION ELEMENT, CULTURAL AND HISTORICAL RESOURCES ELEMENT, PUBLIC SCHOOLS FACILITIES ELEMENT, AND PROPERTY RIGHTS ELEMENT, AND ALL ASSOCIATED MAPS AND FIGURES; PROVIDING FOR THE TRANSMITTAL OF COPIES OF THE NOTICE AND AMENDMENTS TO THE STATE REVIEWING AGENCIES, THE VOLUSIA GROWTH MANAGEMENT COMMISSION, THE COUNTY OF VOLUSIA, AND ANY OTHER LOCAL GOVERNMENT OR GOVERNMENTAL AGENCY REQUESTING A COPY; PROVIDING PUBLIC HEARINGS; PROVIDING FOR SEVERABILITY; AND SETTING FORTH AN EFFECTIVE DATE.

Commissioner Sargent moved, seconded by Commissioner Deaton, to approve Ordinance No. 2025-17, on the second reading, as read by title only.

Call Vote:	Commissioner Briley	Yes
	Commissioner Tolland	Yes
	Commissioner Sargent	Yes
	Commissioner Deaton	Yes
Carried.	Mayor Leslie	Yes

City Clerk Susan C. Dauderis read by legal title only:

- B. Code of Ordinance Amendments, Leisure Services Name Change

ORDINANCE NO. 2025-24: AN ORDINANCE AMENDING SECTION 2-83, OFFICES, DEPARTMENTS/DIVISIONS AND HEADS ENUMERATED, OF ARTICLE V, DEPARTMENTS, OF CHAPTER 2, ADMINISTRATION; SECTION 2-221, LEISURE SERVICES ADVISORY BOARD, OF DIVISION 2, ENUMERATED, OF ARTICLE VI, BOARDS, COMMISSIONS, COMMITTEES AND OTHER AGENCIES, OF CHAPTER 2, ADMINISTRATION; SECTION 2-222, WORKPLACE SAFETY PROGRAM, OF DIVISION 2, ENUMERATED, OF ARTICLE VI, BOARDS, COMMISSIONS, COMMITTEES AND OTHER AGENCIES, OF CHAPTER 2, ADMINISTRATION; SECTION 14-18, TRESPASS, OF ARTICLE I, IN GENERAL, OF CHAPTER 14, OFFENSES; SECTION 15-8, NUISANCES, OF ARTICLE I, OPERATION OF CITY PARKS AND RECREATION AND CULTURAL AREAS AND FACILITIES, OF CHAPTER 15, PARKS AND RECREATION; AND SECTION 17-9, PUBLIC USE OF STREETS AND SIDEWALKS, OF CHAPTER 17, STREETS, SIDEWALKS AND

OTHER PUBLIC PLACES, OF THE CITY OF ORMOND BEACH CODE OF ORDINANCES TO AMEND THE TERM "LEISURE SERVICES" DEPARTMENT TO "PARKS AND RECREATION" DEPARTMENT, AND TO AMEND THE NAME OF THE "LEISURE SERVICES ADVISORY BOARD" TO THE "PARKS AND RECREATION ADVISORY BOARD"; REPEALING ALL INCONSISTENT ORDINANCES OR PARTS THEREOF; AND SETTING FORTH AN EFFECTIVE DATE.

Commissioner Deaton moved, seconded by Commissioner Briley, to approve Ordinance No. 2025-24, on the first reading, as read by title only.

Call Vote:	Commissioner Tolland	Yes
	Commissioner Sargent	Yes
	Commissioner Deaton	Yes
	Commissioner Briley	Yes
Carried.	Mayor Leslie	Yes

City Clerk Susan C. Dauderis read by legal title only:

C. Land Development Code Amendment, Leisure Services Name Change

ORDINANCE NO. 2025-25: AN ORDINANCE AMENDING SUBSECTION (V), MOBILE FOOD DISPENSING VEHICLES, OF SECTION 2-50, ACCESSORY USES, OF ARTICLE III, GENERAL REGULATIONS, OF CHAPTER 2, DISTRICT AND GENERAL REGULATIONS, OF THE CITY OF ORMOND BEACH LAND DEVELOPMENT CODE TO AMEND THE TERM "LEISURE SERVICES DEPARTMENT" TO "PARKS AND RECREATION DEPARTMENT"; REPEALING ALL INCONSISTENT ORDINANCES OR PARTS THEREOF; PROVIDING FOR SEVERABILITY; AND SETTING FORTH AN EFFECTIVE DATE.

Commissioner Sargent moved, seconded by Commissioner Tolland, to approve Ordinance No. 2025-25, on the first reading, as read by title only.

Call Vote:	Commissioner Sargent	Yes
	Commissioner Deaton	Yes
	Commissioner Briley	Yes
	Commissioner Tolland	Yes
Carried.	Mayor Leslie	Yes

City Clerk Susan C. Dauderis read by legal title only:

D. Land Development Code Amendment, Private Tattoo Studio

ORDINANCE NO. 2025-26: AN ORDINANCE AMENDING CHAPTER 1, GENERAL ADMINISTRATION, ARTICLE III, DEFINITIONS AND ACRONYMS, SECTION 1-22, DEFINITION OF TERMS AND WORDS; CHAPTER 2, DISTRICT AND GENERAL REGULATIONS, ARTICLE II, DISTRICT REGULATIONS, SECTION 2-25, B-4, CENTRAL BUSINESS ZONING DISTRICT; AND CHAPTER 2, DISTRICT AND GENERAL REGULATIONS, ARTICLE IV, CONDITIONAL AND SPECIAL EXCEPTION REGULATIONS, SECTION 2-57, CRITERIA FOR REVIEW OF SPECIFIC CONDITIONAL AND SPECIAL EXCEPTION, OF THE CITY OF ORMOND BEACH LAND DEVELOPMENT CODE TO CREATE A PRIVATE TATTOO STUDIO USE DEFINITION AND CONDITIONAL USE CRITERIA, AND TO ALLOW THE PRIVATE

TATTOO STUDIO USE AS A CONDITIONAL USE IN THE B-4, CENTRAL BUSINESS ZONING DISTRICT; REPEALING ALL INCONSISTENT ORDINANCES OR PARTS THEREOF; PROVIDING FOR SEVERABILITY; AND SETTING FORTH AN EFFECTIVE DATE.

Commissioner Deaton moved, seconded by Commissioner Sargent, to approve Ordinance No. 2025-26, on the first reading, as read by title only.

Mr. Steven Spraker, Planning Director, presented a PowerPoint reviewing the conditions to amend three sections within the Land Development Code (LDC) for a private tattoo studio. He noted the emerging trend and unique experience that would come with the approval. He explained the Planning Board recommended approval with a five to one vote.

Commissioner Sargent questioned if the conditions limited the use to just one building; whereby, Mr. Spraker indicated there were a few buildings which met the conditions. Commissioner Sargent voiced support for the item.

Commissioner Tolland expressed concerns regarding the tattoo shop in the location, noting the work Ormond Beach MainStreet (MainStreet) put into the downtown area. She explained worries of similar businesses attempting to be in the B-4 area with the conditions presented. She stated it was not an appropriate use for the location and would be voting no.

Commissioner Sargent explained with all the conditions in place, it was similar to a doctor's office, noting its small space.

Commissioner Briley inquired if the item was discussed with MainStreet, whereby, Mr. Spraker stated it was not. Commissioner Briley agreed with Commissioner Tolland's comments, noting he did not think the location was appropriate.

Commissioner Deaton expressed concerns regarding the location.

Commissioner Tolland inquired if the applicant considered moving to a different area; whereby, Mr. Anthony Conforti, applicant, discussed his industry knowledge and desire to remain in the location.

Commissioner Deaton inquired about the applicant's current business in the location; whereby, Mr. Conforti explained it was an e-commerce business. She inquired if he was the planned tattoo artist; whereby, he confirmed.

Mayor Leslie inquired about his work history as an artist; whereby, Mr. Conforti reviewed his years of experience and style. Mayor Leslie questioned the business hours; whereby, Mr. Conforti explained it would be by appointment only, guessing it would be mid-day to around 10:00 p.m.

Commissioner Sargent explained he had a hard time saying no due to the restrictions.

Mr. Conforti discussed the privacy the restrictions allowed for his clientele.

Commissioner Tolland inquired if Mr. Conforti left the business would another tattoo artist be able to utilize the space; whereby, Mr. Spraker stated under the conditions in place they could.

Commissioner Briley expressed concerns regarding other businesses utilizing the conditional use.

Commissioner Tolland stated once a new conditional use was approved, other businesses could come in and utilize the new use, and she expressed concerns regarding the location.

Commissioner Deaton requested input from MainStreet; whereby, Commissioner Tolland stated she spoke with MainStreet Executive Director Becky Parker, noting Ms. Parker was unaware the Planning Board approved the item, and explained there was not a definite statement made.

Commissioner Tolland suggested tabling the item to allow a statement from MainStreet.

Mayor Leslie inquired how many clients the applicant expected; whereby, Mr. Conforti explained around a dozen annually.

Commissioner Briley stated he was aware MainStreet was not an advisory board to the city, noting he was supportive of a statement from MainStreet.

Mayor Leslie indicated he was in favor of the item and was supportive to hear MainStreet's thoughts.

Commissioner Sargent stated the city's advisory board, the Planning Board, approved the item with a five to one vote, noting he was not supportive of postponing the decision.

Mr. Conforti acknowledged the Commissioners concerns noting he wanted to operate as transparently as possible.

Commissioner Deaton indicated she was torn about the item and would appreciate MainStreet's statement.

Commissioner Briley was worried about restricting the zoning further down and spot zoning, noting prior history of conditional uses.

Commissioner Sargent inquired if the item was tabled, could it be brought back on September 3, 2025; whereby, Mr. Hayes noted MainStreet had an interest and the Planning Board was the city's advisory board. Mr. Hayes stated the item was for the Commission to determine if the item was appropriate for the location.

Mayor Leslie suggested the item be approved on the first reading and allow for Mr. Spraker to get a statement from MainStreet before the second reading was brought back before the Commission.

Commissioner Deaton inquired how many other buildings in the area allowed for a similar business; whereby, Mr. Spraker stated due to the restriction of no exterior windows it eliminated a majority of the buildings.

Commissioner Sargent moved, seconded by Commissioner Deaton, to approve Ordinance No. 2025-26, on the first reading, as read by title only.

Call Vote:	Commissioner Deaton	Yes
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	Commissioner Briley	No
	Commissioner Tolland	No
	Commissioner Sargent	Yes
Carried.	Mayor Leslie	Yes

City Clerk Susan C. Dauderis read by legal title only:

E. Planned Business Development Amendment, Walmart

ORDINANCE NO. 2025-27: AN ORDINANCE AUTHORIZING THE EXECUTION AND ISSUANCE OF THE EIGHTH AMENDED DEVELOPMENT ORDER FOR THE "WALMART" PLANNED BUSINESS DEVELOPMENT APPROVING A BUILDING ADDITION OF APPROXIMATELY 5,101 SQUARE FEET FOR THE ONLINE GROCERY PICK-UP SERVICE AREA AND ASSOCIATED SITE IMPROVEMENTS; ESTABLISHING CONDITIONS AND EXPIRATION DATE OF APPROVAL; AND SETTING FORTH AN EFFECTIVE DATE.

Commissioner Sargent moved, seconded by Commissioner Tolland, to approve Ordinance No. 2025-27, on the first reading, as read by title only.

Mr. Spraker reviewed the request for additions and updates. He discussed the concerns of homelessness within the greenbelt buffers and the steps taken to remedy it. He discussed the Florida Department of Transportation (FDOT) fence, noting Walmart would be replacing it for FDOT. He discussed the evaluations completed by the police department after the site improvements started and reviewed the proposed development order. He discussed the concerns from the Planning Board and neighborhood meeting, noting all concerns were addressed in the development order. He stated the Planning Board recommended approval.

Commissioner Briley inquired if a prohibition of camper parking in the parking lot; whereby, Mr. Spraker stated the prohibition already exists. Commissioner Briley stated it was not enforced.

Commissioner Deaton stated she was involved since the neighborhood meeting and shared her discussions with Walmart. She expressed concerns regarding the 18-month timeline on the greenbelt remediation.

Mr. Spraker stated the Commission could change the deadline from 18 months.

Commissioner Tolland clarified the fence in place was FDOT's fence; whereby, Mr. Spraker confirmed. She noted the applicant was willing to put up a new vinyl fence and inquired about the length of the fence; whereby, Mr. Spraker stated FDOT would not allow for the length of the fence to be changed. Commissioner Tolland thanked Mr. Doug Thomas, other residents, staff, and Commissioners who participated in the neighborhood meetings, and provided feedback to the applicant.

Ms. Rebecca Wilson, Attorney for the applicant, explained the greenbelt was not allowed to be touched in the prior development order, expressing support of cleaning out the greenbelt buffers. She noted the landscaping of the west side greenbelt buffer was set to be completed within a month but requested three months in case of any unforeseen issues. She discussed the current masonry wall and FDOT's chain link fence.

Commissioner Sargent disclosed he previously met with Walmart and expressed his

appreciation for their willingness to improve. He thanked Mr. Thomas for all his efforts on the project.

Commissioner Briley inquired who installed the current chain link fence; whereby, Ms. Wilson explained it was installed by FDOT on FDOT property. He suggested FDOT replace the fence; whereby, Ms. Wilson explained the applicant preferred to get it fixed.

Commissioner Tolland inquired if the new city landscape ordinance would be in effect for the re-landscape; whereby, Mr. Spraker explained the application was received prior to the ordinance being adopted, noting he believed there were native plants as a part of the new landscape design but was unaware of the percentage. She requested the applicant adhere to the newly adopted ordinance; whereby, Mr. Spraker stated several existing trees remained and may fulfill the requirement, noting the landscape architect would provide an analysis before the second reading.

Commissioner Briley moved, seconded by Commissioner Sargent, to approve Ordinance No. 2025-27, on first reading, as read by title only.

Mr. Spraker questioned if the Commission desired to amend the timeframe of the west side greenbelt buffer from 18 months to three months including landscaping, irrigation, and wall cleaning.

Ms. Wilson inquired if their landscape plan was approved; whereby, Mr. Spraker stated it was actively under staff review. Ms. Wilson requested it be three months from staff approval.

Mr. Spraker questioned if the Commission desired to amend the timeframe of the east side greenbelt buffer; whereby, Commissioner Tolland suggested six months.

Commissioner Briley moved, seconded by Commissioner Sargent, to approve Ordinance No. 2025-27, as amended to include a deadline of three months to complete the west side greenbelt buffer improvements from staff's approval, and six months on the east side greenbelt buffer, on the first reading, as read by title only.

Call Vote:	Commissioner Briley	Yes
	Commissioner Tolland	Yes
	Commissioner Sargent	Yes
	Commissioner Deaton	Yes
Carried.	Mayor Leslie	Yes

Mayor Leslie closed the public hearings.

8. FIRST READING OF ORDINANCES

City Clerk Susan C. Dauderis read by legal title only:

A. Repeal of Plastic Straws Ordinance

ORDINANCE NO. 2025-28: AN ORDINANCE AMENDING THE TITLE OF CHAPTER 11, HEALTH SANITATION, AND ENVIRONMENTAL PROTECTION; REPEALING ARTICLE II, ENVIRONMENTAL PROTECTION, OF CHAPTER 11, HEALTH, SANITATION, AND ENVIRONMENTAL PROTECTION OF THE CODE OF ORDINANCES; AND SETTING FORTH AN EFFECTIVE DATE.

Commissioner Sargent moved, seconded by Commissioner Deaton, to approve Ordinance No. 2025-28, on first reading, as read by title only.

Commissioner Tolland reminded everyone the ordinance was put into effect in 2019 to raise awareness of single-use plastics. She requested staff continue to raise awareness and educate the public on more eco-friendly alternatives.

Commissioner Sargent stated more awareness was needed, noting the ordinance and government was not needed to tell residents they could not use single-use plastics. He noted the importance of personal responsibility on the topic. He recounted a negative social media post directed to him and his stance on the item.

Mr. Hayes reviewed the repealing of the ordinance.

Call Vote:	Commissioner Tolland	Yes
	Commissioner Sargent	Yes
	Commissioner Deaton	Yes
	Commissioner Briley	Yes
Carried.	Mayor Leslie	Yes

9. SECOND READING OF ORDINANCES

City Clerk Susan C. Dauderis read by legal title only:

A. Ordinance regulating city paid parking lots (Second Reading)

ORDINANCE NO. 2025-23: AN ORDINANCE AMENDING CHAPTER 20, TRAFFIC, OF THE CITY OF ORMOND BEACH CODE OF ORDINANCES, BY ADDING A NEW SECTION TO BE NUMBERED AND ENTITLED SECTION 20-21, CITY PAID PARKING LOTS; REPEALING ALL INCONSISTENT ORDINANCES OR PARTS THEREOF; PROVIDING FOR SEVERABILITY AND SETTING FORTH AN EFFECTIVE DATE.

Commissioner Sargent moved, seconded by Commissioner Deaton, to approve Ordinance No. 2025-23, on second reading, as read by title only.

Mr. Hayes reviewed what the ordinance would approve and the next steps once approved.

Commissioner Sargent explained the item would set up the parking fees similar to Volusia County, noting there would be no fees for Volusia County residents.

Commissioner Briley voiced support of the item, noting issues which may arise if it was not approved.

Call Vote:	Commissioner Sargent	Yes
	Commissioner Deaton	Yes
	Commissioner Briley	Yes
	Commissioner Tolland	Yes
Carried.	Mayor Leslie	Yes

10. REPORTS, SUGGESTIONS, REQUESTS

Events, Updates, and Requests

Ms. Shanahan thanked the Commission and Budget Advisory Board for their work during the budget process. She provided details on upcoming meetings, workshops, events, city awards, and updates on city projects.

Commissioner Tolland provided a report from the Opioid Abatement Funding Advisory Board, Stormwater Mitigation Committee, and the Florida League of Cities (FLC) conference. She requested staff consider looking into the American Flood Coalition membership; whereby, Mr. Finley stated he was looking into it.

Commissioner Sargent requested staff give the Budget Advisory Board a Department of Government Efficiency (DOGE) report to see how the city could be even better. He thanked staff for their work on the city's budget, noting approving a city budget was the Commission's number one priority. He stated he reviewed the budget line by line and welcomed resident feedback on items that could be cut. He provided a report from the MainStreet Board.

Commissioner Deaton expressed gratitude for the work done at the Nova Recreation fields. She discussed events she attended and thanked staff for their work on the budget and proposed utility rates. She stated she had a resident approach her asking to start a Citizen Spotlight program, where the city highlights positive things citizens were doing within the community on a monthly basis. She explained she spoke with MainStreet, noting they would be happy to work with local businesses to provide a gift card to the recipient each month.

Commissioner Tolland voiced support of a Citizen Spotlight program and inquired how the program would work; whereby, Commissioner Deaton explained residents could submit a nomination form online and allow staff or a committee to review the nominations and select a winner.

Commissioner Tolland suggested once a quarter due to it being a new program to see how it would be received.

Mayor Leslie provided a report from the First Step Homeless Shelter Board, inviting the Commissioners to upcoming events.

Senate Bill 180

Commissioner Tolland stated there was a lot she did not know about Senate Bill 180 (SB 180), noting the bill was not perfect but did not want the city fighting the whole bill. She recommended the city and residents find specific items within SB 180 to amend.

Commissioner Sargent noted the FLC was not participating in the lawsuit against SB 180, and stated he went to Florida Senator Tom Leek's office to discuss his concerns over SB 180 and spoke with Florida House Representative Bill Partington.

Commissioner Briley voiced concerns with SB 180 and noted some good from the bill. He stated he was supportive of the bill being amended.

Mayor Leslie stated he met with all Florida delegates, except for Senator Leek who was not in the office, to discuss his concerns with the bill. He noted he had received a letter of support for an amendment and would provide it to the City Clerk. He inquired if the Commission was supportive of the city joining Volusia County in sending a letter saying

the city would like to work with the Florida Legislators to amend SB 180 with assistance from the city's lobbyist.

Commissioner Briley stated he supported the city drafting a letter.

Commissioner Tolland and Commissioner Deaton expressed concerns sending a letter without specifics of what would be amended.

Commissioner Briley suggested a brief letter stating the city would like to work with the legislators at the next session to amend.

Commissioner Sargent requested staff ask Mr. Doug Bell, the city's lobbyist, what the best approach was; whereby, the Commission agreed.

Technology

Commissioner Tolland suggested the city look to the City of Altamonte Springs regarding their advancements in Artificial Intelligence (AI).

Commissioner Sargent explained he would like to see the city review Altamonte Springs' advancements with AI and start a Technology Advisory Board. He highlighted some examples from Altamonte Springs. He discussed the seminars he attended at the FLC conference.

Mayor Leslie discussed the benefits of AI and support of a Technology Advisory Board.

11. ADJOURNMENT

Mayor Leslie adjourned the meeting at 09:04 PM.

APPROVED: September 3, 2025

BY:

Jason Leslie, Mayor

ATTEST:

Susan Carroll Dauderis,
City Clerk



**City of Ormond Beach
City Commission Agenda
Staff Report**

Agenda Date	September 3, 2025	Item No	8.A.
Section	CONSENT AGENDA	Category	Consent - Resolution
Subject	Ormond Beach Housing Authority Appointment		
Recommended Action	Approval is recommended for the resolution reappointing Allen Harrell as a commissioner to the Ormond Beach Housing Authority.		
Strategic Goal	Governance - Other		
Department Staff Contact	Support Services Susan Dauderis, City Clerk		

Summary

Per Florida Statute, the Mayor appoints the 5 Housing Authority commissioners with the approval of the City Commission. Mayor Leslie is reappointing Mr. Harrell for another term which would expire September 17, 2029. Mr. Harrell was originally appointed to the board in 2013 and has been reappointed for subsequent four-year terms. His current term is set to expire on September 17, 2025. The Mayor is the only person who can make nominations to the housing authority and the Mayor is only required to present one nominee.

The Housing Authority is governed by Chapter 421, Florida Statutes. It was established to provide public housing for individuals with low incomes at affordable rental rates. The Authority leases and operates the housing project at 100 New Britain Avenue, as well as other low-income rentals within the City. Its responsibilities include overseeing repairs and rental rates, investigating living conditions, and studying issues related to public housing.

The Housing Authority must have at least one commissioner who is a resident of one of the housing projects and is current in rent, or is a person of very low income who receives rent subsidy and lives within the Authority's jurisdiction. Another member of the Housing Authority fulfills this requirement.

Financial Impact

None

Citizen Impact

This reappointment will serve to allow the Ormond Beach Housing Authority to continue to fulfill its mission of serving the housing needs of low-income citizens in the community.

Attachments

1. 25-142 Housing Authority appt

RESOLUTION NO. 2025-142

A RESOLUTION REAPPOINTING ALLEN HARRELL AS A MEMBER TO SERVE AS A COMMISSIONER OF THE ORMOND BEACH HOUSING AUTHORITY; SETTING FORTH TERM AND CONDITIONS OF SERVICE; AND SETTING FORTH AN EFFECTIVE DATE.

WHEREAS, the term of Allen Harrell as commissioner for the Ormond Beach Housing Authority expires on September 17, 2025, and

WHEREAS, pursuant to section 421.05, *Florida Statutes*, the Mayor, with the approval of the City Commission, appoints members to serve on the Ormond Beach Housing Authority, and

WHEREAS, the Mayor desires to reappoint Allen Harrell to serve on the Ormond Beach Housing Authority, and

WHEREAS, the City Commission concurs with the appointment of said person to the Ormond Beach Housing Authority; now therefore,

BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF ORMOND BEACH, FLORIDA, THAT:

SECTION ONE. Allen Harrell is hereby reappointed to serve as commissioner of the Ormond Beach Housing Authority for a four (4) year term ending September 17, 2029.

SECTION TWO. The said appointee shall receive no compensation for services, but shall be entitled to the necessary expenses, including travel expenses, incurred in the discharge of duties.

SECTION THREE. The said appointee shall serve in accordance with Resolution 80-135, Chapter 421, *Florida Statutes*, and all other applicable law.

SECTION FOUR. This Resolution shall take effect immediately upon its adoption.

APPROVED AND AUTHENTICATED this 3rd day of September, 2025.

JASON LESLIE
Mayor

ATTEST:

SUSAN CARROLL DAUDERIS
City Clerk



**City of Ormond Beach
City Commission Agenda
Staff Report**

Agenda Date	September 3, 2025	Item No	8.B.
Section	CONSENT AGENDA	Category	Consent - Resolution
Subject	Organizational Chart Amendment, Leisure Services Name Change		
Recommended Action	Staff recommends APPROVAL of the Ormond Beach Organizational Chart to amend the name of the Leisure Services department to the Parks and Recreation department.		
Strategic Goal	Transportation & Community Development - Other		
Department Staff Contact	Planning & Building Steven Spraker, Planning Director		

Summary

This is a request to amend the Ormond Beach Organizational Chart to amend the name of the Leisure Services department to the Parks and Recreation department.

During the process of performing the Evaluation and Appraisal for the Comprehensive Plan (Comprehensive Plan 2045 update), there was direction to amend the name of the Leisure Services Department to the Parks and Recreation Department. At the first Community Engagement meeting for the Comprehensive Plan 2045 update, residents submitted comments seeking to amend the name of the Leisure Services Department.

The change in the Department name was reviewed and recommended for use by the Leisure Services Advisory Board, Quality of Life Advisory Board, and Planning Board.

On February 4, 2025, the City Commission conducted a workshop on the Comprehensive Plan 2045 update. As part of this workshop, the City Commission provided direction to rename the Leisure Services Department to the Parks and Recreation Department.

There are separate Land Development Code and Code of Ordinance amendments to implement the name change.

Financial Impact

Minimal, other than staff time and over a period of time updating documents, signs and other materials.

Citizen Impact

The department name change arose from the Comprehensive Plan Community Engagement Meeting. The name change is expected to benefit citizens by better describing the services and functions of the department.

Attachments

1. 25-143 Amendment to Organizational Chart (P25-0028G)
2. Ormond Beach Organizational Chart

RESOLUTION NO. 2025-143

A RESOLUTION APPROVING AN AMENDMENT TO THE OFFICIAL ORGANIZATIONAL CHART OF THE CITY OF ORMOND BEACH BY AMENDING THE DEPARTMENT TITLE OF “LEISURE SERVICES” TO “PARKS AND RECREATION”; REPEALING ALL INCONSISTENT RESOLUTIONS OR PARTS THEREOF; AND SETTING FORTH AN EFFECTIVE DATE.

WHEREAS, Section 2-21, Official organizational chart, of Article II, Officers and Employees Generally, of Chapter 2, Administration, of the *Code of Ordinances*, of the City of Ormond Beach establishes certain requirements for any amendment to the City’s Official Organizational Chart and the process for adoption thereof, and

WHEREAS, the City Commission desires to approve and adopt an amendment to the Official Organizational Chart of the City of Ormond Beach pursuant to the requirements of Section 2-21, to amend the department title of “Leisure Services” to “Parks & Recreation”, now therefore,

BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF ORMOND BEACH, FLORIDA, THAT:

SECTION ONE. The City Commission hereby approves and adopts the Official Organizational Chart of the City of Ormond Beach attached hereto and incorporated herein by reference.

SECTION TWO. The Mayor and the City Clerk are hereby further authorized and directed to sign the Official Organizational Chart in accordance with the requirements of Section 2-21, *Code of Ordinances*.

SECTION THREE. All Resolutions or parts of resolutions in conflict herewith are hereby repealed to the extent of such conflict.

SECTION FOUR. This Resolution shall take effect immediately upon its adoption.

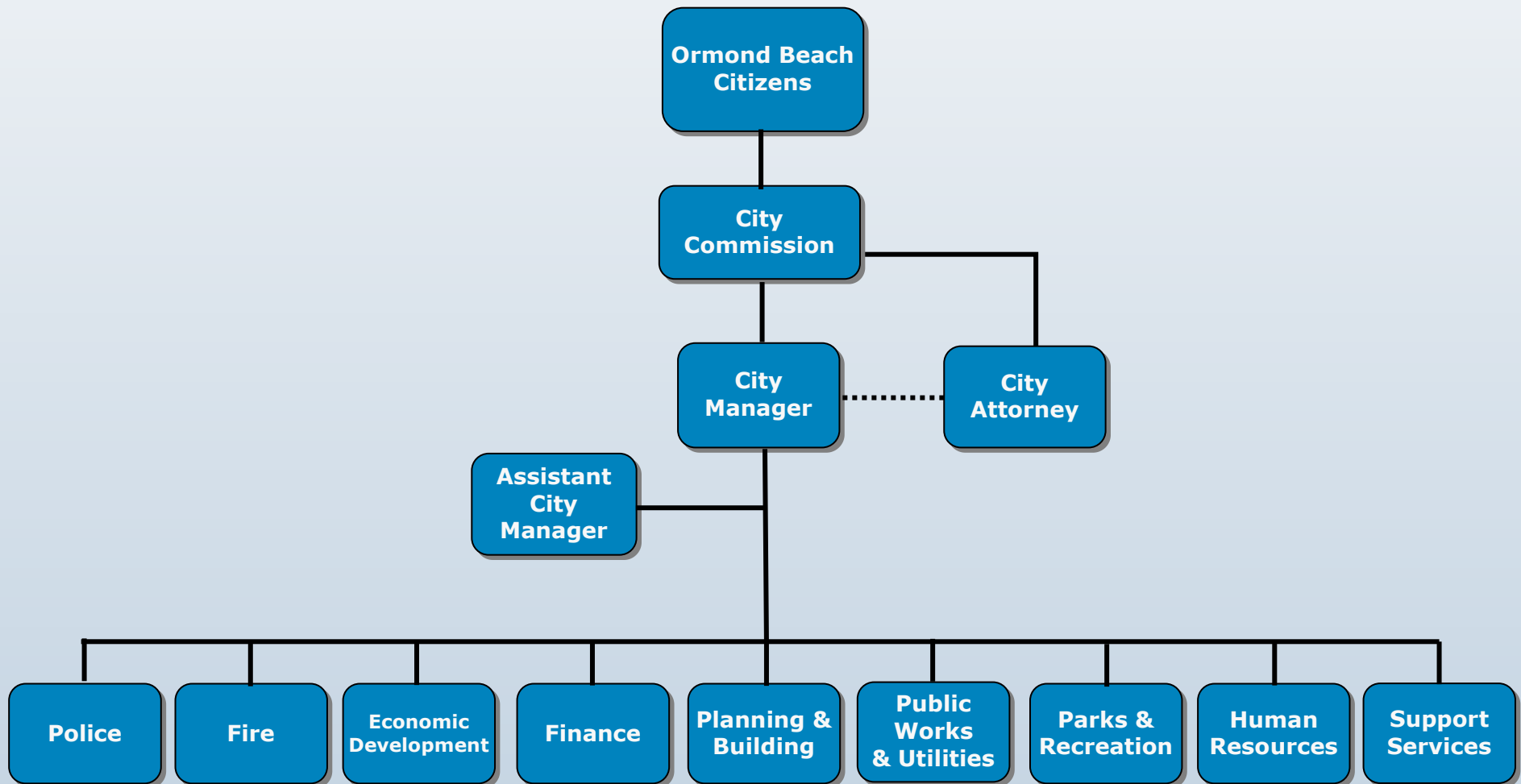
APPROVED AND AUTHENTICATED this 3rd day of September, 2025.

JASON LESLIE
Mayor

ATTEST:

SUSAN CARROLL DAUDERIS
City Clerk

City of Ormond Beach Organizational Chart



This is to certify that this is the official organizational chart of the City of Ormond Beach referred to in Chapter 2, Article II, of the City of Ormond Beach, Florida, *Code of Ordinances*.

On September 3, 2025 by official action of the city commission, the following changes were made in the official organizational chart: the department title of "Leisure Services" was amended to "Parks & Recreation".



Jason Leslie, Mayor

Susan Carroll Dauderis, City Clerk



**City of Ormond Beach
City Commission Agenda
Staff Report**

Agenda Date	September 3, 2025	Item No	8.C.
Section	CONSENT AGENDA	Category	Consent - Resolution
Subject	Authorization to accept settlements related to the national Opioid Litigation matter		
Recommended Action	It is recommended that the City Commission approve the settlements with Alvogent, Amneal, Apotex, Hikma, Indivior, Mylan, Sandoz, Inc., Sun Pharma and Zydus and authorize the Mayor and City Manager to execute Settlement Participation Forms.		
Strategic Goal	Governance - Other		
Department Staff Contact	City Attorney Ann-Margret Emery, Deputy City Attorney		

Summary

This is a resolution to authorize the City to accept settlements from Alvogent, Amneal, Apotex, Hikma, Indivior, Mylan, Sandoz, Inc., Sun Pharma and Zydus in connection with the National Opioid Litigation matter.

In July 2021 the City Commission approved a Memorandum of Understanding supporting the State of Florida unified plan for the allocation and use of prospective settlement dollars from opioid related litigation. Additional settlements with Alvogent, Amneal, Apotex, Hikma, Indivior, Mylan, Sandoz, Inc., Sun Pharma and Zydus have been reached. Pursuant to these settlements, funds will pass through the County and be allocated to the City. The law firm representing the City in the opioid litigation recommends approval of the settlements.

These funds will be utilized for strategies, programming and services to expand the availability of treatment for individuals impacted by opioid use disorder or related mental health/substance use disorders.

Financial Impact

There is no impact upon the city budget.

Citizen Impact

None

Attachments

1. 25-145 Opioid Litigation Settlements 9 def (P25-0122G
2. Alvogen SPF
3. Alvogen-_MSA-FINAL
4. Amneal SPF
5. Amneal-_MSA-FINAL
6. Apotex SPF
7. Apotex-_MSA-FINAL
8. Hikma SPF
9. Hikma_Settlement_Agreement_04_04_2025
10. Indivior SPF
11. Indivior-_MSA-FINAL
12. Mylan SPF
13. Mylan-_MSA-FINAL
14. Sandoz Settlement Agreement
15. Sandoz Subdivision Participation Form
16. Sun SPF
17. Sun-_MSA-FINAL
18. Zydus SPF
19. Zydus-_MSA-FINAL

RESOLUTION NO. 2025-145

A RESOLUTION AUTHORIZING THE EXECUTION OF SUBDIVISION PARTICIPATION FORMS, INCLUDING ALL DOCUMENTS NECESSARY AND INCIDENTAL THERETO, REGARDING SETTLEMENTS WITH ALVOGENT, AMNEAL, APOTEX, HIKMA, INDIVIOR, MYLAN, SANDOZ, INC., SUN PHARMA AND ZYDUS IN CONNECTION WITH THE NATIONAL OPIOID LITIGATION MATTER; AND SETTING FORTH AN EFFECTIVE DATE.

WHEREAS, in July 2021 by Resolution 2021-103, the City entered into a Memorandum of Understanding (“MOU”) supporting the State of Florida unified plan for the use of settlement funds from any opioid litigation, and

WHEREAS, settlements were reached with the defendants: Alvogent, Amneal, Apotex, Hikma, Indivior, Mylan, Sandoz, Inc., Sun Pharma and Zydus *In re: National Prescription Opiate Litigation, Case Nol 1:17-md-2804*; any settlement funds received pursuant to these settlements will pass through the County and be allocated to the City pursuant to the terms of the MOU, now therefore,

BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF ORMOND BEACH, FLORIDA, THAT:

SECTION ONE. The City Commission hereby authorizes the Mayor and City Manager to execute Subdivision Participation Forms regarding the settlements with Alvogent, Amneal, Apotex, Hikma, Indivior, Mylan, Sandoz, Inc., Sun Pharma and Zydus. Copies of the Settlement Agreements and Subdivision Participation Forms are attached hereto and incorporated herein by reference.

SECTION TWO. The mayor, city manager, and the city's attorneys or their designees, are hereby authorized and directed to execute any and all papers that are necessary and incidental to accept the settlements with the defendants in the above captioned litigation matter.

SECTION THREE. This Resolution shall take effect immediately upon its adoption.

APPROVED AND AUTHENTICATED this 3rd day of September, 2025.

JASON LESLIE
Mayor

ATTEST:

SUSAN CARROLL DAUDERIS
City Clerk

EXHIBIT K

Subdivision Participation and Release Form

Governmental Entity: City of Ormond Beach	State: FL
Authorized Signatory: Jason Leslie, Mayor Joyce Shanahan, City Manager	
Address 1: 22 S. Beach Street	
Address 2:	
City, State, Zip: Ormond Beach, FL 32174	
Phone: 386-676-3200	
Email:	

The governmental entity identified above ("*Governmental Entity*"), in order to obtain and in consideration for the benefits provided to the Governmental Entity pursuant to the Settlement Agreement dated April 4, 2025 ("*Alvogen Settlement*"), and acting through the undersigned authorized official, hereby elects to participate in the Alvogen Settlement, release all Released Claims against all Released Entities, and agrees as follows.

1. The Governmental Entity is aware of and has reviewed the Alvogen Settlement, understands that all terms in this Participation and Release Form have the meanings defined therein, and agrees that by executing this Participation and Release Form, the Governmental Entity elects to participate in the Alvogen Settlement and become a Participating Subdivision as provided therein.
2. The Governmental Entity shall promptly, and in any event no later than 14 days after the Reference Date and prior to the filing of the Consent Judgment, dismiss with prejudice any Released Claims that it has filed. With respect to any Released Claims pending in *In re National Prescription Opiate Litigation*, MDL No. 2804, the Governmental Entity authorizes the Plaintiffs' Executive Committee to execute and file on behalf of the Governmental Entity a Stipulation of Dismissal with Prejudice substantially in the form found at <https://nationalopioidsettlement.com/additional-settlements/>.
3. The Governmental Entity agrees to the terms of the Alvogen Settlement pertaining to Participating Subdivisions as defined therein.
4. By agreeing to the terms of the Alvogen Settlement and becoming a Releasor, the Governmental Entity is entitled to the benefits provided therein, including, if applicable, monetary payments beginning after the Effective Date.
5. The Governmental Entity agrees to use any monies it receives through the Alvogen Settlement solely for the purposes provided therein.
6. The Governmental Entity submits to the jurisdiction of the court in the Governmental Entity's state where the Consent Judgment is filed for purposes limited to that court's role as provided in, and for resolving disputes to the extent provided in, the Alvogen Settlement.

The Governmental Entity likewise agrees to arbitrate before the National Arbitration Panel as provided in, and for resolving disputes to the extent otherwise provided in, the Alvogen Settlement.

7. The Governmental Entity has the right to enforce the Alvogen Settlement as provided therein.
8. The Governmental Entity, as a Participating Subdivision, hereby becomes a Releasor for all purposes in the Alvogen Settlement, including without limitation all provisions of Section XI (Release), and along with all departments, agencies, divisions, boards, commissions, districts, instrumentalities of any kind and attorneys, and any person in his or her official capacity whether elected or appointed to serve any of the foregoing and any agency, person, or other entity claiming by or through any of the foregoing, and any other entity identified in the definition of Releasor, provides for a release to the fullest extent of its authority. As a Releasor, the Governmental Entity hereby absolutely, unconditionally, and irrevocably covenants not to bring, file, or claim, or to cause, assist or permit to be brought, filed, or claimed, or to otherwise seek to establish liability for any Released Claims against any Released Entity in any forum whatsoever. The releases provided for in the Alvogen Settlement are intended by the Parties to be broad and shall be interpreted so as to give the Released Entities the broadest possible bar against any liability relating in any way to Released Claims and extend to the full extent of the power of the Governmental Entity to release claims. The Alvogen Settlement shall be a complete bar to any Released Claim.
9. The Governmental Entity hereby takes on all rights and obligations of a Participating Subdivision as set forth in the Alvogen Settlement.
10. In connection with the releases provided for in the Alvogen Settlement, each Governmental Entity expressly waives, releases, and forever discharges any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States or other jurisdiction, or principle of common law, which is similar, comparable, or equivalent to § 1542 of the California Civil Code, which reads:

General Release; extent. A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release that, if known by him or her would have materially affected his or her settlement with the debtor or released party.

A Releasor may hereafter discover facts other than or different from those which it knows, believes, or assumes to be true with respect to the Released Claims, but each Governmental Entity hereby expressly waives and fully, finally, and forever settles, releases and discharges, upon the Effective Date, any and all Released Claims that may exist as of such date but which Releasors do not know or suspect to exist, whether through ignorance, oversight, error, negligence or through no fault whatsoever, and which, if known, would

materially affect the Governmental Entities' decision to participate in the Alvogen Settlement.

11. Nothing herein is intended to modify in any way the terms of the Alvogen Settlement, to which Governmental Entity hereby agrees. To the extent this Participation and Release Form is interpreted differently from the Alvogen Settlement in any respect, the Alvogen Settlement controls.

I have all necessary power and authorization to execute this Participation and Release Form on behalf of the Governmental Entity.

Signature: _____

Name: Jason Leslie

Title: Mayor

Date: _____

Signature: _____

Name: Joyce Shanahan

Title: City Manager

Date: _____

ALVOGEN SETTLEMENT **AGREEMENT**

ALVOGEN SETTLEMENT AGREEMENT

This Settlement Agreement, dated as of April 4, 2025 (the “*Agreement*”), sets forth the terms of settlement between and among the Settling States, the Participating Subdivisions, and Alvogen (as those terms are defined below). Upon satisfaction of the conditions set forth in Sections II and VIII, this Agreement will be binding on the Settling States, Alvogen, and the Participating Subdivisions. This Agreement will then be filed as part of a Consent Judgment in the respective courts of each of the Settling States, pursuant to the terms set forth in Section IX.

I. Definitions

Unless otherwise specified, the following definitions apply:

A. “*Additional Remediation Amount.*” The amount available to the Settling States listed in Exhibit M totaling up to \$373,603.23.

B. “*Adjusted Maximum Remediation Payment.*” The Maximum Remediation Payment reduced by the State Allocation Percentage specified in Exhibit F for each Non-Settling State.

C. “*Agreement.*” This agreement, as set forth above. For the avoidance of doubt, this Agreement is inclusive of all exhibits.

D. “*Alleged Harms.*” The alleged past, present, and future damages, harms, losses, and related expenditures allegedly incurred by the Settling States and Participating Subdivisions arising out of the use of Products, non-exclusive examples of which are described in the documents listed on Exhibit A, that have allegedly arisen as a result of the physical and bodily injuries sustained by individuals suffering from opioid-related addiction, death, and other related diseases and disorders, and that have allegedly been caused by Released Entities.

E. “*Allocation Statute.*” A state law that governs allocation, distribution, and/or use of some or all of the Settlement Fund amounts allocated to that Settling State and/or its Subdivisions. An Allocation Statute may, without limitation, contain a Statutory Trust, further restrict expenditures of funds, form an advisory committee, establish oversight and reporting requirements, or address other default provisions and other matters related to the funds. An Allocation Statute is not required to address all three (3) types of funds comprising the Settlement Fund or all default provisions.

F. “*Alvogen.*” Alvogen, Inc.

G. “*Appropriate Official.*” As defined in Section XIII.E.3.

H. “*Bankruptcy Code.*” Title 11 of the United States Code, 11 U.S.C. § 101, et seq.

I. “*Bar.*” Either: (1) a law barring Subdivisions in a Settling State from maintaining or asserting Released Claims against Released Entities (either through a direct bar or through a grant of authority to release claims and the exercise of such authority in full); or (2) a ruling by the highest court of the Settling State (or, in a Settling State with a single intermediate court of appeals, the intermediate court of appeals) when setting forth the general principle that Subdivisions in the Settling State may not maintain or assert any Released Claims against Released Entities, whether on the ground of this Agreement (or the release in it) or otherwise. For the avoidance of doubt, a law or ruling that is conditioned or predicated upon payment by a Released Entity (apart from the Remediation Payment by Alvogen under this Agreement) shall not constitute a Bar.

J. “*Base Payment.*” As defined in Section V.D.

K. “*Case-Specific Resolution.*” Either: (1) a law barring the Subdivision at issue from maintaining any Released Claims against any Released Entities (either through a direct Bar or through a grant of authority to release claims and the exercise of such authority in full); or (2) a ruling by a court of competent jurisdiction over the Subdivision at issue that the Subdivision may not maintain any Released Claims at issue against any Released Entities, whether on the ground of this Agreement (or the release in it) or otherwise. For the avoidance of doubt, a law or ruling that is conditioned or predicated upon payment by a Released Entity (apart from the payment by Alvogen under this Agreement) shall not constitute a Case-Specific Resolution.

L. “*Claim.*” Any past, present or future cause of action, claim for relief, cross-claim or counterclaim, theory of liability, demand, derivative claim, request, assessment, charge, covenant, damage, debt, lien, loss, fine, penalty, restitution, reimbursement, disgorgement, expenses, remediation, judgment, right, obligation, dispute, suit, contract, controversy, agreement, *parens patriae* claim, promise, performance, warranty, omission, or grievance of any nature whatsoever, whether legal, equitable, statutory, regulatory or administrative, whether arising under federal, state or local common law, statute, regulation, guidance, ordinance or principles of equity, whether filed or unfiled, whether asserted or unasserted, whether known or unknown, whether accrued or unaccrued, whether foreseen, unforeseen or unforeseeable, whether discovered or undiscovered, whether suspected or unsuspected, whether fixed or contingent, and whether existing or hereafter arising, in all such cases, including, but not limited to, any request for declaratory, injunctive, or equitable relief, compensatory, punitive, or statutory damages, absolute liability, strict liability, restitution, remediation, subrogation, contribution, indemnity, apportionment, disgorgement, reimbursement, attorney fees, expert fees, consultant fees, fines, penalties, expenses, costs or any other legal, equitable, civil, administrative, or regulatory remedy whatsoever.

M. “*Claim-Over.*” A Claim asserted by a Non-Released Entity against a Released Entity on the basis of contribution, indemnity, or other claim-over on any theory relating to a Non-Party Covered Conduct Claim asserted by a Releasor.

N. “*Compensatory Restitution Amount.*” The aggregate amount paid or incurred by Alvogen hereunder for Opioid Remediation, which includes the aggregate Base

and Incentive Payments earned by Settling States and does not include amounts paid as attorneys' fees and costs or identified pursuant to Section VI.B.2 as being used to pay attorneys' fees, investigation costs or litigation costs, which shall be up to the amount of the Adjusted Maximum Remediation Payment.

O. *"Consent Judgment."* A consent judgment in a form to be agreed by the Settling States and Alvogen prior to the Effective Date that, among other things, (1) approves this Agreement and (2) provides for the release set forth in Section XI.A, including the dismissal with prejudice of any Released Claims that the Settling State has brought against Released Entities.

P. *"Covered Conduct"* means any actual or alleged act, failure to act, negligence, statement, error, omission, breach of any duty, conduct, event, transaction, agreement, service, work, sale, misstatement, misleading statement, or other activity of any kind whatsoever from the beginning of time through the Reference Date (and any past, present, or future consequence of any such act, failure to act, negligence, statement, error, omission, breach of duty, conduct, event, transaction, agreement, service, work, sale, misstatement, misleading statement, or other activity) arising from or relating in any way to (a) compounding, counseling, and documentation related to any Product or class of Products; (b) the availability, discovery, research, development, manufacture, packaging, repackaging, marketing, promotion, advertising, labeling, relabeling, recall, withdrawal, distribution, delivery, monitoring, reporting, regulatory compliance supply, sale, prescribing, dispensing, physical security, warehousing, use or abuse of, or operating procedures relating to any Product, or any system, plan, policy, procedure, or advocacy relating to any Product or class of Products, including but not limited to any unbranded or branded promotion, marketing, or advertising, information, patient support or assistance, educational programs, consultancy, research, other programs or campaigns, lobbying, grants, sponsorships, charitable donations, or other funding relating to any Product or class of Products; (c) the characteristics, properties, risks, or benefits of any Product or class of Products; (d) the monitoring or non-monitoring of orders placed of any Product; (e), reporting, disclosure, non-monitoring, non-reporting or non-disclosure to federal, state or other regulators of orders for any Product placed with any Released Entity; (f) the selective breeding, harvesting, extracting, purifying, exporting, importing, applying for quota for, procuring quota for, handling, promoting, manufacturing, processing, packaging, supplying, distributing, converting, or selling of, or otherwise engaging in any activity relating to, precursor or component Products, including but not limited to natural, synthetic, semi-synthetic or chemical raw materials, starting materials, finished active pharmaceutical ingredients, drug substances, or any related intermediate Products; or (g) diversion control programs, suspicious order monitoring, or regulatory compliance related to any Product.

Q. *"Deposit Date."* July 25, 2025. This Date is the date by which Alvogen shall deposit the Adjusted Maximum Remediation Payment, Private Attorney Fees, and the Additional Remediation Amount, pursuant to Section IV.D. This date is after the Preliminary Agreement Date, on which Alvogen agrees to proceed with the agreement; this date may be changed by written agreement of Alvogen and the Enforcement Committee.

R. *"Designated State."* The state of New York.

S. *“Effective Date.”* The date sixty (60) calendar days after the Reference Date.

T. *“Eligible States.”* The states, commonwealths, and territories of the United States of America. The 56 Eligible States are listed in Exhibit F.

U. *“Enforcement Committee.”* A committee consisting of representatives of the Settling States and of the Participating Subdivisions. Exhibit B contains the organizational bylaws of the Enforcement Committee. Notice pursuant to Section XIII.Q shall be provided when there are changes in membership or contact information.

V. *“Fees Payment.”* The amount payable by Alvogen on the Payment Date comprised of the Additional Remediation Amount payment, and the Private Attorney Fees payment. The Fees Payment does not include the Remediation Payment.

W. *“Final Order.”* An order or judgment of a court of competent jurisdiction with respect to the applicable subject matter (1) which has not been reversed or superseded by a modified or amended order, is not currently stayed, and as to which any right to appeal or seek certiorari, review, reargument, stay, or rehearing has expired, and as to which no appeal or petition for certiorari, review, reargument, stay, or rehearing is pending, or (2) as to which an appeal has been taken or petition for certiorari, review, reargument, stay, or rehearing has been filed and (a) such appeal or petition for certiorari, review, reargument, stay, or rehearing has been resolved by the highest court to which the order or judgment was appealed or from which certiorari, review, reargument, stay, or rehearing was sought, or (b) the time to appeal further or seek certiorari, review, reargument, stay, or rehearing has expired and no such further appeal or petition for certiorari, review, reargument, stay, or rehearing is pending.

X. *“Global Settlement Amount.”* The Global Settlement Amount is \$21,370,104.95, which is comprised of the Maximum Remediation Payment, Private Attorney Fees, and Additional Remediation Amount. Notwithstanding any other language or provisions in this or any other agreement, the Global Settlement Amount is the maximum dollar amount Alvogen can pay in connection with the Agreement.

Y. *“Implementation Administrator.”* Rubris, Inc., which is the vendor that will be retained by Alvogen to provide notice pursuant to Section VIII.A and to manage the initial joinder period for Subdivisions, including the issuance and receipt of Subdivision Settlement Participation Forms.

Z. *“Incentive Payment A.”* The incentive payment described in Section V.E.4.

AA. *“Incentive Payment A Catch-Up Date.”* August 1, 2026.

BB. *“Incentive Payment BC.”* The incentive payment described in Section V.E.5.

CC. *“Initial Participating Subdivision.”* A Subdivision that meets the requirements set forth in Section VIII.D.

DD. *“Initial Participation Date.”* The date ninety (90) calendar days after the Preliminary Agreement Date, unless it is extended by written agreement of Alvogen and the Enforcement Committee.

EE. *“Injunctive Relief Terms.”* The terms described in Section III and set forth in Exhibit P.

FF. *“Later Litigating Subdivision.”* A Subdivision (or Subdivision official asserting the right of or for the Subdivision to recover for Alleged Harms to the Subdivision and/or the people thereof) that: (1) first files a lawsuit bringing a Released Claim against a Released Entity after the Reference Date; or (2) adds a Released Claim against a Released Entity after the Reference Date to a lawsuit brought before the Reference Date that, prior to the Reference Date, did not include any Released Claims against a Released Entity; or (3) (a) was a Litigating Subdivision whose Released Claims against Released Entities were resolved by a legislative Bar or legislative Case-Specific Resolution as of the Reference Date, (b) such legislative Bar or legislative Case-Specific Resolution is subject to a Revocation Event after the Reference Date, and (c) the earlier of the date of completion of opening statements in a trial in an action brought by a Subdivision in that Settling State that includes a Released Claim against a Released Entity or one hundred eighty (180) days from the Revocation Event passes without a Bar or Case-Specific Resolution being implemented as to that Litigating Subdivision or the Litigating Subdivision's Released Claims being dismissed; or (4) (a) was a Litigating Subdivision whose Released Claims against Released Entities were resolved by a judicial Bar or judicial Case-Specific Resolution as of the Reference Date, (b) such judicial Bar or judicial Case-Specific Resolution is subject to a Revocation Event after the Reference Date, and (c) such Litigating Subdivision takes any action in its lawsuit asserting a Released Claim against a Released Entity other than seeking a stay or dismissal.

GG. *“Later Participating Subdivision.”* A Participating Subdivision that is not an Initial Participating Subdivision, but meets the requirements set forth in Section VIII.E.

HH. *“Litigating Subdivision.”* A Subdivision (or Subdivision official) that brought any Released Claim against any Released Entity prior to the Reference Date. Exhibit C is an agreed list of all Litigating Subdivisions. Exhibit C will be updated (including with any corrections) periodically, and a final version of Exhibit C will be attached hereto as of the Reference Date.

II. *“Maximum Remediation Payment.”* The maximum amount owed by Alvogen to the Settling States and Subdivisions, exclusive of the Private Attorney Fees, and the Additional Remediation Amount. The amount of the Maximum Remediation Payment is \$18,680,161.67.

JJ. *“National Arbitration Panel.”* The panel comprised as described in Section VII.F.3.b.

KK. “*National Disputes.*” As defined in Section VII.F.3.a.

LL. “*Non-Litigating Subdivision.*” Any Subdivision that is not a Litigating Subdivision.

MM. “*Non-Participating Subdivision.*” Any Subdivision that is not a Participating Subdivision.

NN. “*Non-Party Covered Conduct Claim.*” A Claim against any Non-Released Entity involving, arising out of, or related to Covered Conduct (or conduct that would be Covered Conduct if engaged in by a Released Entity).

OO. “*Non-Party Settlement.*” A settlement by any Releasor that settles any Non-Party Covered Conduct Claim and includes a release of any Non-Released Entity.

PP. “*Non-Released Entity.*” An entity that is not a Released Entity.

QQ. “*Non-Settling State.*” Any Eligible State that is not a Settling State.

RR. “*Opioid Remediation.*” Care, treatment, and other programs and expenditures (including reimbursement for past such programs or expenditures¹ except where this Agreement restricts the use of funds solely to future Opioid Remediation) designed to (1) address the use of opioid products in the Settling States, (2) treat or mitigate opioid use or related disorders in the Settling States, or (3) mitigate other alleged effects of, including on those injured as a result of, the opioid epidemic in the Settling States. Exhibit E provides a non-exhaustive list of expenditures that qualify as being paid for Opioid Remediation. Qualifying expenditures may include reasonable related administrative expenses in connection with the above.

SS. “*Participating Subdivision.*” Any Subdivision that meets the requirements for becoming a Participating Subdivision under Section VIII.B and Section VIII.C. Participating Subdivisions include both Initial Participating Subdivisions and Later Participating Subdivisions.

TT. “*Participation Percentage of Incentive BC Eligible Subdivision Population.*” As defined in Section V.E.5.e.

UU. “*Parties.*” Alvogen and the Settling States (each, a “*Party*”).

VV. “*Payment Calculation Date.*” October 20, 2025, which is sixty (60) days before the Payment Date. This date may be changed by written agreement of Alvogen and the Enforcement Committee.

WW. “*Payment Date.*” December 19, 2025, which is the date by which Alvogen makes the Remediation Payment and the Fees Payment. This date may be changed by written agreement of Alvogen and the Enforcement Committee.

¹ Reimbursement includes amounts paid to any governmental entities for past expenditures or programs.

XX. *“Preliminary Agreement Date.”* The date Alvogen informs the Settling States of its determination that the condition in Section II.B has been satisfied. The Preliminary Agreement Date shall be no more than fourteen (14) calendar days after the end of the notice period to Eligible States, unless it is extended by written agreement of Alvogen and the Enforcement Committee.

YY. *“Primary Fire District.”* A fire district that covers a population of 25,000, or 0.20% of an Eligible State’s population if an Eligible State’s population is greater than 18 million. If not easily calculable from state data sources and agreed to between the Eligible State and Alvogen, a fire district’s population is calculated by dividing the population of the county or counties a fire district serves by the number of fire districts in the county or counties. “Primary Fire Districts” shall mean fire districts as identified in connection with the implementation of the July 21, 2021, Janssen Settlement Agreement.

ZZ. *“Primary Subdivision.”* A Subdivision that is a General Purpose Government (including, but not limited to, a municipality, county, county subdivision, city, town, township, parish, village, borough, gore, or any other entities that provide municipal-type government) with population over 10,000; provided, however, that as used in connection with Incentive Payment BC, the population threshold is 30,000. Attached as Exhibit I is an agreed list of the Primary Subdivisions in each Eligible State.

AAA. *“Private Attorney Fees”* are the amount to be paid by Alvogen for private attorneys’ litigation fees and costs on behalf of Participating Subdivisions. The maximum amount of Private Attorney Fees is \$2,316,340.05. For avoidance of doubt, Private Attorney Fees do not include the Additional Remediation Amount.

BBB. *“Product.”* Any chemical substance, whether used for medicinal or non-medicinal purposes, and whether natural, synthetic, or semi-synthetic, or any finished pharmaceutical product made from or with such substance, that is: (1) an opioid or opiate, as well as any product containing any such substance; (2) benzodiazepine, carisoprodol, or gabapentin; or (3) a combination or “cocktail” of chemical substances prescribed, sold, bought, or dispensed to be used together that includes opioids or opiates. “Product” shall include, but is not limited to, any substance consisting of or containing buprenorphine, codeine, fentanyl, hydrocodone, hydromorphone, meperidine, methadone, morphine, naloxone, naltrexone, oxycodone, oxymorphone, pentazocine, propoxyphene, tapentadol, tramadol, opium, heroin, carfentanil, diazepam, estazolam, quazepam, alprazolam, clonazepam, oxazepam, flurazepam, triazolam, temazepam, midazolam, carisoprodol, gabapentin, or any variant of these substances or any similar substance. Notwithstanding the foregoing, nothing in this section prohibits a Settling State from taking administrative or regulatory action related to benzodiazepine (including, but not limited to, diazepam, estazolam, quazepam, alprazolam, clonazepam, oxazepam, flurazepam, triazolam, temazepam, and midazolam), carisoprodol, or gabapentin that is wholly independent from the use of such drugs in combination with opioids, *provided* such action does not seek money (including abatement and/or remediation) for conduct prior to the Initial Participation Date. “Product” also includes any natural, synthetic, semi-synthetic or chemical raw materials, starting materials, finished active pharmaceutical ingredients, drug substances, and any

intermediate products used or created in the manufacturing process for any of the substances described above.

CCC. “*Reference Date.*” The date on which Alvogen is to inform the Settling States of its determination whether the condition in Section IX has been satisfied. The Reference Date shall be no later than thirty (30) calendar days after the Initial Participation Date, unless it is extended by written agreement of Alvogen and the Enforcement Committee.

DDD. “*Released Claims.*” Any and all Claims that directly or indirectly are based on, arise out of, or in any way relate to or concern the Covered Conduct and/or Alleged Harms occurring prior to the Initial Participation Date. Without limiting the foregoing, Released Claims include any Claims that have been asserted against Released Entities by a Settling State or any of its Litigating Subdivisions in any federal, state, or local action or proceeding (whether judicial, arbitral, or administrative) based on, arising out of, or relating to, in whole or in part, the Covered Conduct and/or Alleged Harms, or any such Claims that could be or could have been asserted now or in the future in those actions or in any comparable action or proceeding brought by a Settling State, Subdivision, or Releasor (whether or not such Settling State, Subdivision, or Releasor has brought such action or proceeding). Released Claims also include all Claims against Released Entities asserted in any proceeding to be dismissed pursuant to the Agreement, whether or not such claims related to Covered Conduct and/or Alleged Harms. The Parties intend that this term, “Released Claims,” be interpreted broadly. This Agreement does not release Claims by private individuals. It is the intent of the Parties that Claims by private individuals be treated in accordance with applicable law. Released Claims is also used herein to describe claims brought by a non-party Subdivision that would have been Released Claims if they had been brought by a Releasor against a Released Entity.

EEE. “*Released Entities.*” With respect to Released Claims, Alvogen and (1) all past and present subsidiaries, divisions, affiliates, predecessors, successors, and assigns (in each case, whether direct or indirect) of Alvogen; (2) all past and present subsidiaries and divisions (in each case, whether direct or indirect) of any entity described in subsection (1); (3) the respective past and present officers, directors, members, trustees, and employees of any of the foregoing (each for actions that occurred during and related to their work for, or employment with, any of Alvogen or the foregoing entities); (4) all past and present joint ventures (whether direct or indirect) of Alvogen or its subsidiaries, including in any subsidiary’s capacity as a participating member in such joint venture; (5) all direct or indirect parents and shareholders of Alvogen (solely in their capacity as parents or shareholders of Alvogen with respect to Covered Conduct); and (6) any insurer of Alvogen or any person or entity otherwise described in subsections (1)-(5) (solely in its role as insurer of such person or entity and subject to the last sentence of Section XI.C). A list of Alvogen’s joint ventures, subsidiaries and affiliates and predecessor entities is set forth in Exhibit J. Any person or entity described in subsections (3)-(6) shall be a Released Entity solely in the capacity described in such clause and shall not be a Released Entity with respect to its conduct in any other capacity. Any entity acquired, or joint venture entered into, by Alvogen after the Initial Participation Date is not a Released Entity. Further and notwithstanding anything else in this paragraph, no entity sued in *In re: National*

Prescription Opiate Litigation, No. 1:17-md-2804 (N.D. Ohio) is included as a Released Entity other than the entities listed on Exhibit J.

FFF. “*Releasors.*” With respect to Released Claims, (1) each Settling State; (2) each Participating Subdivision; and (3) without limitation and to the maximum extent of the power of each Settling State’s Attorney General and/or Participating Subdivision to release Claims, (a) the Settling State’s and Participating Subdivision’s departments, agencies, divisions, boards, commissions, Subdivisions, districts, instrumentalities of any kind and attorneys, including its Attorney General, and any person in his or her official capacity whether elected or appointed to serve any of the foregoing and any agency, person, or other entity claiming by or through any of the foregoing, (b) any public entities, public instrumentalities, public educational institutions, unincorporated districts, fire districts, irrigation districts, water districts, emergency services districts, school districts, healthcare districts, hospital districts, Sheriffs and law enforcement districts, library districts, coroner’s offices, and public transportation authorities, and other Special Districts in a Settling State, including those with the regulatory authority to enforce state and federal controlled substances acts or the authority to bring Claims related to Covered Conduct seeking money (including abatement (or remediation and/or restitution)) or revoke a pharmaceutical distribution license, and (c) any person or entity acting in a *parens patriae*, sovereign, quasi-sovereign, private attorney general, *qui tam*, taxpayer, or other capacity seeking relief, including but not limited to fines, penalties, or punitive damages, on behalf of or generally applicable to the general public with respect to a Settling State or Subdivision in a Settling State, whether or not any of them participate in this Agreement. The inclusion of a specific reference to a type of entity in this definition shall not be construed as meaning that the entity is not a Subdivision. Each Settling State’s Attorney General represents that he or she has obtained (or will obtain no later than the Initial Participation Date) the authority set forth in Section XI.G. In addition to being a Releasor as provided herein, a Participating Subdivision shall also provide the Subdivision Settlement Participation Form referenced in Section VIII providing for a release to the fullest extent of the Participating Subdivision’s authority.

GGG. “*Remediation Accounts Fund.*” The component of the Settlement Fund described in Section VI.C.

HHH. “*Remediation Payment.*” The amount payable to the Settlement Fund by Alvogen for Settling States’ Base Payments and Incentive Payments on the Payment Date, as calculated by the Settlement Fund Administrator.

III. “*Revocation Event.*” With respect to a Bar or Case-Specific Resolution, a legislative amendment, revocation, rescission, reversal, overruling, or interpretation that in any way limits the effect of such Bar or Case-Specific Resolution on Released Claims, or any other action or event that otherwise deprives the Bar, or Case-Specific Resolution of force or effect in any material respect.

JJJ. “*Settlement Fund.*” The interest-bearing fund established at [Bank TBD] pursuant to this Agreement into which the Remediation Payment is made under Section V, which is intended to be classified as a “qualified settlement fund” within the meaning of

26 C.F.R. §§ 1.468B-1 *et seq.* and which shall be approved by any Settling State in accordance with the requirements of 26 C.F.R. § 1.468B-1.

KKK. “*Settlement Fund Administrator.*” BrownGreer PLC, which is the entity that determines the Remediation Payment (including calculating offset or reduction and Incentive Payments pursuant to Section V) and Additional Remediation Amount, administers the Settlement Fund, and distributes amounts into the Remediation Accounts Fund, State Fund, and Subdivision Fund pursuant to this Agreement. The duties of the Settlement Fund Administrator shall be governed by this Agreement. Prior to the Effective Date, Alvogen and the Enforcement Committee shall agree to a detailed description of the Settlement Fund Administrator’s duties and responsibilities, including a detailed mechanism for paying the Settlement Fund Administrator’s fees and costs, all of which shall be appended to the Agreement as Exhibit L.

LLL. “*Settlement Fund Escrow.*” The interest-bearing escrow fund established pursuant to this Agreement to hold disputed payments made under this Agreement.

MMM. “*Settling State.*” An Eligible State that has entered into this Agreement and delivers executed releases in accordance with Section IX.A.

NNN. “*State Allocation Percentage.*” A Settling State’s percentage as set forth in Exhibit F.

OOO. “*State Fund.*” The component of the Settlement Fund described in Section VI.C.

PPP. “*State-Subdivision Agreement.*” An agreement that a Settling State reaches with the Subdivisions in that Settling State regarding the allocation, distribution, and/or use of funds allocated to that Settling State and to its Subdivisions. A State-Subdivision Agreement shall be effective if approved pursuant to the provisions of Exhibit O or if adopted by statute. Preexisting agreements addressing funds other than those allocated pursuant to this Agreement shall qualify if the approval requirements of Exhibit O are met. A Settling State and its Subdivisions may revise a State-Subdivision Agreement if approved pursuant to the provisions of Exhibit O, or if such revision is adopted by statute.

QQQ. “*Statutory Trust.*” A trust fund established by state law to receive funds allocated to a Settling State’s Remediation Accounts Fund and restrict any expenditures made using funds from the Settling State’s Remediation Accounts Fund to Opioid Remediation, subject to reasonable administrative expenses. A Settling State may give a Statutory Trust authority to allocate one (1) or more of the three (3) types of funds comprising such Settling State’s Settlement Fund, but this is not required.

RRR. “*Statewide Payment Amount.*” The amount from the Remediation Payment to be paid to a Settling State, including its separate types of funds (if applicable) and its Participating Subdivisions listed in Exhibit G, on or as soon as practical after the Payment Date.

SSS. “*Subdivision.*” Any (1) General Purpose Government (including, but not limited to, a municipality, county, county subdivision, city, town, township, parish, village, borough, gore, or any other entities that provide municipal-type government), School District, or Special District within a Settling State, and (2) any other subdivision, subdivision official acting in an official capacity on behalf of the subdivision (including, without limitation, district attorneys, county attorneys, city attorneys, sheriffs, and any other official, employee, or representative), or sub-entity of or located within a Settling State (whether political, geographical or otherwise, whether functioning or non-functioning, regardless of population overlap, and including, but not limited to, Nonfunctioning Governmental Units and public institutions) that has filed a lawsuit that includes a Released Claim against a Released Entity in a direct, *parens patriae*, or any other capacity. “General Purpose Government,” “School District,” and “Special District” shall correspond to the “five basic types of local governments” recognized by the U.S. Census Bureau and match the 2017 list of Governmental Units.² The three (3) General Purpose Governments are county, municipal, and township governments; the two (2) special purpose governments are School Districts and Special Districts.³ “Fire District,” “Health District,” “Hospital District,” and “Library District” shall correspond to categories of Special Districts recognized by the U.S. Census Bureau.⁴ References to a Settling State’s Subdivisions or to a Subdivision “in,” “of,” or “within” a Settling State include Subdivisions located within the Settling State even if they are not formally or legally a sub-entity of the Settling State; *provided, however*, that a “Health District” that includes any of the following words or phrases in its name shall not be considered a Subdivision: mosquito, pest, insect, spray, vector, animal, air quality, air pollution, clean air, coastal water, tuberculosis, and sanitary.

TTT. “*Subdivision Allocation Percentage.*” The portion of a Settling State’s Subdivision Fund set forth in Exhibit G that a Subdivision will receive pursuant to Section VI if it becomes a Participating Subdivision. The aggregate Subdivision Allocation Percentage of all Subdivisions receiving a Subdivision Allocation Percentage in each Settling State shall equal one hundred percent (100%). Immediately upon the effectiveness of any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section VI.D.3 (or upon the effectiveness of an amendment to

² https://www2.census.gov/programs-surveys/gus/datasets/2017/govt_units_2017.ZIP

³ *E.g.*, U.S. Census Bureau, “Technical Documentation: 2017 Public Use Files for State and Local Government Organization” at 7 (noting that “the Census Bureau recognizes five basic types of local governments,” that three of those are “general purpose governments” (county governments, municipal governments, and township governments), and that the other two are “school district and special district governments”), https://www2.census.gov/programs-surveys/gus/datasets/2017/2017_govt_org_meth_tech_doc.pdf.

⁴ A list of 2017 Government Units provided by the Census Bureau identifies 38,542 Special Districts and categorizes them by “FUNCTION_NAME.” “Govt_Units_2017_Final” spreadsheet, “Special District” sheet, included in “Independent Governments - list of governments with reference information,” https://www2.census.gov/programs-surveys/gus/datasets/2017/govt_units_2017.ZIP. As used herein, “Fire District” corresponds to Special District function name “24 — Local Fire Protection,” “Health District” corresponds to Special District function name “32 — Health,” “Hospital District” corresponds to Special District function name “40 — Hospitals,” and “Library District” corresponds to Special District function name “52 — Libraries.” *See id.*

any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section VI.D.3) that addresses allocation from the Subdivision Fund, whether before or after the Initial Participation Date, Exhibit G will automatically be amended to reflect the allocation from the Subdivision Fund pursuant to the State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section VI.D.3. The Subdivision Allocation Percentages contained in Exhibit G may not change once notice is distributed pursuant to Section VIII.A, except upon the effectiveness of any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section VI.D.3 (or upon the effectiveness of an amendment to any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section VI.D.3) that addresses allocation from the Subdivision Fund. For the avoidance of doubt, no Subdivision not listed on Exhibit G shall receive an allocation from the Subdivision Fund and no provision of this Agreement shall be interpreted to create such an entitlement.

UUU. “*Subdivision Fund.*” The component of the Settlement Fund described in Section VI.A.

VVV. “*Subdivision Settlement Participation Form.*” The form attached as Exhibit K that Participating Subdivisions must execute and return to the Implementation Administrator or Settlement Fund Administrator, and which shall (1) make such Participating Subdivisions signatories to this Agreement, (2) include a full and complete release of any and all of such Participating Subdivisions’ claims, and (3) require the prompt dismissal with prejudice of any Released Claims that have been filed by any such Participating Subdivision.

WWW. “*Threshold Motion.*” A motion to dismiss or equivalent dispositive motion made at the outset of litigation under applicable procedure. A Threshold Motion must include as potential grounds for dismissal any applicable Bar or the relevant release by a Settling State or Participating Subdivision provided under this Agreement and, where appropriate under applicable law, any applicable limitations defense.

II. Participation by Eligible States and Condition to Preliminary Agreement

A. *Notice to Eligible States.* On May 26, 2025, this Agreement shall be distributed to all Eligible States. The Attorneys General of the Eligible States shall then have until June 25, 2025, to decide whether to become Settling States and notify the Enforcement Committee and Alvogen of that decision. Eligible States that determine to become Settling States shall so notify Alvogen and shall further commit to obtaining any necessary additional state releases prior to the Reference Date. This notice period may be extended by written agreement of Alvogen and the Enforcement Committee.

B. *Condition to Preliminary Agreement.* Following the notice period set forth in Section II.A, Alvogen shall have fourteen (14) calendar days to determine whether, in its sole discretion (based on any criteria or factors deemed relevant to Alvogen), enough Eligible States have agreed to become Settling States to proceed with notice to

Subdivisions as set forth in Section VIII. This period may be extended by written agreement of Alvogen and the Enforcement Committee. If Alvogen determines that this condition has been satisfied, and that notice to the Subdivisions should proceed, it will so notify the Settling States by providing notice to the Enforcement Committee. The date of such notice shall be the Preliminary Agreement Date. If Alvogen determines that this condition has not been satisfied, this Agreement will have no further effect and all releases and other commitments or obligations contained herein will be void.

C. *Later Joinder by Eligible States.* After the Preliminary Agreement Date, an Eligible State may only become a Settling State with the consent of Alvogen and the Enforcement Committee, provided that the Enforcement Committee may not withhold consent to an Eligible State's later joinder if the Eligible State agrees to join pursuant to the terms of this Agreement and the allocation set forth on Exhibit F. If an Eligible State becomes a Settling State more than thirty (30) calendar days after the Preliminary Agreement Date, but on or before the Reference Date, the Subdivisions in that Eligible State that become Participating Subdivisions within ninety (90) calendar days of the Eligible State becoming a Settling State shall be considered Initial Participating Subdivisions. An Eligible State may not become a Settling State after the Reference Date.

D. *Litigation Activity.* Following the Preliminary Agreement Date, Eligible States that determine to become Settling States shall make reasonable efforts to cease litigation activity against Alvogen, including by jointly seeking stays or, where appropriate, severance of claim against Alvogen, where feasible, and otherwise to minimize such activity by means of agreed deadline extensions and agreed postponement of depositions, document productions, and motion practice if a motion to stay or sever is not feasible or is denied.

III. Injunctive Relief

A. *Injunctive Relief.* As part of the Consent Judgment, the Parties agree to the injunctive relief terms attached in Exhibit P.

IV. Procedure for Segregated Account Deposits and Payments

A. By the Deposit Date, Alvogen shall deposit into a segregated interest-bearing bank account it establishes the Adjusted Maximum Remediation Payment amount. Alvogen shall also deposit into two (2) separate segregated interest-bearing bank accounts it establishes: (a) the Private Attorney Fees amount; and (b) the Additional Remediation Amount. Alvogen shall separately account for the interest earned on each of the three (3) accounts.

B. Alvogen shall provide proof to the Enforcement Committee of the deposits required by Section IV.D.1 by the Deposit Date. Alvogen shall not remove any money from the segregated bank accounts, except as provided by Section IV.F and Section IV.H.

C. If an Eligible State joins the agreement pursuant to Section II.C and that joinder is after the Deposit Date, Alvogen shall deposit that Settling State's maximum Statewide Payment Amount, which is the Maximum Remediation Payment multiplied by the Settling State's State Allocation Percentage. Such deposit shall be within fifteen (15) days of the Settling State's joinder.

D. If the condition set forth in Section IX.B is met, Alvogen shall:

1. Transfer into the Settlement Fund on the Payment Date (unless the Enforcement Committee specifies a later date) the Remediation Payment amount calculated by the Settlement Fund Administrator pursuant to Section V.C.2 from the segregated account. For the avoidance of doubt, this transfer includes any amounts that the Settlement Fund Administrator will place into the Settlement Fund Escrow pursuant to Section V.C.4.e.

a. The interest earned from the deposit account holding the Remediation Amount shall be used, first, to pay for the Implementation Administrator, then to pay for the Implementation Administrator in the Amneal, Apotex, Hikma, Indivior, Mylan, Sun, and Zydus Settlement Agreements, and finally to be transferred to the Settlement Fund to be used to pay for the Settlement Fund Administrator pursuant to Section VI.C.4.

2. Transfer into the relevant funds as directed by the Enforcement Committee, no later than the Payment Date (unless the Enforcement Committee specifies a later date) the amount in the segregated account holding the Private Attorney Fees (including all interest accrued on that account), minus any amounts not payable pursuant to the terms of Exhibit R, and the amount in the segregated account holding the Additional Remediation Amount (including all interest accrued on that account), minus the Additional Remediation Amount that would have been owed to Non-Settling States as calculated by multiplying the Additional Remediation Amount by the sum of allocations on Exhibit N for Non-Settling States.

E. The Remediation Payment transferred by Alvogen into the Settlement Fund pursuant to Section IV.D.1 shall be disbursed by the Settlement Fund Administrator to each Settling State and to its Participating Subdivisions listed on Exhibit G pursuant to Section V.C.5 through Section V.C.8; provided, however, that for any Settling State where the Consent Judgment has not been entered as of the Effective Date, the funds allocable to that Settling State and its Participating Subdivisions listed on Exhibit G shall not be disbursed until ten (10) calendar days after the entry of the Consent Judgment in that Settling State.

F. Any amounts in the segregated accounts not subject to transfer pursuant to Section IV.D shall immediately revert to Alvogen after Alvogen makes the transfers required by Section IV.D.

G. Except for the interest earned on the payment amounts, any unearned Incentive Payment A amount in the Settlement Fund shall immediately revert to Alvogen after the Incentive Payment A Catch-Up Date. This excess reflects Settling States who sought, but did not achieve, a Bar by the Incentive Payment A Catch-Up Date. Any amount in the Settlement Fund exceeding the payments described in Section V.C.3 shall immediately revert to Alvogen after the Payment Date. This excess is Settling States' unearned Maximum Incentive Payment amounts.

H. In the event that, in accordance with the terms of Section IX.B, Alvogen determines not to proceed with the Settlement, or the Settlement does not become effective for any other reason, the funds held in the segregated bank accounts shall immediately revert to Alvogen.

V. Settlement Payment Calculation Process

A. *Settlement Fund.* All payments under this Section V shall be made into the Settlement Fund, except that, where specified, they shall be made into the Settlement Fund Escrow. The Settlement Fund shall be allocated and used only as specified in Section VI.

B. Remediation Payment

1. Alvogen shall make one Remediation Payment comprised of both Base Payments and Incentive Payments as provided in Section IV.D.1.

2. In no instance shall Alvogen's Remediation Payment obligations exceed the Adjusted Maximum Remediation Amount.

C. Settlement Fund Payment Process

1. To determine the Remediation Payment, the Settlement Fund Administrator shall use the data as of the Payment Calculation Date. Prior to the Effective Date, the Parties will include Exhibit L, which sets forth in detail the process for the Settlement Fund Administrator to obtain relevant data and for distributing funds to the Settling States and their Participating Subdivisions listed on Exhibit G consistent with the terms of this Agreement as quickly as practical.

2. On the Payment Calculation Date, the Settlement Fund Administrator shall determine the Remediation Payment, consistent with the provisions in Exhibit L, by determining the sum, for all Settling States, of the Base Payment amount, Incentive Payments A or BC amount to which each Settling State is entitled (or could in the future be entitled for states who notify Defendants of an intent to obtain a Bar by the Incentive Payment A Catch-Up Date) by applying the criteria under Section V.D and Section V.E;

3. On the Payment Calculation Date and Incentive Payment A Catch-Up Date, the Settlement Fund Administrator shall determine the Statewide Payment Amount for each Settling State, consistent with the provisions in Exhibit L, by determining, for each Settling State, the Base Payment amount (only on the Payment Calculation Date) and Incentive Payment amount to which the Settling State is entitled on that date by applying the criteria under Section V.D and Section V.E, after subtracting the portion of any Settlement Fund Administrator costs and fees owed out of funds from the Settlement Fund pursuant to Section VI.C.4.

4. No later than fifty (50) days prior to the Payment Date, the Settlement Fund Administrator shall give notice to Alvogen, the Settling States, and the Enforcement Committee of the amount of the Remediation Payment, and/or the Statewide Payment Amount for each Settling State, following the determination described in Section V.C.2 and V.C.3, and the following timeline shall apply:

a. Within twenty-one (21) calendar days of the notice provided by the Settlement Fund Administrator, Alvogen, any Settling State or the Enforcement Committee may dispute, in writing, the calculation of the Remediation Payment and/or the Statewide Payment Amount for a Settling State. Such disputing party must provide a written notice of dispute to the Settlement Fund Administrator, the Enforcement Committee, any affected Settling State, and Alvogen identifying the nature of the dispute, the amount of money that is disputed, and the Settling State(s) affected.

b. Within twenty-one (21) calendar days of the sending of a written notice of dispute, any affected party may submit a response, in writing, to the Settlement Fund Administrator, the Enforcement Committee, any affected Settling State, and Alvogen identifying the basis for disagreement with the notice of dispute.

c. If no response is filed, the Settlement Fund Administrator shall adjust the amount calculated consistent with the written notice of dispute. In the case of the Remediation Payment, Alvogen shall pay the adjusted amount, collectively totaling the Remediation Payment, on the Payment Date.

d. If a written response to the written notice of dispute is timely sent to the Settlement Fund Administrator, the Settlement Fund Administrator shall notify Alvogen, the Enforcement Committee, and any affected Settling State of the preliminary amount, which shall be the greater of the amount originally calculated by the Settlement Fund Administrator or the amount that would be consistent with the notice of dispute. In the case of the Remediation Payment, Alvogen shall pay this preliminary amount, *provided, however*, that in no circumstances shall the preliminary amount to be paid be higher than the Maximum Remediation Payment.

e. The Settlement Fund Administrator shall place any disputed amount of the preliminary amount paid by Alvogen into the Settlement Fund Escrow and shall disburse any undisputed amount to each Settling State and its Participating Subdivisions listed on Exhibit G pursuant to Section V.C.5.

5. If a Settling State informs the Settlement Fund Administrator that it and its Participating Subdivisions listed on Exhibit G have agreed on the amount of its Statewide Payment Amount, determined pursuant to Section V.C.3, to be distributed to the Settling State, among its separate types of funds (if applicable), and among its Participating Subdivisions listed on Exhibit G, the Settlement Fund Administrator shall disburse the Statewide Payment Amount pursuant to the consensus distribution amounts provided by the Settling State as quickly as practical. For a Settling State that does not so notify the Settlement Fund Administrator, the Settlement Fund Administrator shall allocate the Settling State's Statewide Payment Amount, pursuant to Section VI, among the separate types of funds for the Settling State (if applicable), and among its Participating Subdivisions listed on Exhibit G using the following procedures:

a. As soon as possible for each payment and following the determination described in Section V.C.3, the Settlement Fund Administrator shall give notice to the relevant Settling States and their Participating Subdivisions listed on Exhibit G of the amount to be received by each Settling State, the amount to be received by the separate types of funds for each Settling State (if applicable), and the amount to be received by each Participating Subdivision listed on Exhibit G for each Settling State.

b. Within twenty-one (21) days of the notice provided by the Settlement Fund Administrator, any Settling State or Participating Subdivision listed on Exhibit G may dispute, in writing, the calculation of the amount to be received by the relevant Settling State and/or its Participating Subdivision listed on Exhibit G. A dispute will be deemed invalid and disregarded if it challenges the allocations adopted by a State-Subdivision Agreement approved pursuant to the provisions of Exhibit O or by statute. Such disputing party must provide a written notice of dispute to the Settlement Fund Administrator, any affected Settling State, and any affected Participating Subdivision identifying the nature of the dispute, the amount of money that is disputed, and the Settling State(s) affected.

c. Within twenty-one (21) days of the sending of a written notice of dispute, any affected Settling State or any affected Participating Subdivision may submit a response, in writing, to the Settlement Fund Administrator, any affected Settling State, and any affected Participating Subdivision identifying the basis for disagreement with the notice of dispute.

d. If no response is filed, the Settlement Fund Administrator shall adjust the amount calculated consistent with the written notice of dispute.

e. The Settlement Fund Administrator shall place any disputed amount into the Settlement Fund Escrow and shall disburse any undisputed amount to the Settling State and its Participating Subdivisions eligible for payment.

6. Disputes described in this subsection (other than those for which no response is filed under Sections V.C.4.c or V.C.5.d) shall be resolved in accordance with the terms of Section VII.F.

7. The Settlement Fund Administrator may combine the disbursements of the Remediation Payment with the disbursement of funds under other comparable opioid settlements. In determining when disbursements of the Remediation Payment will be made, the Settlement Fund Administrator may take into account the timeline for the availability of disbursements under other comparable opioid settlements.

8. For the avoidance of doubt, Subdivisions not listed on Exhibit G shall not receive an allocation from the Subdivision Fund and no provision of this Agreement shall be interpreted to create such an entitlement.

D. *Base Payments.*

1. Alvogen shall make Base Payments into the Settlement Fund in an amount equal to forty percent (40%) of the Adjusted Maximum Remediation Payment. The maximum total for Base Payments is \$7,472,064.67.

2. The Base Payment for any Settling State shall be the maximum total for Base Payments, \$7,472,064.67, times the Settling State's State Allocation Percentage specified in Exhibit F.

E. *Incentive Payments.*

1. Settling States may earn Incentive Payments totaling up to a maximum of sixty percent (60%) of the Adjusted Maximum Remediation Payment, with the Incentive Payment amount depending on whether and the extent to which the criteria set forth below are met in each Settling State. The maximum total for Incentive Payments is \$11,208,097.

2. A Settling State qualifies to receive an Incentive Payment in addition to its Base Payment if it meets the incentive eligibility requirements specified below. The maximum total Incentive Payment for any Settling State shall be no more than the maximum total for Incentive Payments, \$11,208,097, times the Settling State's State Allocation Percentage specified in Exhibit F. Incentive Payments are state-specific,

with the actual amount depending on whether and the extent to which the criteria set forth below are met in such Settling State.

3. The Incentive Payments shall be divided among two (2) categories, referred to as Incentive Payments A and BC. Incentive Payments A and BC will be due to Settling States on the Payment Date. The total amount of Incentive Payments due to Settling States shall be the sum of the Incentive Payments for which the individual Settling States are eligible under the criteria set forth below. The Incentive Payments shall be made with respect to a specific Settling State based on its eligibility under the criteria set forth below. For the avoidance of doubt, eligibility for Incentive Payments A and BC shall be determined on a Settling State-by-Settling State basis.

4. Incentive Payment A.

a. Incentive Payment A is mutually exclusive with Incentive Payment BC; if a Settling State receives Incentive Payment A in the Remediation Payment, such Settling State is not eligible for Incentive Payment BC.

b. Incentive Payment A shall be equal to sixty percent (60%) of the Adjusted Maximum Remediation Payment, provided all Settling States satisfy the requirements of Incentive Payment A. Incentive Payment A will be due to a Settling State as part of the Remediation Payment, and shall equal a total potential maximum of \$11,208,097 if all Eligible States qualify for Incentive Payment A. Each Settling State's share of Incentive Payment A, *provided* that Settling State qualifies, shall equal the total maximum amount available for Incentive Payment A, \$11,208,097, times the Settling State's State Allocation Percentage.

c. Qualification for Incentive Payment A is as follows: A Settling State qualifies for Incentive Payment A if, as of the Payment Calculation Date: (i) there is a Bar in that Settling State in full force and effect, (ii) the Released Claims of all of the following entities are released through the execution of Subdivision Settlement Participation Forms, or there is a Case-Specific Resolution against such entities: all Primary Subdivisions, Litigating Subdivisions, School Districts with a K-12 student enrollment of at least 25,000 or .10% of a Settling State's population, whichever is greater, Hospital Districts that have at least one hundred twenty-five (125) hospital beds in one or more hospitals rendering services in that district, and Primary Fire Districts; or (iii) a combination of the actions in clauses (i) and (ii) has achieved the same level of resolution of Subdivision Claims (*e.g.*, a Bar against future litigation combined with full joinder by Litigating Subdivisions). For the avoidance of doubt, subsection (iii) cannot be satisfied unless all Litigating Subdivisions are Participating Subdivisions or there is a Case-Specific Resolution against any such Subdivisions that are not Participating Subdivisions. Alvogen and the

Enforcement Committee shall meet and confer in order to agree on data sources for purposes of this Section prior to the Initial Participation Date.

d. If a Settling State intends to achieve Incentive A by a Bar in effect after the Payment Calculation date but before the Incentive A Catch-Up Date, the Settling State shall notify Alvogen no later than 30 days before the Initial Participation Date. A Settling State who so notifies Alvogen and does not qualify for Incentive Payment A as of the Payment Date but becomes eligible for Incentive Payment A as of the Incentive Payment A Catch-Up Date shall receive the payment that it would have received for Incentive Payment A (the “Incentive Payment A Catch-up Payment”) on the Incentive Payment A Catch-Up Date. The Incentive Payment A Catch-up Payment shall be reduced by any amounts paid to the Settling State under Incentive Payment BC prior to the Settling State’s eligibility for Incentive Payment A. A Settling State that does not qualify for Incentive Payment A as of the Incentive Payment A Catch-Up Date shall not be eligible for Incentive Payment A.

e. To the extent a Settling State asserts that existing legislation qualifies as a Bar, the Settling State shall provide notice to Alvogen no later than 30 days before the Initial Participation Date. Alvogen shall indicate before the Initial Participation Date whether existing legislation in a Settling State is sufficient to qualify as a Bar.

5. Incentive Payment BC.

a. Incentive Payment BC shall be available to Settling States that do not qualify for Incentive Payment A.

b. Incentive Payment BC shall be up to a maximum of sixty percent (60%) of the Settling State’s share of the Remediation Payment. Incentive Payment BC will be due to a Settling State as part of the Remediation Payment. Incentive Payment BC shall equal a total potential maximum of \$11,208,097 if all Eligible States qualify for Incentive Payment BC (and do not qualify for Incentive Payment A).

c. The maximum Incentive Payment BC for any Settling State shall be the maximum potential Incentive Payment BC, \$11,208,097, times the Settling State’s State Allocation Percentage specified in Exhibit F, provided such Settling State becomes eligible for Incentive Payment BC by the Payment Calculation Date.

d. The amount of Incentive Payment BC for which a Settling State is eligible shall be determined based on the aggregate population of the Settling State’s Incentive BC Subdivisions that are Participating Subdivisions or have had their claims resolved through a Case-Specific Resolution, divided by the aggregate population of all the Settling State’s

Incentive BC Subdivisions. The Settling State’s Incentive BC Subdivisions are (i) all Litigating Subdivisions (including School Districts and Special Districts) and (ii) all Primary Subdivisions that have not sued Alvogen as of the Initial Participation Date (collectively “*Incentive BC Subdivisions*”).

e. The percentage of the Settling State’s maximum Incentive Payment BC provided by Section V.E.5.c to which the Settling State is entitled shall be determined according to the table of Incentive BC payment levels below:

Participation Percentage of Incentive BC Eligible Subdivision Population⁵	Incentive Payment BC Percentage
Less than 85%	0%
85% or more but less than 86%	3.57%
86% or more but less than 87%	8.93%
87% or more but less than 88%	14.29%
88% or more but less than 89%	19.64%
89% or more but less than 90%	25%
90% or more but less than 91%	30.36%
91% or more but less than 92%	35.71%
92% or more but less than 93%	41.07%
93% or more but less than 94%	46.43%
94% or more but less than 95%	51.79%
95% or more but less than 96%	60.71%

⁵ The “Participation Percentage of Incentive BC Eligible Subdivision Population” shall be determined by the aggregate population of the Settling State’s Incentive BC Subdivisions that are Participating Subdivisions or have had their claims resolved through a Case-Specific Resolution, divided by the aggregate population of the Settling State’s Incentive BC Subdivisions. In calculating the Settling State’s population that resides in Incentive BC Subdivisions, the population of the Settling State’s Incentive BC Subdivisions shall be the sum of the population of all Incentive BC Subdivisions in the Settling State, notwithstanding that persons may be included within the population of more than one Incentive BC Subdivision. An individual Subdivision shall not be included more than once in the numerator, and shall not be included more than once in the denominator, of the calculation regardless if it (or any of its officials) is named as multiple plaintiffs in the same lawsuit; provided, however, that for the avoidance of doubt, no Subdivision will be excluded from the numerator or denominator under this sentence unless a Subdivision otherwise counted in the denominator has the authority to release the Claims (consistent with Section X) of the Subdivision to be excluded.

96% or more but less than 97%	68.75%
97% or more but less than 98%	76.79%
98% or more but less than 99%	84.82%
99% or more but less than 100%	92.86%
100%	100%

f. The percentage of the available Incentive Payment BC amount for which a Settling State is eligible will be based on the Participation Percentage of Incentive BC Eligible Subdivision Population as of the Payment Calculation Date. If Incentive BC Eligible Subdivisions that have become Participating Subdivisions, or achieved Case-Specific Resolution status, collectively represent less than eighty-five percent (85%) of a Settling State's Incentive BC Eligible Subdivision population by the Payment Calculation Date, the Settling State shall not receive any Incentive Payment BC.

g. If there are no Incentive BC Eligible Subdivisions in a Settling State, and that Settling State is otherwise eligible for Incentive Payment BC, that Settling State will receive its maximum Incentive Payment BC provided by Section V.E.5.c.

In no event shall any Settling State receive a Base Payment and Incentive Payment totaling more than one hundred percent (100%) of its respective State Allocation Percentage specified in Exhibit F times the Maximum Remediation Payment.

VI. Allocation and Use of Settlement Payments

A. *Components of Settlement Fund.* The Settlement Fund shall be funded by the Remediation Payment and comprised of a Remediation Accounts Fund, a State Fund, and a Subdivision Fund for each Settling State. The payments made under Section IV into the Settlement Fund shall be initially allocated among those three (3) sub-funds and distributed and used as provided below. Unless otherwise specified herein, payments placed into the Settlement Fund do not revert back to Alvogen.

B. *Use of Settlement Payments.*

1. It is the intent of the Parties that the payments disbursed from the Settlement Fund to Settling States and Participating Subdivisions be for Opioid Remediation, subject to exceptions that must be documented in accordance with Section VI.B.2. In no event may less than ninety-five percent (95%) of Alvogen's maximum amount of payments pursuant to Section V be spent on Opioid Remediation.

2. While disfavored by the Parties, a Settling State or a Participating Subdivision set forth on Exhibit G may use monies from the Settlement Fund (that have not been restricted by this Agreement solely to future Opioid Remediation) for purposes that do not qualify as Opioid Remediation. If, at any time, a Settling State or a Participating Subdivision set forth on Exhibit G uses any monies from the Settlement Fund for a purpose that does not qualify as Opioid Remediation, such Settling State or Participating Subdivision set forth on Exhibit G shall identify such amounts and report to the Settlement Fund Administrator and Alvogen how such funds were used, including if used to pay attorneys' fees, investigation costs, litigation costs, or costs related to the operation and enforcement of this Agreement, respectively. It is the intent of the Parties that the reporting under this Section VI.B.2 shall be available to the public. For the avoidance of doubt, (a) any amounts not identified under this Section VI.B.2 as used to pay attorneys' fees, investigation costs, or litigation costs shall be included in the Compensatory Restitution Amount for purposes of Section VI.F and (b) Participating Subdivisions not listed on Exhibit G may only use monies from the Settlement Fund for purposes that qualify as Opioid Remediation.

C. *Allocation of Settlement Fund.* The allocation of the Settlement Fund allows for different approaches to be taken in different states, such as through a State-Subdivision Agreement. Given the uniqueness of Settling States and their Subdivisions, Settling States and their Subdivisions are encouraged to enter into State-Subdivision Agreements in order to direct the allocation of their portion of the Settlement Fund. As set out below, the Settlement Fund Administrator will make an initial allocation to three (3) state-level sub-funds. The Settlement Fund Administrator will then, for each Settling State and its Participating Subdivisions, apply the terms of this Agreement and any relevant State-Subdivision Agreement, Statutory Trust, Allocation Statute, or voluntary redistribution of funds as set out below before disbursing the funds.

1. Base Payments. The Settlement Fund Administrator will allocate Base Payments under Section V.D among the Settling States pursuant to Section V.D.2. Base payments for each Settling State will then be allocated fifteen percent (15%) to its State Fund, seventy percent (70%) to its Remediation Accounts Fund, and fifteen percent (15%) to its Subdivision Fund. Amounts may be reallocated and will be distributed as provided in Section VI.D.

2. Incentive Payments. The Settlement Fund Administrator will treat Incentive Payments under Section V.E on a state-specific basis. Incentive Payments for which a Settling State is eligible will be allocated fifteen percent (15%) to its State Fund, seventy percent (70%) to its Remediation Accounts Fund, and fifteen percent (15%) to its Subdivision Fund. Amounts may be reallocated and will be distributed as provided in Section VI.D.

3. Settlement Fund Administrator. Prior to the Effective Date, Alvogen and the Enforcement Committee will agree to a detailed mechanism consistent with the foregoing for the Settlement Fund Administrator to follow in allocating,

apportioning, and distributing payments, which shall then be appended hereto as Exhibit L.

4. **Settlement Fund Administrator Costs.** Any costs and fees associated with or arising out of the duties of the Settlement Fund Administrator as described in Exhibit L shall be paid from the interest accrued in the Settlement Fund Escrow and the Settlement Fund; provided, however, that if such accrued interest is insufficient to pay the entirety of any such costs and fees, the additional amount shall be paid out of the Settlement Fund. For the avoidance of doubt, nothing in this provision shall require Alvogen to pay any costs, fees or other amounts in excess of the Global Settlement Amount.

D. *Settlement Fund Reallocation and Distribution.* As set forth below, within a particular Settling State's account, amounts contained in the Settlement Fund sub-funds may be reallocated and distributed per a State-Subdivision Agreement or other means. If the apportionment of amounts is not addressed and controlled under Section VI.D.1 and Section VI.D.2, then the default provisions of Section VI.D.4 apply. It is not necessary that a State-Subdivision Agreement or other means of allocating funds pursuant to Section VI.D.1 and Section VI.D.2 address all of the Settlement Fund sub-funds. For example, a Statutory Trust might only address disbursements from a Settling State's Remediation Accounts Fund.

1. Distribution by State-Subdivision Agreement. If a Settling State has a State-Subdivision Agreement, amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section VI.C shall be reallocated and distributed as provided by that agreement. Any State-Subdivision Agreement entered into after the Preliminary Agreement Date shall be applied only if it requires: (a) that all amounts be used for Opioid Remediation, except as allowed by Section VI.B.2, and (b) that at least seventy percent (70%) of amounts be used solely for future Opioid Remediation.⁶ For a State-Subdivision Agreement to be applied to the relevant portion of the Remediation Payment, notice must be provided to Alvogen and the Settlement Fund Administrator by the Payment Calculation Date.

2. Distribution by Allocation Statute. If a Settling State has an Allocation Statute and/or a Statutory Trust that addresses allocation or distribution of amounts apportioned to such Settling State's State Fund, Remediation Accounts Fund, and/or Subdivision Fund and that, to the extent any or all such sub-funds are addressed, requires (1) all amounts to be used for Opioid Remediation, except as allowed by Section VI.B.2, and (2) at least seventy percent (70%) of all amounts to be used solely for future Opioid Remediation then, to the extent allocation or distribution is addressed, the amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section VI.C shall be allocated and

⁶ Future Opioid Remediation includes amounts paid to satisfy any future demand by another governmental entity to make a required reimbursement in connection with the past care and treatment of a person related to the Alleged Harms

distributed as addressed and provided by the applicable Allocation Statute or Statutory Trust. For the avoidance of doubt, an Allocation Statute or Statutory Trust need not address all three (3) sub-funds that comprise the Settlement Fund, and if the applicable Allocation Statute or Statutory Trust does not address distribution of all or some of these three (3) sub-funds, the applicable Allocation Statute or Statutory Trust does not replace the default provisions described in Section VI of any such unaddressed fund. For example, if an Allocation Statute or Statutory Trust that meets the requirements of this Section VI.D.2 only addresses funds restricted to remediation, then the default provisions of this Agreement concerning allocation among the three (3) sub-funds comprising the Settlement Fund and the distribution of the State Fund and Subdivision Fund for that Settling State would still apply, while the distribution of the applicable State's Remediation Accounts Fund would be governed by the qualifying Allocation Statute or Statutory Trust.

3. Voluntary Redistribution. A Settling State may choose to reallocate all or a portion of its State Fund to its Remediation Accounts Fund. A Participating Subdivision included on Exhibit G may choose to reallocate all or a portion of its allocation from the Subdivision Fund to the Settling State's Remediation Accounts Fund or to another Participating Subdivision. The Settlement Fund Administrator is not required to honor a voluntary redistribution for which notice is provided to it after the Payment Calculation Date.

4. Distribution in the Absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust. If Section VI.D.1, Section VI.D.2, and Section VI.D.3 do not apply, amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section VI.C shall be distributed as follows:

a. Amounts apportioned to that Settling State's State Fund shall be distributed to that Settling State.

b. Amounts apportioned to that Settling State's Remediation Accounts Fund shall be distributed consistent with Section VI.E. Each Settling State shall submit to the Settlement Fund Administrator a designation of a lead state agency or other entity to serve as the single point of contact for that Settling State's funding requests from the Remediation Accounts Fund and other communications with the Settlement Fund Administrator. The designation of an individual entity is for administrative purposes only and such designation shall not limit funding to such entity or even require that such entity receive funds from this Agreement. The designated entity shall be the only entity authorized to request funds from the Settlement Fund Administrator to be disbursed from that Settling State's Remediation Accounts Fund. If a Settling State has established a Statutory Trust then that Settling State's single point of contact may direct the Settlement Fund Administrator to release the Settling State's Remediation Accounts Fund to the Statutory Trust.

c. Amounts apportioned to that Settling State's Subdivision Fund shall be distributed to Participating Subdivisions in that Settling State included on Exhibit G per the Subdivision Allocation Percentage listed in Exhibit G. Section VIII.H shall govern amounts that would otherwise be distributed to Non-Participating Subdivisions listed in Exhibit G. For the avoidance of doubt and notwithstanding any other provision in this Agreement, no Non-Participating Subdivision will directly receive any amount from the Settlement Fund, regardless of whether such Subdivision is included on Exhibit G.

d. Special Districts shall not be allocated funds from the Subdivision Fund, except through a voluntary redistribution allowed by Section VI.D.3 to Special Districts that are Participating Subdivisions. A Settling State may allocate funds from its State Fund or Remediation Accounts Fund for Special Districts that are Participating Subdivisions.

5. Restrictions on Distribution. No amounts may be distributed from the Subdivision Fund contrary to Section VIII, i.e., no amounts may be distributed directly to Non-Participating Subdivisions or to Later Participating Subdivisions to the extent such a distribution would violate Section VIII.E through Section VIII.G. Amounts allocated to the Subdivision Fund that cannot be distributed by virtue of the preceding sentence shall be distributed into the sub-account in the Remediation Accounts Fund for the Settling State in which the Subdivision is located, unless those payments are redirected elsewhere by a State-Subdivision Agreement described in Section VI.D.1 or by an Allocation Statute or a Statutory Trust described in Section VI.D.2.

E. *Provisions Regarding the Remediation Accounts Fund.*

1. State-Subdivision Agreement, Allocation Statute, and Statutory Trust Fund Provisions. A State-Subdivision Agreement, Allocation Statute, or Statutory Trust may govern the operation and use of amounts in that Settling State's Remediation Accounts Fund so long as it complies with the requirements of Section VI.D.1 or Section VI.D.2, as applicable, and all direct payments to Subdivisions comply with Section VIII.E through Section VIII.G.

2. Absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust. In the absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust that addresses distribution, the Remediation Accounts Fund will be used solely for future Opioid Remediation and the following shall apply with respect to a Settling State:

a. Regional Remediation.

(i) At least fifty percent (50%) of distributions for remediation from a Settling State's Remediation Accounts Fund shall be annually allocated and tracked to the regional level. A

Settling State may allow the Advisory Committee established pursuant to Section VI.E.2.d to define its regions and assign regional allocations percentages. Otherwise, the Settling State shall (A) define its initial regions, which shall consist of one (1) or more General Purpose Subdivisions and which shall be designated by the state agency with primary responsibility for substance abuse disorder services employing, to the maximum extent practical, existing regions established in that Settling State for opioid abuse treatment or other public health purposes; (B) assign initial regional allocation percentages to the regions based on the Subdivision Allocation Percentages in Exhibit G and an assumption that all Subdivisions included on Exhibit G will become Participating Subdivisions.

(ii) This minimum regional expenditure percentage is calculated on the Settling State's initial Remediation Accounts Fund allocation and does not include any additional amounts a Settling State has directed to its Remediation Accounts Fund from its State Fund, or any other amounts directed to the fund. A Settling State may dedicate more than fifty percent (50%) of its Remediation Accounts Fund to the regional expenditure and may annually adjust the percentage of its Remediation Accounts Fund dedicated to regional expenditures as long as the percentage remains above the minimum amount.

(iii) The Settling State (A) has the authority to adjust the definition of the regions, and (B) may annually revise the percentages allocated to each region to reflect the number of General Purpose Subdivisions in each region that are Non-Participating Subdivisions.

b. *Subdivision Block Grants.* Certain Subdivisions shall be eligible to receive regional allocation funds in the form of a block grant for future Opioid Remediation. A Participating Subdivision eligible for block grants is a county or parish (or in the case of Settling States that do not have counties or parishes that function as political subdivisions, a city) that (1) does not contain a Litigating Subdivision or a Later Litigating Subdivision for which it has the authority to end the litigation through a release, bar or other action; (2) either (i) has a population of 400,000 or more or (ii) in the case of California has a population of 750,000 or more; and (3) has funded or otherwise managed an established health care or treatment infrastructure (e.g., health department or similar agency). Each Subdivision eligible to receive block grants shall be assigned its own region.

c. *Small Settling States.* Notwithstanding the provisions of Section VI.E.2.a, Settling States with populations under four (4) million that do not have existing regions described in Section VI.E.2.a shall not be

required to establish regions. However, such a Settling State that contains one (1) or more Subdivisions eligible for block grants under Section VI.E.2.b shall be divided regionally so that each block-grant eligible Subdivision is a region, and the remainder of the state is a region.

d. *Advisory Committee.* The Settling State shall designate an Opioid Settlement Remediation Advisory Committee (the “*Advisory Committee*”) to provide input and recommendations regarding remediation spending from that Settling State’s Remediation Accounts Fund. A Settling State may elect to use an existing advisory committee or similar entity (created outside of a State-Subdivision Agreement or Allocation Statute); *provided, however*, the Advisory Committee or similar entity shall meet the following requirements:

(i) Written guidelines that establish the formation and composition of the Advisory Committee, terms of service for members, contingency for removal or resignation of members, a schedule of meetings, and any other administrative details;

(ii) Composition that includes at least an equal number of local representatives as state representatives;

(iii) A process for receiving input from Subdivisions and other communities regarding how the opioid crisis is affecting their communities, their remediation needs, and proposals for remediation strategies and responses; and

(iv) A process by which Advisory Committee recommendations for expenditures for Opioid Remediation will be made to and considered by the appropriate state agencies.

3. Remediation Accounts Fund Reporting. The Settlement Fund Administrator shall track and assist in the report of remediation disbursements as agreed to between Alvogen and the Enforcement Committee

F. *Nature of Payment.* Alvogen, the Settling States, and the Participating Subdivisions each acknowledge and agree that notwithstanding anything to the contrary in this Agreement, including, but not limited to, the scope of the Released Claims:

1. They have entered into this Agreement to avoid the delay, expense, inconvenience, and uncertainty of further litigation;

2. (a) The Settling States and Participating Subdivisions sought compensatory restitution and remediation (within the meaning of 26 U.S.C. § 162(f)(2)(A) and 26 C.F.R. § 1.162-21(e)(4)(i)) as damages for the Alleged Harms allegedly suffered by the Settling States and Participating Subdivisions; (b) the Compensatory Restitution Amount is less than or equal to the amount, in the aggregate, of the Alleged Harms

allegedly suffered by the Settling States and Participating Subdivisions; and (c) the portion of the Compensatory Restitution Amount received by each Settling State or Participating Subdivision is less than or equal to the amount of the Alleged Harms allegedly suffered by such Settling State or Participating Subdivision;

3. The payment of the Compensatory Restitution Amount by Alvogen constitutes, and is paid for, compensatory restitution and remediation (within the meaning of 26 U.S.C. § 162(f)(2)(A) and 26 C.F.R. § 1.162-21(e)(4)(i), (ii)) for alleged damage or harm (as compensation for alleged damage or harm arising out of alleged bodily injury) allegedly caused by Alvogen in order to restore, in whole or in part, the Settling States, Participating Subdivisions, and persons to the same position or condition that they would be in had the Settling States, Participating Subdivisions, and persons not suffered the Alleged Harms, and constitutes compensatory restitution and remediation for alleged damage or harm allegedly caused by the potential violation of a law; and

4. For the avoidance of doubt: (a) the entire Compensatory Restitution Amount is properly characterized as described in Section VI.F, (b) no portion of the Compensatory Restitution Amount represents reimbursement to any Settling State or Participating Subdivision or other person or entity for the fees or costs of any investigation or litigation, including without limitation attorneys' fees, (c) no portion of the Global Settlement Amount constitutes the disgorgement of any allegedly ill-gotten gains, and (d) no portion of the Global Settlement Amount is paid for, is in place of, or is properly characterized as the payment of any fine, penalty, punitive damages, or other punitive assessments.

VII. Enforcement

A. *Enforceability.* This Agreement is enforceable only by the Settling States and Alvogen; *provided, however*, that Released Entities may enforce Section XI and Participating Subdivisions listed on Exhibit G have the enforcement rights described later in this paragraph and in Section VII.D. Except to the extent allowed by the Injunctive Relief Terms, Settling States and Participating Subdivisions shall not have enforcement rights against Alvogen with respect to either the terms of this Agreement that apply only to or in other Settling States or any Consent Judgment entered into by another Settling State. Participating Subdivisions shall not have enforcement rights against Alvogen with respect to this Agreement or any Consent Judgment except that Participating Subdivisions listed on Exhibit G shall have enforcement rights as set forth herein as to payments that would be allocated to the Participating Subdivisions or the Remediation Accounts Fund in such Settling State pursuant to Section V; *provided, however*, that each Settling State shall allow Participating Subdivisions in such Settling State to notify it of any perceived violations of this Agreement or the applicable Consent Judgment.

B. *Jurisdiction.* Alvogen consents to the jurisdiction of the court in which each Settling State files its Consent Judgment, limited to resolution of disputes identified in Section VII.F.2 for resolution in that court.

C. *Specific Terms Dispute Resolution.*

1. Any dispute that is addressed by the provisions set forth in the Injunctive Relief Terms shall be resolved as provided therein.

D. *State-Subdivision Enforcement.*

1. A Subdivision shall not have enforcement rights against a Settling State in which it is located with respect to this Agreement or any Consent Judgment except that a Participating Subdivision listed on Exhibit G shall have enforcement rights (a) as provided for in a State-Subdivision Agreement, Allocation Statute, or Statutory Trust with respect to intrastate allocation or (b) in the absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust, to allegations that (i) the Settling State's use of Remediation Accounts Fund monies were not used for uses similar to or in the nature of those uses contained in Exhibit E; or (ii) a Settling State failed to pay funds directly from the Remediation Accounts Fund to a Participating Subdivision eligible to receive a block grant pursuant to Section VI.E.2.b.

2. A Settling State shall have enforcement rights against a Participating Subdivision located in its territory (a) as provided for in a State-Subdivision Agreement, Allocation Statute, or Statutory Trust; or (b) in the absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust, to allegations that the Participating Subdivisions' uses of Remediation Accounts Fund monies were not used for purposes similar to or in the nature of those uses contained in Exhibit E.

3. As between the Settling States and Participating Subdivisions, the above rights are contractual in nature and nothing herein is intended to limit, restrict, change or alter any other existing rights under law.

E. *Subdivision Alvogen Payment Enforcement.* A Participating Subdivision listed on Exhibit G shall have the same right as a Settling State to seek resolution regarding the failure by Alvogen to make its Remediation Payment.

F. *Other Terms Regarding Dispute Resolution.*

1. The parties to a dispute shall promptly meet and confer in good faith to resolve any dispute. If the parties cannot resolve the dispute informally, and unless otherwise agreed in writing, they shall follow the remaining provisions of this subsection to resolve the dispute.

2. Except to the extent provided by Section VII.C or Section VII.F.3, disputes not resolved informally shall be resolved in either the court that entered the relevant Consent Judgment or, if no such Consent Judgment was entered, a state or territorial court with jurisdiction located wherever the seat of the relevant state government is located.

a. State court proceedings shall be governed by the rules and procedures of the relevant forum.

b. For the avoidance of doubt, disputes to be resolved in state court include, but are not limited to, the following:

(i) disputes concerning whether expenditures qualify as Opioid Remediation;

(ii) disputes between a Settling State and its Participating Subdivisions as provided by Section VII.D, except to the extent the State-Subdivision Agreement provides for other dispute resolution mechanisms. For the avoidance of doubt, disputes between a Settling State and any Participating Subdivision shall not be considered National Disputes;

(iii) whether this Agreement and relevant Consent Judgment are binding under state law;

(iv) the extent of the Attorney General's or other participating entity's authority under state law, including the extent of the authority to release claims;

(v) whether the definition of a Bar, a Case-Specific Resolution, Final Order, lead state agency as described in Section VI.D.4.b, Later Litigating Subdivision, Litigating Subdivision, or Threshold Motion have been met; and

(vi) all other disputes not specifically identified in Section VII.C or Section VII.F.3.

c. Any Party may request that the National Arbitration Panel provide an interpretation of any provision of the settlement that is relevant to the state court determination, and the National Arbitration Panel shall make reasonable best efforts to supply such interpretation within the earlier of thirty (30) calendar days or the time period required by the state court proceedings. Any Party may submit that interpretation to the state court to the extent permitted by, and for such weight provided by, the state court's rules and procedures. If requested by a Party, the National Arbitration Panel shall request that its interpretation be accepted in the form of an *amicus curiae* brief, and any attorneys' fees and costs for preparing any such filing shall be paid for by the requesting Party.

3. National Disputes involving a Settling State, a Participating Subdivision that has enforcement rights pursuant to Section VII.A, and/or Alvogen shall be resolved by the National Arbitration Panel.

a. National Disputes are disputes that are not addressed by Section VII.C, and which are exceptions to Section VII.F.2's presumption of resolution in state courts because they involve issues of interpretation of terms contained in this Agreement applicable to all Settling States without reference to a particular state's law. Disputes between a Settling State and any Participating Subdivision shall not be considered National Disputes. National Disputes are limited to the following:

(i) the amount of offset and/or credit attributable to Non-Settling States;

(ii) issues involving the scope and definition of Product;

(iii) interpretation and application of the terms "Covered Conduct," "Released Entities," and "Released Claims;"

(iv) the failure by Alvogen to pay the Remediation Payment or the Additional Remediation Amount, but for the avoidance of doubt, disputes between Alvogen and a Settling State over the amounts owed only to that state that do not affect any other Settling State shall not be considered National Disputes;

(v) questions regarding the performance and/or removal of the Settlement Fund Administrator;

(vi) disputes involving liability of successor entities;

(vii) disputes that require a determination of the sufficiency of participation in order to qualify for Incentive Payments A or BC;

(viii) disputes involving a Releasor's compliance with, and the appropriate remedy under, Section XI.B.5.c;

(ix) disputes requiring the interpretation of Agreement terms that are national in scope or impact, which shall mean disputes requiring the interpretation of Agreement terms that (i) concretely affect four (4) or more Settling States; and (ii) do not turn on unique definitions and interpretations under state law; and

(x) any dispute subject to resolution under Section VII.F.2 but for which all parties to the dispute agree to arbitration before the National Arbitration Panel under the provisions of this Section VII.F.3.

b. The National Arbitration Panel shall be comprised of three (3) neutral arbitrators. One (1) arbitrator shall be chosen by Alvogen, one (1) arbitrator shall be chosen by the Enforcement Committee with due input from Participating Subdivisions listed on Exhibit G, and the third arbitrator shall be agreed upon by the first two (2) arbitrators. The membership of the National Arbitration Panel is intended to remain constant throughout the term of this Agreement, but in the event that replacements are required, the retiring arbitrator shall be replaced by the party that selected him/her.

c. The National Arbitration Panel shall make reasonable best efforts to decide all matters within one hundred eighty (180) calendar days of filing, and in no event shall it take longer than one (1) year.

d. The National Arbitration Panel shall conduct all proceedings in a reasonably streamlined process consistent with an opportunity for the parties to be heard. Issues shall be resolved without the need for live witnesses where feasible and with a presumption in favor of remote participation to minimize the burdens on the parties.

e. To the extent allowed under state law, a Settling State, a Participating Subdivision that has enforcement rights pursuant to Section VII.A, and (at any party's request) the National Arbitration Panel may certify to an appropriate state court any question of state law. The National Arbitration Panel shall be bound by a final state court determination of such a certified question. The time period for the arbitration shall be tolled during the course of the certification process.

f. The arbitrators will give due deference to any authoritative interpretation of state law, including any declaratory judgment or similar relief obtained by a Settling State, a Participating Subdivision that has enforcement rights pursuant to Section VII.A, or Alvogen on a state law issue.

g. The decisions of the National Arbitration Panel shall be binding on Settling States, Participating Subdivisions, Alvogen, and the Settlement Fund Administrator. In any proceeding before the National Arbitration Panel involving a dispute between a Settling State and Alvogen whose resolution could prejudice the rights of a Participating Subdivision(s) in that Settling State, such Participating Subdivision(s) shall be allowed to file a statement of view in the proceeding.

h. Nothing herein shall be construed so as to limit or otherwise restrict a Settling State from seeking injunctive or other equitable relief in state court to protect the health, safety, or welfare of its citizens.

i. Each party shall bear its own costs in any arbitration or court proceeding arising under this Section VII. The costs for the arbitrators on

the National Arbitration Panel shall be divided and paid equally by the disputing sides for each individual dispute, e.g., a dispute between Alvogen and Settling States/Participating Subdivisions shall be split fifty percent (50%) by Alvogen and fifty percent (50%) by the Settling States/Participating Subdivisions that are parties to the dispute; a dispute between a Settling State and a Participating Subdivision shall be split fifty percent (50%) by the Settling State that is party to the dispute and fifty percent (50%) by any Participating Subdivisions that are parties to the dispute. For the avoidance of doubt, Alvogen shall not be responsible for the National Arbitration Panel costs in disputes that do not concern Alvogen.

4. Prior to initiating an action to enforce pursuant to this Section VII.F, the complaining party must:

a. Provide written notice to the Enforcement Committee and Alvogen of its complaint, including the provision of the Consent Judgment and/or Agreement that the practice appears to violate, as well as the basis for its interpretation of the disputed provision. The Enforcement Committee shall establish a reasonable process and timeline for obtaining additional information from the involved parties; *provided, however*, that the date the Enforcement Committee establishes for obtaining additional information from the parties shall not be more than forty-five (45) calendar days following the notice. The Enforcement Committee may advise the involved parties of its views on the complaint and/or seek to resolve the complaint informally.

b. Wait to commence any enforcement action until thirty (30) calendar days after the date that the Enforcement Committee establishes for obtaining additional information from the involved parties.

5. If the parties to a dispute cannot agree on the proper forum for resolution of the dispute under the provisions of Section VII.F.2 or Section VII.F.3, a committee comprising the Enforcement Committee and sufficient representatives of Alvogen such that the members of the Enforcement Committee have a majority of one (1) member will determine the forum where the dispute will be initiated within twenty-eight (28) calendar days of receiving notification of the dispute relating to the proper forum. The forum identified by such committee shall be the sole forum for litigating the issue of which forum will hear the substantive dispute, and the committee's identification of such forum in the first instance shall not be entitled to deference by the forum selected.

G. *Lien or Encumbrance.* To the extent allowed by applicable law, this Settlement Agreement shall not be deemed to create a lien or encumbrance against any real property owned by Alvogen or its affiliates, unless in the event of a default or breach of the payment provisions by Alvogen. Nothing in this Section shall be construed to limit any

remedy of any Settling State or Participating Subdivision in the event of a default or breach of this Agreement by Alvogen.

H. *No Effect.* Nothing in this Agreement shall be interpreted to limit the Settling States' Civil Investigative Demand ("CID") or investigative subpoena authority, to the extent such authority exists under applicable state law and the CID or investigative subpoena is issued pursuant to such authority, and Alvogen reserves all of its rights in connection with a CID or investigative subpoena issued pursuant to such authority.

VIII. Participation by Subdivisions

A. *Notice.* No later than fifteen (15) calendar days after the Preliminary Agreement Date, the Implementation Administrator shall send individual written notice (which may be delivered via e-mail or other electronic means and may be combined with distribution of the Subdivision Settlement Participation Form) of the opportunity to participate in this Agreement and the requirements of participation to all Subdivisions in the Settling States that are (1) Litigating Subdivisions or (2) Non-Litigating Subdivisions listed on Exhibit G. To the extent a Special District is entitled to an allocation for a direct payment through its inclusion in Exhibit G pursuant to a State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution, the Implementation Administrator, with the cooperation of the Settling States shall also send individual written notice (which may be delivered via e-mail or other electronic means) of the opportunity to participate in this Agreement and the requirements of participation to such Special Districts. Unless otherwise agreed by the Parties, the version of Exhibit G used for notice shall be the one in place as of the Preliminary Agreement Date. Notice (which may be delivered via e-mail or other electronic means) shall also be provided simultaneously to counsel of record for Litigating Subdivisions and known counsel for Non-Litigating Subdivisions and Special Districts listed on Exhibit G. The costs of the Implementation Administrator shall be paid for by the interest earned from the deposit accounts holding the Adjusted Maximum Remediation Payment for Alvogen, and nothing in this provision shall require Alvogen to pay any costs, fees or other amounts in excess of the Global Settlement Amount. The Settling States, with the cooperation of Alvogen, may also provide general notice reasonably calculated to alert Non-Litigating Subdivisions in the Settling States to this Agreement, the opportunity to participate in it, and the requirements for participation. Such notice may include publication and other standard forms of notification, as well as notice to state and county organizations such as the National Association of Counties and the National League of Cities. The notice will include that the deadline for becoming an Initial Participating Subdivision is the Initial Participation Date. Nothing contained herein shall preclude a Settling State from providing further notice to or otherwise contacting any of its Subdivisions about becoming a Participating Subdivision, including beginning any of the activities described in this paragraph prior to the Preliminary Agreement Date.

B. *Requirements for Becoming a Participating Subdivision—Non-Litigating Subdivisions.* A Non-Litigating Subdivision in a Settling State may become a Participating Subdivision by returning an executed Subdivision Settlement Participation Form to the Implementation Administrator or Settlement Fund Administrator (which may be executed and returned by electronic means established by the Implementation Administrator or

Settlement Fund Administrator) specifying (1) that the Subdivision agrees to the terms of this Agreement pertaining to Subdivisions, (2) that the Subdivision releases all Released Claims against all Released Entities, (3) that the Subdivision agrees to use monies it receives, if any, from the Settlement Fund pursuant to the applicable requirements of Section VI; *provided, however*, that Non-Litigating Subdivisions may only use monies originating from the Settlement Fund for purposes that qualify as Opioid Remediation, and (4) that the Subdivision submits to the jurisdiction of the court where the applicable Consent Judgment is filed for purposes limited to that court's role under this Agreement. The required Subdivision Settlement Participation Form is attached as Exhibit K.

C. *Requirements for Becoming a Participating Subdivision—Litigating Subdivisions.* A Litigating Subdivision in a Settling State may become a Participating Subdivision by returning an executed Subdivision Settlement Participation Form to the Implementation Administrator or Settlement Fund Administrator (which may be executed and returned by electronic means established by the Implementation Administrator or Settlement Fund Administrator) and upon prompt dismissal with prejudice of its lawsuit following the Reference Date or the date on which the conditions for effectiveness in Section IX.B have been met, whichever is later. A Settling State may require each Litigating Subdivision in that Settling State to specify on the Subdivision Settlement Participation Form whether its counsel has waived any contingency fee contract with that Participating Subdivision and whether, if eligible, it intends to seek fees pursuant to Exhibit R. The Settlement Fund Administrator shall provide reports of this information to the parties upon request. A Litigating Subdivision may not become a Participating Subdivision after the completion of opening statements in a trial of a lawsuit it brought that includes a Released Claim against a Released Entity.

D. *Initial Participating Subdivisions.* A Subdivision qualifies as an Initial Participating Subdivision if it meets the applicable requirements for becoming a Participating Subdivision set forth in Section VIII.B or Section VIII.C by the Initial Participation Date. All Subdivision Settlement Participation Forms shall be held in escrow by the Implementation Administrator until the Reference Date. If, for any reason, the Agreement does not become effective, all obligations created by such forms and releases in them shall be void *ab initio* and all Subdivision Settlement Participation Forms shall be returned to Counsel for Litigating Subdivisions or to the Subdivisions not represented by counsel or destroyed to the extent that such destruction is not prohibited by then existing document preservation obligations.

E. *Later Participating Subdivisions.* A Subdivision that is not an Initial Participating Subdivision may become a Later Participating Subdivision by meeting the applicable requirements for becoming a Participating Subdivision set forth in Section VIII.B or Section VIII.C after the Initial Participation Date but before the Payment Calculation Date and by agreeing to be subject to the terms of a State-Subdivision Agreement (if any) or any other structure adopted or applicable pursuant to Section VI.D or Section VI.E. Unless waived by Alvogen, the following provisions govern what a Later Participating Subdivision can receive (but do not apply to Initial Participating Subdivisions):

1. A Later Participating Subdivision shall receive seventy-five percent (75%) of the share of the Base Payment or Incentive Payment that it would have received had it become an Initial Participating Subdivision.

2. A Later Participating Subdivision that had maintained a lawsuit for a Released Claim against a Released Entity and had judgment entered against it on any such Claim before it became a Participating Subdivision (other than consensual dismissal with prejudice) shall receive 50% of the share of future Base Payments and Incentive Payments that it would have received had it become a Participating Subdivision prior to such judgment; provided, however that if the Subdivision appeals the judgment and the judgment is affirmed with finality, the Subdivision shall not receive any share of any Base Payments or Incentive Payments, and shall return to Alvogen any share of any Base Payments or Incentive Payments such Subdivision had already received.

3. A Later Participating Subdivision that becomes a Participating Subdivision while a Bar or Case-Specific Resolution involving a different Subdivision exists in its state shall receive twenty-five percent (25%) of the share of the Base Payment and Incentive Payment that it would have received if it had become an Initial Participating Subdivision.

F. *No Increase in Payments.* Amounts to be received by Later Participating Subdivisions shall not increase the payments due from Alvogen.

G. *Non-Participating Subdivisions.* Non-Participating Subdivisions shall not directly receive any portion of the Remediation Payment, including from the State Fund and direct distributions from the Remediation Accounts Fund; however, a Settling State may choose to fund future Opioid Remediation that indirectly benefits Non-Participating Subdivisions.

H. *Unpaid Allocations to Later Participating Subdivisions and Non-Participating Subdivisions.* Any Base Payment and Incentive Payment allocated pursuant to Section VI.D to a Later Participating Subdivision or Non-Participating Subdivision that cannot be paid pursuant to this Section VIII, including the amounts that remain unpaid after the reductions required by Section VIII.E., will be allocated to the Remediation Accounts Fund for the Settling State in which the Subdivision is located, unless those payments are redirected elsewhere by a State-Subdivision Agreement or by a Statutory Trust.

IX. Condition to Effectiveness of Agreement and Filing of Consent Judgment

A. *Determination to Proceed with Settlement. —Settling States.* Following the Initial Subdivision Participation Date, the Enforcement Committee shall determine whether to proceed with the Agreement on behalf of the Settling States, and the Settling States shall be bound by the determination of the Enforcement Committee. No later than fifteen (15) calendar days prior to the Reference Date, the Enforcement Committee shall provide notice to Alvogen of its decision. If the Enforcement Committee elects not to

proceed, this Agreement will have no further effect, and all releases (including those contained in Subdivision Settlement Participation Forms and other commitments or obligations contained herein or in Subdivision Settlement Participation Forms) will be void. Within seven (7) calendar days of informing Alvogen that there is sufficient participation to proceed, the Enforcement Committee will deliver all signatures and releases required by the Agreement to be provided by the Settling States to Alvogen.

B. *Determination to Proceed with Settlement—Alvogen.* If the Settling States elect to proceed, Alvogen will then determine on or before the Reference Date whether there is sufficient Eligible State participation, sufficient Subdivision participation, and sufficient resolution of the Claims of the Litigating Subdivisions in the Settling States (through participation under Section VIII, Case-Specific Resolution(s) and Bar(s)) to proceed with this Agreement. The determination shall be in the sole discretion of Alvogen and may be based on any criteria or factors deemed relevant by Alvogen.

C. *Notice by Alvogen.* On or before the Reference Date, Alvogen shall inform the Settling States of its determination pursuant to Section IX.B. If Alvogen determines to proceed, the Parties will proceed to file the Consent Judgments, each of which shall be signed by the relevant Settling State and Alvogen, and the obligations in the Subdivision Settlement Participation Forms will be effective and binding as of the Reference Date. If Alvogen determines not to proceed, this Agreement will have no further effect, any amounts deposited, including funds referenced in Section IV.D. and Exhibit M, shall revert to Alvogen, and all releases (including those contained in Subdivision Settlement Participation Forms) and other commitments or obligations contained herein or in Subdivision Settlement Participation Forms will be void.

X. Settling State and Participating Subdivision Attorneys' Fees and Costs and Additional Remediation Amount

A. The Agreement on Subdivision Attorneys' Fees, Expenses and Costs is set forth in Exhibit R and incorporated herein by reference.

B. *Additional Remediation Amount.*

1. Subject to the reduction specified in Section X.B.2, Alvogen shall pay an Additional Remediation Amount to the Settling States listed in Exhibit N. Such funds shall be paid as allocated by the Settlement Fund Administrator pursuant to Exhibit N.

2. *Reduction of Additional Remediation Amount.* The amounts owed by Alvogen pursuant to this Section X.B shall be reduced by the allocations set forth on Exhibit N for Non-Settling States.

3. For the avoidance of doubt, (1) a Settling State that retained outside counsel in connection with the investigation of Alvogen that receives an Additional Remediation Amount may choose to have the Additional Remediation Amount designated to pay the Settling State's outside counsel, and may instruct the

Settlement Fund Administrator to pay those funds directly to the Settling State's outside counsel, and (2) Additional Remediation Amount funds, including funds designated by a Settling State to pay its outside counsel under this paragraph, shall not be subject to allocation as provided in Section VI.C through Section VI.E.

C. All payments addressed by this Section X will be made no later than the Payment Date pursuant to Section V.

XI. Release

A. *Scope.* As of the Effective Date, the Released Entities are hereby released and forever discharged from all of the Releasors' Released Claims. Each Settling State (for itself and its Releasors) and Participating Subdivision (for itself and its Releasors) hereby absolutely, unconditionally, and irrevocably covenants not to bring, file, or claim, or to cause, assist in bringing, or permit to be brought, filed, or claimed, or to otherwise seek to establish liability for any Released Claims against any Released Entity in any forum whatsoever. The releases provided for in this Agreement are intended by the Parties to be broad and shall be interpreted so as to give the Released Entities the broadest possible bar against any liability relating in any way to Released Claims and extend to the full extent of the power of each Settling State and its Attorney General to release claims. This Agreement shall be a complete bar to any Released Claim.

B. *Claim-Over and Non-Party Settlement.*

1. It is the intent of the Parties that:

a. Released Entities should not seek contribution or indemnification (other than pursuant to an insurance contract), from other parties for their payment obligations under this Agreement;

b. the payments made under this Agreement shall be the sole payments made by the Released Entities to the Releasors involving, arising out of, or related to Covered Conduct (or conduct that would be Covered Conduct if engaged in by a Released Entity);

c. Claims by Releasors against non-Parties should not result in additional payments by Released Entities, whether through contribution, indemnification or any other means; and

d. the Agreement meets the requirements of the Uniform Contribution Among Joint Tortfeasors Act and any similar state law or doctrine that reduces or discharges a released party's liability to any other parties.

2. The provisions of Section XI.B are intended to be implemented consistent with these principles. This Agreement and the releases and dismissals provided for herein are made in good faith.

3. No Released Entity shall seek to recover for amounts paid under this Agreement based on indemnification, contribution, or any other theory from a manufacturer, pharmacy, hospital, pharmacy benefit manager, health insurer, third-party vendor, trade association, distributor, or health care practitioner; provided that a Released Entity shall be relieved of this prohibition with respect to any entity that asserts a Claim-Over against it. For the avoidance of doubt, nothing herein shall prohibit a Released Entity from recovering amounts owed pursuant to insurance contracts.

4. To the extent that, on or after the Reference Date, any Releasor enters into a Non-Party Settlement, including in any bankruptcy case or through any plan of reorganization, the Releasor will include (or in the case of a Non-Party Settlement made in connection with a bankruptcy case, will cause the debtor to include), unless prohibited from doing so under applicable law, in the Non-Party Settlement a prohibition on contribution or indemnity of any kind substantially equivalent to that required from Alvogen in Section XI.B.3, or a release from such Non-Released Entity in favor of the Released Entities (in a form equivalent to the releases contained in this Agreement) of any Claim-Over. The obligation to obtain the prohibition and/or release required by this subsection is a material term of this Agreement.

5. In the event that any Releasor obtains a judgment with respect to Non-Party Covered Conduct against a Non-Released Entity that does not contain a prohibition like that described in Section XI.B.3 or any Releasor files a Non-Party Covered Conduct Claim against a Non-Released Entity in bankruptcy or a Releasor is prevented for any reason from obtaining a prohibition/release in a Non-Party Settlement as provided in Section XI.B.3, and such Non-Released Entity asserts a Claim-Over against a Released Entity, the Released Entity shall be relieved of the prohibition in Section XI.B.3 with respect to that Non-Released Entity and that Releasor and Alvogen shall take the following actions to ensure that the Released Entities do not pay more with respect to Covered Conduct to the Releasor or to Non-Released Entities than the amount owed under this Settlement Agreement by Alvogen:

a. Alvogen shall notify that Releasor of the Claim-Over within sixty (60) calendar days of the assertion of the Claim-Over or sixty (60) calendar days of the Effective Date of this Settlement Agreement, whichever is later;

b. Alvogen and that Releasor shall meet and confer concerning the means to hold Released Entities harmless and ensure that Alvogen is not required to pay more with respect to Covered Conduct than the amounts owed by Alvogen to the Releasor under this Agreement;

c. The Releasor and Alvogen shall take steps sufficient and permissible under the law of the state of the Releasor to hold Released Entities harmless from the Claim-Over and ensure Released Entities are not

required to pay more with respect to Covered Conduct than the amounts owed by Alvogen under this Agreement. Such steps may include, where permissible:

(i) Filing of motions to dismiss or such other appropriate motion by Alvogen or Released Entities, and supported by Releasor, in response to any claim filed in litigation or arbitration;

(ii) Reduction of the Releasor's Claim and any judgment it has obtained or may obtain against such Non-Released Entity by whatever amount or percentage is necessary to extinguish such Claim-Over under applicable law, up to the amount the Releasor has obtained, may obtain, or has authority to control from such Non-Released Entity;

(iii) Placement into escrow of funds paid by the Non-Released Entities such that those funds are available to satisfy the Claim-Over;

(iv) Return of monies paid by Alvogen to the Releasor under this Settlement Agreement to permit satisfaction of a judgment against or settlement with the Non-Released Entity to satisfy the Claim-Over;

(v) Payment of monies to Alvogen by the Releasor to ensure it is held harmless from such Claim-Over, up to the amount that Releasor has obtained, may obtain, or has authority to control from such Non-Released Entity;

(vi) Credit to Alvogen under this Agreement to reduce the overall amounts to be paid under the Agreement such that it is held harmless from the Claim-Over; and

(vii) Such other actions as the Releasor and Alvogen may devise to hold Alvogen harmless from the Claim-Over.

d. The actions of the Releasor and Alvogen taken pursuant to paragraph (c) must, in combination, ensure Alvogen is not required to pay more with respect to Covered Conduct than the amounts owed to the Releasor by Alvogen under this Agreement.

e. In the event of any dispute over the sufficiency of the actions taken pursuant to paragraph (c), the Releasor and Alvogen may seek review by the National Arbitration Panel, provided that, if the parties agree, such dispute may be heard by the state court where the relevant Consent Judgment was filed. The National Arbitration Panel shall have authority to require Releasor to implement a remedy that includes one or more of the

actions specified in paragraph (c) sufficient to hold Released Entities fully harmless. In the event that the Panel's actions do not result in Released Entities being held fully harmless, Alvogen shall have a claim for breach of this Agreement by Releasor, with the remedy being payment of sufficient funds to hold Alvogen harmless from the Claim-Over up to the amount that Releasor has obtained, may obtain, or has authority to control from such Non-Released Entity. For the avoidance of doubt, the prior sentence does not limit or eliminate any other remedy that Alvogen may have.

6. To the extent that the Claim-Over is based on a contractual indemnity, the obligations under Section XI.B.4 shall extend solely to a Non-Party Covered Conduct Claim against a pharmacy, clinic, hospital or other purchaser, distributor or dispenser of Products, a manufacturer that sold Products, a consultant, and/or a pharmacy benefit manager or other third-party payor. Alvogen shall notify the Settling States, to the extent permitted by applicable law, in the event that any of these types of Non-Released Entities asserts a Claim-Over arising out of contractual indemnity against it.

C. *Indemnification and Contribution Prohibited.* No Released Entity shall seek to recover for amounts paid under this Agreement based on indemnification, contribution, or any other theory, from a manufacturer, pharmacy, hospital, pharmacy benefit manager, health insurer, third-party vendor, trade association, distributor, or health care practitioner. For the avoidance of doubt, nothing herein shall prohibit a Released Entity from recovering amounts owed pursuant to insurance contracts.

D. *General Release.* In connection with the releases provided for in this Agreement, each Settling State (for itself and its Releasors) and Participating Subdivision expressly waives, releases, and forever discharges any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States or other jurisdiction, or principle of common law, which is similar, comparable, or equivalent to § 1542 of the California Civil Code, which reads:

General Release; extent. A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that if known by him or her, would have materially affected his or her settlement with the debtor or released party.

A Releasor may hereafter discover facts other than or different from those which it knows, believes, or assumes to be true with respect to the Released Claims, but each Settling State (for itself and its Releasors) and Participating Subdivision (for itself and its Releasors) hereby expressly waives and fully, finally, and forever settles, releases and discharges, upon the Effective Date, any and all Released Claims that may exist as of such date but which Releasors do not know or suspect to exist, whether through ignorance, oversight, error, negligence or through no fault whatsoever, and which, if known, would materially affect the Settling States' decision to enter into this Agreement or the Participating Subdivisions' decision to participate in this Agreement.

E. *Assigned Interest Waiver.* To the extent that any Settling State has any direct or indirect interest in any rights of a third-party that is a debtor under the Bankruptcy Code as a result of a claim arising out of Covered Conduct by way of assignment or otherwise, including as a result of being the beneficiary of a trust or other distribution entity, to assert claims against Alvogen (whether derivatively or otherwise), under any legal or equitable theory, including for indemnification, contribution, or subrogation, the Settling State waives the right to assert any such claim, or to receive a distribution or any benefit on account of such claim and such claim, distribution, or benefit shall be deemed assigned to Alvogen.

F. *Res Judicata.* Nothing in this Agreement shall be deemed to reduce the scope of the res judicata or claim preclusive effect that the settlement memorialized in this Agreement, and/or any Consent Judgment or other judgment entered on this Agreement, gives rise to under applicable law.

G. *Representation and Warranty.* The signatories hereto on behalf of their respective Settling States and its Participating Subdivisions expressly represent and warrant that they will obtain on or before the Effective Date (or have obtained) the authority to settle and release, to the maximum extent of the State's power, all Released Claims of (1) their respective Settling States; (2) any of the respective Settling State's past and present executive departments, state agencies, divisions, boards, commissions and instrumentalities with the regulatory authority to enforce state and federal controlled substances acts; (3) any of their respective Settling State's past and present executive departments, agencies, divisions, boards, commissions and instrumentalities that have the authority to bring Claims related to Covered Conduct seeking money (including abatement and/or remediation) or revocation of a pharmaceutical distribution license; and (4) any Participating Subdivisions. For the purposes of clause (3) above, executive departments, agencies, divisions, boards, commission, and instrumentalities are those that are under the executive authority or direct control of the State's Governor. Also, for the purposes of clause (3), a release from a State's Governor as set forth in Exhibit X is sufficient to demonstrate that the appropriate releases have been obtained.

H. *Effectiveness.* The releases set forth in this Agreement shall not be impacted in any way by any dispute that exists, has existed, or may later exist between or among the Releasors. Nor shall such releases be impacted in any way by any current or future law, regulation, ordinance, or court or agency order limiting, seizing, or controlling the distribution or use of the Settlement Fund or any portion thereof, or by the enactment of future laws, or by any seizure of the Settlement Fund or any portion thereof.

I. *Cooperation.* Releasors (1) will not encourage any person or entity to bring or maintain any Released Claim against any Released Entity and (2) will reasonably cooperate with and not oppose any effort by a Released Entity to secure the prompt dismissal of any and all Released Claims, including suits brought by non-Releasors based on Released Claims. Releasors will meet and confer and make reasonable efforts to resolve any action that is filed by a Subdivision against Alvogen on or after the date the Preliminary Agreement Date. This provision shall not require a Settling State to make any monetary payment or adjustment to allocation or incur other obligation.

J. *Non-Released Claims.* Notwithstanding the foregoing or anything in the definition of Released Claims, the Agreement does not waive, release or limit any criminal liability, Claims for any outstanding liability under any tax or securities law, Claims against parties who are not Released Entities, Claims by private individuals, Claims for Medicaid rebates, Claims asserted, or that could be asserted, by any State or Subdivision, related to the causes of action in *In re: Generic Pharmaceuticals Pricing Antitrust Litigation*, in the United States District court for the District of Pennsylvania, MDL No. 2724; *Connecticut et al v. Aurobindo Pharma USA, Inc. et al.*, in the United States District Court for the District of Connecticut, Case No. 3:16-cv-2056-NPS; *Connecticut et al. v. Teva Pharmaceuticals USA, Inc.*, in the United States District Court for the District of Connecticut, Case No. 3:19-cv-710-NPS; *Connecticut et al v. Sandoz, Inc. et al.*, in the United States District Court for the District of Connecticut, Case No. 3:20-cv-802-NPS; and any related action (such excluded claims include, but are not limited to, all antitrust claims and any claims related to any non-opioid generic drugs), State false claim violations; Medicaid fraud or abuse claims (whether common law, statutory or otherwise) and/or kickback violations; and any claims arising under the Agreement for enforcement of the Agreement.

XII. Later Litigating Subdivisions

A. *Released Claims against Released Entities.* If a Later Litigating Subdivision in a Settling State maintains a lawsuit for a Released Claim against a Released Entity after the Reference Date, the following shall apply subject to Section XII.B:

1. The Released Entity shall take ordinary and reasonable measures to defend the action, including filing a Threshold Motion with respect to the Released Claim. The Released Entity shall further notify the Settling State and Settlement Fund Administrator immediately upon notice of a Later Litigating Subdivision bringing a lawsuit for a Released Claim and shall not oppose a Settling State's submission in support of the Threshold Motion. Alvogen shall give the relevant Settling State a reasonable opportunity to extinguish the Released Claims without any payment or any other obligations being imposed upon any Released Entities (apart from the Global Settlement Amount payable by Alvogen under the Agreement or the Injunctive Relief Terms incurred by it). The relevant Settling State and Alvogen shall confer and use reasonable efforts to promptly resolve the lawsuit so that it is dismissed with prejudice. Nothing in this subsection creates an obligation for a Settling State to make a monetary payment or incur any other obligation to an entity filing a lawsuit.

2. "*Terms requiring payment*" shall mean (i) a final monetary judgment or (ii) a settlement; provided that the Released Entity sought the applicable State Attorney General's consent to the settlement and such consent was either obtained or unreasonably withheld. Should the judgment or settlement resolve claims that are not Released Claims, the offset shall be for the Released Claims portion only, which shall be distinguishable in the judgment or settlement.

B. *Exceptions*

1. Section XII.A shall not apply where the Settling State at issue meets the eligibility criteria for and is entitled to Incentive Payment A, except as expressly provided therein.

2. Section XII.A shall not apply where the Later Litigating Subdivision seeks less than \$10 million, or so long as its total claim is reduced to less than \$10 million, in the lawsuit for a Released Claim at issue.

C. *No Effect on Other Provisions.* An offset under Section XII.A shall not affect the Injunctive Relief Terms or the Consent Judgment.

D. *No Effect on Other States.* An offset under Section XII.A applicable to one State shall not affect the allocation or payment of the Remediation Payment to other Settling States.

E. *Litigating Subdivisions in Non-Eligible States.* The Settling States will not encourage, facilitate, or assist in any manner whatsoever claims for Covered Conduct against Alvogen in any Settling, Non-Settling, or Non-Eligible State, regardless of whether those claims were filed against Alvogen prior to, on, or after the Effective Date.

XIII. Miscellaneous

A. *Population of General Purpose Governments.* The population figures for General Purpose Governments shall be the published U.S. Census Bureau's population estimates for July 1, 2019, released May 2020. These population figures shall remain unchanged during the term of this Agreement.

B. *Population of Special Districts.* For any purpose in this Agreement in which the population of a Special District is used other than Section V.E.4.b: (a) School Districts' population will be measured by the number of students enrolled who are eligible under the Individuals with Disabilities Education Act ("*IDEA*") or Section 504 of the Rehabilitation Act of 1973; (b) Health Districts' and Hospital Districts' population will be measured at twenty-five percent (25%) of discharges; and (c) all other Special Districts' (including Fire Districts' and Library Districts') population will be measured at ten percent (10%) of the population served.⁷ For the avoidance of doubt, this means that California healthcare districts will be measured at ten percent (10%) of their membership. Alvogen and the Enforcement Committee shall meet and confer in order to agree on data sources for purposes of this Section prior to the Preliminary Agreement Date.

C. *Population Associated with Sheriffs.* For any purpose in this Agreement in which the population associated with a lawsuit by a sheriff is used, the population will be measured at twenty percent (20%) of the capacity of the jail(s) operated by the sheriff.

D. *No Admission.* Alvogen does not admit liability or wrongdoing. Neither this Agreement nor the Consent Judgments shall be considered, construed or represented to be (1) an admission, concession or evidence of liability or wrongdoing or (2) a waiver or any limitation of any defense otherwise available to Alvogen.

E. *Tax Cooperation and Reporting.*

1. Upon request by Alvogen, the Settling States and Participating Subdivisions agree to perform such further acts and to execute and deliver such further documents as may be reasonably necessary for Alvogen to establish the statements set forth in Section VI.F to the satisfaction of their tax advisors, their independent financial auditors, the Internal Revenue Service, or any other governmental authority, including as contemplated by 26 C.F.R. § 1.162-21(b)(3)(ii) and any subsequently proposed or finalized relevant regulations or administrative guidance.

⁷ The estimates for counties and parishes were accessed at <https://www.census.gov/data/datasets/time-series/demo/popest/2010s-counties-total.html>. The estimates for cities and towns can currently be found at <https://www.census.gov/data/datasets/time-series/demo/popest/2010s-total-cities-and-towns.html>.

2. Without limiting the generality of Section XIII.E.1, each Settling State and Participating Subdivision shall cooperate in good faith with Alvogen with respect to any tax claim, dispute, investigation, audit, examination, contest, litigation, or other proceeding relating to this Agreement.

3. Pursuant to 26 C.F.R. § 1.6050X-1(a) and (b), the Designated State, on behalf of all Settling States and Participating Subdivisions, shall designate one of its officers or employees to act as the “appropriate official” within the meaning of 26 C.F.R. § 1.6050X-1(f)(1)(ii)(B) (the “Appropriate Official”). The Designated State shall direct and ensure that the Appropriate Official timely (a) files (i) at the time this Agreement becomes binding on the Parties, an IRS Form 1098-F in the form attached as Exhibit U with respect to Alvogen and (ii) any legally required forms, returns or amended returns with any applicable governmental authority, or any returns requested by Alvogen, and (b) provides to Alvogen a copy of (i) the IRS Form 1098-F filed with respect to Alvogen and (ii) any legally required written statement pursuant to any applicable law and any other document referred to in clause (a)(ii) above. Any such forms, returns, or statements shall be prepared and filed in a manner fully consistent with Section VI.F. and as set forth in Section XIII.E.4.

4. Any form, return, amended return, or written statement filed or provided pursuant to Section XIII.E.3, and any similar document, shall be prepared and filed in a manner consistent with reporting the Global Settlement Amount as the “Total amount to be paid” pursuant to this Agreement in Box 1 of IRS Form 1098-F and the Compensatory Restitution Amount as “Restitution/remediation amount” in Box 3 of IRS Form 1098-F, as reflected in the attached Exhibit U. If the Designated State or Appropriate Official shall be required to file any form, return, amended return, or written statement contemplated by this Section XIII.E other than an IRS Form 1098-F in the form attached as Exhibit U, the Designated State shall direct and ensure that the Appropriate Official provides to Alvogen a draft of such form, return, amended return, or written statement no later than sixty (60) calendar days prior to the due date thereof, and shall accept any reasonable revisions from Alvogen on the return, amended return, or written statement.

5. For the avoidance of doubt, neither Alvogen nor the Settling States and Participating Subdivisions make any warranty or representation to any Settling State, Participating Subdivision, or Releasor as to the tax consequences of the payment of the Compensatory Restitution Amount (or any portion thereof).

F. *No Third-Party Beneficiaries.* Except as expressly provided in this Agreement, no portion of this Agreement shall provide any rights to, or be enforceable by, any person or entity that is not the Settling State or Released Entity. Settling States may not assign or otherwise convey any right to enforce any provision of this Agreement.

G. *Calculation.* Any figure or percentage referred to in this Agreement shall be carried to seven decimal places.

H. *Construction.* None of the Parties and no Participating Subdivision shall be considered to be the drafter of this Agreement or of any of its provisions for the purpose of any statute, case law, or rule of interpretation or construction that would or might cause any provision to be construed against the drafter of this Agreement. The headings of the provisions of this Agreement are not binding and are for reference only and do not limit, expand, or otherwise affect the contents or meaning of this Agreement.

I. *Cooperation.* Each Party and each Participating Subdivision agrees to use its best efforts and to cooperate with the other Parties and Participating Subdivisions to cause this Agreement and the Consent Judgments to become effective, to obtain all necessary approvals, consents and authorizations, if any, and to execute all documents and to take such other action as may be appropriate in connection herewith. Consistent with the foregoing, each Party and each Participating Subdivision agrees that it will not directly or indirectly assist or encourage any challenge to this Agreement or any Consent Judgment by any other person, and will support the integrity and enforcement of the terms of this Agreement and the Consent Judgments.

J. *Entire Agreement.* This Agreement, including its exhibits and any other attachments, embodies the entire agreement and understanding between and among the Parties and Participating Subdivisions relating to the subject matter hereof and supersedes (1) all prior agreements and understandings relating to such subject matter, whether written or oral and (2) all purportedly contemporaneous oral agreements and understandings relating to such subject matter.

K. *Execution.* This Agreement may be executed in counterparts and by different signatories on separate counterparts, each of which shall be deemed an original, but all of which shall together be one and the same Agreement. One or more counterparts of this Agreement may be delivered by facsimile or electronic transmission with the intent that it or they shall constitute an original counterpart hereof. One or more counterparts of this Agreement may be signed by electronic signature.

L. *Good Faith and Voluntary Entry.* Each Party warrants and represents that it negotiated the terms of this Agreement in good faith. Each of the Parties and Participating Subdivisions warrants and represents that it freely and voluntarily entered into this Agreement without any degree of duress or compulsion. The Parties and Participating Subdivisions state that no promise of any kind or nature whatsoever (other than the written terms of this Agreement) was made to them to induce them to enter into this Agreement.

M. *Legal Obligations.* Nothing in this Agreement shall be construed as relieving Alvogen of the obligation to comply with all state and federal laws, regulations or rules, nor shall any of the provisions herein be deemed to be permission to engage in any acts or practices prohibited by such laws, regulations, or rules.

N. *No Prevailing Party.* The Parties and Participating Subdivisions each agree that they are not the prevailing party in this action, for purposes of any claim for fees, costs, or expenses as prevailing parties arising under common law or under the terms of any

statute, because the Parties and Participating Subdivisions have reached a good faith settlement.

O. *Waive Challenge.* The Parties and Participating Subdivisions each further waive any right to challenge or contest the validity of this Agreement on any ground, including, without limitation, that any term is unconstitutional or is preempted by, or in conflict with, any current or future law. Nothing in the previous sentence shall modify, or be construed to conflict with, Section XIII.M.

P. *Non-Admissibility.* The settlement negotiations resulting in this Agreement have been undertaken by the Parties and by certain representatives of the Participating Subdivisions in good faith and for settlement purposes only, and no evidence of negotiations or discussions underlying this Agreement shall be offered or received in evidence in any action or proceeding for any purpose. This Agreement shall not be offered or received in evidence in any action or proceeding for any purpose other than in an action or proceeding arising under or relating to this Agreement or in any litigation or arbitration concerning Alvogen's right to coverage under an insurance contract.

Q. *Notices.* All notices or other communications under this Agreement shall be in writing (including, but not limited to, electronic communications) and shall be given to the recipients indicated below:

For the Attorney(s) General:

Jeff Jackson, Attorney General
North Carolina Department of Justice
Attn: Daniel Mosteller, Associate Deputy Attorney General
PO Box 629
Raleigh, NC 27602
Dmosteller@ncdoj.gov

Jonathan Skrmetti, Attorney General
Tennessee Attorney General's Office
Attn: Michael Leftwich, Senior Deputy Attorney General
Hamilton Millwee, Assistant Attorney General
P.O. Box 20207
Nashville, TN 37202
Michael.Leftwich@ag.tn.gov
Hamilton.Millwee@ag.tn.gov

Letitia James, Attorney General
New York State Attorney General
Attn: Jennifer Levy, First Deputy Attorney General
Monica Hanna, Special Counsel
Matthew Conrad, Assistant Attorney General
28 Liberty Street, New York, NY 10005

Jennifer.Levy@ag.ny.gov
Monica.Hanna@ag.ny.gov
Matthew.Conrad@ag.ny.gov

For the Plaintiffs' Executive Committee:

Co-leads
Jayne Conroy
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112 Madison Avenue
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Joseph F. Rice
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Mount Pleasant, SC 29464
jrice@motleyrice.com

Paul T. Farrell, Jr.
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270 Munzo Rivera Ave, Suite 201
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For Alvogen:

Alvogen, Inc.
44 Whippany Road, Suite 300
Morristown, NJ 07960
Attn: Legal Affairs
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Craig Reiser
Eva Yung
Axinn, Veltrop & Harkrider LLP
45 Rockefeller Plaza
New York, NY 10111
creiser@axinn.com
eyung@axinn.com

Any Party or the Plaintiffs' Executive Committee may change or add the contact information of the persons designated to receive notice on its behalf by notice given (effective upon the giving of such notice) as provided in this Section XIII.Q.

R. *No Waiver.* The waiver of any rights conferred hereunder shall be effective only if made by written instrument executed by the waiving Party or Parties. The waiver by any Party of any breach of this Agreement shall not be deemed to be or construed as a waiver of any other breach, whether prior, subsequent, or contemporaneous, nor shall such waiver be deemed to be or construed as a waiver by any other Party.

S. *Preservation of Privilege.* Nothing contained in this Agreement or any Consent Judgment, and no act required to be performed pursuant to this Agreement or any Consent Judgment, is intended to constitute, cause, or effect any waiver (in whole or in part) of any attorney-client privilege, work product protection, or common interest/joint defense privilege, and each Party and Participating Subdivision agrees that it shall not make or cause to be made in any forum any assertion to the contrary.

T. *Successors.*

1. This Agreement shall be binding upon, and inure to the benefit of, Alvogen and its respective successors and assigns.

2. Alvogen shall not, in one (1) transaction or a series of related transactions, sell or transfer U.S. assets having a fair market value equal to twenty-five percent (25%) or more of the consolidated assets of Alvogen (other than sales or transfers of inventories, or sales or transfers to an entity owned directly or indirectly by Alvogen) where the sale or transfer is announced after the Reference Date, is not for fair consideration, and would foreseeably and unreasonably jeopardize Alvogen's ability to make the payments under this Agreement following the close of a sale or transfer transaction, unless Alvogen obtains the acquiror's agreement that it will be either a guarantor of or successor to the percentage of Alvogen's remaining Payment Obligations under this Agreement equal to the percentage of Alvogen's consolidated assets being sold or transferred in such transaction; provided, that liens and security interests granted by Alvogen to its lenders and/or noteholders, and any agent and/or trustee for any lenders and/or noteholders, shall not constitute a transfer or sale for purposes of this Section. Percentages under this section shall be determined in accordance with United States generally accepted accounting principles and as of the date of Alvogen's most recent publicly filed consolidated balance sheet prior to the date of entry into the sale or transfer agreement at issue. This Section XIII.T shall be enforceable solely by the Settling States, and any objection under this Section XIII.T not raised within sixty (60) calendar days of the announcement of the relevant transaction is waived.

U. *Modification, Amendment, Alteration.* In the event the Plaintiffs' Executive Committee, the Executive Committee of the State Attorneys General, or Alvogen concludes prior to the Reference Date that technical corrections are required to this Agreement, the Plaintiffs' Executive Committee, the Executive Committee of the State

Attorneys General, and Alvogen shall meet and confer and make such amendments as they agree are appropriate. After the Reference Date, any modification, amendment, or alteration of this Agreement by the Parties shall be binding only if evidenced in writing signed by Alvogen, along with the signature of at least two-thirds of those then serving as Attorneys General of the Settling States along with a representation from each Attorney General that either: (1) the advisory committee or similar entity established or recognized by that Settling State (either pursuant to Section VI.E.2.d, by a State-Subdivision Agreement, or by statute) voted in favor of the modification, amendment or alteration of this Agreement including at least one member appointed by the Participating Subdivisions listed on Exhibit G; or (2) in Settling States without any advisory committee, that 50.1% (by population) of the Participating Subdivisions listed on Exhibit G expressed approval of the modification, amendment, or alteration of this Agreement in a writing.

V. *Termination.*

1. Unless otherwise agreed to by each of Alvogen and the Settling States, this Agreement and all of its terms (except Section XIII.P and any other non-admissibility provisions, which shall continue in full force and effect) shall be canceled and terminated with respect to the Settling State, and the Agreement and all orders issued by the courts in the Settling State pursuant to the Agreement shall become null and void and of no effect if one or more of the following conditions applies:

a. a Consent Judgment approving this Agreement without modification of any of the Agreement's terms has not been entered as to a Settling State by a court of competent jurisdiction on or before one hundred eighty (180) calendar days after the Effective Date;

b. this Agreement or the Consent Judgment as to that Settling State has been disapproved by a court of competent jurisdiction to which it was presented for approval and/or entry (or, in the event of an appeal from or review of a decision of such a court to approve this Agreement and the Consent Judgment, by the court hearing such appeal or conducting such review), and the time to appeal from such disapproval has expired, or, in the event of an appeal from such disapproval, the appeal has been dismissed or the disapproval has been affirmed by the court of last resort to which such appeal has been taken and such dismissal or disapproval has become no longer subject to further appeal (including, without limitation, review by the United States Supreme Court); or

2. If this Agreement is terminated with respect to a Settling State and its Subdivisions for whatever reason pursuant to Section XIII.V.1, then:

a. an applicable statute of limitation or any similar time requirement (excluding any statute of repose) shall be tolled from the date the Settling State signed this Agreement until the later of the time permitted by applicable law or for one year from the date of such termination, with

the effect that Alvogen and the Settling State shall be in the same position with respect to the statute of limitation as they were at the time the Settling State filed its action; and

b. Alvogen and the Settling State and its Participating Subdivisions shall jointly move the relevant court of competent jurisdiction for an order reinstating the actions and claims dismissed pursuant to the terms of this Agreement governing dismissal, with the effect that Alvogen and the Settling State and its Participating Subdivisions shall be in the same position with respect to those actions and claims as they were at the time the action or claim was stayed or dismissed.

3. Unless Alvogen and the Enforcement Committee agree otherwise, this Agreement, with the exception of the Injunctive Relief Terms that have their own provisions on duration, shall terminate upon the disbursement of all funds in the Settlement Fund and Settlement Fund Escrow to Settling States and to their Participating Subdivisions listed on Exhibit G. Notwithstanding any other provision in this Section XIII.V.3 or in this Agreement and the provisions of Section XI, all releases under this Agreement will remain effective despite any termination under this Section XIII.V.3.

W. *Governing Law.* Except as (1) otherwise provided in this Agreement or (2) as necessary, in the sole judgment of the National Arbitration Panel, to promote uniformity of interpretation for matters within the scope of the National Arbitration Panel's authority, this Agreement shall be governed by and interpreted in accordance with the respective laws of the Settling State, without regard to the conflict of law rules of such Settling State, that is seeking to enforce the Agreement against Alvogen or against which Alvogen is seeking enforcement. Notwithstanding any other provision in this subsection on governing law, any disputes relating to the Settlement Fund Escrow shall be governed by and interpreted in accordance with the law of the state where the escrow agent has its primary place of business.

X. *Bankruptcy.* The following provisions shall apply if Alvogen enters bankruptcy and (i) the Alvogen bankruptcy estate recovers, pursuant to 11 U.S.C. § 550, any payments made under this Agreement, or (ii) this Agreement is deemed executory and is rejected by Alvogen pursuant to 11 U.S.C. § 365:

1. In the event that the both a number of Settling States equal to at least seventy-five percent (75%) of the total number of Settling States and Settling States having aggregate State Allocation Percentages as set forth on Exhibit F equal to at least seventy-five percent (75%) of the total aggregate State Allocation Percentages assigned to all Settling States deem (by written notice to Alvogen) that the financial obligations of this Agreement have been terminated and rendered null and void (except as provided in Section XIII.X.1.a) due to a material breach by Alvogen, whereupon:

a. all agreements, all concessions, all reductions of Releasing Parties' Claims, and all releases and covenants not to sue, contained in this Agreement shall immediately and automatically be deemed null and void as to Alvogen; the Settling States shall be deemed immediately and automatically restored to the same position they were in immediately prior to their entry into this Settlement Agreement in respect to Alvogen and the Settling States shall have the right to assert any and all claims against Alvogen in the bankruptcy or otherwise without regard to any limits or agreements as to the amount of the settlement otherwise provided in this Agreement; *provided, however*, that notwithstanding the foregoing sentence, (i) all reductions of Releasing Parties' Claims, and all releases and covenants not to sue, contained in this Agreement shall remain in full force and effect as to all persons or entities other than Alvogen itself; and (ii) in the event the Settling State asserts any Released Claim against Alvogen after the rejection and/or termination of this Agreement as described in this Section XIII.X.1.a and receives a judgment, settlement or distribution arising from such Released Claim, then the amount of any payments the Settling State has previously received from Alvogen under this Agreement shall be applied to reduce the amount of any such judgment, settlement or distribution (provided that no credit shall be given against any such judgment, settlement or distribution for any payment that the Settling State is required to disgorge or repay to Alvogen's bankruptcy estate); and

b. the Settling States may exercise all rights provided under the federal Bankruptcy Code (or other applicable bankruptcy or non-bankruptcy law) with respect to their Claims against Alvogen subject to all defenses and rights of the Alvogen.

Y. *Waiver.* Alvogen, for good and valuable consideration the receipt of which is acknowledged, hereby (a) waives, foregoes and relinquishes all rights to utilize and/or seek relief under any of the following laws of the State of Texas for the restructuring of its debts or liabilities related to Released Claims, Claims that would have been Released Claims if they had been brought by a Releasor against a Released Entity before the Effective Date, or this Agreement: Tex. Bus. Orgs. Code § 10.003 (Contents of Plan of Merger: More Than One Successor) or any other statute of Subchapter A of Chapter 10 of Tex. Bus. Orgs. Code to the extent such statute relates to multi-successor mergers (and/or any other similar laws or statutes in any other state or territory); Tex. Bus. Orgs. Code §§ 11.01–11.414 (Winding Up and Termination of Domestic Entity); or Tex. Bus. & Com. Code §§ 23.01–23.33 (Assignments for the Benefit of Creditors) (collectively, the “Texas Statutes”), and (b) agrees, warrants and represents that it will not file, request or petition for relief under the Texas Statutes related to its debts or liabilities related to Released Claims, Claims that would have been Released Claims if they had been brought by a Releasor against a Released Entity before the Effective Date, or this Agreement, in each case until such time as all of Alvogen’s payment obligations incurred hereunder are satisfied in full. The foregoing waiver and relinquishment includes, without limitation, until such time as all of Alvogen’s payment obligations incurred hereunder are satisfied in full, Alvogen’s rights to execute a divisional merger or equivalent transaction or restructuring related to its debts or liabilities related to Released Claims, Claims that would have been Released Claims if they had been brought by a Releasor against a Released Entity before the Effective Date, or this Agreement that in each case has the intent or foreseeable effect of (i) separating material assets from material liabilities and (ii) assigning or allocating all or a substantial portion of those liabilities to any subsidiary or affiliate that files for relief under chapter 11 of the Bankruptcy Code, or pursuant to which such subsidiary or affiliate that files for relief under chapter 11 of the Bankruptcy Code would be assuming or retaining all or a substantial portion of those liabilities.

EXHIBIT K

Subdivision Participation and Release Form

Governmental Entity: City of Ormond Beach	State: FL
Authorized Signatory: Jason Leslie, Mayor	Joyce Shanahan, City Manager
Address 1: 22 S. Beach Street	
Address 2:	
City, State, Zip: Ormond Beach, FL 32174	
Phone: 386-676-3200	
Email:	

The governmental entity identified above ("*Governmental Entity*"), in order to obtain and in consideration for the benefits provided to the Governmental Entity pursuant to the Settlement Agreement dated April 4, 2025 ("*Amneal Settlement*"), and acting through the undersigned authorized official, hereby elects to participate in the Amneal Settlement, release all Released Claims against all Released Entities, and agrees as follows.

1. The Governmental Entity is aware of and has reviewed the Amneal Settlement, understands that all terms in this Participation and Release Form have the meanings defined therein, and agrees that by executing this Participation and Release Form, the Governmental Entity elects to participate in the Amneal Settlement and become a Participating Subdivision as provided therein.
2. The Governmental Entity shall promptly, and in any event no later than 14 days after the Reference Date and prior to the filing of the Consent Judgment, dismiss with prejudice any Released Claims that it has filed. With respect to any Released Claims pending in *In re National Prescription Opiate Litigation*, MDL No. 2804, the Governmental Entity authorizes the Plaintiffs' Executive Committee to execute and file on behalf of the Governmental Entity a Stipulation of Dismissal with Prejudice substantially in the form found at <https://nationalopiodsettlement.com/additional-settlements/>.
3. The Governmental Entity agrees to the terms of the Amneal Settlement pertaining to Participating Subdivisions as defined therein.
4. By agreeing to the terms of the Amneal Settlement and becoming a Releasor, the Governmental Entity is entitled to the benefits provided therein, including, if applicable, monetary payments beginning after the Effective Date.
5. The Governmental Entity agrees to use any monies it receives through the Amneal Settlement solely for the purposes provided therein.
6. The Governmental Entity submits to the jurisdiction of the court in the Governmental Entity's state where the Consent Judgment is filed for purposes limited to that court's role as provided in, and for resolving disputes to the extent provided in, the Amneal Settlement.

The Governmental Entity likewise agrees to arbitrate before the National Arbitration Panel as provided in, and for resolving disputes to the extent otherwise provided in, the Amneal Settlement.

7. The Governmental Entity has the right to enforce the Amneal Settlement as provided therein.
8. The Governmental Entity, as a Participating Subdivision, hereby becomes a Releasor for all purposes in the Amneal Settlement, including without limitation all provisions of Section X (Release), and along with all departments, agencies, divisions, boards, commissions, districts, instrumentalities of any kind and attorneys, and any person in his or her official capacity whether elected or appointed to serve any of the foregoing and any agency, person, or other entity claiming by or through any of the foregoing, and any other entity identified in the definition of Releasor, provides for a release to the fullest extent of its authority. As a Releasor, the Governmental Entity hereby absolutely, unconditionally, and irrevocably covenants not to bring, file, or claim, or to cause, assist or permit to be brought, filed, or claimed, or to otherwise seek to establish liability for any Released Claims against any Released Entity in any forum whatsoever. The releases provided for in the Amneal Settlement are intended by the Parties to be broad and shall be interpreted so as to give the Released Entities the broadest possible bar against any liability relating in any way to Released Claims and extend to the full extent of the power of the Governmental Entity to release claims. The Amneal Settlement shall be a complete bar to any Released Claim.
9. The Governmental Entity hereby takes on all rights and obligations of a Participating Subdivision as set forth in the Amneal Settlement.
10. In connection with the releases provided for in the Amneal Settlement, each Governmental Entity expressly waives, releases, and forever discharges any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States or other jurisdiction, or principle of common law, which is similar, comparable, or equivalent to § 1542 of the California Civil Code, which reads:

General Release; extent. A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release that, if known by him or her would have materially affected his or her settlement with the debtor or released party.

A Releasor may hereafter discover facts other than or different from those which it knows, believes, or assumes to be true with respect to the Released Claims, but each Governmental Entity hereby expressly waives and fully, finally, and forever settles, releases and discharges, upon the Effective Date, any and all Released Claims that may exist as of such date but which Releasors do not know or suspect to exist, whether through ignorance, oversight, error, negligence or through no fault whatsoever, and which, if known, would

materially affect the Governmental Entities' decision to participate in the Amneal Settlement.

11. Nothing herein is intended to modify in any way the terms of the Amneal Settlement, to which Governmental Entity hereby agrees. To the extent this Participation and Release Form is interpreted differently from the Amneal Settlement in any respect, the Amneal Settlement controls.

I have all necessary power and authorization to execute this Participation and Release Form on behalf of the Governmental Entity.

Signature: _____

Name: Jason Leslie

Title: Mayor

Date: _____

Signature: _____

Name: Joyce Shanahan

Title: City Manager

Date: _____

AMNEAL SETTLEMENT AGREEMENT

AMNEAL SETTLEMENT AGREEMENT

This Settlement Agreement, dated as of April 4, 2025 (the “*Agreement*”), sets forth the terms of settlement between and among the Settling States, the Participating Subdivisions, and Amneal (as those terms are defined below). Upon satisfaction of the conditions set forth in Sections II and VIII, this Agreement will be binding on the Settling States, Amneal, and the Participating Subdivisions. This Agreement will then be filed as part of a Consent Judgment in the respective courts of each of the Settling States, pursuant to the terms set forth in Section VIII.

I. Definitions

Unless otherwise specified, the following definitions apply:

A. “*Additional Remediation Amount.*” The amount available to the Settling States totaling up to \$2,101,518 to be paid in accord with the payment schedule at Exhibit M-3.

B. “*Adjusted Maximum Remediation Payment.*” The Maximum Remediation Payment reduced by the State Allocation Percentage for each Non-Settling State on Exhibit F.

C. “*Agreement.*” This agreement, as set forth above. For the avoidance of doubt, this Agreement is inclusive of all exhibits.

D. “*Alleged Harms.*” The alleged past, present, and future damages, harms, losses and related expenditures allegedly incurred by the Settling States and Participating Subdivisions arising out of the use of Products, non-exclusive examples of which are described in the documents listed on Exhibit A, that have allegedly arisen as a result of the physical and bodily injuries sustained by individuals suffering from opioid-related addiction, , death, and other related diseases and disorders, and that have allegedly been caused by Released Entities.

E. “*Allocation Statute.*” A state law that governs allocation, distribution, and/or use of some or all of the Settlement Fund amounts allocated to that Settling State and/or its Subdivisions. An Allocation Statute may, without limitation, contain a Statutory Trust, further restrict expenditures of funds, form an advisory committee, establish oversight and reporting requirements, or address other default provisions and other matters related to the funds. An Allocation Statute is not required to address all three (3) types of funds comprising the Settlement Fund or all default provisions.

F. “*Amneal*” means Amneal Pharmaceuticals LLC.

G. “*Annual Fees Payment.*” The amounts payable by Amneal in each Payment Year comprised of the Additional Remediation Amount payment, State AG Fees payment and the Private Attorney Fees payment, and not including the Annual Remediation Payment.

H. *“Annual Remediation Maximum.”* The total amount available to Eligible States for Annual Remediation Payments in each Payment Year as set forth in the “Maximum Annual Remediation Payment” column of Exhibit M-1. In no event shall an Annual Remediation Payment in Payment Years 1-2, or 5-10 exceed the Annual Remediation Maximum for that Payment Year set forth in Exhibit M-1. For Payment Years 3-4, the Annual Remediation Payment may exceed the Annual Remediation Maximum for that Payment Year only to the extent needed for the Incentive Payment A Catch-up Payment for a Settling State that has not earned some or all of Incentive Payment BC in prior Payment Years, having resulted in correspondingly lower Annual Remediation Payments in those prior Payment Years.

I. *“Annual Remediation Payment.”* The amount payable to the Settlement Fund by Amneal for Settling States’ Base Payments and Incentive Payments on the Payment Date for each Payment Year, as calculated by the Settlement Fund Administrator.

J. *“Appropriate Official.”* As defined in Section XIII.E.3.

K. *“Bankruptcy Code.”* Title 11 of the United States Code, 11 U.S.C. § 101, et seq.

L. *“Bar.”* Either: (1) a law barring Subdivisions in a Settling State from maintaining or asserting Released Claims against Released Entities (either through a direct bar or through a grant of authority to release claims and the exercise of such authority in full); or (2) a ruling by the highest court of the Settling State (or, in a Settling State with a single intermediate court of appeals, the intermediate court of appeals) when setting forth the general principle that Subdivisions in the Settling State may not maintain or assert any Released Claims against Released Entities, whether on the ground of this Agreement (or the release in it) or otherwise. For the avoidance of doubt, a law or ruling that is conditioned or predicated upon payment by a Released Entity (apart from the Annual Remediation Payments by Amneal under this Agreement) shall not constitute a Bar.

M. *“Base Payment.”* As defined in Section IV.G.

N. *“Case-Specific Resolution.”* Either: (1) a law barring the Subdivision at issue from maintaining any Released Claims against any Released Entities (either through a direct Bar or through a grant of authority to release claims and the exercise of such authority in full); or (2) a ruling by a court of competent jurisdiction over the Subdivision at issue that the Subdivision may not maintain any Released Claims at issue against any Released Entities, whether on the ground of this Agreement (or the release in it) or otherwise. For the avoidance of doubt, a law or ruling that is conditioned or predicated upon payment by a Released Entity (apart from the annual payments by Amneal under this Agreement) shall not constitute a Case-Specific Resolution.

O. *“Claim.”* Any past, present or future cause of action, claim for relief, cross-claim or counterclaim, theory of liability, demand, derivative claim, request, assessment, charge, covenant, damage, debt, lien, loss, fine, penalty, restitution, reimbursement, disgorgement, expenses, remediation, judgment, right, obligation, dispute, suit, contract, controversy, agreement, *parens patriae* claim, promise, performance, warranty, omission, or grievance of any nature whatsoever, whether legal, equitable, statutory, regulatory or administrative, whether arising under federal, state or local common law, statute, regulation, guidance, ordinance or principles of equity,

whether filed or unfiled, whether asserted or unasserted, whether known or unknown, whether accrued or unaccrued, whether foreseen, unforeseen or unforeseeable, whether discovered or undiscovered, whether suspected or unsuspected, whether fixed or contingent, and whether existing or hereafter arising, in all such cases, including, but not limited to, any request for declaratory, injunctive, or equitable relief, compensatory, punitive, or statutory damages, absolute liability, strict liability, restitution, remediation, subrogation, contribution, indemnity, apportionment, disgorgement, reimbursement, attorney fees, expert fees, consultant fees, fines, penalties, expenses, costs or any other legal, equitable, civil, administrative, or regulatory remedy whatsoever.

P. *“Claim-Over.”* A Claim asserted by a Non-Released Entity against a Released Entity on the basis of contribution, indemnity, or other claim-over on any theory relating to a Non-Party Covered Conduct Claim asserted by a Releasor.

Q. *“Compensatory Restitution Amount.”* The aggregate amount paid or incurred by Amneal hereunder for Opioid Remediation, which includes each Annual Remediation Payment and does not include amounts paid as attorneys’ fees and costs or identified pursuant to Section V.B.2 as being used to pay attorneys’ fees, investigation costs or litigation costs, which shall be up to the amount of the Adjusted Maximum Remediation Payment.

R. *“Consent Judgment.”* A consent judgment in a form to be agreed by the Settling States and Amneal prior to the Effective Date that, among other things, (1) approves this Agreement and (2) provides for the release set forth in Section X.A, including the dismissal with prejudice of any Released Claims that the Settling State has brought against Released Entities.

S. *“Covered Conduct” means* any actual or alleged act, failure to act, negligence, statement, error, omission, breach of any duty, conduct, event, transaction, agreement, service, work, sale misstatement, misleading statement or other activity of any kind whatsoever from the beginning of time through the Reference Date (and any past, present, or future consequence of any such act, failure to act, negligence, statement, error, omission, breach of duty, conduct, event, transaction, agreement, service, work, sale misstatement, misleading statement or other activity) relating in any way to (a) compounding, counseling and documentation relating to any Product or class of Products (b) the availability, discovery, research, development, manufacture, packaging, repackaging, marketing, promotion, advertising, labeling, re-labeling, recall, withdrawal, distribution, delivery, monitoring, reporting, regulatory compliance, supply, sale, prescribing, dispensing, physical security, warehousing, use or abuse of, or operating procedures relating to, any Product, or any system, plan, policy, procedure, or advocacy relating to any Product or class of Products, including, but not limited to, any unbranded or unbranded promotion, marketing, or advertising, information, patient support or assistance, educational programs, consultancy, research, other programs, or campaigns, lobbying, or grants, sponsorships, charitable donations, or other funding relating to any Product or class of Products; (c) the characteristics, properties, risks, or benefits of any Product; (d) the monitoring or non-monitoring of orders placed of any Product; (e) the reporting, disclosure, non-monitoring, nonreporting or non-disclosure to federal, state or other regulators of orders for any Product placed with any Released Entity; (f) the selective breeding, harvesting, extracting, purifying, exporting, importing, applying for quota for, procuring quota for, handling, promoting, manufacturing, processing, packaging, supplying, distributing,

converting, or selling of, or otherwise engaging in any activity relating to, precursor or component Products, including but not limited to natural, synthetic, semi-synthetic or chemical raw materials, starting materials, finished active pharmaceutical ingredients, drug substances, or any related intermediate Products; or (g) diversion control programs, suspicious order monitoring, or regulatory compliance related to any Product.

T. “*Designated State.*” The State of New York.

U. “*Effective Date.*” The date sixty (60) calendar days after the Reference Date.

V. “*Eligible States.*” The states, commonwealths, and territories of the United States of America, excluding New Mexico and West Virginia. The 54 Eligible States are listed in Exhibit F.

W. “*Enforcement Committee.*” A committee consisting of representatives of the Settling States and of the Participating Subdivisions. Exhibit B contains the organizational bylaws of the Enforcement Committee. Notice pursuant to Section XIII.Q shall be provided when there are changes in membership or contact information.

X. “*Final Order.*” An order or judgment of a court of competent jurisdiction with respect to the applicable subject matter (1) which has not been reversed or superseded by a modified or amended order, is not currently stayed, and as to which any right to appeal or seek certiorari, review, reargument, stay, or rehearing has expired, and as to which no appeal or petition for certiorari, review, reargument, stay, or rehearing is pending, or (2) as to which an appeal has been taken or petition for certiorari, review, reargument, stay, or rehearing has been filed and (a) such appeal or petition for certiorari, review, reargument, stay, or rehearing has been resolved by the highest court to which the order or judgment was appealed or from which certiorari, review, reargument, stay, or rehearing was sought, or (b) the time to appeal further or seek certiorari, review, reargument, stay, or rehearing has expired and no such further appeal or petition for certiorari, review, reargument, stay, or rehearing is pending.

W. “*Force Majeure Event.*” Any event reasonably beyond the control of Amneal that prevents Amneal from manufacturing or distributing Settlement Product, including wars, hostilities, revolution, riots, civil commotion, national emergency, unavailability of supplies, epidemics, pandemics, health crisis, fire, flood, earthquake, force of nature, explosion, terrorist act, embargo, or any act of God, or any law, regulation, ordinance, or other act or order of any court or governmental authority.

Y. “*Global Settlement Amount.*” The Global Settlement Amount is \$132,913,155, which is comprised of the Maximum Remediation Payment, Private Attorney Fees, State AG Fees, Additional Remediation Amount, and the Settlement Product Cash Conversion Amount. Notwithstanding any other language or provisions in this or any other agreement, the Global Settlement Amount is the maximum dollar amount Amneal can pay in connection with the Agreement.

Z. “*Implementation Administrator.*” Rubris, Inc., which is the vendor that will be retained by Amneal to provide notice pursuant to Section VII.A and to manage the initial joinder

period for Subdivisions, including the issuance and receipt of Subdivision Participation Agreements.

AA. *“Incentive Payment A.”* The incentive payment described in Section IV.H.4.

BB. *“Incentive Payment A Catch-up Payment.”* As defined in Section IV.H.4.f.

CC. *“Incentive Payment BC.”* The incentive payment described in Section IV.H.5.

DD. *“Incentive Payment D.”* The incentive payment described in Section IV.H.6

EE. *“Initial Participating Subdivision.”* A Subdivision that meets the requirements set forth in Section VII.D.

FF. *“Initial Participation Date.”* The date ninety (90) calendar days after the Preliminary Agreement Date, unless it is extended by written agreement of Amneal and the Enforcement Committee.

GG. *“Injunctive Relief Terms.”* The terms described in Section III and set forth in Exhibit P.

HH. *“Later Litigating Subdivision.”* A Subdivision (or Subdivision official asserting the right of or for the Subdivision to recover for Alleged Harms to the Subdivision and/or the people thereof) that: (1) first files a lawsuit bringing a Released Claim against a Released Entity after the Reference Date; or (2) adds a Released Claim against a Released Entity after the Reference Date to a lawsuit brought before the Reference Date that, prior to the Reference Date, did not include any Released Claims against a Released Entity; or (3) (a) was a Litigating Subdivision whose Released Claims against Released Entities were resolved by a legislative Bar or legislative Case-Specific Resolution as of the Reference Date, (b) such legislative Bar or legislative Case-Specific Resolution is subject to a Revocation Event after the Reference Date, and (c) the earlier of the date of completion of opening statements in a trial in an action brought by a Subdivision in that Settling State that includes a Released Claim against a Released Entity or one hundred eighty (180) days from the Revocation Event passes without a Bar or Case-Specific Resolution being implemented as to that Litigating Subdivision or the Litigating Subdivision's Released Claims being dismissed; or (4) (a) was a Litigating Subdivision whose Released Claims against Released Entities were resolved by a judicial Bar or judicial Case-Specific Resolution as of the Reference Date, (b) such judicial Bar or judicial Case-Specific Resolution is subject to a Revocation Event after the Reference Date, and (c) such Litigating Subdivision takes any action in its lawsuit asserting a Released Claim against a Released Entity other than seeking a stay or dismissal.

II. *“Later Participating Subdivision.”* A Participating Subdivision that is not an Initial Participating Subdivision, but meets the requirements set forth in Section VII.E.

JJ. *“Litigating Subdivision.”* A Subdivision (or Subdivision official) that brought any Released Claim against any Released Entity prior to the Reference Date. Exhibit C is an agreed list of all Litigating Subdivisions. Exhibit C will be updated (including with any corrections) periodically, and a final version of Exhibit C will be attached hereto as of the Reference Date.

KK. *“Maximum Remediation Payment.”* The maximum amount owed by Amneal to the Settling States and Subdivisions, exclusive of the Private Attorney Fees, State AG Fees, the Additional Remediation Amount, and the Settlement Product Cash Conversion Amount. The amount of the Maximum Remediation Payment is \$71,751,010.

LL. *“National Arbitration Panel.”* The panel comprised as described in Section VI.F.3.b.

MM. *“National Disputes.”* As defined in Section VI.F.3.a.

NN. *“Non-Litigating Subdivision.”* Any Subdivision that is not a Litigating Subdivision.

OO. *“Non-Participating Subdivision.”* Any Subdivision that is not a Participating Subdivision.

PP. *“Non-Party Covered Conduct Claim.”* A Claim against any Non-Released Entity involving, arising out of, or related to Covered Conduct (or conduct that would be Covered Conduct if engaged in by a Released Entity).

QQ. *“Non-Party Settlement.”* A settlement by any Releasor that settles any Non-Party Covered Conduct Claim and includes a release of any Non-Released Entity.

RR. *“Non-Released Entity.”* An entity that is not a Released Entity.

SS. *“Non-Settling State.”* Any Eligible State that is not a Settling State.

TT. *“Opioid Remediation.”* Care, treatment, and other programs and expenditures (including reimbursement for past such programs or expenditures¹ except where this Agreement restricts the use of funds solely to future Opioid Remediation) designed to (1) address the misuse and abuse of opioid products, (2) treat or mitigate opioid use or related disorders, or (3) mitigate other alleged effects of, including on those injured as a result of, the opioid epidemic. Exhibit E provides a non-exhaustive list of expenditures that qualify as being paid for Opioid Remediation. Qualifying expenditures may include reasonable related administrative expenses in connection with the above.

¹ Reimbursement includes amounts paid to any governmental entities for past expenditures or programs

UU. *“Participating Subdivision.”* Any Subdivision that meets the requirements for becoming a Participating Subdivision under Section VII.B and Section VII.C. Participating Subdivisions include both Initial Participating Subdivisions and Later Participating Subdivisions.

VV. *“Participation Percentage of Incentive BC Eligible Subdivision Population.”* As defined in Section IV.H.5.e.

WW. *“Parties.”* Amneal and the Settling States (each, a *“Party”*).

XX. *“Payment Date.”* March 1 for each Payment Year, besides the initial payment year which is to be payable as outlined in Section IV.D.1 , which is the date by which Amneal makes the Annual Remediation Payment and the Annual Fees Payment.

YY. *“Payment Year.”* The calendar year during which the applicable Annual Remediation Payment and the Annual Fees Payment are due. Payment Year 1 is 2025, Payment Year 2 is 2026 and so forth. References to payment *“for a Payment Year”* mean the Annual Remediation Payment and/or Annual Fees Payment due during that year. References to eligibility *“for a Payment Year”* mean eligibility in connection with the Annual Remediation Payment and/or Annual Fees Payment due during that year.

ZZ. *“Preliminary Agreement Date.”* The date on which Amneal is to inform the Settling States of its determination that the condition in Section II.B has been satisfied. The Preliminary Agreement Date shall be no more than fourteen (14) calendar days after the end of the notice period to Eligible States, unless it is extended by written agreement of Amneal and the Enforcement Committee.

AAA. *“Primary Fire District.”* A fire district that covers a population of 25,000, or 0.20% of an Eligible State’s population if an Eligible State’s population is greater than 18 million. If not easily calculable from state data sources and agreed to between the Eligible State and Amneal, a fire district’s population is calculated by dividing the population of the county or counties a fire district serves by the number of fire districts in the county or counties. “Primary Fire Districts” shall mean fire districts as identified in connection with the implementation of the July 21, 2021, Janssen Settlement Agreement.

BBB. *“Primary Subdivision.”* A Subdivision that is a General Purpose Government (including, but not limited to, a municipality, a county, county subdivision, city town, township, parish, village, borough, gore, or any other entities that provide municipal-type government) with population over 10,000; *provided, however*, that as used in connection with Incentive Payment BC, the population threshold is 30,000. Attached as Exhibit I is an agreed list of the Primary Subdivisions in each Eligible State

CCC. *“Private Attorney Fees”* are the amount to be paid for private attorneys’ litigation fees and costs on behalf of Participating Subdivisions. The maximum amount of Private Attorney Fees is \$14,477,125. For avoidance of doubt, Private Attorney Fees do not include State AG Fees or the Additional Remediation Amount.

DDD. “*Product.*” Any chemical substance, whether used for medicinal or non-medicinal purposes, and whether natural, synthetic, or semi-synthetic, or any finished pharmaceutical product made from or with such substance, that is: (1) an opioid or opiate, as well as any product containing any such substance; (2) benzodiazepine, carisoprodol, or gabapentin; or (3) a combination or “cocktail” of chemical substances prescribed, sold, bought, or dispensed to be used together that includes opioids or opiates. “Product” shall include, but is not limited to, any substance consisting of or containing buprenorphine, codeine, fentanyl, hydrocodone, hydromorphone, meperidine, methadone, morphine, naloxone, naltrexone, oxycodone, oxymorphone, pentazocine, propoxyphene, tapentadol, tramadol, opium, heroin, carfentanil, diazepam, estazolam, quazepam, alprazolam, clonazepam, oxazepam, flurazepam, triazolam, temazepam, midazolam, carisoprodol, gabapentin, or any variant of these substances or any similar substance. Notwithstanding the foregoing, nothing in this section prohibits a Settling State from taking administrative or regulatory action related to benzodiazepine (including, but not limited to, diazepam, estazolam, quazepam, alprazolam, clonazepam, oxazepam, flurazepam, triazolam, temazepam, and midazolam), carisoprodol, or gabapentin that is wholly independent from the use of such drugs in combination with opioids, *provided* such action does not seek money (including abatement and/or remediation) for conduct prior to the Initial Participation Date. “Product” also includes any natural, synthetic, semi-synthetic or chemical raw materials, starting materials, finished active pharmaceutical ingredients, drug substances, and any intermediate products used or created in the manufacturing process for any of the substances described above.

EEE. “*Reference Date.*” The date on which Amneal is to inform the Settling States of its determination whether the condition in Section VIII has been satisfied. The Reference Date shall be no later than thirty (30) calendar days after the Initial Participation Date, unless it is extended by written agreement of Amneal and the Enforcement Committee.

FFF. “*Released Claims.*” Any and all Claims that directly or indirectly are based on, arise out of, or in any way relate to or concern the Covered Conduct and/or Alleged Harms occurring prior to the Initial Participation Date. Without limiting the foregoing, Released Claims include any Claims that have been asserted against Released Entities by a Settling State or Litigating Subdivision in any federal, state, or local action or proceeding (whether judicial, arbitral, or administrative) based on, arising out of, or relating to, in whole or in part, the Covered Conduct and/or Alleged Harms, or any such Claims that could be or could have been asserted now or in the future in those actions or in any comparable action or proceeding brought by a Settling State, Subdivision, or Releasor (whether or not such Settling State, Subdivision, or Releasor has brought such action or proceeding). Released Claims also include all Claims against Released Entities asserted in any proceeding to be dismissed pursuant to the Agreement, whether or not such claims relate to Covered Conduct and/or Alleged Harms. The Parties intend that this term, “Released Claims,” be interpreted broadly. This Agreement does not release Claims by private individuals. It is the intent of the Parties that Claims by private individuals be treated in accordance with applicable law. Released Claims is also used herein to describe claims brought by a non-party Subdivision that would have been Released Claims if they had been brought by a Releasor against a Released Entity.

GGG. “*Released Entities.*” This includes Amneal and (1) all past and present subsidiaries, divisions, affiliates, predecessors, successors, and assigns (in each case, whether direct or indirect)

of Amneal; (2) all past and present subsidiaries and divisions (in each case, whether direct or indirect) of any entity described in subsection (1); (3) the respective past and present officers, directors, members, trustees, and employees of any of the foregoing (each for actions that occurred during and related to their work for, or employment with, any of Amneal or the foregoing entities); (4) all past and present joint ventures (whether direct or indirect) of Amneal or its subsidiaries, including in any subsidiary's capacity as a participating member in such joint venture; (5) all direct or indirect parents and shareholders of Amneal (solely in their capacity as parents or shareholders of Amneal with respect to Covered Conduct); and (6) any insurer of Amneal or any person or entity otherwise described in subsections (1)-(5) (solely in its role as insurer of such person or entity and subject to the last sentence of Section X.C). A list of Amneal's joint ventures, subsidiaries and affiliates and predecessor entities is set forth in Exhibit J. Any person or entity described in subsections (3)-(6) shall be a Released Entity solely in the capacity described in such clause and shall not be a Released Entity with respect to its conduct in any other capacity. Any entity acquired, or joint venture entered into, by Amneal after the Initial Participation Date is not a Released Entity. Further and notwithstanding anything else in this paragraph, no entity sued in *In re: National Prescription Opiate Litigation*, No. 1:17-md-2804 (N.D. Ohio) is included as a Released Entity other than the entities listed on Exhibit J.

HHH. "*Releasors.*" With respect to Released Claims, (1) each Settling State; (2) each Participating Subdivision; and (3) without limitation and to the maximum extent of the power of each Settling State's Attorney General and/or Participating Subdivision to release Claims, (a) the Settling State's and Participating Subdivision's departments, agencies, divisions, boards, commissions, Subdivisions, districts, instrumentalities of any kind and attorneys, including its Attorney General, and any person in his or her official capacity whether elected or appointed to serve any of the foregoing and any agency, person, or other entity claiming by or through any of the foregoing, (b) any public entities, public instrumentalities, public educational institutions, unincorporated districts, fire districts, irrigation districts, water districts, emergency services districts, school districts, healthcare districts, hospital districts, Sheriffs and law enforcement districts, library districts, coroner's offices, and public transportation authorities, and other Special Districts in a Settling State, including those with the regulatory authority to enforce state and federal controlled substances acts or the authority to bring Claims related to Covered Conduct seeking money (including abatement (or remediation and/or restitution)) or revoke a pharmaceutical distribution license, and (c) any person or entity acting in a *parens patriae*, sovereign, quasi-sovereign, private attorney general, *qui tam*, taxpayer, or other capacity seeking relief, including but not limited to fines, penalties, or punitive damages, on behalf of or generally applicable to the general public with respect to a Settling State or Subdivision in a Settling State, whether or not any of them participate in this Agreement. The inclusion of a specific reference to a type of entity in this definition shall not be construed as meaning that the entity is not a Subdivision. Each Settling State's Attorney General represents that he or she has or has obtained (or will obtain no later than the Initial Participation Date) the authority set forth in Section XI.G. In addition to being a Releasor as provided herein, a Participating Subdivision shall also provide the Subdivision Settlement Participation Form referenced in Section VIII providing for a release to the fullest extent of the Participating Subdivision's authority.

III. *“Remediation Accounts Fund.”* The component of the Settlement Fund described in Section V.

JJJ. *“Revocation Event.”* With respect to a Bar, or Case-Specific Resolution, a revocation, rescission, reversal, overruling, or interpretation that in any way limits the effect of such Bar, or Case-Specific Resolution on Released Claims, or any other action or event that otherwise deprives the Bar, or Case-Specific Resolution of force or effect in any material respect.

KKK. *“Settlement Fund.”* The interest-bearing fund established at [Bank TBD] pursuant to this Agreement into which the Annual Remediation Payments are made under Section IV, which is intended to be classified as a “qualified settlement fund” within the meaning of 26 C.F.R. §§ 1.468B-1 *et seq.* and which shall be approved by any Settling State in accordance with the requirements of 26 C.F.R. § 1.468B-1.

LLL. *“Settlement Fund Administrator.”* BrownGreer PLC, which is the entity that annually determines the Annual Remediation Payment (including calculating offset or reduction and Incentive Payments pursuant to Section IV and any amounts subject to offset pursuant to Section XII) and Additional Remediation Amount, administers the Settlement Fund, and distributes amounts into the Remediation Accounts Fund, State Fund, and Subdivision Fund pursuant to this Agreement. The duties of the Settlement Fund Administrator shall be governed by this Agreement. Prior to the Effective Date, Amneal and the Enforcement Committee shall agree to a detailed description of the Settlement Fund Administrator’s duties and responsibilities, including a detailed mechanism for paying the Settlement Fund Administrator’s fees and costs, all of which shall be appended to the Agreement as Exhibit L.

MMM. *“Settlement Fund Escrow.”* The interest-bearing escrow fund established pursuant to this Agreement to hold disputed payments made under this Agreement.

NNN. *“Settlement Payment Schedule.”* The schedule attached to this Agreement as Exhibit M-1, Exhibit M-2, and Exhibit M-3.

OOO. *“Settlement Product”* means Naloxone HCl nasal spray 4mg that is listed in Amneal’s then-current generics catalog and can be viewed at <https://amnealnalozone.com/>, and is provided to the Settling State as part of the settlement, at no cost as set forth in Section XIV and Exhibit D.

PPP. *“Settlement Product Cash Conversion Amount”* means the resulting dollar amount from when a Settling State has elected to convert all or a portion of its Settlement Product Allocation into a cash payment pursuant to Section XIV and Exhibit D. The aggregate, maximum amount that could be paid from the conversion of Settlement Product into cash is \$44,350,000.

QQQ. “*Settlement Product Cash Conversion Amount Payment Date*” is March 1 of each Payment Year 7 through Payment Year 10. This date may be changed by written agreement of Amneal and the Enforcement Committee.

RRR. “*Settlement Product Election Date*” is the date thirty (30) days after the Effective Date by which a Settling State must submit its election of the Settling State’s allocation of Settlement Product or cash conversion of Settlement Product pursuant to Section XIV and Exhibit D.

SSS. “*Settlement Product Election Form*” means the form a Settling State uses to submit its election of the Settling State’s allocation of Settlement Product or cash conversion of Settlement Product pursuant to Section XIV and Exhibit D.

TTT. “*Settling State.*” An Eligible State that has entered into this Agreement and delivers executed releases in accordance with Section VIII.A.

UUU. “*State Allocation.*” The Maximum Remediation Payment multiplied by the State Allocation Percentage for each Eligible State listed in Exhibit F.

VVV. “*State Allocation Percentage.*” A Settling State’s percentage as set forth in Exhibit F.

WWW. “*State AG Fees*” The amount to be paid by Amneal to the Settling States for their litigation fees and costs pursuant to Exhibit S. The State AG Fees are 2% times the Maximum Remediation Payment plus the maximum Settlement Product Cash Conversion Amount, minus the Additional Remediation Amount, with the maximum amount being \$233,502.

XXX. “*State Fund.*” The component of the Settlement Fund described in Section V.

YYY. “*State-Subdivision Agreement.*” An agreement that a Settling State reaches with the Subdivisions in that Settling State regarding the allocation, distribution, and/or use of funds allocated to that Settling State and to its Subdivisions. A State-Subdivision Agreement shall be effective if approved pursuant to the provisions of Exhibit O or if adopted by statute. Preexisting agreements addressing funds other than those allocated pursuant to this Agreement shall qualify if the approval requirements of Exhibit O are met. A Settling State and its Subdivisions may revise a State-Subdivision Agreement if approved pursuant to the provisions of Exhibit O, or if such revision is adopted by statute.

ZZZ. “*Statutory Trust.*” A trust fund established by state law to receive funds allocated to a Settling State’s Remediation Accounts Fund and restrict any expenditures made using funds from the Settling State’s Remediation Accounts Fund to Opioid Remediation, subject to reasonable administrative expenses. A Settling State may give a Statutory Trust authority to allocate one (1) or more of the three (3) types of funds comprising such Settling State’s Settlement Fund, but this is not required.

AAAA. “*Statewide Payment Amount.*” The amount the Settlement Fund Administrator is to pay from the Remediation Payment to be paid to a Settling State, including its separate types of funds (if applicable) and its Participating Subdivisions listed in Exhibit G.

BBBB. “*Subdivision.*” Any (1) General Purpose Government (including, but not limited to, a municipality, county, county subdivision, city, town, township, parish, village, borough, gore, or any other entities that provide municipal-type government), School District, or Special District within a Settling State, and (2) any other subdivision, subdivision official acting in an official capacity on behalf of the subdivision (including, without limitation, district attorneys, county attorneys, city attorneys, sheriffs, and any other official, employee, or representative), or sub-entity of or located within a Settling State (whether political, geographical or otherwise, whether functioning or non-functioning, regardless of population overlap, and including, but not limited to, Nonfunctioning Governmental Units and public institutions) that has filed a lawsuit that includes a Released Claim against a Released Entity in a direct, *parens patriae*, or any other capacity. “General Purpose Government,” “School District,” and “Special District” shall correspond to the “five basic types of local governments” recognized by the U.S. Census Bureau and match the 2017 list of Governmental Units.² The three (3) General Purpose Governments are county, municipal, and township governments; the two (2) special purpose governments are School Districts and Special Districts.³ “Fire District,” “Health District,” “Hospital District,” and “Library District” shall correspond to categories of Special Districts recognized by the U.S. Census Bureau.⁴ References to a Settling State’s Subdivisions or to a Subdivision “in,” “of,” or “within” a Settling State include Subdivisions located within the Settling State even if they are not formally or legally a sub-entity of the Settling State; *provided, however*, that a “Health District” that includes any of the following words or phrases in its name shall not be considered a Subdivision: mosquito, pest, insect, spray, vector, animal, air quality, air pollution, clean air, coastal water, tuberculosis, and sanitary.

CCCC. “*Subdivision Allocation Percentage.*” The portion of a Settling State’s Subdivision Fund set forth in Exhibit G that a Subdivision will receive pursuant to Section V if it becomes a Participating Subdivision. The aggregate Subdivision Allocation Percentage of all Subdivisions

² https://www2.census.gov/programs-surveys/gus/datasets/2017/govt_units_2017.ZIP

³ *E.g.*, U.S. Census Bureau, “Technical Documentation: 2017 Public Use Files for State and Local Government Organization” at 7 (noting that “the Census Bureau recognizes five basic types of local governments,” that three of those are “general purpose governments” (county governments, municipal governments, and township governments), and that the other two are “school district and special district governments”), https://www2.census.gov/programs-surveys/gus/datasets/2017/2017_gov_org_meth_tech_doc.pdf.

⁴ A list of 2017 Government Units provided by the Census Bureau identifies 38,542 Special Districts and categorizes them by “FUNCTION_NAME.” “Govt_Units_2017_Final” spreadsheet, “Special District” sheet, included in “Independent Governments - list of governments with reference information,” https://www2.census.gov/programs-surveys/gus/datasets/2017/govt_units_2017.ZIP. As used herein, “Fire District” corresponds to Special District function name “24 — Local Fire Protection,” “Health District” corresponds to Special District function name “32 — Health,” “Hospital District” corresponds to Special District function name “40 — Hospitals,” and “Library District” corresponds to Special District function name “52 — Libraries.” *See id.*

receiving a Subdivision Allocation Percentage in each Settling State shall equal one hundred percent (100%). Immediately upon the effectiveness of any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section V.D.3 (or upon the effectiveness of an amendment to any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section V.D.3) that addresses allocation from the Subdivision Fund, whether before or after the Initial Participation Date, Exhibit G will automatically be amended to reflect the allocation from the Subdivision Fund pursuant to the State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section V.D.3. The Subdivision Allocation Percentages contained in Exhibit G may not change once notice is distributed pursuant to Section VII.A, except upon the effectiveness of any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section V.D.3 (or upon the effectiveness of an amendment to any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section V.D.3) that addresses allocation from the Subdivision Fund. For the avoidance of doubt, no Subdivision not listed on Exhibit G shall receive an allocation from the Subdivision Fund and no provision of this Agreement shall be interpreted to create such an entitlement.

DDDD. “*Subdivision Fund.*” The component of the Settlement Fund described in Section V.A.

EEEE. “*Subdivision Settlement Participation Form.*” The form attached as Exhibit K that Participating Subdivisions must execute and return to the Implementation Administrator or Settlement Fund Administrator, and which shall (1) make such Participating Subdivisions signatories to this Agreement, (2) include a full and complete release of any and all of such Subdivision’s claims, and (3) require the prompt dismissal with prejudice of any Released Claims that have been filed by any such Participating Subdivision

FFFF. “*Threshold Motion.*” A motion to dismiss or equivalent dispositive motion made at the outset of litigation under applicable procedure. A Threshold Motion must include as potential grounds for dismissal any applicable Bar or the relevant release by a Settling State or Participating Subdivision provided under this Agreement and, where appropriate under applicable law, any applicable limitations defense.

II. Participation by Eligible States and Condition to Preliminary Agreement

A. *Notice to Eligible States.* On May 26, 2025, this Agreement shall be distributed to all Eligible States. The Attorneys General of the Eligible States shall then have until June 25, 2025, to decide whether to become Settling States and notify Amneal of that decision. Eligible States that determine to become Settling States shall so notify Amneal and shall further commit to obtaining any necessary additional state releases prior to the Reference Date. This notice period may be extended by written agreement of Amneal and the Enforcement Committee.

B. *Condition to Preliminary Agreement.* Following the notice period set forth in Section II.A, Amneal shall have fourteen (14) calendar days to determine whether, in its sole discretion (based on any criteria or factors deemed relevant to Amneal), enough Eligible States have agreed to become Settling States to proceed with notice to Subdivisions as set forth in Section

VII. This period may be extended by written agreement of Amneal and the Enforcement Committee. If Amneal determines that this condition has been satisfied, and that notice to the Subdivisions should proceed, it will so notify the Settling States by providing notice to the Enforcement Committee. The date of such notice shall be the Preliminary Agreement Date. If Amneal determines that this condition has not been satisfied, this Agreement will have no further effect and all releases and other commitments or obligations contained herein will be void.

C. *Later Joinder by Eligible States.* After the Preliminary Agreement Date, an Eligible State may only become a Settling State with the consent of Amneal and the Enforcement Committee, provided that the Enforcement Committee may not withhold consent to an Eligible State's later joinder if the Eligible State agrees to join pursuant to the terms of this Agreement and the allocation set forth on Exhibit F. If an Eligible State becomes a Settling State more than thirty (30) calendar days after the Preliminary Agreement Date, but on or before the Reference Date, the Subdivisions in that Eligible State that become Participating Subdivisions within ninety (90) calendar days of the Eligible State becoming a Settling State shall be considered Initial Participating Subdivisions. An Eligible State may not become a Settling State after the Reference Date.

D. *Litigation Activity.* Following the Preliminary Agreement Date, Eligible States that determine to become Settling States shall make reasonable efforts to cease litigation activity against Amneal, including by jointly seeking stays or, where appropriate, severance of claim against Amneal, where feasible, and otherwise to minimize such activity by means of agreed deadline extensions and agreed postponement of depositions, document productions, and motion practice if a motion to stay or sever is not feasible or is denied.

III. Injunctive Relief

A. *Injunctive Relief.* As part of the Consent Judgment, the Parties agree to the entry of the injunctive relief terms attached in Exhibit P.

IV. Settlement Payments

A. *Settlement Fund.* All payments under this Section IV shall be made into the Settlement Fund, except that, where specified, they shall be made into the Settlement Fund Escrow. The Settlement Fund shall be allocated and used only as specified in Section V.

B. Annual Remediation Payments

1. Amneal shall make ten (10) Annual Remediation Payments, each comprised of Base Payments and Incentive Payments as provided in this Section IV and as determined by the Settlement Fund Administrator as set forth in this Agreement, *provided that* the Annual Remediation Payment in Payment Year 1 shall consist solely of Base Payments. The payment schedule for the Annual Remediation Payments is attached hereto as Exhibit M-2.

2. In no instance shall Amneal's Annual Remediation Payment obligation exceed the Annual Remediation Maximum, reduced for Non-Settling States, except as specified in the definition of "Annual Remediation Maximum" for Payment Years 3, 4, and 10. In no instance shall the sum of Amneal's Annual Remediation Payment obligations for Payment Years 1-10 exceed the sum of Amneal's Annual Remediation Maximums for Payment Years 1-10, reduced for Non-Settling States.

C. *Settlement Fund Payment Process*

1. To determine each Annual Remediation Payment for Payment Year 2 and forward, the Settlement Fund Administrator shall use the data as of sixty (60) days prior to the Payment Date for each payment, unless another provision of the Agreement specifies a different date. Prior to the Effective Date, the Parties will include Exhibit L, which sets forth in detail the process for the Settlement Fund Administrator to obtain relevant data and for distributing funds to the Settling States and their Participating Subdivisions listed on Exhibit G consistent with the terms of this Agreement as quickly as practical.

2. The Settlement Fund Administrator shall determine the Annual Remediation Payment and the Statewide Payment Amount for each Settling State, consistent with the provisions in Exhibit L, by:

- a. Determining, for each Settling State, the Base Payment amount and Incentive Payment amount to which the Settling State is entitled by applying the criteria under Section IV.F, Section IV.G, and Section IV.H;
- b. applying any offsets as specified under Section XII
- c. determining the total amount owed by Amneal to all Settling States and the Participating Subdivisions listed on Exhibit G; and
- d. the Settlement Fund Administrator shall then allocate, after subtracting the portion of any Settlement Fund Administrator costs and fees owed out of funds from the Settlement Fund pursuant to Section V.C.5, the Annual Remediation Payment pursuant to Section V among the Settling States, among the separate types of funds for each Settling State (if applicable), and among the Participating Subdivisions listed on Exhibit G.

3. If, no later than fifty (50) days prior to the Payment Date, Amneal and the Enforcement Committee inform the Settlement Fund Administrator that they agree on the amount of the Annual Remediation Payment and the Statewide Payment Amount for each Settling State, Amneal shall pay the agreed-upon Annual Remediation Payment amount on the Payment Date and the Settlement Fund Administrator shall treat those amounts as the determination described in Section IV.C.2. If the Settlement Fund Administrator is not so informed, it shall give notice to Amneal, the Settling States, and the Enforcement Committee of the amount of the Annual Remediation Payment, and the Statewide Payment Amount for

each Settling State, following the determination described in Section IV.C.2, and the following timeline shall apply:

a. Within twenty-one (21) calendar days of the notice provided by the Settlement Fund Administrator, Amneal, any Settling State or the Enforcement Committee may dispute, in writing, the calculation of the Annual Remediation Payment or the Statewide Payment Amount for a Settling State. Such disputing party must provide a written notice of dispute to the Settlement Fund Administrator, the Enforcement Committee, any affected Settling State, and Amneal identifying the nature of the dispute, the amount of money that is disputed, and the Settling State(s) affected.

b. Within twenty-one (21) calendar days of the sending of a written notice of dispute, any affected party may submit a response, in writing, to the Settlement Fund Administrator, the Enforcement Committee, any affected Settling State, and Amneal identifying the basis for disagreement with the notice of dispute.

c. If no response is filed, the Settlement Fund Administrator shall adjust the amount calculated consistent with the written notice of dispute, and Amneal shall pay the adjusted amount, collectively totaling that Payment Year's Annual Remediation Payment, on the Payment Date. If a written response to the written notice of dispute is timely sent to the Settlement Fund Administrator, the Settlement Fund Administrator shall notify Amneal of the preliminary amount to be paid, which shall be the greater of the amount originally calculated by the Settlement Fund Administrator or the amount that would be consistent with the notice of dispute, *provided, however*, that in no circumstances shall the preliminary amount to be paid be higher than the Annual Remediation Maximum. For the avoidance of doubt, a transfer of payments from the Settlement Fund Escrow for other Payment Years does not count toward determining whether the amount to be paid is higher than the Annual Remediation Maximum or other relevant maximum payment.

d. The Settlement Fund Administrator shall place any disputed amount of the preliminary amount paid by Amneal into the Settlement Fund Escrow and shall disburse any undisputed amount to each Settling State and its Participating Subdivisions listed on Exhibit G pursuant to Section IV.C.4.

4. If a Settling State informs the Settlement Fund Administrator that it and its Participating Subdivisions listed on Exhibit G have agreed on the amount of its Statewide Payment Amount, determined pursuant to Section IV.C.2 or Section IV.C.3, to be distributed to the Settling State, among its separate types of funds (if applicable), and among its Participating Subdivisions listed on Exhibit G, the Settlement Fund Administrator shall disburse the Statewide Payment Amount pursuant to the consensus distribution amounts provided by the Settling State as quickly as practical. For a Settling State that does not so notify the Settlement Fund Administrator, the Settlement Fund Administrator shall allocate

the Settling State's Statewide Payment Amount, pursuant to Section V, among the separate types of funds for the Settling State (if applicable), and among its Participating Subdivisions listed on Exhibit G using the following procedures:

a. As soon as possible for each payment and following the determination described in Section IV.C.2 or Section IV.C.3, the Settlement Fund Administrator shall give notice to the relevant Settling States and their Participating Subdivisions listed on Exhibit G of the amount to be received by each Settling State, the amount to be received by the separate types of funds for each Settling State (if applicable), and the amount to be received by each Participating Subdivision listed on Exhibit G for each Settling State.

b. Within twenty-one (21) days of the notice provided by the Settlement Fund Administrator, any Settling State or Participating Subdivision listed on Exhibit G may dispute, in writing, the calculation of the amount to be received by the relevant Settling State and/or its Participating Subdivision listed on Exhibit G. A dispute will be deemed invalid and disregarded if it challenges the allocations adopted by a State-Subdivision Agreement approved pursuant to the provisions of Exhibit O or by statute. Such disputing party must provide a written notice of dispute to the Settlement Fund Administrator, any affected Settling State, and any affected Participating Subdivision identifying the nature of the dispute, the amount of money that is disputed, and the Settling State(s) affected.

c. Within twenty-one (21) days of the sending of a written notice of dispute, any affected Settling State or any affected Participating Subdivision may submit a response, in writing, to the Settlement Fund Administrator, any affected Settling State and any affected Participating Subdivision identifying the basis for disagreement with the notice of dispute.

d. If no response is filed, the Settlement Fund Administrator shall adjust the amount calculated consistent with the written notice of dispute.

e. The Settlement Fund Administrator shall place any disputed amount into the Settlement Fund Escrow and shall disburse any undisputed amount to the Settling State and its Participating Subdivisions eligible for payment.

5. Disputes described in this subsection shall be resolved in accordance with the terms of Section VI.F.

6. The Settlement Fund Administrator may combine the disbursements of Annual Remediation Payments with disbursement of funds under other comparable opioid settlements. In determining when disbursements for each Annual Remediation Payment will be made, the Settlement Fund Administrator may take into account the timeline for the availability of disbursements under other comparable opioid settlements.

7. For the avoidance of doubt, a Subdivision not listed on Exhibit G shall not receive an allocation from the Subdivision Fund and no provision of this Agreement shall be interpreted to create such an entitlement.

D. *Procedure for Annual Remediation Payment and Annual Fees Payment in Payment Year 1.* The process described in Section IV.C shall not apply to Payment Year 1. The procedure in lieu of Section IV.C for Payment Year 1 is as set forth below:

1. The Payment Date for Payment Year 1 is 30 days after every Eligible State has notified Amneal of its intent to become Settling States. Amneal shall deposit into a segregated interest-bearing bank account it establishes the “Adjusted Maximum Base Payment” for Payment Year 1 as specified in Exhibit M-2. This amount shall be calculated by multiplying the aggregate State Allocation Percentage attributable to Eligible States that have agreed to become Settling States by the Preliminary Agreement Date by the “Maximum Base Payment” amount specified in Exhibit M-2 for Payment Year 1. Amneal shall also deposit into two (2) separate segregated interest-bearing bank accounts it establishes: (a) the “Maximum Exhibit R Attorney Fee and Cost Funds” for Payment Year 1 as specified in Exhibit M-3; and (b) the sum of the “Maximum State AG Fees” and the “Maximum Additional Remediation Amount” for Payment Year 1 as specified in Exhibit M-3. Amneal shall separately account for the interest earned on each of the three (3) accounts.

2. Amneal shall provide proof to the Enforcement Committee of the deposits required by Section IV.D.1 by July 25, 2025. Amneal shall not remove any money from the segregated bank accounts, except as provided by Sections IV.D.3-5.

3. In the event that, in accordance with the terms of Section VIII.B, Amneal determines not to proceed with the Settlement, or the Settlement does not become effective for any other reason, the funds held in the segregated bank accounts shall immediately revert to Amneal.

4. If the condition set forth in Section VIII.B is met, Amneal shall transfer into the Settlement Fund, no later than five (5) business days after the Reference Date (unless the Enforcement Committee specifies a later date), the amount in the segregated account holding the “*Adjusted Maximum Base Payment*” for Payment Year 1 (including all interest accrued on that account) plus the *total amount of the Base Payment* owed in Payment Year 1 for the Eligible States that newly agreed to become a Settling State between the Preliminary Agreement Date and the Reference Date, which shall be calculated by multiplying those Settling States’ State Allocation Percentage by the amount specified in Exhibit M-2 for Payment Year 1. If the condition set forth in Section VIII.B is met, Amneal also shall transfer into the relevant funds as directed by the Enforcement Committee, no later than five (5) business days after the Reference Date (unless the Enforcement Committee specifies a later date), the amount in the segregated account holding the “*Maximum Exhibit R Attorney Fee and Cost Funds*” for Payment Year 1 (including all interest accrued on that account), and the amount in the segregated account holding the Maximum State AG Fees and “Maximum

Additional Remediation Amount” for Payment Year 1 (including all interest accrued on that account), except that any reductions provided by Section IX.B and Exhibits R and S shall revert to Amneal. Amneal shall provide an accounting to the Enforcement Committee of the transfers, including Statewide Payment Amount for Payment Year 1 for each Eligible State that newly agreed to become a Settling State between the Preliminary Agreement Date and the Reference Date.

5. The interest earned from the deposit account holding the Adjusted Maximum Base Payment for Payment Year 1 shall be used, first, to pay for the Implementation Administrator, then to pay for the Implementation Administrator in the Alvogen, Apotex, Hikma, Indivior, Mylan, Sun, and Zydus Settlement Agreements, and finally to be transferred to the Settlement Fund to be used to pay for the Settlement Fund Administrator pursuant to Section V.C.5.

6. The Annual Remediation Payment for Payment Year 1 transferred by Amneal into the Settlement Fund pursuant to Section IV.D.4 shall be disbursed by the Settlement Fund Administrator after the Effective Date to each Settling State and to its Initial Participating Subdivisions listed on Exhibit G pursuant to Section IV.C.4 through Section IV.C.7; *provided, however*, that for any Settling State where the Consent Judgment has not been entered as of the Effective Date, the funds allocable to that Settling State and its Participating Subdivisions listed on Exhibit G shall not be disbursed until ten (10) calendar days after the entry of the Consent Judgment in that Settling State.

E. *Payment Date for Payment Years 2 through 10.* The Payment Date for Payment Year 2 is March 1, 2026. The Payment Date for Payment Years 3 through 10 shall be each successive March 1. The Annual Remediation Payments for those Payment Years shall be made pursuant to the process set forth in Section IV.C.

F. *Offsets to Annual Remediation Payments to the Settlement Fund for Non-Settling States.* An offset equal to \$71,751,010 times the State Allocation Percentage assigned to each Non-Settling State in Exhibit F shall be deducted from the total amount to be paid by Amneal to the Settlement Fund. For the avoidance of doubt, the Adjusted Maximum Remediation Payment is calculated in a way that reflects this offset. The Base Payments and Incentive Payments are also subject to offset as provided in Section XII.

G. *Base Payments.*

1. Subject to the offset provisions set forth in Section XII, Amneal shall make Base Payments into the Settlement Fund in an amount equal to forty percent (40%) of the Adjusted Maximum Remediation Payment. The maximum total for Base Payments is \$28,700,404. The Base Payments shall be due in installments consistent with Exhibit M-2 over the ten (10) Payment Years.

2. The Base Payment for any Settling State in each Payment Year shall be the Base Payment for that Payment Year specified in Exhibit M-2 times the Settling State's State Allocation Percentage specified in Exhibit F.

H. *Incentive Payments.*

1. Subject to the offset provisions set forth in Section XII, Amneal shall make potential additional incentive payments totaling up to a maximum of sixty percent (60%) of the Adjusted Maximum Remediation Payment, with the Incentive Payment amount depending on whether and the extent to which the criteria set forth below are met in each Settling State. The maximum total for Incentive Payments is \$43,050,606.

2. A Settling State qualifies to receive Incentive Payments in addition to Base Payments if it meets the incentive eligibility requirements specified below. The maximum total Incentive Payment for any Settling State shall be no more than the maximum total for Incentive Payments listed in Section IV.H.1 times the Settling State's State Allocation Percentage specified in Exhibit F. Incentive Payments are state-specific, with the actual amount depending on whether and the extent to which the criteria set forth below are met in such Settling State.

3. The incentive payments shall be divided among three (3) categories, referred to as Incentive Payments A, BC, and D. Incentive Payments A and BC will be due in installments over the nine (9) Payment Years beginning with Payment Year 2, while Incentive D will be due in installments over six (6) Payment Years beginning with Payment Year 5, as shown on Exhibit M-2. The total amount of incentive payments in an Annual Remediation Payment shall be the sum of the incentive payments for which the individual Settling States are eligible for that Payment Year under the criteria set forth below. The incentive payments shall be made with respect to a specific Settling State based on its eligibility for that Payment Year under the criteria set forth below. For the avoidance of doubt, eligibility for Incentive Payments A, BC, and D shall be determined on a Settling State-by-Settling State basis.

4. Incentive Payment A.

a. Incentive Payment A is mutually exclusive with Incentive Payments BC and D; if a Settling State receives Incentive Payment A in an Annual Remediation Payment, such Settling State is not eligible for Incentive Payment BC or D in that Annual Remediation Payment.

b. Incentive Payment A shall be equal to sixty percent (60%) of the Adjusted Maximum Remediation Payment, provided all Settling States satisfy the requirements of Incentive Payment A. Incentive Payment A will be due to a Settling State as part of the Annual Remediation Payment over nine (9) Payment Years, starting in Payment Year 2, and shall equal a total potential maximum of \$43,050,606 if all Eligible States qualify for Incentive Payment A. Each Settling

State's share of Incentive Payment A in a given year, *provided* that Settling State qualifies, shall equal the total maximum amount available for Incentive Payment A for that year as reflected in Exhibit M-2 times the Settling State's State Allocation Percentage.

c. Qualification for Incentive Payment A is as follows: A Settling State qualifies for Incentive Payment A if, as of two (2) years of the Effective Date: (i) there is a Bar in that Settling State in full force and effect, (ii) the Released Claims of all of the following entities are released through the execution of Subdivision Settlement Participation Forms, or there is a Case-Specific Resolution against such entities: all Primary Subdivisions, Litigating Subdivisions, School Districts with a K-12 student enrollment of at least 25,000 or .10% of a Settling State's population, whichever is greater, Hospital Districts that have at least one hundred twenty-five (125) hospital beds in one or more hospitals rendering services in that district, and Primary Fire Districts; or (iii) a combination of the actions in clauses (i) and (ii) has achieved the same level of resolution of Claims by Subdivisions (*e.g.*, a Bar against future litigation combined with full joinder by Litigating Subdivisions). For the avoidance of doubt, subsection (iii) cannot be satisfied unless all Litigating Subdivisions are Participating Subdivisions or there is a Case-Specific Resolution against any such Subdivisions that are not Participating Subdivisions. Amneal and the Enforcement Committee shall meet and confer in order to agree on data sources for purposes of this Section prior to the Initial Participation Date.

d. A Settling State that does not qualify for Incentive Payment A as of two (2) years after the Effective Date shall not be eligible for Incentive Payment A for that Payment Year or any subsequent Payment Years.

e. To the extent a Settling State asserts that existing legislation qualifies as a Bar, the Settling State shall provide notice to Amneal no later than 30 days before the Initial Participation Date. Amneal shall indicate before the Initial Participation Date whether existing legislation in a Settling State is sufficient to qualify as a Bar.

f. If a Settling State does not qualify for Incentive Payment A as of the Payment Date for Payment Year 2 and becomes eligible for Incentive Payment A as of Payment Date for Payment Year 3, it shall receive the payment that it would have received for Incentive Payment A for Payment Year 2 (the "Incentive Payment A Catch-up Payment") on the Payment Date for Payment Year 3. If a Settling State is not eligible for Incentive Payment A as of the Payment Date for Payment Year 3 and becomes eligible for Incentive Payment A as of two (2) years after the Effective Date, it shall receive the payment that it would have received for Incentive Payment A for Payment Years 2 and 3 (also an "Incentive Payment A Catch-up Payment") on the Payment Date for Payment Year 4. The Incentive Payment A Catch-up Payment shall be reduced by any amounts paid to the Settling State under Incentive Payment BC prior to the Settling State's eligibility for Incentive Payment A.

g. If Amneal made a payment under Incentive Payment A solely on the basis of a Bar in a Settling State and that Bar is subsequently removed, revoked, rescinded, reversed, overruled, interpreted in a manner to limit the scope of the release, or otherwise deprived of force or effect in any material respect, that Settling State shall not be eligible for Incentive Payment A thereafter, unless the Settling State requalifies for Incentive Payment A through any method pursuant to Section IV.H.4.c, in which case the Settling State shall be eligible for Incentive Payment A less any litigation fees and costs incurred by Amneal in the interim, except that, if the re-imposition occurs after the completion of opening statements in a trial involving a Released Claim, the Settling State shall not be eligible for Incentive Payment A (unless this exception is waived by Amneal).

5. Incentive Payment BC.

a. Incentive Payment BC shall be available to Settling States that do not qualify for Incentive Payment A.

b. Incentive Payment BC shall be up to a maximum of fifty-seven percent (57%) of the Settling State's State Allocation. Incentive Payment BC will be due to a Settling State as part of the Annual Remediation Payment over nine (9) Payment Years, starting in Annual Remediation Payment 2. Subject to Section IV.F, Incentive Payment BC shall equal a total potential maximum of \$40,898,076 if all Eligible States qualify for Incentive Payment BC (and do not qualify for Incentive Payment A).

c. A Settling State may earn Incentive Payment BC in Annual Remediation Payments 2 through 10 and may receive, when combined with the Settling State's Base Payment, up to ninety-seven percent (97%) of the Settling State's State Allocation. The maximum Incentive Payment BC for any Settling State in a given Payment Year shall be the maximum potential Incentive Payment BC for that Payment Year specified in Exhibit M-2 times the Settling State's State Allocation Percentage specified in Exhibit F, provided such Settling State becomes eligible for Incentive Payment BC by sixty (60) days before the Payment Date for Payment Year 6.

d. The amount of Incentive Payment BC for which a Settling State is eligible shall be determined based on the aggregate population of the Settling State's Incentive BC Subdivisions that are Participating Subdivisions or have had their claims resolved through a Case-Specific Resolution, divided by the aggregate population of all the Settling State's Incentive BC Subdivisions. The Settling State's Incentive BC Subdivisions are (i) all Litigating Subdivisions (including School Districts and Special Districts) and (ii) all Primary Subdivisions that have not sued Amneal as of the Initial Participation Date (collectively, "*Incentive BC Subdivisions*").

e. The percentage of the Settling State’s maximum Incentive Payment BC for the Payment Year provided by Section IV.H.5.c to which the Settling State is entitled shall be determined according to the table of Incentive BC payment levels below:

Participation Percentage of Incentive BC Eligible Subdivision Population ⁵	Incentive Payment BC Percentage for the Relevant Payment Year
Less than 85%	0%
85% or more but less than 86%	3.57%
86% or more but less than 87%	8.93%
87% or more but less than 88%	14.29%
88% or more but less than 89%	19.64%
89% or more but less than 90%	25%
90% or more but less than 91%	30.36%
91% or more but less than 92%	35.71%
92% or more but less than 93%	41.07%
93% or more but less than 94%	46.43%
94% or more but less than 95%	51.79%
95% or more but less than 96%	60.71%

⁵ The “Participation Percentage of Incentive BC Eligible Subdivision Population” shall be determined by the aggregate population of the Settling State’s Incentive BC Subdivisions that are Participating Subdivisions or have had their claims resolved through a Case-Specific Resolution, divided by the aggregate population of the Settling State’s Incentive BC Subdivisions. In calculating the Settling State’s population that resides in Incentive BC Subdivisions, the population of the Settling State’s Incentive BC Subdivisions shall be the sum of the population of all Incentive BC Subdivisions in the Settling State, notwithstanding that persons may be included within the population of more than one Incentive BC Subdivision. An individual Subdivision shall not be included more than once in the numerator, and shall not be included more than once in the denominator, of the calculation regardless if it (or any of its officials) is named as multiple plaintiffs in the same lawsuit; provided, however, that for the avoidance of doubt, no Subdivision will be excluded from the numerator or denominator under this sentence unless a Subdivision otherwise counted in the denominator has the authority to release the Claims (consistent with Section X) of the Subdivision to be excluded.

96% or more but less than 97%	68.75%
97% or more but less than 98%	76.79%
98% or more but less than 99%	84.82%
99% or more but less than 100%	92.86%
100%	100%

f. For Payment Years 2-5, the percentage of the available Incentive Payment BC amount for which a Settling State is eligible will be based on the Participation Percentage of Incentive BC Eligible Subdivision Population as of sixty (60) days before the Payment Date. For Payment Years 6-10, the percentage of the available Incentive Payment BC amount for which a Settling State is eligible will be based on the Participation Percentage of Incentive BC Eligible Subdivision Population as of sixty (60) days before the Payment Date for Payment Year 6. If Incentive BC Eligible Subdivisions that have become Participating Subdivisions, or achieved Case-Specific Resolution status, collectively represent less than eighty-five percent (85%) of a Settling State's Incentive BC Eligible Subdivision population by sixty (60) days before the Payment Date for Payment Year 6, the Settling State shall not receive any Incentive Payment BC.

g. If there are no Incentive BC Eligible Subdivisions in a Settling State, and that Settling State is otherwise eligible for Incentive Payment BC because it is not eligible for Incentive Payment A, that Settling State will receive its maximum Incentive Payment BC for that Annual Remediation Payment provided by Section IV.H.5.c.

6. Incentive Payment D.

a. Incentive Payment D shall be available to Settling States that do not qualify for Incentive Payment A.

b. Incentive Payment D shall be equal to up to a maximum of ten percent (10%) of the Adjusted Maximum Remediation Payment, with the actual amount depending whether and the extent to which the criteria set forth below are met in each Settling State. The maximum total for Incentive Payment D is \$7,175,101.⁶

⁶ The Incentive Payment BC table specified in Section IV.H.5.e and Incentive Payment D table specified in Section IV.H.6.f operate so that the combined amount of Incentive Payment BC and Incentive Payment D cannot exceed

c. Incentive Payment D shall be paid starting at Payment Year 5 and the amount of Incentive Payment D in Payment Years 5-10 will depend on (i) the Settling State meeting the qualifications set out in Section IV.H.6.d and (ii) the Participation Percentage of Incentive BC Eligible Subdivision Population achieved by the Settling State as of sixty (60) days prior to the Payment Date for Payment Year 5.

d. A Settling State qualifies for Incentive Payment D if no Later Litigating Subdivision (for purposes of Incentive Payment D, Later Litigating Subdivisions are limited to (i) a Primary Subdivision; (ii) a school district with a K-12 student enrollment of at least 25,000 or 0.10% of the Settling State's population, whichever is greater; (iii) a health district or hospital district that has at least one hundred twenty-five (125) hospital beds in one or more hospitals rendering services in that district; and (iv) Primary Fire Districts) in that Settling State has a lawsuit against a Released Entity survive more than six (6) months after denial in whole or in part of a Threshold Motion.

e. A Settling State's qualification for Incentive Payment D shall be determined as of sixty (60) calendar days prior to the Payment Date ("*Incentive Payment D Look-Back Date*"). If a Later Litigating Subdivision's lawsuit in that Settling State survives more than six (6) months after denial in whole or in part a Threshold Motion after that date, that Settling State shall not be eligible for Incentive Payment D for the Payment Year in which that occurs and any subsequent Payment Year.

f. The Incentive Payment D for any Settling State qualifying for Incentive Payment D in Payment Years 5-10 shall be equal to between three percent (3%) and ten percent (10%) of the of the State Remediation Payment times the Settling State's Overall Allocation Percentage specified in Exhibit F. The applicable percentage shall be determined based on the Participation Percentage of Incentive BC Eligible Subdivision Population achieved by the Incentive Payment D Look-Back Date for Payment Year 5 as shown in the table below:

Participation Percentage of Incentive BC Eligible Subdivision Population as of sixty (60) days prior to the Payment Date for Payment Year 5	Each Eligible Settling State's Applicable Incentive Payment D Percentage
Participation of less than 95%	10% of State Allocation
Participation of 95% but less than 96%	9% of State Allocation
Participation of 96% but less than 97%	8% of State Allocation
Participation of 97% but less than 98%	7% of State Allocation

sixtypercent (60%) of the Adjusted Maximum Remediation Payment over the term of the Agreement. Amneal will have no obligation to pay more than \$43,050,606 for the combined amounts of Incentive Payment BC and Incentive Payment D minus any offsets for Non-Settling States specified in Section IV.F.

Participation of 98% but less than 99%	6% of State Allocation
Participation of 99% but less than 100%	5% of State Allocation
Participation of 100%	3% of State Allocation

g. Incentive Payment D shall be paid in six installments. The Incentive Payment D for any Settling State in a given Payment Year shall be the Maximum Incentive Payment D for that Payment Year specified in Exhibit M-2 times the Settling State's State Allocation Percentage specified in Exhibit F times the ratio between the applicable percentage determined by Section IV.H.6.f and ten percent (10%).⁷ Prior to making the Annual Remediation Payment for Payment Years 5-10, the Settlement Fund Administrator shall determine a Settling State's qualification for Incentive Payment D as of the Incentive Payment D Look-Back Date for that Payment Year. Prior to the Incentive Payment D Look-Back Date for each Payment Year, Amneal may provide the Settlement Fund Administrator and the Enforcement Committee with notice identifying any Settling State(s) it believes do not qualify for Incentive Payment D and information supporting its belief.

h. Notwithstanding Section IV.H.6.d and Section IV.H.6.e, a Settling State can become re-eligible for Incentive Payment D if the lawsuit that survived a Threshold Motion is dismissed pursuant to a later motion on grounds included in the Threshold Motion, in which case the Settling State shall be eligible for Incentive Payment D less any litigation fees and costs incurred by Amneal in the interim, except that if the dismissal motion occurs after the completion of opening statements in such action, the Settling State shall not be eligible for Incentive Payment D.

7. In no event shall any Settling State receive Base Payments and Incentive Payments A, BC, and D totaling more than one hundred percent (100%) of its respective Overall State Allocation Percentage specified in Exhibit F times the Maximum Remediation Payment.

V. Allocation and Use of Settlement Payments

A. *Components of Settlement Fund.* The Settlement Fund shall be funded by the Annual Remediation Payments and comprised of a Remediation Accounts Fund, a State Fund, and a Subdivision Fund for each Settling State. The payments made under Section IV into the

⁷ For example, for a Settling State with a Participation Percentage of Incentive BC Eligible Subdivision Population as of 60 days prior to the Payment Date for Payment Year 5 of 100%, the Incentive Payment D for any given Payment Year shall be the Maximum Incentive Payment D for that Payment Year specified in Exhibit M-2 times the Settling State's State Allocation Percentage specified in Exhibit F times 0.3. For a Settling State with a Participation Percentage of Incentive BC Eligible Subdivision Population as of 60 days prior to the Payment Date for Payment Year 5 of less than 95%, the Incentive Payment D for any given Payment Year shall be the Maximum Incentive Payment D for that Payment Year specified in Exhibit M-2 times the Settling State's State Allocation Percentage specified in Exhibit F times .1.

Settlement Fund shall be initially allocated among those three (3) sub-funds and distributed and used as provided below. Payments placed into the Settlement Fund do not revert back to Amneal.

B. *Use of Settlement Payments.*

1. It is the intent of the Parties that the payments disbursed from the Settlement Fund to Settling States and Participating Subdivisions be for Opioid Remediation, subject to exceptions that must be documented in accordance with Section V.B.2. In no event may less than ninety-five percent (95%) of Amneal's maximum amount of payments pursuant to Section IV as set forth on Exhibit M-2 over the entirety of all Payments Years (but not any single Payment Year) be spent on Opioid Remediation.

2. While disfavored by the Parties, a Settling State or a Participating Subdivision set forth on Exhibit G may use monies from the Settlement Fund (that have not been restricted by this Agreement solely to future Opioid Remediation) for purposes that do not qualify as Opioid Remediation. If, at any time, a Settling State or a Participating Subdivision set forth on Exhibit G uses any monies from the Settlement Fund for a purpose that does not qualify as Opioid Remediation, such Settling State or Participating Subdivision set forth on Exhibit G shall identify such amounts and report to the Settlement Fund Administrator and Amneal how such funds were used, including if used to pay attorneys' fees, investigation costs, litigation costs, or costs related to the operation and enforcement of this Agreement, respectively. It is the intent of the Parties that the reporting under this Section V.B.2 shall be available to the public. For the avoidance of doubt, (a) any amounts not identified under this Section V.B.2 as used to pay attorneys' fees, investigation costs, or litigation costs shall be included in the Compensatory Restitution Amount for purposes of Section V.F and (b) Participating Subdivisions not listed on Exhibit G may only use monies from the Settlement Fund for purposes that qualify as Opioid Remediation.

C. *Allocation of Settlement Fund.* The allocation of the Settlement Fund allows for different approaches to be taken in different states, such as through a State-Subdivision Agreement. Given the uniqueness of Settling States and their Subdivisions, Settling States and their Subdivisions are encouraged to enter into State-Subdivision Agreements in order to direct the allocation of their portion of the Settlement Fund. As set out below, the Settlement Fund Administrator will make an initial allocation to three (3) state-level sub-funds. The Settlement Fund Administrator will then, for each Settling State and its Participating Subdivisions, apply the terms of this Agreement and any relevant State-Subdivision Agreement, Statutory Trust, Allocation Statute, or voluntary redistribution of funds as set out below before disbursing the funds.

1. Base Payments. The Settlement Fund Administrator will allocate Base Payments under Section IV.G among the Settling States pursuant to Section IV.G.2. Base payments for each Settling State will then be allocated fifteen percent (15%) to its State Fund, seventy percent (70%) to its Remediation Accounts Fund, and fifteen percent (15%) to its Subdivision Fund. Amounts may be reallocated and will be distributed as provided in Section V.D.

2. Incentive Payments. The Settlement Fund Administrator will treat Incentive Payments under Section IV.H on a state-specific basis. Incentive Payments for which a Settling State is eligible will be allocated fifteen percent (15%) to its State Fund, seventy percent (70%) to its Remediation Accounts Fund, and fifteen percent (15%) to its Subdivision Fund. Amounts may be reallocated and will be distributed as provided in Section V.D.

3. Application of Adjustments. If an offset under Section XII applies with respect to a Settling State, the offset shall be applied proportionally to all amounts that would otherwise be apportioned and distributed to the State Fund, the Remediation Accounts Fund, and the Subdivision Fund for that Settling State.

4. Settlement Fund Administrator. Prior to the Effective Date, Amneal and the Enforcement Committee will agree to a detailed mechanism consistent with the foregoing for the Settlement Fund Administrator to follow in allocating, apportioning, and distributing payments, which shall then be appended hereto as Exhibit L.

5. Settlement Fund Administrator Costs. Any costs and fees associated with or arising out of the duties of the Settlement Fund Administrator as described in Exhibit L shall be paid from the interest accrued in the Settlement Fund Escrow and the Settlement Fund; *provided, however,* that if such accrued interest is insufficient to pay the entirety of any such costs and fees, the additional amount shall be paid out of the Settlement Fund. For the avoidance of doubt, nothing in this provision shall require Amneal to pay any costs, fees or other amounts in excess of the Global Settlement Amount.

D. *Settlement Fund Reallocation and Distribution.* As set forth below, within a particular Settling State's account, amounts contained in the Settlement Fund sub-funds may be reallocated and distributed per a State-Subdivision Agreement or other means. If the apportionment of amounts is not addressed and controlled under Section V.D.1 and Section V.D.2, then the default provisions of Section V.D.4 apply. It is not necessary that a State-Subdivision Agreement or other means of allocating funds pursuant to Section V.D.1 and Section V.D.2 address all of the Settlement Fund sub-funds. For example, a Statutory Trust might only address disbursements from a Settling State's Remediation Accounts Fund.

1. Distribution by State-Subdivision Agreement. If a Settling State has a State-Subdivision Agreement, amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section V.C shall be reallocated and distributed as provided by that agreement. Any State-Subdivision Agreement entered into after the Preliminary Agreement Date shall be applied only if it requires: (a) that all amounts be used for Opioid Remediation, except as allowed by Section V.B.2, and (b) that at least seventy percent (70%) of amounts be used solely for future Opioid Remediation.⁸ For a State-

⁸ Future Opioid Remediation includes amounts paid to satisfy any future demand by another governmental entity to make a required reimbursement in connection with the past care and treatment of a person related to the Alleged Harms

Subdivision Agreement to be applied to the relevant portion of an Annual Payment, notice must be provided to Amneal and the Settlement Fund Administrator at least sixty (60) calendar days prior to the Payment Date.

2. Distribution by Allocation Statute. If a Settling State has an Allocation Statute and/or a Statutory Trust that addresses allocation or distribution of amounts apportioned to such Settling State's State Fund, Remediation Accounts Fund, and/or Subdivision Fund and that, to the extent any or all such sub-funds are addressed, requires (1) all amounts to be used for Opioid Remediation, except as allowed by Section V.B.2, and (2) at least seventy percent (70%) of all amounts to be used solely for future Opioid Remediation then, to the extent allocation or distribution is addressed, the amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section V.C shall be allocated and distributed as addressed and provided by the applicable Allocation Statute or Statutory Trust. For the avoidance of doubt, an Allocation Statute or Statutory Trust need not address all three (3) sub-funds that comprise the Settlement Fund, and if the applicable Allocation Statute or Statutory Trust does not address distribution of all or some of these three (3) sub-funds, the applicable Allocation Statute or Statutory Trust does not replace the default provisions described in Section V of any such unaddressed fund. For example, if an Allocation Statute or Statutory Trust that meets the requirements of this Section V.D.2 only addresses funds restricted to remediation, then the default provisions of this Agreement concerning allocation among the three (3) sub-funds comprising the Settlement Fund and the distribution of the State Fund and Subdivision Fund for that Settling State would still apply, while the distribution of the applicable State's Remediation Accounts Fund would be governed by the qualifying Allocation Statute or Statutory Trust.

3. Voluntary Redistribution. A Settling State may choose to reallocate all or a portion of its State Fund to its Remediation Accounts Fund. A Participating Subdivision included on Exhibit G may choose to reallocate all or a portion of its allocation from the Subdivision Fund to the Settling State's Remediation Accounts Fund or to another Participating Subdivision. The Settlement Fund Administrator is not required to honor a voluntary redistribution for which notice is provided to it less than sixty (60) calendar days prior to the applicable Payment Date.

4. Distribution in the Absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust. If Section V.D.1 and Section V.D.2 do not apply, amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section V.C shall be distributed as follows:

- a. Amounts apportioned to that Settling State's State Fund shall be distributed to that Settling State.
- b. Amounts apportioned to that Settling State's Remediation Accounts Fund shall be distributed consistent with Section V.E. Each Settling State shall submit to the Settlement Fund Administrator a designation of a lead state agency or other entity to serve as the single point of contact for that Settling State's funding

requests from the Remediation Accounts Fund and other communications with the Settlement Fund Administrator. The designation of an individual entity is for administrative purposes only and such designation shall not limit funding to such entity or even require that such entity receive funds from this Agreement. The designated entity shall be the only entity authorized to request funds from the Settlement Fund Administrator to be disbursed from that Settling State's Remediation Accounts Fund. If a Settling State has established a Statutory Trust then that Settling State's single point of contact may direct the Settlement Fund Administrator to release the Settling State's Remediation Accounts Fund to the Statutory Trust.

c. Amounts apportioned to that Settling State's Subdivision Fund shall be distributed to Participating Subdivisions in that Settling State included on Exhibit G per the Subdivision Allocation Percentage listed in Exhibit G. Section VII.H shall govern amounts that would otherwise be distributed to Non-Participating Subdivisions listed in Exhibit G. For the avoidance of doubt and notwithstanding any other provision in this Agreement, no Non-Participating Subdivision will directly receive any amount from the Settlement Fund, regardless of whether such Subdivision is included on Exhibit G.

d. Special Districts shall not be allocated funds from the Subdivision Fund, except through a voluntary redistribution allowed by Section V.D.3 to Special Districts that are Participating Subdivisions. A Settling State may allocate funds from its State Fund or Remediation Accounts Fund for Special Districts that are Participating Subdivisions.

5. Restrictions on Distribution. No amounts may be distributed from the Subdivision Fund contrary to Section VII, i.e., no amounts may be distributed directly to Non-Participating Subdivisions or to Later Participating Subdivisions to the extent such a distribution would violate Section VII.E through Section VII.H. Amounts allocated to the Subdivision Fund that cannot be distributed by virtue of the preceding sentence shall be distributed into the sub-account in the Remediation Accounts Fund for the Settling State in which the Subdivision is located, unless those payments are redirected elsewhere by a State-Subdivision Agreement described in Section V.D.1 or by an Allocation Statute or a Statutory Trust described in Section V.D.2.

E. *Provisions Regarding the Remediation Accounts Fund.*

1. State-Subdivision Agreement, Allocation Statute, and Statutory Trust Fund Provisions. A State-Subdivision Agreement, Allocation Statute, or Statutory Trust may govern the operation and use of amounts in that Settling State's Remediation Accounts Fund so long as it complies with the requirements of Section V.D.1 or Section V.D.2, as applicable, and all direct payments to Subdivisions comply with Section VII.E through Section VII.H.

2. Absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust. In the absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust that addresses distribution, the Remediation Accounts Fund will be used solely for future Opioid Remediation and the following shall apply with respect to a Settling State:

a. Regional Remediation.

(i) At least fifty percent (50%) of distributions for remediation from a Settling State's Remediation Accounts Fund shall be annually allocated and tracked to the regional level. A Settling State may allow the Advisory Committee established pursuant to Section V.E.2.d to define its regions and assign regional allocations percentages. Otherwise, the Settling State shall (A) define its initial regions, which shall consist of one (1) or more General Purpose Subdivisions and which shall be designated by the state agency with primary responsibility for substance abuse disorder services employing, to the maximum extent practical, existing regions established in that Settling State for opioid abuse treatment or other public health purposes; (B) assign initial regional allocation percentages to the regions based on the Subdivision Allocation Percentages in Exhibit G and an assumption that all Subdivisions included on Exhibit G will become Participating Subdivisions.

(ii) This minimum regional expenditure percentage is calculated on the Settling State's initial Remediation Accounts Fund allocation and does not include any additional amounts a Settling State has directed to its Remediation Accounts Fund from its State Fund, or any other amounts directed to the fund. A Settling State may dedicate more than fifty percent (50%) of its Remediation Accounts Fund to the regional expenditure and may annually adjust the percentage of its Remediation Accounts Fund dedicated to regional expenditures as long as the percentage remains above the minimum amount.

(iii) The Settling State (A) has the authority to adjust the definition of the regions, and (B) may annually revise the percentages allocated to each region to reflect the number of General Purpose Subdivisions in each region that are Non-Participating Subdivisions.

b. *Subdivision Block Grants.* Certain Subdivisions shall be eligible to receive regional allocation funds in the form of a block grant for future Opioid Remediation. A Participating Subdivision eligible for block grants is a county or parish (or in the case of Settling States that do not have counties or parishes that function as political subdivisions, a city) that (1) does not contain a Litigating Subdivision or a Later Litigating Subdivision for which it has the authority to end the litigation through a release, bar or other action; (2) either (i) has a population of 400,000 or more or (ii) in the case of California has a population of 750,000 or more; and (3) has funded or otherwise managed an established health care or

treatment infrastructure (e.g., health department or similar agency). Each Subdivision eligible to receive block grants shall be assigned its own region.

c. *Small Settling States.* Notwithstanding the provisions of Section V.E.2.a, Settling States with populations under four (4) million that do not have existing regions described in Section V.E.2.a shall not be required to establish regions. However, such a Settling State that contains one (1) or more Subdivisions eligible for block grants under Section V.E.2.b shall be divided regionally so that each block-grant eligible Subdivision is a region, and the remainder of the state is a region.

d. *Advisory Committee.* The Settling State shall designate an Opioid Settlement Remediation Advisory Committee (the “*Advisory Committee*”) to provide input and recommendations regarding remediation spending from that Settling State’s Remediation Accounts Fund. A Settling State may elect to use an existing advisory committee or similar entity (created outside of a State-Subdivision Agreement or Allocation Statute); *provided, however*, the Advisory Committee or similar entity shall meet the following requirements:

(i) Written guidelines that establish the formation and composition of the Advisory Committee, terms of service for members, contingency for removal or resignation of members, a schedule of meetings, and any other administrative details;

(ii) Composition that includes at least an equal number of local representatives as state representatives;

(iii) A process for receiving input from Subdivisions and other communities regarding how the opioid crisis is affecting their communities, their remediation needs, and proposals for remediation strategies and responses; and

(iv) A process by which Advisory Committee recommendations for expenditures for Opioid Remediation will be made to and considered by the appropriate state agencies.

3. Remediation Accounts Fund Reporting. The Settlement Fund Administrator shall track and assist in the report of remediation disbursements as agreed to between Amneal and the Enforcement Committee

F. *Nature of Payment.* Amneal, the Settling States, and the Participating Subdivisions each acknowledge and agree that notwithstanding anything to the contrary in this Agreement, including, but not limited to, the scope of the Released Claims:

1. They have entered into this Agreement to avoid the delay, expense, inconvenience, and uncertainty of further litigation;

2. (a) The Settling States and Participating Subdivisions sought compensatory payments (within the meaning of 26 U.S.C. § 162(f)(2)(A) and 26 C.F.R. § 1.162-21(e)(4)(i)) as damages for the Alleged Harms allegedly suffered by the Settling States and Participating Subdivisions; (b) the Compensatory Restitution Amount is less than or equal to the amount, in the aggregate, of the Alleged Harms allegedly suffered by the Settling States and Participating Subdivisions; and (c) the portion of the Compensatory Restitution Amount received by each Settling State or Participating Subdivision is less than or equal to the amount of the Alleged Harms allegedly suffered by such Settling State or Participating Subdivision;

3. The payment of the Compensatory Restitution Amount by Amneal constitutes payment (within the meaning of 26 U.S.C. § 162(f)(2)(A) and 26 C.F.R. § 1.162-21(e)(4)(i), (ii)) for alleged damage or harm allegedly caused by Amneal in order to restore, in whole or in part, the Settling States, Participating Subdivisions, and persons to the same position or condition that they would be in had the Settling States, Participating Subdivisions, and persons not suffered the Alleged Harms, and constitutes compensatory restitution and remediation for alleged damage or harm allegedly caused by the potential violation of a law; and

4. For the avoidance of doubt: (a) the entire Compensatory Restitution Amount is properly characterized as described in Section V.F, (b) no portion of the Compensatory Restitution Amount represents reimbursement to any Settling State or Participating Subdivision or other person or entity for the fees or costs of any investigation or litigation, including without limitation attorneys' fees, (c) no portion of the Global Settlement Amount constitutes the disgorgement of any allegedly ill-gotten gains, and (d) no portion of the Global Settlement Amount is paid for, is in place of, or is properly characterized as the payment of any fine, penalty, punitive damages, or other punitive assessments.

VI. Enforcement

A. *Enforceability.* This Agreement is enforceable only by the Settling States and Amneal; *provided, however*, that Released Entities may enforce Section X and Participating Subdivisions listed on Exhibit G have the enforcement rights described later in this paragraph and in Section VI.D. Except to the extent allowed by the Injunctive Relief Terms, Settling States and Participating Subdivisions shall not have enforcement rights against Amneal with respect to either the terms of this Agreement that apply only to or in other Settling States or any Consent Judgment entered into by another Settling State. Participating Subdivisions shall not have enforcement rights against Amneal with respect to this Agreement or any Consent Judgment except that Participating Subdivisions listed on Exhibit G shall have enforcement rights as set forth herein as to payments that would be allocated to the Participating Subdivisions or the Remediation Accounts Fund in such Settling State; *provided, however*, that each Settling State shall allow Participating Subdivisions in such Settling State to notify it of any perceived violations of this Agreement or the applicable Consent Judgment.

B. *Jurisdiction.* Amneal consents to the jurisdiction of the court in which each Settling State files its Consent Judgment, limited to resolution of disputes identified in Section VI.F.2 for resolution in that court.

C. *Specific Terms Dispute Resolution.*

1. Any dispute that is addressed by the provisions set forth in the Injunctive Relief Terms shall be resolved as provided therein.

2. In the event that Amneal believes that the ninety-five percent (95%) threshold established in Section V.B.1 is not being satisfied, any Party may request that Amneal and the Enforcement Committee meet and confer regarding the use of funds to implement Section V.B.1. The completion of such meet-and-confer process is a precondition to further action regarding any such dispute. Further action concerning Section V.B.1 shall: (i) be limited to Amneal seeking to reduce its Annual Remediation Payments by no more than five percent (5%) of the difference between the actual amount of Opioid Remediation and the ninety-five percent (95%) threshold established in Section V.B.1; (ii) only reduce Annual Remediation Payments to those Settling States and their Participating Subdivision(s) that are below the ninety-five percent (95%) threshold established in Section V.B.1; and (iii) not reduce Annual Remediation Payments restricted to future Opioid Remediation.

D. *State-Subdivision Enforcement.*

1. A Subdivision shall not have enforcement rights against a Settling State in which it is located with respect to this Agreement or any Consent Judgment except that a Participating Subdivision listed on Exhibit G shall have enforcement rights (a) as provided for in a State-Subdivision Agreement, Allocation Statute, or Statutory Trust with respect to intrastate allocation or (b) in the absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust, to allegations that (i) the Settling State's use of Remediation Accounts Fund monies were not used for uses similar to or in the nature of those uses contained in Exhibit E; or (ii) a Settling State failed to pay funds directly from the Remediation Accounts Fund to a Participating Subdivision eligible to receive a block grant pursuant to Section V.E.2.b.

2. A Settling State shall have enforcement rights against a Participating Subdivision located in its territory (a) as provided for in a State-Subdivision Agreement, Allocation Statute, or Statutory Trust; or (b) in the absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust, to allegations that the Participating Subdivisions' uses of Remediation Accounts Fund monies were not used for purposes similar to or in the nature of those uses contained in Exhibit E.

3. As between the Settling States and Participating Subdivisions, the above rights are contractual in nature and nothing herein is intended to limit, restrict, change or alter any other existing rights under law.

E. *Subdivision Amneal Payment Enforcement.* A Participating Subdivision listed on Exhibit G shall have the same right as a Settling State to seek resolution regarding the failure by Amneal to make its Annual Remediation Payment in a Payment Year.

F. *Other Terms Regarding Dispute Resolution.*

1. The parties to a dispute shall promptly meet and confer in good faith to resolve any dispute. If the parties cannot resolve the dispute informally, and unless otherwise agreed in writing, they shall follow the remaining provisions in this section to resolve the dispute.

2. Except to the extent provided by Section VI.C or Section VI.F.3, all disputes not resolved informally shall be resolved in either the court that entered the relevant Consent Judgment or, if no such Consent Judgment was entered, a state or territorial court with jurisdiction located wherever the seat of the relevant state government is located.

a. State court proceedings shall be governed by the rules and procedures of the relevant forum.

b. For the avoidance of doubt, disputes to be resolved in state court include, but are not limited to, the following:

(i) disputes concerning whether expenditures qualify as Opioid Remediation;

(ii) disputes between a Settling State and its Participating Subdivisions as provided by Section VI.D, except to the extent the State-Subdivision Agreement provides for other dispute resolution mechanisms. For the avoidance of doubt, disputes between a Settling State and any Participating Subdivision shall not be considered National Disputes;

(iii) whether this Agreement and relevant Consent Judgment are binding under state law;

(iv) the extent of the Attorney General's or other participating entity's authority under state law, including the extent of the authority to release claims; and

(v) whether the definition of a Bar, a Case-Specific Resolution, Final Order, lead state agency as described in Section V.D.4.b, Later Litigating Subdivision, Litigating Subdivision, or Threshold Motion have been met; and

(vi) all other disputes not specifically identified in Section VI.C or Section VI.F.3.

c. Any Party may request that the National Arbitration Panel provide an interpretation of any provision of the settlement that is relevant to the state court determination, and the National Arbitration Panel shall make reasonable best efforts to supply such interpretation within the earlier of thirty (30) calendar days or the time period required by the state court proceedings. Any Party may submit that interpretation to the state court to the extent permitted by, and for such weight provided by, the state court's rules and procedures. If requested by a Party, the National Arbitration Panel shall request that its interpretation be accepted in the form of an *amicus curiae* brief, and any attorneys' fees and costs for preparing any such filing shall be paid for by the requesting Party.

3. National Disputes involving a Settling State, a Participating Subdivision that has enforcement rights pursuant to Section VI.A, and/or Amneal shall be resolved by the National Arbitration Panel.

a. National Disputes are disputes that are not addressed by Section VI.C, and which are exceptions to Section VI.F.2's presumption of resolution in state courts because they involve issues of interpretation of terms contained in this Agreement applicable to all Settling States without reference to a particular state's law. Disputes between a Settling State and any Participating Subdivision shall not be considered National Disputes. National Disputes are limited to the following:

(i) the amount of offset and/or credit attributable to Non-Settling States;

(ii) issues involving the scope and definition of Product;

(iii) interpretation and application of the terms "Covered Conduct," "Released Entities," and "Released Claims;"

(iv) the failure by Amneal to pay the Annual Remediation Payment or the Additional Remediation Amount in a Payment Year, but for the avoidance of doubt, disputes between Amneal and a Settling State over the amounts owed only to that state that do not affect any other Settling State shall not be considered National Disputes;

(v) questions regarding the performance and/or removal of the Settlement Fund Administrator;

(vi) disputes involving liability of successor entities;

(vii) disputes that require a determination of the sufficiency of participation in order to qualify for Incentive Payments A, BC, or D;

(viii) disputes involving a Releasor's compliance with, and the appropriate remedy under, Section X.B.4;

(ix) disputes requiring the interpretation of Agreement terms that are national in scope or impact, which shall mean disputes requiring the interpretation of Agreement terms that (i) concretely affect four (4) or more Settling States; and (ii) do not turn on unique definitions and interpretations under state law; and

(x) any dispute subject to resolution under Section VI.F.2 but for which all parties to the dispute agree to arbitration before the National Arbitration Panel under the provisions of this Section VI.F.3.

b. The National Arbitration Panel shall be comprised of three (3) arbitrators. One (1) arbitrator shall be chosen by Amneal, one (1) arbitrator shall be chosen by the Enforcement Committee with due input from Participating Subdivisions listed on Exhibit G, and the third arbitrator shall be agreed upon by the first two (2) arbitrators. The membership of the National Arbitration Panel is intended to remain constant throughout the term of this Agreement, but in the event that replacements are required, the retiring arbitrator shall be replaced by the party that selected him/her.

c. The National Arbitration Panel shall make reasonable best efforts to decide all matters within one hundred eighty (180) calendar days of filing, and in no event shall it take longer than one (1) year.

d. The National Arbitration Panel shall conduct all proceedings in a reasonably streamlined process consistent with an opportunity for the parties to be heard. Issues shall be resolved without the need for live witnesses where feasible and with a presumption in favor of remote participation to minimize the burdens on the parties.

e. To the extent allowed under state law, a Settling State, a Participating Subdivision that has enforcement rights pursuant to Section VI.A, and (at any party's request) the National Arbitration Panel may certify to an appropriate state court any question of state law. The National Arbitration Panel shall be bound by a final state court determination of such a certified question. The time period for the arbitration shall be tolled during the course of the certification process.

f. The arbitrators will give due deference to any authoritative interpretation of state law, including any declaratory judgment or similar relief obtained by a Settling State, a Participating Subdivision that has enforcement rights pursuant to Section VI.A, or Amneal on a state law issue.

g. The decisions of the National Arbitration Panel shall be binding on Settling States, Participating Subdivisions, Amneal, and the Settlement Fund Administrator. In any proceeding before the National Arbitration Panel involving a dispute between a Settling State and Amneal whose resolution could prejudice the

rights of a Participating Subdivision(s) in that Settling State, such Participating Subdivision(s) shall be allowed to file a statement of view in the proceeding.

h. Nothing herein shall be construed so as to limit or otherwise restrict a Settling State from seeking injunctive or other equitable relief in state court to protect the health, safety, or welfare of its citizens.

i. Each party shall bear its own costs in any arbitration or court proceeding arising under this Section VI. The costs for the arbitrators on the National Arbitration Panel shall be divided and paid equally by the disputing sides for each individual dispute, e.g., a dispute between Amneal and Settling States/Participating Subdivisions shall be split fifty percent (50%) by Amneal and fifty percent (50%) by the Settling States/Participating Subdivisions that are parties to the dispute; a dispute between a Settling State and a Participating Subdivision shall be split fifty percent (50%) by the Settling State that is party to the dispute and fifty percent (50%) by any Participating Subdivisions that are parties to the dispute. For the avoidance of doubt, Amneal shall not be responsible for the National Arbitration Panel costs in disputes that do not concern Amneal.

4. Prior to initiating an action to enforce pursuant to this Section VI.F, the complaining party must:

a. Provide written notice to the Enforcement Committee and/or Amneal of its complaint, including the provision of the Consent Judgment and/or Agreement that the practice appears to violate, as well as the basis for its interpretation of the disputed provision. The Enforcement Committee shall establish a reasonable process and timeline for obtaining additional information from the involved parties; *provided, however*, that the date the Enforcement Committee establishes for obtaining additional information from the parties shall not be more than forty-five (45) calendar days following the notice. The Enforcement Committee may advise the involved parties of its views on the complaint and/or seek to resolve the complaint informally.

b. Wait to commence any enforcement action until thirty (30) calendar days after the date that the Enforcement Committee establishes for obtaining additional information from the involved parties.

5. If the parties to a dispute cannot agree on the proper forum for resolution of the dispute under the provisions of Section VI.F.2 or Section VI.F.3, a committee comprising the Enforcement Committee and sufficient representatives of Amneal such that the members of the Enforcement Committee have a majority of one (1) member will determine the forum where the dispute will be initiated within twenty-eight (28) calendar days of receiving notification of the dispute relating to the proper forum. The forum identified by such committee shall be the sole forum for litigating the issue of which forum will hear the

substantive dispute, and the committee's identification of such forum in the first instance shall not be entitled to deference by the forum selected.

G. *Lien or Encumbrance.* To the extent allowed by applicable law, this Settlement Agreement shall not be deemed to create a lien or encumbrance against any real property owned by Amneal or its affiliates, unless in the event of a default or breach of the payment provisions by Amneal. Nothing in this Section shall be construed to limit any remedy of any Settling State or Participating Subdivision in the event of a default or breach of this Agreement by Amneal.

H. *No Effect.* Nothing in this Agreement shall be interpreted to limit the Settling States' Civil Investigative Demand ("CID") or investigative subpoena authority, to the extent such authority exists under applicable state law and the CID or investigative subpoena is issued pursuant to such authority, and Amneal reserves all of its rights in connection with a CID or investigative subpoena issued pursuant to such authority.

VII. Participation by Subdivisions

A. *Notice.* No later than fifteen (15) calendar days after the Preliminary Agreement Date, the Implementation Administrator shall send individual written notice (which may be delivered via e-mail or other electronic means and may be combined with distribution of the Subdivision Settlement Participation Form) of the opportunity to participate in this Agreement and the requirements of participation to all Subdivisions in the Settling States that are (1) Litigating Subdivisions or (2) Non-Litigating Subdivisions listed on Exhibit G. To the extent a Special District is entitled to an allocation for a direct payment through its inclusion in Exhibit G pursuant to a State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution, the Implementation Administrator, with the cooperation of the Settling States shall also send individual written notice (which may be delivered via e-mail or other electronic means) of the opportunity to participate in this Agreement and the requirements of participation to such Special Districts. Unless otherwise agreed by the Parties, the version of Exhibit G used for notice shall be the one in place as of the Preliminary Agreement Date. Notice (which may be delivered via e-mail or other electronic means) shall also be provided simultaneously to counsel of record for Litigating Subdivisions and known counsel for Non-Litigating Subdivisions and Special Districts listed on Exhibit G. The costs of the Implementation Administrator shall be paid for by the interest earned from the deposit accounts holding the Adjusted Maximum Base Payment for Payment Year 1 for Amneal and nothing in this provision shall require Amneal to pay any costs, fees or other amounts in excess of the Global Settlement Amount. The Settling States, with the cooperation of Amneal, may also provide general notice reasonably calculated to alert Non-Litigating Subdivisions in the Settling States to this Agreement, the opportunity to participate in it, and the requirements for participation. Such notice may include publication and other standard forms of notification, as well as notice to state and county organizations such as the National Association of Counties and the National League of Cities. The notice will include that the deadline for becoming an Initial Participating Subdivision is the Initial Participation Date. Nothing contained herein shall preclude a Settling State from providing further notice to or otherwise contacting any of its Subdivisions about becoming a Participating Subdivision, including beginning any of the activities described in this paragraph prior to the Preliminary Agreement Date.

B. *Requirements for Becoming a Participating Subdivision—Non-Litigating Subdivisions.* A Non-Litigating Subdivision in a Settling State may become a Participating Subdivision by returning an executed Subdivision Settlement Participation Form to the Implementation Administrator or Settlement Fund Administrator (which may be executed and returned by electronic means established by the Implementation Administrator or Settlement Fund Administrator) specifying (1) that the Subdivision agrees to the terms of this Agreement pertaining to Subdivisions, (2) that the Subdivision releases all Released Claims against all Released Entities, (3) that the Subdivision agrees to use monies it receives, if any, from the Settlement Fund pursuant to the applicable requirements of Section V; *provided, however*, that Non-Litigating Subdivisions may only use monies originating from the Settlement Fund for purposes that qualify as Opioid Remediation, and (4) that the Subdivision submits to the jurisdiction of the court where the applicable Consent Judgment is filed for purposes limited to that court's role under this Agreement. The required Subdivision Settlement Participation Form is attached as Exhibit K.

C. *Requirements for Becoming a Participating Subdivision—Litigating Subdivisions/Later Litigating Subdivisions.* A Litigating Subdivision or Later Litigating Subdivision in a Settling State may become a Participating Subdivision by returning an executed Subdivision Settlement Participation Form to the Implementation Administrator or Settlement Fund Administrator (which may be executed and returned by electronic means established by the Implementation Administrator or Settlement Fund Administrator) and upon prompt dismissal with prejudice of its lawsuit following the Reference Date or the date on which the conditions for effectiveness in Section VIII.B have been met, whichever is later. A Settling State may require each Litigating Subdivision in that Settling State to specify on the Subdivision Settlement Participation Form whether its counsel has waived any contingency fee contract with that Participating Subdivision and whether, if eligible, it intends to seek fees pursuant to Exhibit R. The Settlement Fund Administrator shall provide reports of this information to the parties upon request. A Litigating Subdivision or Later Litigating Subdivision may not become a Participating Subdivision after the completion of opening statements in a trial of the lawsuit it brought that includes a Released Claim against a Released Entity.

D. *Initial Participating Subdivisions.* A Subdivision qualifies as an Initial Participating Subdivision if it meets the applicable requirements for becoming a Participating Subdivision set forth in Section VII.B or Section VII.C by the Initial Participation Date. All Subdivision Settlement Participation Forms shall be held in escrow by the Implementation Administrator until the Reference Date. If, for any reason, the Agreement does not become effective, all obligations created by such forms and releases in them shall be void *ab initio* and/ all Subdivision Participation Agreements shall be returned to Counsel for Litigating Subdivisions or to the Subdivisions not represented by counsel or destroyed to the extent that such destruction is not prohibited by then existing document preservation obligations.

E. *Later Participating Subdivisions.* A Subdivision that is not an Initial Participating Subdivision may become a Later Participating Subdivision by meeting the applicable requirements for becoming a Participating Subdivision set forth in Section VII.B or Section VII.C after the Initial Participation Date and by agreeing to be subject to the terms of a State-Subdivision Agreement (if any) or any other structure adopted or applicable pursuant to Section V.D or Section V.E. Unless

waived by Amneal, the following provisions govern what a Later Participating Subdivision can receive (but do not apply to Initial Participating Subdivisions):

1. A Later Participating Subdivision shall not receive any share of any Annual Remediation Payment due before it became a Participating Subdivision.

2. A Later Participating Subdivision that becomes a Participating Subdivision after December 15, 2026, shall receive seventy-five percent (75%) of the share of future Base Payments or Incentive Payments that it would have received had it become a Later Participating Subdivision prior to that date (unless the Later Participating Subdivision is subject to Section VII.E.3 or Section VII.E.4).

3. A Later Participating Subdivision that, after the Initial Participation Date, maintains a lawsuit for a Released Claim(s) against a Released Entity and has judgment entered against it on every such Claim before it became a Participating Subdivision (other than a consensual dismissal with prejudice) shall receive fifty percent (50%) of the share of future Base Payments or Incentive Payments that it would have received had it become a Later Participating Subdivision prior to such judgment; *provided, however*, that if the Subdivision appeals the judgment and the judgment is affirmed with finality before the Subdivision becomes a Participating Subdivision, the Subdivision shall not receive any share of any Base Payment or Incentive Payments.

4. A Later Participating Subdivision that becomes a Participating Subdivision while a Bar or Case-Specific Resolution involving a different Subdivision exists in its state shall receive twenty-five percent (25%) of the share of future Base Payments or Incentive Payments that it would have received had it become a Later Participating Subdivision without such Bar or Case-Specific Resolution.

F. *No Increase in Payments.* Amounts to be received by Later Participating Subdivisions shall not increase the payments due from Amneal.

G. *Non-Participating Subdivisions.* Non-Participating Subdivisions shall not directly receive any portion of any Annual Remediation Payment, including from the State Fund and direct distributions from the Remediation Accounts Fund; however, a Settling State may choose to fund future Opioid Remediation that indirectly benefits Non-Participating Subdivisions.

H. *Unpaid Allocations to Later Participating Subdivisions and Non-Participating Subdivisions.* Any Base Payment and Incentive Payments allocated pursuant to Section V.D to a Later Participating Subdivision or Non-Participating Subdivision that cannot be paid pursuant to this Section VII, including the amounts that remain unpaid after the reductions required by Section VII.E.2 through Section VII.E.4, will be allocated to the Remediation Accounts Fund for the Settling State in which the Subdivision is located, unless those payments are redirected elsewhere by a State-Subdivision Agreement or by a Statutory Trust.

VIII. Condition to Effectiveness of Agreement and Filing of Consent Judgment

A. *Determination to Proceed with Settlement—Settling States.* Following the Initial Subdivision Participation Date, the Enforcement Committee shall determine whether to proceed with the Agreement on behalf of the Settling States, and the Settling States shall be bound by the determination of the Enforcement Committee. No later than fifteen (15) calendar days prior to the Reference Date, the Enforcement Committee shall provide notice to Amneal of its decision. If the Enforcement Committee elects not to proceed, this Agreement will have no further effect, and all releases (including those contained in Subdivision Participation Agreements) and other commitments or obligations contained herein or in Subdivision Settlement Participation Forms will be void. Within seven (7) calendar days of informing Amneal that there is sufficient participation to proceed, the Enforcement Committee will deliver all signatures and releases required by the Agreement to be provided by the Settling States to Amneal.

B. *Determination to Proceed with Settlement—Amneal.* If the Settling States elect to proceed, Amneal will then determine on or before the Reference Date whether there is sufficient Eligible State participation, sufficient Subdivision participation, and sufficient resolution of the Claims of the Litigating Subdivisions in the Settling States (through participation under Section VII, Case-Specific Resolution(s) and Bar(s)) to proceed with this Agreement. The determination shall be in the sole discretion of Amneal and may be based on any criteria or factors deemed relevant by Amneal.

C. *Notice by Amneal.* On or before the Reference Date, Amneal shall inform the Settling States of its determination pursuant to Section VIII.B. If Amneal determines to proceed, the Parties will proceed to file the Consent Judgments and the obligations in the Subdivision Settlement Participation Forms will be effective and binding as of the Reference Date. If Amneal determines not to proceed, this Agreement will have no further effect, any amounts deposited for Payment Year 1, including funds referenced in Section IV.D.1 and Exhibit M, shall revert to Amneal, and all releases (including those contained in Subdivision Settlement Participation Forms) and other commitments or obligations contained herein or in Subdivision Settlement Participation Forms will be void.

IX. Participating Subdivision Attorneys' Fees and Costs and Additional Remediation Amount

A. The Agreement on Subdivision Attorneys' Fees, Expenses and Costs is set forth in Exhibit R and incorporated herein by reference. Agreed terms concerning the State AG Fees are set forth in Exhibit S and are incorporated herein by reference.

B. *Additional Remediation Amount.*

1. Subject to and without exceeding the maximum payment amounts set forth in the "Additional Remediation Amount" column of Exhibit M-3 and subject to the reduction specified in Section IX.B.2, Amneal shall pay an Additional Remediation Amount to the Settling States listed in Exhibit N. Such funds shall be paid, on the schedule set forth in Exhibit M-3, as allocated by the Settlement Fund Administrator pursuant to Exhibit N.

2. *Reduction of Additional Remediation Amount.* The amounts owed by Amneal pursuant to this Section IX.B shall be reduced by the allocations set forth on Exhibit N for Non-Settling States.

3. For the avoidance of doubt, (1) a Settling State that retained outside counsel in connection with the investigation of Amneal that receives an Additional Remediation Amount may choose to have the Additional Remediation Amount designated to pay the Settling State's outside counsel, and may instruct the Settlement Fund Administrator to pay those funds directly to the Settling State's outside counsel, and (2) Additional Remediation Amount funds, including funds designated by a Settling State to pay its outside counsel under this paragraph, shall not be subject to allocation as provided in Section V.C through Section V.E.

C. All payments addressed by this Section IX will be made no later than the Payment Date for the Payment Year in which they are due, pursuant to Exhibit M-3.

X. Release

A. *Scope.* As of the Effective Date, the Released Entities are hereby released and forever discharged from all of the Releasors' Released Claims. Each Settling State (for itself and its Releasors) and Participating Subdivisions (for itself and its Releasors) hereby absolutely, unconditionally, and irrevocably covenants not to bring, file, or claim, or to cause, assist in bringing or permit to be brought, filed, or claimed, or to otherwise seek to establish liability for any Released Claims against any Released Entity in any forum whatsoever. The releases provided for in this Agreement are intended by the Parties to be broad and shall be interpreted so as to give the Released Entities the broadest possible bar against any liability relating in any way to Released Claims and extend to the full extent of the power of each Settling State and its Attorney General to release claims. This Agreement shall be a complete bar to any Released Claim.

B. *Claim-Over and Non-Party Settlement.*

1. It is the intent of the Parties that:

a. Released Entities should not seek contribution or indemnification (other than pursuant to an insurance contract), from other parties for their payment obligations under this Agreement;

b. the payments made under this Agreement shall be the sole payments made by the Released Entities to the Releasors involving, arising out of, or related to Covered Conduct (or conduct that would be Covered Conduct if engaged in by a Released Entity);

c. Claims by Releasors against non-Parties should not result in additional payments by Released Entities, whether through contribution, indemnification or any other means; and

d. the Agreement meets the requirements of the Uniform Contribution Among Joint Tortfeasors Act and any similar state law or doctrine that reduces or discharges a released party's liability to any other parties.

2. The provisions of this Section X.B are intended to be implemented consistent with these principles. This Agreement and the releases and dismissals provided for herein are made in good faith.

3. No Released Entity shall seek to recover for amounts paid under this Agreement based on indemnification, contribution, or any other theory from a manufacturer, pharmacy, hospital, pharmacy benefit manager, health insurer, third-party vendor, trade association, distributor, or health care practitioner; *provided* that a Released Entity shall be relieved of this prohibition with respect to any entity that asserts a Claim-Over against it. For the avoidance of doubt, nothing herein shall prohibit a Released Entity from recovering amounts owed pursuant to insurance contracts.

4. To the extent that, on or after the Reference Date, any Releasor enters into a Non-Party Settlement, including in any bankruptcy case or through any plan of reorganization, the Releasor will include (or in the case of a Non-Party Settlement made in connection with a bankruptcy case, will cause the debtor to include), unless prohibited from doing so under applicable law, in the Non-Party Settlement a prohibition on contribution or indemnity of any kind substantially equivalent to that required from Amneal in Section X.B.3, or a release from such Non-Released Entity in favor of the Released Entities (in a form equivalent to the releases contained in this Agreement) of any Claim-Over. The obligation to obtain the prohibition and/or release required by this subsection is a material term of this Agreement.

5. In the event that any Releasor obtains a judgment with respect to Non-Party Covered Conduct against a Non-Released Entity that does not contain a prohibition like that described in Section X.B.3 or any Releasor files a Non-Party Covered Conduct Claim against a Non-Released Entity in bankruptcy or a Releasor is prevented for any reason from obtaining a prohibition/release in a Non-Party Settlement as provided in Section X.B.3, and such Non-Released Entity asserts a Claim-Over against a Released Entity, the Released Entity shall be relieved of the prohibition in Section X.B.3 with respect to that Non-Released Entity and that Releasor and Amneal shall take the following actions to ensure that the Released Entities do not pay more with respect to Covered Conduct to the Releasor or to Non-Released Entities than the amounts owed under this Settlement Agreement by Amneal:

a. Amneal shall notify that Releasor of the Claim-Over within sixty (60) calendar days of the assertion of the Claim-Over or sixty (60) calendar days of the Effective Date of this Settlement Agreement, whichever is later;

b. Amneal and that Releasor shall meet and confer concerning the means to hold Released Entities harmless and ensure that they are not required to

pay more with respect to Covered Conduct than the amounts owed by Amneal to the Releasor under this Agreement;

c. That Releasor and Amneal shall take steps sufficient and permissible under the law of the state of the Releasor to hold Released Entities harmless from the Claim-Over and ensure Released Entities are not required to pay more with respect to Covered Conduct than the amounts owed by Amneal under this Agreement. Such steps may include, where permissible:

(i) Filing of motions to dismiss or such other appropriate motion by Amneal or Released Entities, and supported by Releasor, in response to any claim filed in litigation or arbitration;

(ii) Reduction of that Releasor's Claim and any judgment it has obtained or may obtain against such Non-Released Entity by whatever amount or percentage is necessary to extinguish such Claim-Over under applicable law, up to the amount the Releasor has obtained, may obtain, or has authority to control from such Non-Released Entity;

(iii) Placement into escrow of funds paid by the Non-Released Entities such that those funds are available to satisfy the Claim-Over;

(iv) Return of monies paid by Amneal to the Releasor under this Settlement Agreement to permit satisfaction of a judgment against or settlement with the Non-Released Entity to satisfy the Claim-Over;

(v) Payment of monies to Amneal by the Releasor to ensure it is held harmless from such Claim-Over, up to the amount that Releasor has obtained, may obtain, or has authority to control from such Non-Released Entity;

(vi) Credit to Amneal under this Agreement to reduce the overall amounts to be paid under the Agreement such that it is held harmless from the Claim-Over; and

(vii) Such other actions as that Releasor and Amneal may devise to hold Amneal harmless from the Claim-Over.

d. The actions of that Releasor and Amneal taken pursuant to paragraph (c) must, in combination, ensure Amneal is not required to pay more with respect to Covered Conduct than the amounts owed by Amneal to the Releasor under this Agreement.

e. In the event of any dispute over the sufficiency of the actions taken pursuant to paragraph (c), the Releasor and Amneal may seek review by the National Arbitration Panel, provided that, if the parties agree, such dispute may be

heard by the state court where the relevant Consent Judgment was filed. The National Arbitration Panel shall have authority to require Releasor to implement a remedy that includes one or more of the actions specified in paragraph (c) sufficient to hold Released Entities fully harmless. In the event that the Panel's actions do not result in Released Entities being held fully harmless, Amneal shall have a claim for breach of this Agreement by Releasor, with the remedy being payment of sufficient funds to hold Amneal harmless from the Claim-Over up to the amount the Releasor has obtained, may obtain, or has authority to control from such Non-Released Entity. For the avoidance of doubt, the prior sentence does not limit or eliminate any other remedy that Amneal may have.

6. To the extent that the Claim-Over is based on a contractual indemnity, the obligations under Section X.B.4 shall extend solely to a Non-Party Covered Conduct Claim against a pharmacy, clinic, hospital or other purchaser, distributor or dispenser of Products, a manufacturer that sold Products, a consultant, and/or a pharmacy benefit manager or other third-party payor. Amneal shall notify the Settling States, to the extent permitted by applicable law, in the event that any of these types of Non-Released Entities asserts a Claim-Over arising out of contractual indemnity against it.

C. *Indemnification and Contribution Prohibited.* No Released Entity shall seek to recover for amounts paid under this Agreement based on indemnification, contribution, or any other theory, from a manufacturer, pharmacy, hospital, pharmacy benefit manager, health insurer, third-party vendor, trade association, distributor, or health care practitioner. For the avoidance of doubt, nothing herein shall prohibit a Released Entity from recovering amounts owed pursuant to insurance contracts.

D. *General Release.* In connection with the releases provided for in this Agreement, each Settling State (for itself and its Releasors) and Participating Subdivision expressly waives, releases, and forever discharges any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States or other jurisdiction, or principle of common law, which is similar, comparable, or equivalent to § 1542 of the California Civil Code, which reads:

General Release; extent. A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that if known by him or her, would have materially affected his or her settlement with the debtor or released party.

A Releasor may hereafter discover facts other than or different from those which it knows, believes, or assumes to be true with respect to the Released Claims, but each Settling State (for itself and its Releasors) and Participating Subdivision (for itself and its Releasors) hereby expressly waives and fully, finally, and forever settles, releases and discharges, upon the Effective Date, any and all Released Claims that may exist as of such date but which Releasors do not know or suspect to exist, whether through ignorance, oversight, error, negligence or through no fault whatsoever,

and which, if known, would materially affect the Settling States' decision to enter into this Agreement or the Participating Subdivisions' decision to participate in this Agreement.

E. *Assigned Interest Waiver.* To the extent that any Settling State has any direct or indirect interest in any rights of a third-party that is a debtor under the Bankruptcy Code as a result of a claim arising out of Covered Conduct by way of assignment or otherwise, including as a result of being the beneficiary of a trust or other distribution entity, to assert claims against Amneal (whether derivatively or otherwise), under any legal or equitable theory, including for indemnification, contribution, or subrogation, the Settling State waives the right to assert any such claim, or to receive a distribution or any benefit on account of such claim and such claim, distribution, or benefit shall be deemed assigned to Amneal.

F. *Res Judicata.* Nothing in this Agreement shall be deemed to reduce the scope of the res judicata or claim preclusive effect that the settlement memorialized in this Agreement, and/or any Consent Judgment or other judgment entered on this Agreement, gives rise to under applicable law.

G. *Representation and Warranty.* The signatories hereto on behalf of their respective Settling States and its Participating Subdivisions expressly represent and warrant that they will obtain on or before the Effective Date (or have obtained) the authority to settle and release, to the maximum extent of the State's power, all Released Claims of (1) their respective Settling States; (2) any of the respective Settling State's past and present executive departments, state agencies, divisions, boards, commissions and instrumentalities with the regulatory authority to enforce state and federal controlled substances acts; (3) any of their respective Settling State's past and present executive departments, agencies, divisions, boards, commissions and instrumentalities that have the authority to bring Claims related to Covered Conduct seeking money (including abatement and/or remediation) or revocation of a pharmaceutical distribution license; and (4) any Participating Subdivisions. For the purposes of clause (3) above, executive departments, agencies, divisions, boards, commission, and instrumentalities are those that are under the executive authority or direct control of the State's Governor. Also, for the purposes of clause (3), a release from a State's Governor as set forth in Exhibit X is sufficient to demonstrate that the appropriate releases have been obtained.

H. *Effectiveness.* The releases set forth in this Agreement shall not be impacted in any way by any dispute that exists, has existed, or may later exist between or among the Releasors. Nor shall such releases be impacted in any way by any current or future law, regulation, ordinance, or court or agency order limiting, seizing, or controlling the distribution or use of the Settlement Fund or any portion thereof, or by the enactment of future laws, or by any seizure of the Settlement Fund or any portion thereof.

I. *Cooperation.* Releasors (1) will not encourage any person or entity to bring or maintain any Released Claim against any Released Entity and (2) will reasonably cooperate with and not oppose any effort by a Released Entity to secure the prompt dismissal of any and all Released Claims, including suits brought by non-Releasors based on Released Claims. Releasors will meet and confer and make reasonable efforts to resolve any action that is filed by a Subdivision against Amneal on or after the date the Preliminary Agreement Date. This provision shall not

require a Settling State to make any monetary payment or adjustment to allocation or incur other obligation.

J. *Non-Released Claims.* Notwithstanding the foregoing or anything in the definition of Released Claims, the Agreement does not waive, release or limit any criminal liability, Claims for any outstanding liability under any tax or securities law, Claims against parties who are not Released Entities, Claims by private individuals, Claims for Medicaid rebates, Claims asserted, or that could be asserted, by any State or Subdivision, related to the causes of action in *In re: Generic Pharmaceuticals Pricing Antitrust Litigation*, in the United States District court for the District of Pennsylvania, MDL No. 2724; *Connecticut et al v. Aurobindo Pharma USA, Inc. et al.*, in the United States District Court for the District of Connecticut, Case No. 3:16-cv-2056-NPS; *Connecticut et al. v. Teva Pharmaceuticals USA, Inc.*, in the United States District Court for the District of Connecticut, Case No. 3:19-cv-710-NPS; *Connecticut et al v. Sandoz, Inc. et al.*, in the United States District Court for the District of Connecticut, Case No. 3:20-cv-802-NPS; and any related action (such excluded claims include, but are not limited to, all antitrust claims and any claims related to any non-opioid generic drugs), and any claims arising under the Agreement for enforcement of the Agreement

XI. Later Litigating Subdivisions

A. *Released Claims against Released Entities.* If a Later Litigating Subdivision in a Settling State maintains a lawsuit for a Released Claim against a Released Entity after the Reference Date, the following shall apply subject to Section XI.B:

1. The Released Entity shall take ordinary and reasonable measures to defend the action, including filing a Threshold Motion with respect to the Released Claim. The Released Entity shall further notify the Settling State and Settlement Fund Administrator immediately upon notice of a Later Litigating Subdivision bringing a lawsuit for a Released Claim and shall not oppose a Settling State's submission in support of the Threshold Motion. Amneal shall give the relevant Settling State a reasonable opportunity to extinguish the Released Claims without any payment or any other obligations being imposed upon any Released Entities (apart from the Global Settlement Amount payable by Amneal under the Agreement or the Injunctive Relief Terms incurred by it). The relevant Settling State and Amneal shall confer and use reasonable efforts to promptly resolve the lawsuit so that it is dismissed with prejudice. Nothing in this subsection creates an obligation for a Settling State to make a monetary payment or incur any other obligation to an entity filing a lawsuit.

2. If the lawsuit asserting a Released Claim is resolved with finality on terms requiring payment by the Released Entity, Amneal shall receive a dollar-for-dollar offset against Incentive Payment D for the amount paid. The offset shall be applied against the relevant portion of the Annual Remediation Payments starting in Payment Year 10 and working backwards.

3. For the avoidance of doubt, any offset pursuant to this Section XI in a Settling State that at the time is not eligible for Incentive Payment A shall continue to apply even if the Settling State at issue subsequently becomes eligible for Incentive Payment A.

4. “*Terms requiring payment*” shall mean (i) a final monetary judgment or (ii) a settlement; provided that the Released Entity sought the applicable State Attorney General's consent to the settlement and such consent was either obtained or unreasonably withheld. Should the judgment or settlement resolve claims that are not Released Claims, the offset shall be for the Released Claims portion only, which shall be distinguishable in the judgment or settlement.

B. *Exceptions*

1. Section XI.A shall not apply where the Settling State at issue meets the eligibility criteria for and is entitled to Incentive Payment A for the Payment Year at issue, except as expressly provided therein.

2. Section XI.A shall not apply where the Later Litigating Subdivision seeks less than \$10 million, or so long as its total claim is reduced to less than \$10 million, in the lawsuit for a Released Claim at issue.

C. *No Effect on Other Provisions.* An offset under Section XI.A shall not affect the Injunctive Relief Terms or the Consent Judgment.

D. *No Effect on Other States.* An offset under Section XI.A applicable to one State shall not affect the allocation or payment of the Annual Remediation Payment to other Settling States.

E. *Litigating Subdivisions in Non-Eligible States.* The Settling States will not encourage, facilitate, or assist in any manner whatsoever claims for Covered Conduct against Amneal in any Settling, Non-Settling, or Non-Eligible State, regardless of whether those claims were filed against Amneal prior to, on, or after the Effective Date.

XII. Offset

A. *Revoked Bar or Case-Specific Resolution.* If Amneal made any Annual Remediation Payments that included any incentive payments earned as a result of the existence of a Bar or Case-Specific Resolution in a Settling State, and there is subsequently a Revocation Event with respect to that Bar or Case-Specific Resolution after the determination of the amount of such Annual Remediation Payment, Amneal shall receive a dollar-for-dollar offset against the portion of remaining Annual Remediation Payments that would be allocated to that Settling State and its Participating Subdivisions. This offset will be calculated as the dollar amount difference between (1) the total amount of incentive payments paid by Amneal by virtue of the Bar or Case-Specific Resolution subject to the Revocation Event and (2) the total amount of incentive payments that would have been due from Amneal during that time had the Bar or Case-Specific Resolution

subject to the Revocation Event not been in effect. The amount of incentive payments that would have been due, referenced in clause (2) above, will be calculated one hundred eighty (180) calendar days after the Revocation Event; for purposes of calculating the amount of incentive payments that would have been due, any relevant Subdivision shall be included as a Participating Subdivision if: (1) its Released Claims are extinguished by any subsequent Bar or Case-Specific Resolution in effect as of the date of such calculation, or (2) it becomes a Participating Subdivision (in addition to all other Participating Subdivisions) prior to the date of such calculation.

XIII. Miscellaneous

A. *Population of General Purpose Governments.* The population figures for General Purpose Governments shall be the published U.S. Census Bureau's population estimates for July 1, 2019, released May 2020. These population figures shall remain unchanged during the term of this Agreement.

B. *Population of Special Districts.* For any purpose in this Agreement in which the population of a Special District is used other than Section IV.H.4.c: (a) School Districts' population will be measured by the number of students enrolled who are eligible under the Individuals with Disabilities Education Act ("*IDEA*") or Section 504 of the Rehabilitation Act of 1973; (b) Health Districts' and Hospital Districts' population will be measured at twenty-five percent (25%) of discharges; and (c) all other Special Districts' (including Fire Districts' and Library Districts') population will be measured at ten percent (10%) of the population served.⁹ For the avoidance of doubt, this means that California healthcare districts will be measured at ten percent (10%) of their membership. Amneal and the Enforcement Committee shall meet and confer in order to agree on data sources for purposes of this Section prior to the Preliminary Agreement Date.

C. *Population Associated with Sheriffs.* For any purpose in this Agreement in which the population associated with a lawsuit by a sheriff is used, the population will be measured at twenty percent (20%) of the capacity of the jail(s) operated by the sheriff.

D. *No Admission.* Amneal does not admit liability or wrongdoing. Neither this Agreement nor the Consent Judgments shall be considered, construed or represented to be (1) an admission, concession or evidence of liability or wrongdoing or (2) a waiver or any limitation of any defense otherwise available to Amneal.

E. *Tax Cooperation and Reporting.*

1. Upon request by Amneal, the Settling States and Participating Subdivisions agree to perform such further acts and to execute and deliver such further documents as may be reasonably necessary for Amneal to establish the statements set forth in Section V.F to the satisfaction of their tax advisors, their independent financial auditors, the Internal Revenue

⁹ The estimates for counties and parishes were accessed at <https://www.census.gov/data/datasets/time-series/demo/popest/2010s-counties-total.html>. The estimates for cities and towns can currently be found at <https://www.census.gov/data/datasets/time-series/demo/popest/2010s-total-cities-and-towns.html>.

Service, or any other governmental authority, including as contemplated by 26 C.F.R § 1.162-21(b)(3)(ii) and any subsequently proposed or finalized relevant regulations or administrative guidance.

2. Without limiting the generality of Section XIII.E.1, each Settling State and Participating Subdivision shall cooperate in good faith with Amneal with respect to any tax claim, dispute, investigation, audit, examination, contest, litigation, or other proceeding relating to this Agreement.

3. Pursuant to 26 C.F.R. § 1.6050X-1(a) and (b), the Designated State, on behalf of all Settling States and Participating Subdivisions, shall designate one of its officers or employees to act as the “appropriate official” within the meaning of 26 C.F.R. § 1.6050X-1(f)(1)(ii)(B) (the “Appropriate Official”). The Designated State shall direct and ensure that the Appropriate Official timely (a) files (i) at the time this Agreement becomes binding on the Parties, an IRS Form 1098-F in the form attached as Exhibit U with respect to Amneal and (ii) any legally required forms, returns or amended returns with any applicable governmental authority, or any returns requested by Amneal, and (b) provides to Amneal a copy of (i) the IRS Form 1098-F filed with respect to Amneal and (ii) any legally required written statement pursuant to any applicable law and any other document referred to in clause (a)(ii) above. Any such forms, returns, or statements shall be prepared and filed in a manner fully consistent with Section V.F. and as set forth in Section XIII.E.4.

4. Any form, return, amended return, or written statement filed or provided pursuant to Section XIII.E.3, and any similar document, shall be prepared and filed in a manner consistent with reporting the Global Settlement Amount as the “Total amount to be paid” pursuant to this Agreement in Box 1 of IRS Form 1098-F and the Compensatory Restitution Amount as “Restitution/remediation amount” in Box 3 of IRS Form 1098-F, as reflected in the attached Exhibit U. If the Designated State or Appropriate Official shall be required to file any form, return, amended return, or written statement contemplated by this Section XIII.E other than an IRS Form 1098-F in the form attached as Exhibit U, the Designated State shall direct and ensure that the Appropriate Official provides to Amneal a draft of such form, return, amended return, or written statement no later than sixty (60) calendar days prior to the due date thereof, and shall accept any reasonable revisions from Amneal on the return, amended return, or written statement.

5. For the avoidance of doubt, neither Amneal nor the Settling States and Participating Subdivisions make any warranty or representation to any Settling State, Participating Subdivision, or Releasor as to the tax consequences of the payment of the Compensatory Restitution Amount (or any portion thereof).

F. *No Third-Party Beneficiaries.* Except as expressly provided in this Agreement, no portion of this Agreement shall provide any rights to, or be enforceable by, any person or entity that is not the Settling State or Released Entity. Settling States may not assign or otherwise convey any right to enforce any provision of this Agreement.

G. *Calculation.* Any figure or percentage referred to in this Agreement shall be carried to seven decimal places.

H. *Construction.* None of the Parties and no Participating Subdivision shall be considered to be the drafter of this Agreement or of any of its provisions for the purpose of any statute, case law, or rule of interpretation or construction that would or might cause any provision to be construed against the drafter of this Agreement. The headings of the provisions of this Agreement are not binding and are for reference only and do not limit, expand, or otherwise affect the contents or meaning of this Agreement.

I. *Cooperation.* Each Party and each Participating Subdivision agrees to use its best efforts and to cooperate with the other Parties and Participating Subdivisions to cause this Agreement and the Consent Judgments to become effective, to obtain all necessary approvals, consents and authorizations, if any, and to execute all documents and to take such other action as may be appropriate in connection herewith. Consistent with the foregoing, each Party and each Participating Subdivision agrees that it will not directly or indirectly assist or encourage any challenge to this Agreement or any Consent Judgment by any other person and will support the integrity and enforcement of the terms of this Agreement and the Consent Judgments.

J. *Entire Agreement.* This Agreement, including its exhibits and any other attachments, embodies the entire agreement and understanding between and among the Parties and Participating Subdivisions relating to the subject matter hereof and supersedes (1) all prior agreements and understandings relating to such subject matter, whether written or oral and (2) all purportedly contemporaneous oral agreements and understandings relating to such subject matter.

K. *Execution.* This Agreement may be executed in counterparts and by different signatories on separate counterparts, each of which shall be deemed an original, but all of which shall together be one and the same Agreement. One or more counterparts of this Agreement may be delivered by facsimile or electronic transmission with the intent that it or they shall constitute an original counterpart hereof. One or more counterparts of this Agreement may be signed by electronic signature.

L. *Good Faith and Voluntary Entry.* Each Party warrants and represents that it negotiated the terms of this Agreement in good faith. Each of the Parties and Participating Subdivisions warrants and represents that it freely and voluntarily entered into this Agreement without any degree of duress or compulsion. The Parties and Participating Subdivisions state that no promise of any kind or nature whatsoever (other than the written terms of this Agreement) was made to them to induce them to enter into this Agreement.

M. *Legal Obligations.* Nothing in this Agreement shall be construed as relieving Amneal of the obligation to comply with all state and federal laws, regulations or rules, nor shall any of the provisions herein be deemed to be permission to engage in any acts or practices prohibited by such laws, regulations, or rules.

N. *No Prevailing Party.* The Parties and Participating Subdivisions each agree that they are not the prevailing party in this action, for purposes of any claim for fees, costs, or expenses

as prevailing parties arising under common law or under the terms of any statute, because the Parties and Participating Subdivisions have reached a good faith settlement.

O. *Waive Challenge.* The Parties and Participating Subdivisions each further waive any right to challenge or contest the validity of this Agreement on any ground, including, without limitation, that any term is unconstitutional or is preempted by, or in conflict with, any current or future law. Nothing in the previous sentence shall modify, or be construed to conflict with, Section XIII.M.

P. *Non-Admissibility.* The settlement negotiations resulting in this Agreement have been undertaken by the Parties and by certain representatives of the Participating Subdivisions in good faith and for settlement purposes only, and no evidence of negotiations or discussions underlying this Agreement shall be offered or received in evidence in any action or proceeding for any purpose. This Agreement shall not be offered or received in evidence in any action or proceeding for any purpose other than in an action or proceeding arising under or relating to this Agreement relating to this Agreement or in any litigation or arbitration concerning Amneal's right to coverage under an insurance contract.

Q. *Notices.* All notices or other communications under this Agreement shall be in writing (including, but not limited to, electronic communications) and shall be given to the recipients indicated below:

For the Attorney(s) General:

Jeff Jackson, Attorney General
North Carolina Department of Justice
Attn: Daniel Mosteller, Associate Deputy Attorney General
PO Box 629
Raleigh, NC 27602
Dmosteller@ncdoj.gov

Jonathan Skrmetti, Attorney General
Tennessee Attorney General's Office
Attn: Michael Leftwich, Senior Deputy Attorney General
Hamilton Millwee, Assistant Attorney General
P.O. Box 20207
Nashville, TN 37202
Michael.Leftwich@ag.tn.gov
Hamilton.Millwee@ag.tn.gov

Letitia James, Attorney General
New York State Attorney General
Attn: Jennifer Levy, First Deputy Attorney General
Monica Hanna, Special Counsel
Matthew Conrad, Assistant Attorney General

28 Liberty Street, New York, NY 10005
Jennifer.Levy@ag.ny.gov
Monica.Hanna@ag.ny.gov
Matthew.Conrad@ag.ny.gov

For the Plaintiffs' Executive Committee:

Co-leads
Jayne Conroy
Simmons Hanly Conroy LLC
112 Madison Avenue
7th Floor
New York, NY 10016-7416
JConroy@simmonsfirm.com
Joseph F. Rice
Motley Rice LLC
28 Bridgeside Blvd.
Mount Pleasant, SC 29464
jrice@motleyrice.com

For Amneal:

General Counsel
Amneal Pharmaceuticals
400 Crossing Blvd., 3rd Floor
Bridgewater, NJ 08807

Any Party or the Plaintiffs' Executive Committee may change or add the contact information of the persons designated to receive notice on its behalf by notice given (effective upon the giving of such notice) as provided in this Section XIII.R.

R. *No Waiver.* The waiver of any rights conferred hereunder shall be effective only if made by written instrument executed by the waiving Party or Parties. The waiver by any Party of any breach of this Agreement shall not be deemed to be or construed as a waiver of any other breach, whether prior, subsequent, or contemporaneous, nor shall such waiver be deemed to be or construed as a waiver by any other Party.

S. *Preservation of Privilege.* Nothing contained in this Agreement or any Consent Judgment, and no act required to be performed pursuant to this Agreement or any Consent Judgment, is intended to constitute, cause, or effect any waiver (in whole or in part) of any attorney-client privilege, work product protection, or common interest/joint defense privilege, and each Party and Participating Subdivision agrees that it shall not make or cause to be made in any forum any assertion to the contrary.

T. *Successors.*

1. This Agreement shall be binding upon, and inure to the benefit of, Amneal and its respective successors and assigns.

2. Amneal shall not, in one (1) transaction or a series of related transactions, sell or transfer U.S. assets having a fair market value equal to twenty-five percent (25%) or more of the consolidated assets of Amneal (other than sales or transfers of inventories, or sales or transfers to an entity owned directly or indirectly by Amneal) where the sale or transfer is announced after the Reference Date, is not for fair consideration, and would foreseeably and unreasonably jeopardize Amneal's ability to make the payments under this Agreement or its obligations regarding Settlement Product under Section XIV following the close of a sale or transfer transaction, unless Amneal obtains the acquiror's agreement that it will be either a guarantor of or successor to the percentage of Amneal's remaining payment obligations under this Agreement equal to the percentage of Amneal's consolidated assets being sold or transferred in such transaction; provided, that liens and security interests granted by Amneal to its lenders and/or noteholders, and any agent and/or trustee for any lenders and/or noteholders, shall not constitute a transfer or sale for purposes of this Section. Percentages under this section shall be determined in accordance with United States generally accepted accounting principles and as of the date of Amneal most recent publicly filed consolidated balance sheet prior to the date of entry into the sale or transfer agreement at issue. This Section XIII.U shall be enforceable solely by the Settling States, and any objection under this Section XIII.U not raised within sixty (60) calendar days of the announcement of the relevant transaction is waived.

U. *Modification, Amendment, Alteration.* In the event the Plaintiffs' Executive Committee, the Executive Committee of the State Attorneys General, or Amneal concludes prior to the Reference Date that technical corrections are required to this Agreement, the Plaintiffs' Executive Committee, the Executive Committee of the State Attorneys General, and Amneal shall meet and confer and make such amendments as they agree are appropriate. After the Reference Date, any modification, amendment, or alteration of this Agreement by the Parties shall be binding only if evidenced in writing signed by Amneal, along with the signature of at least two-thirds of those then serving as Attorneys General of the Settling States along with a representation from each Attorney General that either: (1) the advisory committee or similar entity established or recognized by that Settling State (either pursuant to Section V.E.2.d, by a State-Subdivision Agreement, or by statute) voted in favor of the modification, amendment or alteration of this Agreement including at least one member appointed by the Participating Subdivisions listed on Exhibit G; or (2) in Settling States without any advisory committee, that 50.1% (by population) of the Participating Subdivisions listed on Exhibit G expressed approval of the modification, amendment, or alteration of this Agreement in a writing.

V. *Termination.*

1. Unless otherwise agreed to by each of Amneal and the Settling States, this Agreement and all of its terms (except Section XIII.P and any other non-admissibility provisions, which shall continue in full force and effect) shall be canceled and terminated with respect to the Settling State, and the Agreement and all orders issued by the courts in the

Settling State pursuant to the Agreement shall become null and void and of no effect if one or more of the following conditions applies:

a. a Consent Judgment approving this Agreement without modification of any of the Agreement's terms has not been entered as to a Settling State by a court of competent jurisdiction on or before one hundred eighty (180) calendar days after the Effective Date;

b. this Agreement or the Consent Judgment as to that Settling State has been disapproved by a court of competent jurisdiction to which it was presented for approval and/or entry (or, in the event of an appeal from or review of a decision of such a court to approve this Agreement and the Consent Judgment, by the court hearing such appeal or conducting such review), and the time to appeal from such disapproval has expired, or, in the event of an appeal from such disapproval, the appeal has been dismissed or the disapproval has been affirmed by the court of last resort to which such appeal has been taken and such dismissal or disapproval has become no longer subject to further appeal (including, without limitation, review by the United States Supreme Court); or

2. If this Agreement is terminated with respect to a Settling State for whatever reason pursuant to Section XIII.V.1, then:

a. an applicable statute of limitation or any similar time requirement (excluding any statute of repose) shall be tolled from the date the Settling State signed this Agreement until the later of the time permitted by applicable law or for one year from the date of such termination, with the effect that Amneal and the Settling State shall be in the same position with respect to the statute of limitation as they were at the time the Settling State filed its action; and

b. Amneal and the Settling State shall jointly move the relevant court of competent jurisdiction for an order reinstating the actions and claims dismissed pursuant to the terms of this Agreement governing dismissal, with the effect that Amneal and the Settling State shall be in the same position with respect to those actions and claims as they were at the time the action or claim was stayed or dismissed.

3. Unless Amneal and the Enforcement Committee agree otherwise, this Agreement, with the exception of the Injunctive Relief Terms that have their own provisions on duration, shall terminate as of the Payment Date for Payment Year 10, *provided* that Amneal has performed its payment and Settlement Product obligations under the Agreement as of that date. Notwithstanding any other provision in this Section XIII.V.3 or in this Agreement, all releases under this Agreement will remain effective despite any termination under this Section XIII.W.3.

W. *Governing Law.* Except as (1) otherwise provided in this Agreement or (2) as necessary, in the sole judgment of the National Arbitration Panel, to promote uniformity of interpretation for matters within the scope of the National Arbitration Panel's authority, this Agreement shall be governed by and interpreted in accordance with the respective laws of the Settling State, without regard to the conflict of law rules of such Settling State, that is seeking to enforce the Agreement against Amneal or against which Amneal is seeking enforcement. Notwithstanding any other provision in this subsection on governing law, any disputes relating to the Settlement Fund Escrow shall be governed by and interpreted in accordance with the law of the state where the escrow agent has its primary place of business.

X. *Bankruptcy.* The following provisions shall apply if Amneal enters bankruptcy and (i) the Amneal bankruptcy estate recovers, pursuant to 11 U.S.C. § 550, any payments made under this Agreement, or (ii) this Agreement is deemed executory and is rejected by Amneal pursuant to 11 U.S.C. § 365:

1. In the event that the both a number of Settling States equal to at least seventy-five percent (75%) of the total number of Settling States and Settling States having aggregate State Allocation Percentages as set forth on Exhibit F equal to at least seventy-five percent (75%) of the total aggregate State Allocation Percentages assigned to all Settling States deem (by written notice to Amneal) that the financial obligations of this Agreement have been terminated and rendered null and void (except as provided in Section XIII.X.1.a) due to a material breach by Amneal, whereupon:

a. all agreements, all concessions, all reductions of Releasing Parties' Claims, and all releases and covenants not to sue, contained in this Agreement shall immediately and automatically be deemed null and void as to Amneal; the Settling States shall be deemed immediately and automatically restored to the same position they were in immediately prior to their entry into this Settlement Agreement in respect to Amneal and the Settling States shall have the right to assert any and all claims against Amneal in the bankruptcy or otherwise without regard to any limits or agreements as to the amount of the settlement otherwise provided in this Agreement; *provided, however*, that notwithstanding the foregoing sentence, (i) all reductions of Releasing Parties' Claims, and all releases and covenants not to sue, contained in this Agreement shall remain in full force and effect as to all persons or entities other than Amneal itself; and (ii) in the event the Settling State asserts any Released Claim against Amneal after the rejection and/or termination of this Agreement as described in this Section XIII.X.1.a and receives a judgment, settlement or distribution arising from such Released Claim, then the amount of any payments the Settling State has previously received from Amneal under this Agreement shall be applied to reduce the amount of any such judgment, settlement or distribution (provided that no credit shall be given against any such judgment, settlement or distribution for any payment that the Settling State is required to disgorge or repay to Amneal's bankruptcy estate); and

b. the Settling States may exercise all rights provided under the federal Bankruptcy Code (or other applicable bankruptcy or non-bankruptcy law) with respect to their Claims against Amneal subject to all defenses and rights of the Amneal.

Y. *Waiver.* Amneal, for good and valuable consideration the receipt of which is acknowledged, hereby (a) waives, foregoes and relinquishes all rights to utilize and/or seek relief under any of the following laws of the State of Texas for the restructuring of its debts or liabilities related to Released Claims, Claims that would have been Released Claims if they had been brought by a Releasor against a Released Entity before the Effective Date, or this Agreement: Tex. Bus. Orgs. Code § 10.003 (Contents of Plan of Merger: More Than One Successor) or any other statute of Subchapter A of Chapter 10 of Tex. Bus. Orgs. Code to the extent such statute relates to multi-successor mergers (and/or any other similar laws or statutes in any other state or territory); Tex. Bus. Orgs. Code §§ 11.01–11.414 (Winding Up and Termination of Domestic Entity); or Tex. Bus. & Com. Code §§ 23.01–23.33 (Assignments for the Benefit of Creditors) (collectively, the “Texas Statutes”), and (b) agrees, warrants and represents that it will not file, request or petition for relief under the Texas Statutes related to its debts or liabilities related to Released Claims, Claims that would have been Released Claims if they had been brought by a Releasor against a Released Entity before the Effective Date, or this Agreement, in each case until such time as all of Amneal’s payment obligations incurred hereunder are satisfied in full. The foregoing waiver and relinquishment includes, without limitation, until such time as all of Amneal’s payment obligations incurred hereunder are satisfied in full, Amneal’s rights to execute a divisional merger or equivalent transaction or restructuring related to its debts or liabilities related to Released Claims, Claims that would have been Released Claims if they had been brought by a Releasor against a Released Entity before the Effective Date, or this Agreement that in each case has the intent or foreseeable effect of (i) separating material assets from material liabilities and (ii) assigning or allocating all or a substantial portion of those liabilities to any subsidiary or affiliate that files for relief under chapter 11 of the Bankruptcy Code, or pursuant to which such subsidiary or affiliate that files for relief under chapter 11 of the Bankruptcy Code would be assuming or retaining all or a substantial portion of those liabilities.

XIV. Settlement Product

- A. The Settlement Product is Naloxone Hydrochloride Nasal Spray (generic Narcan®), a medication that counteracts the life-threatening effects of opioid overdose and significantly reduces opioid-overdose mortality.
- B. For the purposes of this agreement, Amneal has agreed to provide the Settling States Settlement Product valued at \$177,400,000, which equals 1,419,200 kits of Settlement Product, valued at a fixed Wholesale Acquisition Cost (WAC) of \$125 per kit, allocated in accordance with the allocation percentage as reflected in Exhibit F. For the avoidance of doubt, if a Settling State does not elect to participate in the settlement, that State’s Settlement Product Allocation will not be the responsibility of Amneal and will not be transferred to the allocation of other Settling States. Amneal shall cover the cost of the Settlement Product distribution set forth in this Agreement. For the avoidance of doubt,

Participating Subdivisions and Special Districts are not eligible to make a Settlement Product election pursuant to this Agreement.

- C. Consistent with the Settlement Product Election Form contained in Exhibit D, each Settling State shall have the discretion to convert any portion of the Settlement Product allocated to the Settling State into a cash value equaling twenty-five percent (25%) of the WAC value of the Settling State's allocated Settlement Product for each Payment Year 7-10. Such decision must be made prior to the Settlement Product Election Date; Settling States will have no ability to convert any portion of the Settlement Product to Settlement Product Cash Conversion Amount following the Settlement Product Election Date. Unless cash conversion amounts are specifically addressed in a State-Subdivision Agreement or Allocation Statute, a Settling State's Settlement Product Cash Conversion Amount shall be disbursed to the Settling State in the same manner as its Remediation Accounts Fund payments are made pursuant to Section V. This cash conversion payment is due on the Payment Date of each Payment Year 7-10.. If a Settling State does not elect to receive all of its allocation in its initial notice, such Settling State may submit a new or updated Settlement Product Election Form in lieu of converting the outstanding portion of Settlement Product to cash value and Amneal and the Settling States agree to work in good faith to maximize the availability of Settlement Product.
- D. A Settling State that has submitted a Settlement Product Election Form may place periodic orders for Settlement Product consistent with this Section XIV and Exhibit D. A Settling State may request up to twenty-five percent (25%) of its full Settlement Product allocation for each Payment Year 7-10.
- E. Within thirty (30) days of the Effective Date, each Settling State shall notify Amneal and the Settlement Fund Administrator of its Settlement Product election by submitting the Settlement Product Election Form reflected in Exhibit D.
- F. Settling States that do not make a Settlement Product Election within 30 days of the Effective Date shall be deemed to have elected to full Settlement Product and to have elected not to convert any portion of the Settlement Product into Settlement Product Cash Conversion Amount. If a Settling State elects to receive a partial allocation of Settlement Product, the elected portion shall decrease Amneal's payment in earliest years to later years. For example, if a Settling State has a total allocation of \$4,000,000 in settlement product (and cash conversion of \$1,000,000), and elects to receive \$1,500,000 in settlement product (and cash conversion deduction of \$375,000), Amneal shall make payments to the Settling State in the following amounts: (1) Year 7: \$0; (2) Year 8: \$125,000; (3) Year 9: \$250,000 and (4) Year 10: \$250,000 for a total amount of \$625,000 to the State.
- G. In addition to offering Naloxone HCl nasal spray 4mg per this Section and Exhibit D, Amneal, at its sole discretion, may also offer Settling States different versions or greater amounts of Settlement Product or different products that can be accepted by the Settling State in lieu of its full allotment of the Settlement Product or Settlement Product Cash Conversion Amount. Distribution and other terms related to such substitute product shall

be set out in Amneal's offer. Nothing in this subsection changes the terms of this Agreement regarding the provision of Settlement Product or the calculation or availability of the Settlement Product Cash Conversion Amount.

- H. In the event of a Force Majeure Event, Amneal shall promptly provide written notice to the Settling States. Amneal and the States shall meet and confer within seven (7) days of such written notice to establish a commercially reasonable plan to resolve any inability to supply as quickly as reasonably possible, it being understood that, unless otherwise agreed to by the Parties, it is Amneal's obligation to use reasonable efforts which are consistent with accepted industry practices to resume performance as soon as practicable under the circumstances.
- I. Settling States shall not be permitted to return to Amneal any Settlement Product under any circumstances other than a recall of the Settlement Product initiated by Amneal or FDA, in which case Amneal's sole obligation shall be to supply the same number of Settlement Product units to replace the recalled product.
- J. The Parties understand that the provision of Settlement Product constitutes compensatory restitution within the meaning of 26 U.S.C. § 162(f)(2)(A) and that the receipt of Settlement Product must be reported on IRS Form 1098-F consistent with subsection XIII.E.

EXHIBIT K

Subdivision Participation and Release Form

Governmental Entity: City of Ormond Beach	State: FL
Authorized Signatory: Jason Leslie, Mayor	Joyce Shanahan, City Manager
Address 1: 22 S. Beach Street	
Address 2:	
City, State, Zip: Ormond Beach, FL 32174	
Phone: 386-676-3200	
Email:	

The governmental entity identified above ("*Governmental Entity*"), in order to obtain and in consideration for the benefits provided to the Governmental Entity pursuant to the Settlement Agreement dated April 4, 2025 ("*Apotex Settlement*"), and acting through the undersigned authorized official, hereby elects to participate in the Apotex Settlement, release all Released Claims against all Released Entities, and agrees as follows.

1. The Governmental Entity is aware of and has reviewed the Apotex Settlement, understands that all terms in this Participation and Release Form have the meanings defined therein, and agrees that by executing this Participation and Release Form, the Governmental Entity elects to participate in the Apotex Settlement and become a Participating Subdivision as provided therein.
2. The Governmental Entity shall promptly, and in any event no later than 14 days after the Reference Date and prior to the filing of the Consent Judgment, dismiss with prejudice any Released Claims that it has filed. With respect to any Released Claims pending in *In re National Prescription Opiate Litigation*, MDL No. 2804, the Governmental Entity authorizes the Plaintiffs' Executive Committee to execute and file on behalf of the Governmental Entity a Stipulation of Dismissal with Prejudice substantially in the form found at <https://nationalopioidsettlement.com/additional-settlements/>.
3. The Governmental Entity agrees to the terms of the Apotex Settlement pertaining to Participating Subdivisions as defined therein.
4. By agreeing to the terms of the Apotex Settlement and becoming a Releasor, the Governmental Entity is entitled to the benefits provided therein, including, if applicable, monetary payments beginning after the Effective Date.
5. The Governmental Entity agrees to use any monies it receives through the Apotex Settlement solely for the purposes provided therein.
6. The Governmental Entity submits to the jurisdiction of the court in the Governmental Entity's state where the Consent Judgment is filed for purposes limited to that court's role as provided in, and for resolving disputes to the extent provided in, the Apotex Settlement.

The Governmental Entity likewise agrees to arbitrate before the National Arbitration Panel as provided in, and for resolving disputes to the extent otherwise provided in, the Apotex Settlement.

7. The Governmental Entity has the right to enforce the Apotex Settlement as provided therein.
8. The Governmental Entity, as a Participating Subdivision, hereby becomes a Releasor for all purposes in the Apotex Settlement, including without limitation all provisions of Section XI (Release), and along with all departments, agencies, divisions, boards, commissions, districts, instrumentalities of any kind and attorneys, and any person in his or her official capacity whether elected or appointed to serve any of the foregoing and any agency, person, or other entity claiming by or through any of the foregoing, and any other entity identified in the definition of Releasor, provides for a release to the fullest extent of its authority. As a Releasor, the Governmental Entity hereby absolutely, unconditionally, and irrevocably covenants not to bring, file, or claim, or to cause, assist or permit to be brought, filed, or claimed, or to otherwise seek to establish liability for any Released Claims against any Released Entity in any forum whatsoever. The releases provided for in the Apotex Settlement are intended by the Parties to be broad and shall be interpreted so as to give the Released Entities the broadest possible bar against any liability relating in any way to Released Claims and extend to the full extent of the power of the Governmental Entity to release claims. The Apotex Settlement shall be a complete bar to any Released Claim.
9. The Governmental Entity hereby takes on all rights and obligations of a Participating Subdivision as set forth in the Apotex Settlement.
10. In connection with the releases provided for in the Apotex Settlement, each Governmental Entity expressly waives, releases, and forever discharges any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States or other jurisdiction, or principle of common law, which is similar, comparable, or equivalent to § 1542 of the California Civil Code, which reads:

General Release; extent. A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release that, if known by him or her would have materially affected his or her settlement with the debtor or released party.

A Releasor may hereafter discover facts other than or different from those which it knows, believes, or assumes to be true with respect to the Released Claims, but each Governmental Entity hereby expressly waives and fully, finally, and forever settles, releases and discharges, upon the Effective Date, any and all Released Claims that may exist as of such date but which Releasors do not know or suspect to exist, whether through ignorance, oversight, error, negligence or through no fault whatsoever, and which, if known, would materially affect the Governmental Entities' decision to participate in the Apotex Settlement.

11. Nothing herein is intended to modify in any way the terms of the Apotex Settlement, to which Governmental Entity hereby agrees. To the extent this Participation and Release Form is interpreted differently from the Apotex Settlement in any respect, the Apotex Settlement controls.

I have all necessary power and authorization to execute this Participation and Release Form on behalf of the Governmental Entity.

Signature: _____

Name: Jason Leslie

Title: Mayor

Date: _____

Signature: _____

Name: Joyce Shanahan

Title: City Manager

Date: _____

APOTEX SETTLEMENT **AGREEMENT**

APOTEX SETTLEMENT AGREEMENT

This Settlement Agreement, dated as of April 4, 2025 (the “*Agreement*”), sets forth the terms of settlement between and among the Settling States, the Participating Subdivisions, and Apotex (as those terms are defined below). Upon satisfaction of the conditions set forth in Sections II and VIII, this Agreement will be binding on the Settling States, Apotex, and the Participating Subdivisions. This Agreement will then be filed as part of a Consent Judgment in the respective courts of each of the Settling States, pursuant to the terms set forth in Section IX.

I. Definitions

Unless otherwise specified, the following definitions apply:

A. “*Additional Remediation Amount.*” The amount available to the Settling States listed in Exhibit M totaling up to \$1,273,648

B. “*Adjusted Maximum Remediation Payment.*” The Maximum Remediation Payment reduced by the State Allocation Percentage specified in Exhibit F for each Non-Settling State.

C. “*Agreement.*” The Apotex Settlement Agreement, as set forth above. For the avoidance of doubt, this Agreement is inclusive of all exhibits.

D. “*Alleged Harms.*” The alleged past, present, and future damages, harms, losses, and related expenditures allegedly incurred by the Settling States and Participating Subdivisions arising out of the use of Products, non-exclusive examples of which are described in the documents listed on Exhibit A, that have allegedly arisen as a result of the physical and bodily injuries sustained by individuals suffering from opioid-related addiction, death, and other related diseases and disorders, and that have allegedly been caused by Released Entities.

E. “*Allocation Statute.*” A state law that governs allocation, distribution, and/or use of some or all of the Settlement Fund amounts allocated to that Settling State and/or its Subdivisions. An Allocation Statute may, without limitation, contain a Statutory Trust, further restrict expenditures of funds, form an advisory committee, establish oversight and reporting requirements, or address other default provisions and other matters related to the funds. An Allocation Statute is not required to address all three (3) types of funds comprising the Settlement Fund or all default provisions.

F. “*Apotex.*” Apotex Corp.

G. “*Appropriate Official.*” As defined in Section XIII.E.3.

H. “*Aveva.*” Aveva Drug Delivery Systems, Inc.

I. “*Bankruptcy Code.*” Title 11 of the United States Code, 11 U.S.C. § 101, et seq.

J. “*Bar.*” Either: (1) a law barring Subdivisions in a Settling State from maintaining or asserting Released Claims against Released Entities (either through a direct bar or through a grant of authority to release claims and the exercise of such authority in full); or (2) a ruling by the highest court of the Settling State (or, in a Settling State with a single intermediate court of appeals, the intermediate court of appeals) when setting forth the general principle that Subdivisions in the Settling State may not maintain or assert any Released Claims against Released Entities, whether on the ground of this Agreement (or the release in it) or otherwise. For the avoidance of doubt, a law or ruling that is conditioned or predicated upon payment by a Released Entity (apart from the Remediation Payment by Apotex under this Agreement) shall not constitute a Bar.

K. “*Base Payment.*” As defined in Section V.D.

L. “*Case-Specific Resolution.*” Either: (1) a law barring the Subdivision at issue from maintaining any Released Claims against any Released Entities (either through a direct Bar or through a grant of authority to release claims and the exercise of such authority in full); or (2) a ruling by a court of competent jurisdiction over the Subdivision at issue that the Subdivision may not maintain any Released Claims at issue against any Released Entities, whether on the ground of this Agreement (or the release in it) or otherwise. For the avoidance of doubt, a law or ruling that is conditioned or predicated upon payment by a Released Entity (apart from the payment by Apotex under this Agreement) shall not constitute a Case-Specific Resolution.

M. “*Claim.*” Any past, present or future cause of action, claim for relief, cross-claim or counterclaim, theory of liability, demand, derivative claim, request, assessment, charge, covenant, damage, debt, lien, loss, fine, penalty, restitution, reimbursement, disgorgement, expenses, remediation, judgment, right, obligation, dispute, suit, contract, controversy, agreement, *parens patriae* claim, promise, performance, warranty, omission, or grievance of any nature whatsoever, whether legal, equitable, statutory, regulatory or administrative, whether arising under federal, state or local common law, statute, regulation, guidance, ordinance or principles of equity, whether filed or unfiled, whether asserted or unasserted, whether known or unknown, whether accrued or unaccrued, whether foreseen, unforeseen or unforeseeable, whether discovered or undiscovered, whether suspected or unsuspected, whether fixed or contingent, and whether existing or hereafter arising, in all such cases, including, but not limited to, any request for declaratory, injunctive, or equitable relief, compensatory, punitive, or statutory damages, absolute liability, strict liability, restitution, remediation, subrogation, contribution, indemnity, apportionment, disgorgement, reimbursement, attorney fees, expert fees, consultant fees, fines, penalties, expenses, costs or any other legal, equitable, civil, administrative, or regulatory remedy whatsoever.

N. “*Claim-Over.*” A Claim asserted by a Non-Released Entity against a Released Entity on the basis of contribution, indemnity, or other claim-over on any theory relating to a Non-Party Covered Conduct Claim asserted by a Releasor.

O. *“Compensatory Restitution Amount.”* The aggregate amount paid or incurred by Apotex hereunder for Opioid Remediation, which includes the aggregate Base and Incentive Payments earned by Settling States and does not include amounts paid as attorneys’ fees and costs or identified pursuant to Section VI.B.2 as being used to pay attorneys’ fees, investigation costs or litigation costs, which shall be up to the amount of the Adjusted Maximum Remediation Payment.

P. *“Consent Judgment.”* A consent judgment in a form to be agreed by the Settling States and Apotex prior to the Effective Date that, among other things, (1) approves this Agreement and (2) provides for the release set forth in Section XI.A, including the dismissal with prejudice of any Released Claims that the Settling State has brought against Released Entities.

Q. *“Covered Conduct”* means any actual or alleged act, failure to act, negligence, statement, error, omission, breach of any duty, conduct, event, transaction, agreement, service, work, sale, misstatement, misleading statement, or other activity of any kind whatsoever from the beginning of time through the Reference Date (and any past, present, or future consequence of any such act, failure to act, negligence, statement, error, omission, breach of duty, conduct, event, transaction, agreement, service, work, sale, misstatement, misleading statement, or other activity) arising from or relating in any way to (a) compounding, counseling, and documentation related to any Product or class of Products; (b) the availability, discovery, research, development, manufacture, packaging, repackaging, marketing, promotion, advertising, labeling, relabeling, recall, withdrawal, distribution, delivery, monitoring, reporting, regulatory compliance supply, sale, prescribing, dispensing, physical security, warehousing, use or abuse of, or operating procedures relating to any Product, or any system, plan, policy, procedure, or advocacy relating to any Product or class of Products, including but not limited to any unbranded or branded promotion, marketing, or advertising, information, patient support or assistance, educational programs, consultancy, research, other programs or campaigns, lobbying, grants, sponsorships, charitable donations, or other funding relating to any Product or class of Products; (c) the characteristics, properties, risks, or benefits of any Product or class of Products; (d) the monitoring or non-monitoring of orders placed of any Product; (e), reporting, disclosure, non-monitoring, non-reporting or non-disclosure to federal, state or other regulators of orders for any Product placed with any Released Entity; (f) the selective breeding, harvesting, extracting, purifying, exporting, importing, applying for quota for, procuring quota for, handling, promoting, manufacturing, processing, packaging, supplying, distributing, converting, or selling of, or otherwise engaging in any activity relating to, precursor or component Products, including but not limited to natural, synthetic, semi-synthetic or chemical raw materials, starting materials, finished active pharmaceutical ingredients, drug substances, or any related intermediate Products; or (g) diversion control programs, suspicious order monitoring, or regulatory compliance related to any Product.

R. *“Deposit Date.”* July 25, 2025. This Date is the date by which Apotex shall deposit the Adjusted Maximum Remediation Payment, Private Attorney Fees, and the Additional Remediation Amount, pursuant to Section V.D. This date is after the Preliminary Agreement Date, on which Apotex agrees to proceed with the agreement; this date may be changed by written agreement of Apotex and the Enforcement Committee.

- S. “*Designated State.*” The state of New York.
- T. “*DifGen.*” DifGen Pharmaceuticals LLC.
- U. “*Effective Date.*” The date sixty (60) calendar days after the Reference Date.
- V. “*Eligible States.*” The states, commonwealths, and territories of the United States of America. The 56 Eligible States are listed in Exhibit F.
- W. “*Enforcement Committee.*” A committee consisting of representatives of the Settling States and of the Participating Subdivisions. Exhibit B contains the organizational bylaws of the Enforcement Committee. Notice pursuant to Section XIII.Q shall be provided when there are changes in membership or contact information.
- X. “*Fees Payment.*” The amount payable by Apotex on the Payment Date comprised of the Additional Remediation Amount payment, and the Private Attorney Fees payment. The Fees Payment does not include the Remediation Payment.
- Y. “*Final Order.*” An order or judgment of a court of competent jurisdiction with respect to the applicable subject matter (1) which has not been reversed or superseded by a modified or amended order, is not currently stayed, and as to which any right to appeal or seek certiorari, review, reargument, stay, or rehearing has expired, and as to which no appeal or petition for certiorari, review, reargument, stay, or rehearing is pending, or (2) as to which an appeal has been taken or petition for certiorari, review, reargument, stay, or rehearing has been filed and (a) such appeal or petition for certiorari, review, reargument, stay, or rehearing has been resolved by the highest court to which the order or judgment was appealed or from which certiorari, review, reargument, stay, or rehearing was sought, or (b) the time to appeal further or seek certiorari, review, reargument, stay, or rehearing has expired and no such further appeal or petition for certiorari, review, reargument, stay, or rehearing is pending.
- Z. “*Global Settlement Amount.*” The Global Settlement Amount is \$72,852,631, which is comprised of the Maximum Remediation Payment, Private Attorney Fees, and the Additional Remediation Amount. Notwithstanding any other language or provisions in this or any other agreement, the Global Settlement Amount is the maximum dollar amount Apotex can pay in connection with the Agreement.
- AA. “*Implementation Administrator.*” Rubris, Inc., which is the vendor that will be retained by Apotex to provide notice pursuant to Section VIII.A and to manage the initial joinder period for Subdivisions, including the issuance and receipt of Subdivision Settlement Participation Forms.
- BB. “*Incentive Payment A.*” The incentive payment described in Section V.E.4.
- CC. “*Incentive Payment A Catch-Up Date.*” August 1, 2026.

DD. *“Incentive Payment BC.”* The incentive payment described in Section V.E.5.

EE. *“Initial Participating Subdivision.”* A Subdivision that meets the requirements set forth in Section VIII.D.

FF. *“Initial Participation Date.”* The date ninety (90) calendar days after the Preliminary Agreement Date, unless it is extended by written agreement of Apotex and the Enforcement Committee.

GG. *“Injunctive Relief Terms.”* The terms described in Section III and set forth in Exhibits P and Q.

HH. *“Later Litigating Subdivision.”* A Subdivision (or Subdivision official asserting the right of or for the Subdivision to recover for Alleged Harms to the Subdivision and/or the people thereof) that: (1) first files a lawsuit bringing a Released Claim against a Released Entity after the Reference Date; or (2) adds a Released Claim against a Released Entity after the Reference Date to a lawsuit brought before the Reference Date that, prior to the Reference Date, did not include any Released Claims against a Released Entity; or (3) (a) was a Litigating Subdivision whose Released Claims against Released Entities were resolved by a legislative Bar or legislative Case-Specific Resolution as of the Reference Date, (b) such legislative Bar or legislative Case-Specific Resolution is subject to a Revocation Event after the Reference Date, and (c) the earlier of the date of completion of opening statements in a trial in an action brought by a Subdivision in that Settling State that includes a Released Claim against a Released Entity or one hundred eighty (180) days from the Revocation Event passes without a Bar or Case-Specific Resolution being implemented as to that Litigating Subdivision or the Litigating Subdivision's Released Claims being dismissed; or (4) (a) was a Litigating Subdivision whose Released Claims against Released Entities were resolved by a judicial Bar or judicial Case-Specific Resolution as of the Reference Date, (b) such judicial Bar or judicial Case-Specific Resolution is subject to a Revocation Event after the Reference Date, and (c) such Litigating Subdivision takes any action in its lawsuit asserting a Released Claim against a Released Entity other than seeking a stay or dismissal.

II. *“Later Participating Subdivision.”* A Participating Subdivision that is not an Initial Participating Subdivision, but meets the requirements set forth in Section VIII.E.

JJ. *“Litigating Subdivision.”* A Subdivision (or Subdivision official) that brought any Released Claim against any Released Entity prior to the Reference Date. Exhibit C is an agreed list of all Litigating Subdivisions. Exhibit C will be updated (including with any corrections) periodically, and a final version of Exhibit C will be attached hereto as of the Reference Date.

KK. *“Maximum Remediation Payment.”* The maximum amount owed by Apotex to the Settling States and Subdivisions, exclusive of the Private Attorney Fees, and the Additional Remediation Amount. The amount of the Maximum Remediation Payment is \$63,682,369.

LL. “*National Arbitration Panel.*” The panel comprised as described in Section VII.F.3.b.

MM. “*National Disputes.*” As defined in Section VII.F.3.a.

NN. “*Non-Litigating Subdivision.*” Any Subdivision that is not a Litigating Subdivision.

OO. “*Non-Participating Subdivision.*” Any Subdivision that is not a Participating Subdivision.

PP. “*Non-Party Covered Conduct Claim.*” A Claim against any Non-Released Entity involving, arising out of, or related to Covered Conduct (or conduct that would be Covered Conduct if engaged in by a Released Entity).

QQ. “*Non-Party Settlement.*” A settlement by any Releasor that settles any Non-Party Covered Conduct Claim and includes a release of any Non-Released Entity.

RR. “*Non-Released Entity.*” An entity that is not a Released Entity.

SS. “*Non-Settling State.*” Any Eligible State that is not a Settling State.

TT. “*Opioid Remediation.*” Care, treatment, and other programs and expenditures (including reimbursement for past such programs or expenditures¹ except where this Agreement restricts the use of funds solely to future Opioid Remediation) designed to (1) address the use of opioid products in the Settling States, (2) treat or mitigate opioid use or related disorders in the Settling States, or (3) mitigate other alleged effects of, including on those injured as a result of, the opioid epidemic in the Settling States. Exhibit E provides a non-exhaustive list of expenditures that qualify as being paid for Opioid Remediation. Qualifying expenditures may include reasonable related administrative expenses in connection with the above.

UU. “*Participating Subdivision.*” Any Subdivision that meets the requirements for becoming a Participating Subdivision under Section VIII.B and Section VIII.C. Participating Subdivisions include both Initial Participating Subdivisions and Later Participating Subdivisions.

VV. “*Participation Percentage of Incentive BC Eligible Subdivision Population.*” As defined in Section V.E.5.e.

WW. “*Parties.*” Apotex and the Settling States (each, a “Party”).

XX. “*Payment Calculation Date.*” October 20, 2025, which is sixty (60) days before the Payment Date. This date may be changed by written agreement of Apotex and the Enforcement Committee.

¹ Reimbursement includes amounts paid to any governmental entities for past expenditures or programs.

YY. *“Payment Date.”* December 19, 2025, which is the date by which Apotex makes the Remediation Payment and the Fees Payment. This date may be changed by written agreement of Apotex and the Enforcement Committee.

ZZ. *“Preliminary Agreement Date.”* The date Apotex informs the Settling States of its determination that the condition in Section II.B has been satisfied. The Preliminary Agreement Date shall be no more than fourteen (14) calendar days after the end of the notice period to Eligible States, unless it is extended by written agreement of Apotex and the Enforcement Committee.

AAA. *“Primary Fire District.”* A fire district that covers a population of 25,000, or 0.20% of an Eligible State’s population if an Eligible State’s population is greater than 18 million. If not easily calculable from state data sources and agreed to between the Eligible State and Apotex, a fire district’s population is calculated by dividing the population of the county or counties a fire district serves by the number of fire districts in the county or counties. “Primary Fire Districts” shall mean fire districts as identified in connection with the implementation of the July 21, 2021, Janssen Settlement Agreement.

BBB. *“Primary Subdivision.”* A Subdivision that is a General Purpose Government (including, but not limited to, a municipality, county, county subdivision, city, town, township, parish, village, borough, gore, or any other entities that provide municipal-type government) with population over 10,000; provided, however, that as used in connection with Incentive Payment BC, the population threshold is 30,000. Attached as Exhibit I is an agreed list of the Primary Subdivisions in each Eligible State.

CCC. *“Private Attorney Fees.”* The amount to be paid by Apotex for private attorneys’ litigation fees and costs on behalf of Participating Subdivisions. The maximum amount of Private Attorney Fees is \$7,896,614. For avoidance of doubt, Private Attorney Fees do not include the Additional Remediation Amount.

DDD. *“Product.”* Any chemical substance, whether used for medicinal or non-medicinal purposes, and whether natural, synthetic, or semi-synthetic, or any finished pharmaceutical product made from or with such substance, that is: (1) an opioid or opiate, as well as any product containing any such substance; (2) benzodiazepine, carisoprodol, or gabapentin; or (3) a combination or “cocktail” of chemical substances prescribed, sold, bought, or dispensed to be used together that includes opioids or opiates. “Product” shall include, but is not limited to, any substance consisting of or containing buprenorphine, codeine, fentanyl, hydrocodone, hydromorphone, meperidine, methadone, morphine, naloxone, naltrexone, oxycodone, oxymorphone, pentazocine, propoxyphene, tapentadol, tramadol, opium, heroin, carfentanil, diazepam, estazolam, quazepam, alprazolam, clonazepam, oxazepam, flurazepam, triazolam, temazepam, midazolam, carisoprodol, gabapentin, or any variant of these substances or any similar substance. Notwithstanding the foregoing, nothing in this section prohibits a Settling State from taking administrative or regulatory action related to benzodiazepine (including, but not limited to, diazepam, estazolam, quazepam, alprazolam, clonazepam, oxazepam, flurazepam, triazolam, temazepam, and midazolam), carisoprodol, or gabapentin that is wholly independent from the use of such drugs in combination with opioids, *provided* such action does not seek money

(including abatement and/or remediation) for conduct prior to the Initial Participation Date. “Product” also includes any natural, synthetic, semi-synthetic or chemical raw materials, starting materials, finished active pharmaceutical ingredients, drug substances, and any intermediate products used or created in the manufacturing process for any of the substances described above.

EEE. “*Reference Date.*” The date on which Apotex is to inform the Settling States of its determination whether the condition in Section IX has been satisfied. The Reference Date shall be no later than thirty (30) calendar days after the Initial Participation Date, unless it is extended by written agreement of Apotex and the Enforcement Committee.

FFF. “*Released Claims.*” Any and all Claims that directly or indirectly are based on, arise out of, or in any way relate to or concern the Covered Conduct and/or Alleged Harms occurring prior to the Initial Participation Date. Without limiting the foregoing, Released Claims include any Claims that have been asserted against Released Entities by a Settling State or any of its Litigating Subdivisions in any federal, state, or local action or proceeding (whether judicial, arbitral, or administrative) based on, arising out of, or relating to, in whole or in part, the Covered Conduct and/or Alleged Harms, or any such Claims that could be or could have been asserted now or in the future in those actions or in any comparable action or proceeding brought by a Settling State, Subdivision, or Releasor (whether or not such Settling State, Subdivision, or Releasor has brought such action or proceeding). Released Claims also include all Claims against Released Entities asserted in any proceeding to be dismissed pursuant to the Agreement, whether or not such claims relate to Covered Conduct and/or Alleged Harms. The Parties intend that this term, “Released Claims,” be interpreted broadly. This Agreement does not release Claims by private individuals. It is the intent of the Parties that Claims by private individuals be treated in accordance with applicable law. Released Claims is also used herein to describe claims brought by a non-party Subdivision that would have been Released Claims if they had been brought by a Releasor against a Released Entity.

GGG. “*Released Entities.*” With respect to Released Claims, Apotex, Aveva, and (1) all past and present subsidiaries, divisions, affiliates, predecessors, successors, and assigns (in each case, whether direct or indirect) of Apotex or Aveva; (2) all past and present subsidiaries and divisions (in each case, whether direct or indirect) of any entity described in subsection (1); (3) the respective past and present officers, directors, members, trustees, and employees of any of the foregoing (each for actions that occurred during and related to their work for, or employment with, any of Apotex, Aveva, or the foregoing entities); (4) all past and present joint ventures (whether direct or indirect) of Apotex or Aveva or their subsidiaries, including in any subsidiary’s capacity as a participating member in such joint venture; (5) all direct or indirect parents and shareholders of Apotex or Aveva (solely in their capacity as parents or shareholders of Apotex or Aveva with respect to Covered Conduct); and (6) any insurer of Apotex, Aveva, or any person or entity otherwise described in subsections (1)-(5) (solely in its role as insurer of such person or entity and subject to the last sentence of Section XI.C). A list of Apotex’s and Aveva’s joint ventures, subsidiaries and affiliates and predecessor entities is set forth in Exhibit J. Any person or entity described in subsections (3)-(6) shall be a Released Entity solely in

the capacity described in such clause and shall not be a Released Entity with respect to its conduct in any other capacity. Any entity acquired, or joint venture entered into, by Apotex or Aveva after the Initial Participation Date is not a Released Entity. Additionally, except for Aveva and its past and present subsidiaries and divisions, DifGen and its subsidiaries, divisions, affiliates, predecessors, successors, and assigns (or any entity otherwise covered by subsections (1)-(5) based on a relationship to DifGen and such entities) are not Released Entities for their conduct prior to DifGen's acquisition of Aveva, or for their post-acquisition conduct related to activities they undertook prior to DifGen's acquisition of Aveva. Further and notwithstanding anything else in this paragraph, no entity sued in *In re: National Prescription Opiate Litigation*, No. 1:17-md-2804 (N.D. Ohio) is included as a Released Entity other than Apotex, Aveva, and the entities listed on Exhibit J.

HHH. "*Releasors.*" With respect to Released Claims, (1) each Settling State; (2) each Participating Subdivision; and (3) without limitation and to the maximum extent of the power of each Settling State's Attorney General and/or Participating Subdivision to release Claims, (a) the Settling State's and Participating Subdivision's departments, agencies, divisions, boards, commissions, Subdivisions, districts, instrumentalities of any kind and attorneys, including its Attorney General, and any person in his or her official capacity whether elected or appointed to serve any of the foregoing and any agency, person, or other entity claiming by or through any of the foregoing, (b) any public entities, public instrumentalities, public educational institutions, unincorporated districts, fire districts, irrigation districts, water districts, emergency services districts, school districts, healthcare districts, hospital districts, Sheriffs and law enforcement districts, library districts, coroner's offices, and public transportation authorities, and other Special Districts in a Settling State, including those with the regulatory authority to enforce state and federal controlled substances acts or the authority to bring Claims related to Covered Conduct seeking money (including abatement (or remediation and/or restitution)) or revoke a pharmaceutical distribution license, and (c) any person or entity acting in a *parens patriae*, sovereign, quasi-sovereign, private attorney general, *qui tam*, taxpayer, or other capacity seeking relief, including but not limited to fines, penalties, or punitive damages, on behalf of or generally applicable to the general public with respect to a Settling State or Subdivision in a Settling State, whether or not any of them participate in this Agreement. The inclusion of a specific reference to a type of entity in this definition shall not be construed as meaning that the entity is not a Subdivision. Each Settling State's Attorney General represents that he or she has obtained (or will obtain no later than the Initial Participation Date) the authority set forth in Section XI.G. In addition to being a Releasor as provided herein, a Participating Subdivision shall also provide the Subdivision Settlement Participation Form referenced in Section VIII providing for a release to the fullest extent of the Participating Subdivision's authority.

III. "*Remediation Accounts Fund.*" The component of the Settlement Fund described in Section VI.C.

JJJ. "*Remediation Payment.*" The amount payable to the Settlement Fund by Apotex for Settling States' Base Payments and Incentive Payments on the Payment Date, as calculated by the Settlement Fund Administrator.

KKK. “*Revocation Event.*” With respect to a Bar or Case-Specific Resolution, a legislative amendment, revocation, rescission, reversal, overruling, or interpretation that in any way limits the effect of such Bar or Case-Specific Resolution on Released Claims, or any other action or event that otherwise deprives the Bar, or Case-Specific Resolution of force or effect in any material respect.

LLL. “*Settlement Fund.*” The interest-bearing fund established at [Bank TBD] pursuant to this Agreement into which the Remediation Payment is made under Section V, which is intended to be classified as a “qualified settlement fund” within the meaning of 26 C.F.R. §§ 1.468B-1 *et seq.* and which shall be approved by any Settling State in accordance with the requirements of 26 C.F.R. § 1.468B-1.

MMM. “*Settlement Fund Administrator.*” BrownGreer PLC, which is the entity that determines the Remediation Payment (including calculating offset or reduction and Incentive Payments pursuant to Section V) and Additional Remediation Amount, administers the Settlement Fund, and distributes amounts into the Remediation Accounts Fund, State Fund, and Subdivision Fund pursuant to this Agreement. The duties of the Settlement Fund Administrator shall be governed by this Agreement. Prior to the Effective Date, Apotex and the Enforcement Committee shall agree to a detailed description of the Settlement Fund Administrator’s duties and responsibilities, including a detailed mechanism for paying the Settlement Fund Administrator’s fees and costs, all of which shall be appended to the Agreement as Exhibit L.

NNN. “*Settlement Fund Escrow.*” The interest-bearing escrow fund established pursuant to this Agreement to hold disputed payments made under this Agreement.

OOO. “*Settling State.*” An Eligible State that has entered into this Agreement and delivers executed releases in accordance with Section IX.A.

PPP. “*State Allocation Percentage.*” A Settling State’s percentage as set forth in Exhibit F.

QQQ. “*State Fund.*” The component of the Settlement Fund described in Section VI.C.

RRR. “*State-Subdivision Agreement.*” An agreement that a Settling State reaches with the Subdivisions in that Settling State regarding the allocation, distribution, and/or use of funds allocated to that Settling State and to its Subdivisions. A State-Subdivision Agreement shall be effective if approved pursuant to the provisions of Exhibit O or if adopted by statute. Preexisting agreements addressing funds other than those allocated pursuant to this Agreement shall qualify if the approval requirements of Exhibit O are met. A Settling State and its Subdivisions may revise a State-Subdivision Agreement if approved pursuant to the provisions of Exhibit O, or if such revision is adopted by statute.

SSS. “*Statutory Trust.*” A trust fund established by state law to receive funds allocated to a Settling State’s Remediation Accounts Fund and restrict any expenditures made using funds from the Settling State’s Remediation Accounts Fund to Opioid Remediation, subject to reasonable administrative expenses. A Settling State may give a

Statutory Trust authority to allocate one (1) or more of the three (3) types of funds comprising such Settling State's Settlement Fund, but this is not required.

TTT. "*Statewide Payment Amount.*" The amount from the Remediation Payment to be paid to a Settling State, including its separate types of funds (if applicable) and its Participating Subdivisions listed in Exhibit G, on or as soon as practical after the Payment Date.

UUU. "*Subdivision.*" Any (1) General Purpose Government (including, but not limited to, a municipality, county, county subdivision, city, town, township, parish, village, borough, gore, or any other entities that provide municipal-type government), School District, or Special District within a Settling State, and (2) any other subdivision, subdivision official acting in an official capacity on behalf of the subdivision (including, without limitation, district attorneys, county attorneys, city attorneys, sheriffs, and any other official, employee, or representative), or sub-entity of or located within a Settling State (whether political, geographical or otherwise, whether functioning or non-functioning, regardless of population overlap, and including, but not limited to, Nonfunctioning Governmental Units and public institutions) that has filed a lawsuit that includes a Released Claim against a Released Entity in a direct, *parens patriae*, or any other capacity. "General Purpose Government," "School District," and "Special District" shall correspond to the "five basic types of local governments" recognized by the U.S. Census Bureau and match the 2017 list of Governmental Units.² The three (3) General Purpose Governments are county, municipal, and township governments; the two (2) special purpose governments are School Districts and Special Districts.³ "Fire District," "Health District," "Hospital District," and "Library District" shall correspond to categories of Special Districts recognized by the U.S. Census Bureau.⁴ References to a Settling State's Subdivisions or to a Subdivision "in," "of," or "within" a Settling State include Subdivisions located within the Settling State even if they are not formally or legally a sub-entity of the Settling State; *provided, however*, that a "Health District" that includes any of the following words or phrases in its name shall not be considered a Subdivision: mosquito, pest, insect, spray, vector, animal, air quality, air pollution, clean air, coastal water, tuberculosis, and sanitary.

² https://www2.census.gov/programs-surveys/gus/datasets/2017/govt_units_2017.ZIP

³ *E.g.*, U.S. Census Bureau, "Technical Documentation: 2017 Public Use Files for State and Local Government Organization" at 7 (noting that "the Census Bureau recognizes five basic types of local governments," that three of those are "general purpose governments" (county governments, municipal governments, and township governments), and that the other two are "school district and special district governments"), https://www2.census.gov/programs-surveys/gus/datasets/2017/2017_gov_org_meth_tech_doc.pdf.

⁴ A list of 2017 Government Units provided by the Census Bureau identifies 38,542 Special Districts and categorizes them by "FUNCTION_NAME." "Govt_Units_2017_Final" spreadsheet, "Special District" sheet, included in "Independent Governments - list of governments with reference information," https://www2.census.gov/programs-surveys/gus/datasets/2017/govt_units_2017.ZIP. As used herein, "Fire District" corresponds to Special District function name "24 — Local Fire Protection," "Health District" corresponds to Special District function name "32 — Health," "Hospital District" corresponds to Special District function name "40 — Hospitals," and "Library District" corresponds to Special District function name "52 — Libraries." *See id.*

VVV. “*Subdivision Allocation Percentage.*” The portion of a Settling State's Subdivision Fund set forth in Exhibit G that a Subdivision will receive pursuant to Section VI if it becomes a Participating Subdivision. The aggregate Subdivision Allocation Percentage of all Subdivisions receiving a Subdivision Allocation Percentage in each Settling State shall equal one hundred percent (100%). Immediately upon the effectiveness of any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section VI.D.3 (or upon the effectiveness of an amendment to any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section VI.D.3) that addresses allocation from the Subdivision Fund, whether before or after the Initial Participation Date, Exhibit G will automatically be amended to reflect the allocation from the Subdivision Fund pursuant to the State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section VI.D.3. The Subdivision Allocation Percentages contained in Exhibit G may not change once notice is distributed pursuant to Section VIII.A, except upon the effectiveness of any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section VI.D.3 (or upon the effectiveness of an amendment to any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section VI.D.3) that addresses allocation from the Subdivision Fund. For the avoidance of doubt, no Subdivision not listed on Exhibit G shall receive an allocation from the Subdivision Fund and no provision of this Agreement shall be interpreted to create such an entitlement.

WWW. “*Subdivision Fund.*” The component of the Settlement Fund described in Section VI.A.

XXX. “*Subdivision Settlement Participation Form.*” The form attached as Exhibit K that Participating Subdivisions must execute and return to the Implementation Administrator or Settlement Fund Administrator, and which shall (1) make such Participating Subdivisions signatories to this Agreement, (2) include a full and complete release of any and all of such Participating Subdivisions' claims, and (3) require the prompt dismissal with prejudice of any Released Claims that have been filed by any such Participating Subdivision.

YYY. “*Threshold Motion.*” A motion to dismiss or equivalent dispositive motion made at the outset of litigation under applicable procedure. A Threshold Motion must include as potential grounds for dismissal any applicable Bar or the relevant release by a Settling State or Participating Subdivision provided under this Agreement and, where appropriate under applicable law, any applicable limitations defense.

II. Participation by Eligible States and Condition to Preliminary Agreement

A. *Notice to Eligible States.* On May 26, 2025, this Agreement shall be distributed to all Eligible States. The Attorneys General of the Eligible States shall then have until June 25, 2025, to decide whether to become Settling States and notify the Enforcement Committee and Apotex of that decision. Eligible States that determine to become Settling States shall so notify Apotex and shall further commit to obtaining any

necessary additional state releases prior to the Reference Date. This notice period may be extended by written agreement of Apotex and the Enforcement Committee.

B. *Condition to Preliminary Agreement.* Following the notice period set forth in Section II.A, Apotex shall have fourteen (14) calendar days to determine whether, in its sole discretion (based on any criteria or factors deemed relevant to Apotex), enough Eligible States have agreed to become Settling States to proceed with notice to Subdivisions as set forth in Section VIII. This period may be extended by written agreement of Apotex and the Enforcement Committee. If Apotex determines that this condition has been satisfied, and that notice to the Subdivisions should proceed, it will so notify the Settling States by providing notice to the Enforcement Committee. The date of such notice shall be the Preliminary Agreement Date. If Apotex determines that this condition has not been satisfied, this Agreement will have no further effect and all releases and other commitments or obligations contained herein will be void.

C. *Later Joinder by Eligible States.* After the Preliminary Agreement Date, an Eligible State may only become a Settling State with the consent of Apotex and the Enforcement Committee, provided that the Enforcement Committee may not withhold consent to an Eligible State's later joinder if the Eligible State agrees to join pursuant to the terms of this Agreement and the allocation set forth on Exhibit F. If an Eligible State becomes a Settling State more than thirty (30) calendar days after the Preliminary Agreement Date, but on or before the Reference Date, the Subdivisions in that Eligible State that become Participating Subdivisions within ninety (90) calendar days of the Eligible State becoming a Settling State shall be considered Initial Participating Subdivisions. An Eligible State may not become a Settling State after the Reference Date.

D. *Litigation Activity.* Following the Preliminary Agreement Date, Eligible States that determine to become Settling States shall make reasonable efforts to cease litigation activity against Apotex or Aveva, including by jointly seeking stays or, where appropriate, severance of claim against Apotex or Aveva, where feasible, and otherwise to minimize such activity by means of agreed deadline extensions and agreed postponement of depositions, document productions, and motion practice if a motion to stay or sever is not feasible or is denied.

III. Injunctive Relief

A. *Injunctive Relief.* As part of the Consent Judgment, the Parties agree to the respective injunctive relief terms attached in Exhibits P (Apotex) and Q (Aveva).

IV. Procedure for Segregated Account Deposits and Payments

A. By the Deposit Date, Apotex shall deposit into a segregated interest-bearing bank account it establishes the Adjusted Maximum Remediation Payment amount. Apotex shall also deposit into two (2) separate segregated interest-bearing bank accounts it establishes: (a) the Private Attorney Fees amount; and (b) the Additional Remediation Amount. Apotex shall separately account for the interest earned on each of the three (3) accounts.

B. Apotex shall provide proof to the Enforcement Committee of the deposits required by Section IV.D.1 by the Deposit Date. Apotex shall not remove any money from the segregated bank accounts, except as provided by Section IV.F and Section IV.H.

C. If an Eligible State joins the agreement pursuant to Section II.C and that joinder is after the Deposit Date, Apotex shall deposit that Settling State's maximum Statewide Payment Amount, which is the Maximum Remediation Payment multiplied by the Settling State's State Allocation Percentage. Such deposit shall be within fifteen (15) days of the Settling State's joinder.

D. If the condition set forth in Section IX.B is met, Apotex shall:

1. Transfer into the Settlement Fund on the Payment Date (unless the Enforcement Committee specifies a later date) the Remediation Payment amount calculated by the Settlement Fund Administrator pursuant to Section V.C.2 from the segregated account. For the avoidance of doubt, this transfer includes any amounts that the Settlement Fund Administrator will place into the Settlement Fund Escrow pursuant to Section V.C.4.e.

- a. The interest earned from the deposit account holding the Remediation Amount shall be used, first, to pay for the Implementation Administrator, then to pay for the Implementation Administrator in the Alvogen, Amneal, Hikma, Indivior, Mylan, Sun, and Zydus Settlement Agreements, and finally to be transferred to the Settlement Fund to be used to pay for the Settlement Fund Administrator pursuant to Section VI.C.4.

2. Transfer into the relevant funds as directed by the Enforcement Committee, no later than the Payment Date (unless the Enforcement Committee specifies a later date) the amount in the segregated account holding the Private Attorney Fees (including all interest accrued on that account), minus any amounts not payable pursuant to the terms of Exhibit R, and the amount in the segregated account holding the Additional Remediation Amount (including all interest accrued on that account), minus the Additional Remediation Amount that would have been owed to Non-Settling States as calculated by multiplying the Additional Remediation Amount by the sum of allocations on Exhibit N for Non-Settling States.

E. The Remediation Payment transferred by Apotex into the Settlement Fund pursuant to Section IV.D.1 shall be disbursed by the Settlement Fund Administrator to each Settling State and to its Participating Subdivisions listed on Exhibit G pursuant to Section V.C.5 through Section V.C.8; provided, however, that for any Settling State where the Consent Judgment has not been entered as of the Effective Date, the funds allocable to that Settling State and its Participating Subdivisions listed on Exhibit G shall not be disbursed until ten (10) calendar days after the entry of the Consent Judgment in that Settling State.

F. Any amounts in the segregated accounts not subject to transfer pursuant to Section IV.D shall immediately revert to Apotex after Apotex makes the transfers required by Section IV.D.

G. Except for the interest earned on the payment amounts, any unearned Incentive Payment A amount in the Settlement Fund shall immediately revert to Apotex after the Incentive Payment A Catch-Up Date. This excess reflects Settling States who sought, but did not achieve, a Bar by the Incentive Payment A Catch-Up Date. Any amount in the Settlement Fund exceeding the payments described in Section V.C.3 shall immediately revert to Apotex after the Payment Date. This excess is Settling States' unearned Maximum Incentive Payment amounts.

H. In the event that, in accordance with the terms of Section IX.B, Apotex determines not to proceed with the Settlement, or the Settlement does not become effective for any other reason, the funds held in the segregated bank accounts shall immediately revert to Apotex.

V. Settlement Payment Calculation Process

A. *Settlement Fund.* All payments under this Section V shall be made into the Settlement Fund, except that, where specified, they shall be made into the Settlement Fund Escrow. The Settlement Fund shall be allocated and used only as specified in Section VI.

B. Remediation Payment

1. Apotex shall make one Remediation Payment comprised of both Base Payments and Incentive Payments as provided in Section IV.D.1.

2. In no instance shall Apotex's Remediation Payment obligations exceed the Adjusted Maximum Remediation Amount.

C. Settlement Fund Payment Process

1. To determine the Remediation Payment, the Settlement Fund Administrator shall use the data as of the Payment Calculation Date. Prior to the Effective Date, the Parties will include Exhibit L, which sets forth in detail the process for the Settlement Fund Administrator to obtain relevant data and for distributing funds to the Settling States and their Participating Subdivisions listed on Exhibit G consistent with the terms of this Agreement as quickly as practical.

2. On the Payment Calculation Date, the Settlement Fund Administrator shall determine the Remediation Payment, consistent with the provisions in Exhibit L, by determining the sum, for all Settling States, of the Base Payment amount and Incentive Payments A or BC amount to which each Settling State is entitled (or could in the future be entitled for states who notify Defendants of an intent to obtain a Bar by the Incentive Payment A Catch-Up Date) by applying the criteria under Section V.D and Section V.E;

3. On the Payment Calculation Date and Incentive Payment A Catch-Up Date, the Settlement Fund Administrator shall determine the Statewide Payment Amount for each Settling State, consistent with the provisions in Exhibit L, by determining, for each Settling State, the Base Payment amount (only on the Payment Calculation Date) and Incentive Payment amount to which the Settling State is entitled on that date by applying the criteria under Section V.D and Section V.E, after subtracting the portion of any Settlement Fund Administrator costs and fees owed out of funds from the Settlement Fund pursuant to Section VI.C.4.

4. No later than fifty (50) days prior to the Payment Date, the Settlement Fund Administrator shall give notice to Apotex, the Settling States, and the Enforcement Committee of the amount of the Remediation Payment, and/or the Statewide Payment Amount for each Settling State, following the determination described in Section V.C.2 and V.C.3, and the following timeline shall apply:

a. Within twenty-one (21) calendar days of the notice provided by the Settlement Fund Administrator, Apotex, any Settling State or the Enforcement Committee may dispute, in writing, the calculation of the Remediation Payment and/or the Statewide Payment Amount for a Settling State. Such disputing party must provide a written notice of dispute to the Settlement Fund Administrator, the Enforcement Committee, any affected Settling State, and Apotex identifying the nature of the dispute, the amount of money that is disputed, and the Settling State(s) affected.

b. Within twenty-one (21) calendar days of the sending of a written notice of dispute, any affected party may submit a response, in writing, to the Settlement Fund Administrator, the Enforcement Committee, any affected Settling State, and Apotex identifying the basis for disagreement with the notice of dispute.

c. If no response is filed, the Settlement Fund Administrator shall adjust the amount calculated consistent with the written notice of dispute. In the case of the Remediation Payment, Apotex shall pay the adjusted amount, collectively totaling the Remediation Payment, on the Payment Date.

d. If a written response to the written notice of dispute is timely sent to the Settlement Fund Administrator, the Settlement Fund Administrator shall notify Apotex, the Enforcement Committee, and any affected Settling State of the preliminary amount, which shall be the greater of the amount originally calculated by the Settlement Fund Administrator or the amount that would be consistent with the notice of dispute. In the case of the Remediation Payment, Apotex shall pay this preliminary amount, *provided, however*, that in no circumstances shall the preliminary amount to be paid be higher than the Maximum Remediation Payment.

e. The Settlement Fund Administrator shall place any disputed amount of the preliminary amount paid by Apotex into the Settlement Fund Escrow and shall disburse any undisputed amount to each Settling State and its Participating Subdivisions listed on Exhibit G pursuant to Section V.C.5.

5. If a Settling State informs the Settlement Fund Administrator that it and its Participating Subdivisions listed on Exhibit G have agreed on the amount of its Statewide Payment Amount, determined pursuant to Section V.C.3, to be distributed to the Settling State, among its separate types of funds (if applicable), and among its Participating Subdivisions listed on Exhibit G, the Settlement Fund Administrator shall disburse the Statewide Payment Amount pursuant to the consensus distribution amounts provided by the Settling State as quickly as practical. For a Settling State that does not so notify the Settlement Fund Administrator, the Settlement Fund Administrator shall allocate the Settling State's Statewide Payment Amount, pursuant to Section VI, among the separate types of funds for the Settling State (if applicable), and among its Participating Subdivisions listed on Exhibit G using the following procedures:

a. As soon as possible for each payment and following the determination described in Section V.C.3, the Settlement Fund Administrator shall give notice to the relevant Settling States and their Participating Subdivisions listed on Exhibit G of the amount to be received by each Settling State, the amount to be received by the separate types of funds for each Settling State (if applicable), and the amount to be received by each Participating Subdivision listed on Exhibit G for each Settling State.

b. Within twenty-one (21) days of the notice provided by the Settlement Fund Administrator, any Settling State or Participating Subdivision listed on Exhibit G may dispute, in writing, the calculation of the amount to be received by the relevant Settling State and/or its Participating Subdivision listed on Exhibit G. A dispute will be deemed invalid and disregarded if it challenges the allocations adopted by a State-Subdivision Agreement approved pursuant to the provisions of Exhibit O or by statute. Such disputing party must provide a written notice of dispute to the Settlement Fund Administrator, any affected Settling State, and any affected Participating Subdivision identifying the nature of the dispute, the amount of money that is disputed, and the Settling State(s) affected.

c. Within twenty-one (21) days of the sending of a written notice of dispute, any affected Settling State or any affected Participating Subdivision may submit a response, in writing, to the Settlement Fund Administrator, any affected Settling State, and any affected Participating Subdivision identifying the basis for disagreement with the notice of dispute.

d. If no response is filed, the Settlement Fund Administrator shall adjust the amount calculated consistent with the written notice of dispute.

e. The Settlement Fund Administrator shall place any disputed amount into the Settlement Fund Escrow and shall disburse any undisputed amount to the Settling State and its Participating Subdivisions eligible for payment.

6. Disputes described in this subsection (other than those for which no response is filed under Sections V.C.4.c or V.C.5.d) shall be resolved in accordance with the terms of Section VII.F.

7. The Settlement Fund Administrator may combine the disbursements of the Remediation Payment with the disbursement of funds under other comparable opioid settlements. In determining when disbursements of the Remediation Payment will be made, the Settlement Fund Administrator may take into account the timeline for the availability of disbursements under other comparable opioid settlements.

8. For the avoidance of doubt, Subdivisions not listed on Exhibit G shall not receive an allocation from the Subdivision Fund and no provision of this Agreement shall be interpreted to create such an entitlement.

D. *Base Payments.*

1. Apotex shall make Base Payments into the Settlement Fund in an amount equal to forty percent (40%) of the Adjusted Maximum Remediation Payment. The maximum total for Base Payments is \$25,472,948.

2. The Base Payment for any Settling State shall be the maximum total for Base Payments, \$25,472,948, times the Settling State's State Allocation Percentage specified in Exhibit F.

E. *Incentive Payments.*

1. Settling States may earn Incentive Payments totaling up to a maximum of sixty percent (60%) of the Adjusted Maximum Remediation Payment, with the Incentive Payment amount depending on whether and the extent to which the criteria set forth below are met in each Settling State. The maximum total for Incentive Payments is \$38,209,421.

2. A Settling State qualifies to receive an Incentive Payment in addition to its Base Payment if it meets the incentive eligibility requirements specified below. The maximum total Incentive Payment for any Settling State shall be no more than the maximum total for Incentive Payments, \$38,209,421, times the Settling State's State Allocation Percentage specified in Exhibit F. Incentive Payments are state-specific, with the actual amount depending on whether and the extent to which the criteria set forth below are met in such Settling State.

3. The Incentive Payments shall be divided among two (2) categories, referred to as Incentive Payments A and BC. Incentive Payments A and BC will be due to Settling States on the Payment Date. The total amount of Incentive Payments due to Settling States shall be the sum of the Incentive Payments for which the individual Settling States are eligible under the criteria set forth below. The Incentive Payments shall be made with respect to a specific Settling State based on its eligibility under the criteria set forth below. For the avoidance of doubt, eligibility for Incentive Payments A and BC shall be determined on a Settling State-by-Settling State basis.

4. Incentive Payment A.

a. Incentive Payment A is mutually exclusive with Incentive Payment BC; if a Settling State receives Incentive Payment A in the Remediation Payment, such Settling State is not eligible for Incentive Payment BC.

b. Incentive Payment A shall be equal to sixty percent (60%) of the Adjusted Maximum Remediation Payment, provided all Settling States satisfy the requirements of Incentive Payment A. Incentive Payment A will be due to a Settling State as part of the Remediation Payment, and shall equal a total potential maximum of \$38,209,421 if all Eligible States qualify for Incentive Payment A. Each Settling State's share of Incentive Payment A, *provided* that Settling State qualifies, shall equal the total maximum amount available for Incentive Payment A, \$38,209,421, times the Settling State's State Allocation Percentage.

c. Qualification for Incentive Payment A is as follows: A Settling State qualifies for Incentive Payment A if, as of the Payment Calculation Date: (i) there is a Bar in that Settling State in full force and effect, (ii) the Released Claims of all of the following entities are released through the execution of Subdivision Settlement Participation Forms, or there is a Case-Specific Resolution against such entities: all Primary Subdivisions, Litigating Subdivisions, School Districts with a K-12 student enrollment of at least 25,000 or .10% of a Settling State's population, whichever is greater, Hospital Districts that have at least one hundred twenty-five (125) hospital beds in one or more hospitals rendering services in that district, and Primary Fire Districts; or (iii) a combination of the actions in clauses (i) and (ii) has achieved the same level of resolution of Subdivision Claims (*e.g.*, a Bar against future litigation combined with full joinder by Litigating Subdivisions). For the avoidance of doubt, subsection (iii) cannot be satisfied unless all Litigating Subdivisions are Participating Subdivisions or there is a Case-Specific Resolution against any such Subdivisions that are not Participating Subdivisions. Apotex and the Enforcement Committee shall meet and confer in order to agree on data sources for purposes of this Section prior to the Initial Participation Date.

d. If a Settling State intends to achieve Incentive A by a Bar in effect after the Payment Calculation date but before the Incentive A Catch-Up Date, the Settling State shall notify Apotex no later than 30 days before the Initial Participation Date. A Settling State who so notifies Apotex and does not qualify for Incentive Payment A as of the Payment Date but becomes eligible for Incentive Payment A as of the Incentive Payment A Catch-Up Date shall receive the payment that it would have received for Incentive Payment A (the “Incentive Payment A Catch-up Payment”) on the Incentive Payment A Catch-Up Date. The Incentive Payment A Catch-up Payment shall be reduced by any amounts paid to the Settling State under Incentive Payment BC prior to the Settling State’s eligibility for Incentive Payment A. A Settling State that does not qualify for Incentive Payment A as of the Incentive Payment A Catch-Up Date shall not be eligible for Incentive Payment A.

e. To the extent a Settling State asserts that existing legislation qualifies as a Bar, the Settling State shall provide notice to Apotex no later than 30 days before the Initial Participation Date. Apotex shall indicate before the Initial Participation Date whether existing legislation in a Settling State is sufficient to qualify as a Bar.

5. Incentive Payment BC.

a. Incentive Payment BC shall be available to Settling States that do not qualify for Incentive Payment A.

b. Incentive Payment BC shall be up to a maximum of sixty percent (60%) of the Settling State’s share of the Remediation Payment. Incentive Payment BC will be due to a Settling State as part of the Remediation Payment. Incentive Payment BC shall equal a total potential maximum of \$38,209,421 if all Eligible States qualify for Incentive Payment BC (and do not qualify for Incentive Payment A).

c. The maximum Incentive Payment BC for any Settling State shall be the maximum potential Incentive Payment BC, \$38,209,421, times the Settling State’s State Allocation Percentage specified in Exhibit F, provided such Settling State becomes eligible for Incentive Payment BC by the Payment Calculation Date.

d. The amount of Incentive Payment BC for which a Settling State is eligible shall be determined based on the aggregate population of the Settling State’s Incentive BC Subdivisions that are Participating Subdivisions or have had their claims resolved through a Case-Specific Resolution, divided by the aggregate population of all the Settling State’s Incentive BC Subdivisions. The Settling State’s Incentive BC Subdivisions are (i) all Litigating Subdivisions (including School Districts and Special

Districts) and (ii) all Primary Subdivisions that have not sued Apotex as of the Initial Participation Date (collectively “*Incentive BC Subdivisions*”).

e. The percentage of the Settling State’s maximum Incentive Payment BC provided by Section V.E.5.c to which the Settling State is entitled shall be determined according to the table of Incentive BC payment levels below:

Participation Percentage of Incentive BC Eligible Subdivision Population⁵	Incentive Payment BC Percentage
Less than 85%	0%
85% or more but less than 86%	3.57%
86% or more but less than 87%	8.93%
87% or more but less than 88%	14.29%
88% or more but less than 89%	19.64%
89% or more but less than 90%	25%
90% or more but less than 91%	30.36%
91% or more but less than 92%	35.71%
92% or more but less than 93%	41.07%
93% or more but less than 94%	46.43%
94% or more but less than 95%	51.79%
95% or more but less than 96%	60.71%
96% or more but less than 97%	68.75%

⁵ The “Participation Percentage of Incentive BC Eligible Subdivision Population” shall be determined by the aggregate population of the Settling State’s Incentive BC Subdivisions that are Participating Subdivisions or have had their claims resolved through a Case-Specific Resolution, divided by the aggregate population of the Settling State’s Incentive BC Subdivisions. In calculating the Settling State’s population that resides in Incentive BC Subdivisions, the population of the Settling State’s Incentive BC Subdivisions shall be the sum of the population of all Incentive BC Subdivisions in the Settling State, notwithstanding that persons may be included within the population of more than one Incentive BC Subdivision. An individual Subdivision shall not be included more than once in the numerator, and shall not be included more than once in the denominator, of the calculation regardless if it (or any of its officials) is named as multiple plaintiffs in the same lawsuit; provided, however, that for the avoidance of doubt, no Subdivision will be excluded from the numerator or denominator under this sentence unless a Subdivision otherwise counted in the denominator has the authority to release the Claims (consistent with Section X) of the Subdivision to be excluded.

97% or more but less than 98%	76.79%
98% or more but less than 99%	84.82%
99% or more but less than 100%	92.86%
100%	100%

f. The percentage of the available Incentive Payment BC amount for which a Settling State is eligible will be based on the Participation Percentage of Incentive BC Eligible Subdivision Population as of the Payment Calculation Date. If Incentive BC Eligible Subdivisions that have become Participating Subdivisions, or achieved Case-Specific Resolution status, collectively represent less than eighty-five percent (85%) of a Settling State's Incentive BC Eligible Subdivision population by the Payment Calculation Date, the Settling State shall not receive any Incentive Payment BC.

g. If there are no Incentive BC Eligible Subdivisions in a Settling State, and that Settling State is otherwise eligible for Incentive Payment BC, that Settling State will receive its maximum Incentive Payment BC provided by Section V.E.5.c.

F. In no event shall any Settling State receive a Base Payment and Incentive Payment totaling more than one hundred percent (100%) of its respective State Allocation Percentage specified in Exhibit F times the Maximum Remediation Payment.

VI. Allocation and Use of Settlement Payments

A. *Components of Settlement Fund.* The Settlement Fund shall be funded by the Remediation Payment and comprised of a Remediation Accounts Fund, a State Fund, and a Subdivision Fund for each Settling State. The payments made under Section IV into the Settlement Fund shall be initially allocated among those three (3) sub-funds and distributed and used as provided below. Unless otherwise specified herein, payments placed into the Settlement Fund do not revert back to Apotex.

B. *Use of Settlement Payments.*

1. It is the intent of the Parties that the payments disbursed from the Settlement Fund to Settling States and Participating Subdivisions be for Opioid Remediation, subject to exceptions that must be documented in accordance with Section VI.B.2. In no event may less than ninety-five percent (95%) of Apotex's maximum amount of payments pursuant to Section V be spent on Opioid Remediation.

2. While disfavored by the Parties, a Settling State or a Participating Subdivision set forth on Exhibit G may use monies from the Settlement Fund (that

have not been restricted by this Agreement solely to future Opioid Remediation) for purposes that do not qualify as Opioid Remediation. If, at any time, a Settling State or a Participating Subdivision set forth on Exhibit G uses any monies from the Settlement Fund for a purpose that does not qualify as Opioid Remediation, such Settling State or Participating Subdivision set forth on Exhibit G shall identify such amounts and report to the Settlement Fund Administrator and Apotex how such funds were used, including if used to pay attorneys' fees, investigation costs, litigation costs, or costs related to the operation and enforcement of this Agreement, respectively. It is the intent of the Parties that the reporting under this Section VI.B.2 shall be available to the public. For the avoidance of doubt, (a) any amounts not identified under this Section VI.B.2 as used to pay attorneys' fees, investigation costs, or litigation costs shall be included in the Compensatory Restitution Amount for purposes of Section VI.F and (b) Participating Subdivisions not listed on Exhibit G may only use monies from the Settlement Fund for purposes that qualify as Opioid Remediation.

C. *Allocation of Settlement Fund.* The allocation of the Settlement Fund allows for different approaches to be taken in different states, such as through a State-Subdivision Agreement. Given the uniqueness of Settling States and their Subdivisions, Settling States and their Subdivisions are encouraged to enter into State-Subdivision Agreements in order to direct the allocation of their portion of the Settlement Fund. As set out below, the Settlement Fund Administrator will make an initial allocation to three (3) state-level sub-funds. The Settlement Fund Administrator will then, for each Settling State and its Participating Subdivisions, apply the terms of this Agreement and any relevant State-Subdivision Agreement, Statutory Trust, Allocation Statute, or voluntary redistribution of funds as set out below before disbursing the funds.

1. *Base Payments.* The Settlement Fund Administrator will allocate Base Payments under Section V.D among the Settling States pursuant to Section V.D.2. Base payments for each Settling State will then be allocated fifteen percent (15%) to its State Fund, seventy percent (70%) to its Remediation Accounts Fund, and fifteen percent (15%) to its Subdivision Fund. Amounts may be reallocated and will be distributed as provided in Section VI.D.

2. *Incentive Payments.* The Settlement Fund Administrator will treat Incentive Payments under Section V.E on a state-specific basis. Incentive Payments for which a Settling State is eligible will be allocated fifteen percent (15%) to its State Fund, seventy percent (70%) to its Remediation Accounts Fund, and fifteen percent (15%) to its Subdivision Fund. Amounts may be reallocated and will be distributed as provided in Section VI.D.

3. *Settlement Fund Administrator.* Prior to the Effective Date, Apotex and the Enforcement Committee will agree to a detailed mechanism consistent with the foregoing for the Settlement Fund Administrator to follow in allocating, apportioning, and distributing payments, which shall then be appended hereto as Exhibit L.

4. Settlement Fund Administrator Costs. Any costs and fees associated with or arising out of the duties of the Settlement Fund Administrator as described in Exhibit L shall be paid from the interest accrued in the Settlement Fund Escrow and the Settlement Fund; provided, however, that if such accrued interest is insufficient to pay the entirety of any such costs and fees, the additional amount shall be paid out of the Settlement Fund. For the avoidance of doubt, nothing in this provision shall require Apotex to pay any costs, fees or other amounts in excess of the Global Settlement Amount.

D. *Settlement Fund Reallocation and Distribution.* As set forth below, within a particular Settling State's account, amounts contained in the Settlement Fund sub-funds may be reallocated and distributed per a State-Subdivision Agreement or other means. If the apportionment of amounts is not addressed and controlled under Section VI.D.1 and Section VI.D.2, then the default provisions of Section VI.D.4 apply. It is not necessary that a State-Subdivision Agreement or other means of allocating funds pursuant to Section VI.D.1 and Section VI.D.2 address all of the Settlement Fund sub-funds. For example, a Statutory Trust might only address disbursements from a Settling State's Remediation Accounts Fund.

1. Distribution by State-Subdivision Agreement. If a Settling State has a State-Subdivision Agreement, amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section VI.C shall be reallocated and distributed as provided by that agreement. Any State-Subdivision Agreement entered into after the Preliminary Agreement Date shall be applied only if it requires: (a) that all amounts be used for Opioid Remediation, except as allowed by Section VI.B.2, and (b) that at least seventy percent (70%) of amounts be used solely for future Opioid Remediation.⁶ For a State-Subdivision Agreement to be applied to the relevant portion of the Remediation Payment, notice must be provided to Apotex and the Settlement Fund Administrator by the Payment Calculation Date.

2. Distribution by Allocation Statute. If a Settling State has an Allocation Statute and/or a Statutory Trust that addresses allocation or distribution of amounts apportioned to such Settling State's State Fund, Remediation Accounts Fund, and/or Subdivision Fund and that, to the extent any or all such sub-funds are addressed, requires (1) all amounts to be used for Opioid Remediation, except as allowed by Section VI.B.2, and (2) at least seventy percent (70%) of all amounts to be used solely for future Opioid Remediation then, to the extent allocation or distribution is addressed, the amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section VI.C shall be allocated and distributed as addressed and provided by the applicable Allocation Statute or Statutory Trust. For the avoidance of doubt, an Allocation Statute or Statutory Trust need not address all three (3) sub-funds that comprise the Settlement Fund, and if the applicable Allocation Statute or Statutory Trust does not address distribution of

⁶ Future Opioid Remediation includes amounts paid to satisfy any future demand by another governmental entity to make a required reimbursement in connection with the past care and treatment of a person related to the Alleged Harms

all or some of these three (3) sub-funds, the applicable Allocation Statute or Statutory Trust does not replace the default provisions described in Section VI of any such unaddressed fund. For example, if an Allocation Statute or Statutory Trust that meets the requirements of this Section VI.D.2 only addresses funds restricted to remediation, then the default provisions of this Agreement concerning allocation among the three (3) sub-funds comprising the Settlement Fund and the distribution of the State Fund and Subdivision Fund for that Settling State would still apply, while the distribution of the applicable State's Remediation Accounts Fund would be governed by the qualifying Allocation Statute or Statutory Trust.

3. Voluntary Redistribution. A Settling State may choose to reallocate all or a portion of its State Fund to its Remediation Accounts Fund. A Participating Subdivision included on Exhibit G may choose to reallocate all or a portion of its allocation from the Subdivision Fund to the Settling State's Remediation Accounts Fund or to another Participating Subdivision. The Settlement Fund Administrator is not required to honor a voluntary redistribution for which notice is provided to it after the Payment Calculation Date.

4. Distribution in the Absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust. If Section VI.D.1, Section VI.D.2, and Section VI.D.3 do not apply, amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section VI.C shall be distributed as follows:

a. Amounts apportioned to that Settling State's State Fund shall be distributed to that Settling State.

b. Amounts apportioned to that Settling State's Remediation Accounts Fund shall be distributed consistent with Section VI.E. Each Settling State shall submit to the Settlement Fund Administrator a designation of a lead state agency or other entity to serve as the single point of contact for that Settling State's funding requests from the Remediation Accounts Fund and other communications with the Settlement Fund Administrator. The designation of an individual entity is for administrative purposes only and such designation shall not limit funding to such entity or even require that such entity receive funds from this Agreement. The designated entity shall be the only entity authorized to request funds from the Settlement Fund Administrator to be disbursed from that Settling State's Remediation Accounts Fund. If a Settling State has established a Statutory Trust then that Settling State's single point of contact may direct the Settlement Fund Administrator to release the Settling State's Remediation Accounts Fund to the Statutory Trust.

c. Amounts apportioned to that Settling State's Subdivision Fund shall be distributed to Participating Subdivisions in that Settling State included on Exhibit G per the Subdivision Allocation Percentage listed in Exhibit G. Section VIII.H shall govern amounts that would otherwise be

distributed to Non-Participating Subdivisions listed in Exhibit G. For the avoidance of doubt and notwithstanding any other provision in this Agreement, no Non-Participating Subdivision will directly receive any amount from the Settlement Fund, regardless of whether such Subdivision is included on Exhibit G.

d. Special Districts shall not be allocated funds from the Subdivision Fund, except through a voluntary redistribution allowed by Section VI.D.3 to Special Districts that are Participating Subdivisions. A Settling State may allocate funds from its State Fund or Remediation Accounts Fund for Special Districts that are Participating Subdivisions.

5. Restrictions on Distribution. No amounts may be distributed from the Subdivision Fund contrary to Section VIII, i.e., no amounts may be distributed directly to Non-Participating Subdivisions or to Later Participating Subdivisions to the extent such a distribution would violate Section VIII.E through Section VIII.G. Amounts allocated to the Subdivision Fund that cannot be distributed by virtue of the preceding sentence shall be distributed into the sub-account in the Remediation Accounts Fund for the Settling State in which the Subdivision is located, unless those payments are redirected elsewhere by a State-Subdivision Agreement described in Section VI.D.1 or by an Allocation Statute or a Statutory Trust described in Section VI.D.2.

E. *Provisions Regarding the Remediation Accounts Fund.*

1. State-Subdivision Agreement, Allocation Statute, and Statutory Trust Fund Provisions. A State-Subdivision Agreement, Allocation Statute, or Statutory Trust may govern the operation and use of amounts in that Settling State's Remediation Accounts Fund so long as it complies with the requirements of Section VI.D.1 or Section VI.D.2, as applicable, and all direct payments to Subdivisions comply with Section VIII.E through Section VIII.G.

2. Absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust. In the absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust that addresses distribution, the Remediation Accounts Fund will be used solely for future Opioid Remediation and the following shall apply with respect to a Settling State:

a. Regional Remediation.

(i) At least fifty percent (50%) of distributions for remediation from a Settling State's Remediation Accounts Fund shall be annually allocated and tracked to the regional level. A Settling State may allow the Advisory Committee established pursuant to Section VI.E.2.d to define its regions and assign regional allocations percentages. Otherwise, the Settling State shall (A) define its initial regions, which shall consist of one (1) or more General Purpose Subdivisions and which shall be designated by the state agency with primary responsibility for substance abuse disorder services employing, to the maximum extent practical, existing regions established in that Settling State for opioid abuse treatment or other public health purposes; (B) assign initial regional allocation percentages to the regions based on the Subdivision Allocation Percentages in Exhibit G and an assumption that all Subdivisions included on Exhibit G will become Participating Subdivisions.

(ii) This minimum regional expenditure percentage is calculated on the Settling State's initial Remediation Accounts Fund allocation and does not include any additional amounts a Settling State has directed to its Remediation Accounts Fund from its State Fund, or any other amounts directed to the fund. A Settling State may dedicate more than fifty percent (50%) of its Remediation Accounts Fund to the regional expenditure and may annually adjust the percentage of its Remediation Accounts Fund dedicated to regional expenditures as long as the percentage remains above the minimum amount.

(iii) The Settling State (A) has the authority to adjust the definition of the regions, and (B) may annually revise the percentages allocated to each region to reflect the number of General Purpose Subdivisions in each region that are Non-Participating Subdivisions.

b. *Subdivision Block Grants.* Certain Subdivisions shall be eligible to receive regional allocation funds in the form of a block grant for future Opioid Remediation. A Participating Subdivision eligible for block grants is a county or parish (or in the case of Settling States that do not have counties or parishes that function as political subdivisions, a city) that (1) does not contain a Litigating Subdivision or a Later Litigating Subdivision for which it has the authority to end the litigation through a release, bar or other action; (2) either (i) has a population of 400,000 or more or (ii) in the case of California has a population of 750,000 or more; and (3) has funded or otherwise managed an established health care or treatment infrastructure (e.g., health department or similar agency). Each Subdivision eligible to receive block grants shall be assigned its own region.

c. *Small Settling States.* Notwithstanding the provisions of Section VI.E.2.a, Settling States with populations under four (4) million that do not have existing regions described in Section VI.E.2.a shall not be required to establish regions. However, such a Settling State that contains one (1) or more Subdivisions eligible for block grants under Section VI.E.2.b shall be divided regionally so that each block-grant eligible Subdivision is a region, and the remainder of the state is a region.

d. *Advisory Committee.* The Settling State shall designate an Opioid Settlement Remediation Advisory Committee (the “*Advisory Committee*”) to provide input and recommendations regarding remediation spending from that Settling State’s Remediation Accounts Fund. A Settling State may elect to use an existing advisory committee or similar entity (created outside of a State-Subdivision Agreement or Allocation Statute); *provided, however*, the Advisory Committee or similar entity shall meet the following requirements:

(i) Written guidelines that establish the formation and composition of the Advisory Committee, terms of service for members, contingency for removal or resignation of members, a schedule of meetings, and any other administrative details;

(ii) Composition that includes at least an equal number of local representatives as state representatives;

(iii) A process for receiving input from Subdivisions and other communities regarding how the opioid crisis is affecting their communities, their remediation needs, and proposals for remediation strategies and responses; and

(iv) A process by which Advisory Committee recommendations for expenditures for Opioid Remediation will be made to and considered by the appropriate state agencies.

3. Remediation Accounts Fund Reporting. The Settlement Fund Administrator shall track and assist in the report of remediation disbursements as agreed to between Apotex and the Enforcement Committee

F. *Nature of Payment.* Apotex, the Settling States, and the Participating Subdivisions each acknowledge and agree that notwithstanding anything to the contrary in this Agreement, including, but not limited to, the scope of the Released Claims:

1. They have entered into this Agreement to avoid the delay, expense, inconvenience, and uncertainty of further litigation;

2. (a) The Settling States and Participating Subdivisions sought compensatory restitution and remediation (within the meaning of 26 U.S.C. § 162(f)(2)(A) and 26 C.F.R. § 1.162-21(e)(4)(i)) as damages for the Alleged Harms allegedly suffered by

the Settling States and Participating Subdivisions; (b) the Compensatory Restitution Amount is less than or equal to the amount, in the aggregate, of the Alleged Harms allegedly suffered by the Settling States and Participating Subdivisions; and (c) the portion of the Compensatory Restitution Amount received by each Settling State or Participating Subdivision is less than or equal to the amount of the Alleged Harms allegedly suffered by such Settling State or Participating Subdivision;

3. The payment of the Compensatory Restitution Amount by Apotex constitutes, and is paid for, compensatory restitution and remediation (within the meaning of 26 U.S.C. § 162(f)(2)(A) and 26 C.F.R. § 1.162-21(e)(4)(i), (ii)) for alleged damage or harm (as compensation for alleged damage or harm arising out of alleged bodily injury) allegedly caused by Apotex in order to restore, in whole or in part, the Settling States, Participating Subdivisions, and persons to the same position or condition that they would be in had the Settling States, Participating Subdivisions, and persons not suffered the Alleged Harms, and constitutes compensatory restitution and remediation for alleged damage or harm allegedly caused by the potential violation of a law; and

4. For the avoidance of doubt: (a) the entire Compensatory Restitution Amount is properly characterized as described in Section VI.F, (b) no portion of the Compensatory Restitution Amount represents reimbursement to any Settling State or Participating Subdivision or other person or entity for the fees or costs of any investigation or litigation, including without limitation attorneys' fees, (c) no portion of the Global Settlement Amount constitutes the disgorgement of any allegedly ill-gotten gains, and (d) no portion of the Global Settlement Amount is paid for, is in place of, or is properly characterized as the payment of any fine, penalty, punitive damages, or other punitive assessments.

VII. Enforcement

A. *Enforceability.* This Agreement is enforceable only by the Settling States and Apotex; *provided, however*, that Released Entities may enforce Section XI and Participating Subdivisions listed on Exhibit G have the enforcement rights described later in this paragraph and in Section VII.D. Except to the extent allowed by the Injunctive Relief Terms, Settling States and Participating Subdivisions shall not have enforcement rights against Apotex with respect to either the terms of this Agreement that apply only to or in other Settling States or any Consent Judgment entered into by another Settling State. Participating Subdivisions shall not have enforcement rights against Apotex with respect to this Agreement or any Consent Judgment except that Participating Subdivisions listed on Exhibit G shall have enforcement rights as set forth herein as to payments that would be allocated to the Participating Subdivisions or the Remediation Accounts Fund in such Settling State pursuant to Section V; *provided, however*, that each Settling State shall allow Participating Subdivisions in such Settling State to notify it of any perceived violations of this Agreement or the applicable Consent Judgment.

B. *Jurisdiction.* Apotex and Aveva consent to the jurisdiction of the court in which each Settling State files its Consent Judgment, limited to resolution of disputes identified in Section VII.F.2 for resolution in that court.

C. *Specific Terms Dispute Resolution.*

1. Any dispute that is addressed by the provisions set forth in the Injunctive Relief Terms shall be resolved as provided therein.

D. *State-Subdivision Enforcement.*

1. A Subdivision shall not have enforcement rights against a Settling State in which it is located with respect to this Agreement or any Consent Judgment except that a Participating Subdivision listed on Exhibit G shall have enforcement rights (a) as provided for in a State-Subdivision Agreement, Allocation Statute, or Statutory Trust with respect to intrastate allocation or (b) in the absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust, to allegations that (i) the Settling State's use of Remediation Accounts Fund monies were not used for uses similar to or in the nature of those uses contained in Exhibit E; or (ii) a Settling State failed to pay funds directly from the Remediation Accounts Fund to a Participating Subdivision eligible to receive a block grant pursuant to Section VI.E.2.b.

2. A Settling State shall have enforcement rights against a Participating Subdivision located in its territory (a) as provided for in a State-Subdivision Agreement, Allocation Statute, or Statutory Trust; or (b) in the absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust, to allegations that the Participating Subdivisions' uses of Remediation Accounts Fund monies were not used for purposes similar to or in the nature of those uses contained in Exhibit E.

3. As between the Settling States and Participating Subdivisions, the above rights are contractual in nature and nothing herein is intended to limit, restrict, change or alter any other existing rights under law.

E. *Subdivision Apotex Payment Enforcement.* A Participating Subdivision listed on Exhibit G shall have the same right as a Settling State to seek resolution regarding the failure by Apotex to make its Remediation Payment.

F. *Other Terms Regarding Dispute Resolution.*

1. The parties to a dispute shall promptly meet and confer in good faith to resolve any dispute. If the parties cannot resolve the dispute informally, and unless otherwise agreed in writing, they shall follow the remaining provisions of this subsection to resolve the dispute.

2. Except to the extent provided by Section VII.C or Section VII.F.3, disputes not resolved informally shall be resolved in either the court that entered the relevant Consent Judgment or, if no such Consent Judgment was entered, a state or territorial

court with jurisdiction located wherever the seat of the relevant state government is located.

a. State court proceedings shall be governed by the rules and procedures of the relevant forum.

b. For the avoidance of doubt, disputes to be resolved in state court include, but are not limited to, the following:

(i) disputes concerning whether expenditures qualify as Opioid Remediation;

(ii) disputes between a Settling State and its Participating Subdivisions as provided by Section VII.D, except to the extent the State-Subdivision Agreement provides for other dispute resolution mechanisms. For the avoidance of doubt, disputes between a Settling State and any Participating Subdivision shall not be considered National Disputes;

(iii) whether this Agreement and relevant Consent Judgment are binding under state law;

(iv) the extent of the Attorney General's or other participating entity's authority under state law, including the extent of the authority to release claims;

(v) whether the definition of a Bar, a Case-Specific Resolution, Final Order, lead state agency as described in Section VI.D.4.b, Later Litigating Subdivision, Litigating Subdivision, or Threshold Motion have been met; and

(vi) all other disputes not specifically identified in Section VII.C or Section VII.F.3.

c. Any Party may request that the National Arbitration Panel provide an interpretation of any provision of the settlement that is relevant to the state court determination, and the National Arbitration Panel shall make reasonable best efforts to supply such interpretation within the earlier of thirty (30) calendar days or the time period required by the state court proceedings. Any Party may submit that interpretation to the state court to the extent permitted by, and for such weight provided by, the state court's rules and procedures. If requested by a Party, the National Arbitration Panel shall request that its interpretation be accepted in the form of an *amicus curiae* brief, and any attorneys' fees and costs for preparing any such filing shall be paid for by the requesting Party.

3. National Disputes involving a Settling State, a Participating Subdivision that has enforcement rights pursuant to Section VII.A, and/or Apotex shall be resolved by the National Arbitration Panel.

a. National Disputes are disputes that are not addressed by Section VII.C, and which are exceptions to Section VII.F.2's presumption of resolution in state courts because they involve issues of interpretation of terms contained in this Agreement applicable to all Settling States without reference to a particular state's law. Disputes between a Settling State and any Participating Subdivision shall not be considered National Disputes. National Disputes are limited to the following:

(i) the amount of offset and/or credit attributable to Non-Settling States;

(ii) issues involving the scope and definition of Product;

(iii) interpretation and application of the terms "Covered Conduct," "Released Entities," and "Released Claims;"

(iv) the failure by Apotex to pay the Remediation Payment or the Additional Remediation Amount, but for the avoidance of doubt, disputes between Apotex and a Settling State over the amounts owed only to that state that do not affect any other Settling State shall not be considered National Disputes;

(v) questions regarding the performance and/or removal of the Settlement Fund Administrator;

(vi) disputes involving liability of successor entities;

(vii) disputes that require a determination of the sufficiency of participation in order to qualify for Incentive Payments A or BC;

(viii) disputes involving a Releasor's compliance with, and the appropriate remedy under, Section XI.B.5.c;

(ix) disputes requiring the interpretation of Agreement terms that are national in scope or impact, which shall mean disputes requiring the interpretation of Agreement terms that (i) concretely affect four (4) or more Settling States; and (ii) do not turn on unique definitions and interpretations under state law; and

(x) any dispute subject to resolution under Section VII.F.2 but for which all parties to the dispute agree to arbitration before the National Arbitration Panel under the provisions of this Section VII.F.3.

b. The National Arbitration Panel shall be comprised of three (3) neutral arbitrators. One (1) arbitrator shall be chosen by Apotex, one (1) arbitrator shall be chosen by the Enforcement Committee with due input from Participating Subdivisions listed on Exhibit G, and the third arbitrator shall be agreed upon by the first two (2) arbitrators. The membership of the National Arbitration Panel is intended to remain constant throughout the term of this Agreement, but in the event that replacements are required, the retiring arbitrator shall be replaced by the party that selected him/her.

c. The National Arbitration Panel shall make reasonable best efforts to decide all matters within one hundred eighty (180) calendar days of filing, and in no event shall it take longer than one (1) year.

d. The National Arbitration Panel shall conduct all proceedings in a reasonably streamlined process consistent with an opportunity for the parties to be heard. Issues shall be resolved without the need for live witnesses where feasible and with a presumption in favor of remote participation to minimize the burdens on the parties.

e. To the extent allowed under state law, a Settling State, a Participating Subdivision that has enforcement rights pursuant to Section VII.A, and (at any party's request) the National Arbitration Panel may certify to an appropriate state court any question of state law. The National Arbitration Panel shall be bound by a final state court determination of such a certified question. The time period for the arbitration shall be tolled during the course of the certification process.

f. The arbitrators will give due deference to any authoritative interpretation of state law, including any declaratory judgment or similar relief obtained by a Settling State, a Participating Subdivision that has enforcement rights pursuant to Section VII.A, or Apotex on a state law issue.

g. The decisions of the National Arbitration Panel shall be binding on Settling States, Participating Subdivisions, Apotex, and the Settlement Fund Administrator. In any proceeding before the National Arbitration Panel involving a dispute between a Settling State and Apotex whose resolution could prejudice the rights of a Participating Subdivision(s) in that Settling State, such Participating Subdivision(s) shall be allowed to file a statement of view in the proceeding.

h. Nothing herein shall be construed so as to limit or otherwise restrict a Settling State from seeking injunctive or other equitable relief in state court to protect the health, safety, or welfare of its citizens.

i. Each party shall bear its own costs in any arbitration or court proceeding arising under this Section VII. The costs for the arbitrators on

the National Arbitration Panel shall be divided and paid equally by the disputing sides for each individual dispute, e.g., a dispute between Apotex and Settling States/Participating Subdivisions shall be split fifty percent (50%) by Apotex and fifty percent (50%) by the Settling States/Participating Subdivisions that are parties to the dispute; a dispute between a Settling State and a Participating Subdivision shall be split fifty percent (50%) by the Settling State that is party to the dispute and fifty percent (50%) by any Participating Subdivisions that are parties to the dispute. For the avoidance of doubt, Apotex shall not be responsible for the National Arbitration Panel costs in disputes that do not concern Apotex.

4. Prior to initiating an action to enforce pursuant to this Section VII.F, the complaining party must:

a. Provide written notice to the Enforcement Committee and Apotex of its complaint, including the provision of the Consent Judgment and/or Agreement that the practice appears to violate, as well as the basis for its interpretation of the disputed provision. The Enforcement Committee shall establish a reasonable process and timeline for obtaining additional information from the involved parties; *provided, however*, that the date the Enforcement Committee establishes for obtaining additional information from the parties shall not be more than forty-five (45) calendar days following the notice. The Enforcement Committee may advise the involved parties of its views on the complaint and/or seek to resolve the complaint informally.

b. Wait to commence any enforcement action until thirty (30) calendar days after the date that the Enforcement Committee establishes for obtaining additional information from the involved parties.

5. If the parties to a dispute cannot agree on the proper forum for resolution of the dispute under the provisions of Section VII.F.2 or Section VII.F.3, a committee comprising the Enforcement Committee and sufficient representatives of Apotex such that the members of the Enforcement Committee have a majority of one (1) member will determine the forum where the dispute will be initiated within twenty-eight (28) calendar days of receiving notification of the dispute relating to the proper forum. The forum identified by such committee shall be the sole forum for litigating the issue of which forum will hear the substantive dispute, and the committee's identification of such forum in the first instance shall not be entitled to deference by the forum selected.

G. *Lien or Encumbrance.* To the extent allowed by applicable law, this Settlement Agreement shall not be deemed to create a lien or encumbrance against any real property owned by Apotex or its affiliates, unless in the event of a default or breach of the payment provisions by Apotex. Nothing in this Section shall be construed to limit any remedy of any Settling State or Participating Subdivision in the event of a default or breach of this Agreement by Apotex.

H. *No Effect.* Nothing in this Agreement shall be interpreted to limit the Settling States' Civil Investigative Demand ("CID") or investigative subpoena authority, to the extent such authority exists under applicable state law and the CID or investigative subpoena is issued pursuant to such authority, and Apotex and Aveva reserve all of its rights in connection with a CID or investigative subpoena issued pursuant to such authority.

VIII. Participation by Subdivisions

A. *Notice.* No later than fifteen (15) calendar days after the Preliminary Agreement Date, the Implementation Administrator shall send individual written notice (which may be delivered via e-mail or other electronic means and may be combined with distribution of the Subdivision Settlement Participation Form) of the opportunity to participate in this Agreement and the requirements of participation to all Subdivisions in the Settling States that are (1) Litigating Subdivisions or (2) Non-Litigating Subdivisions listed on Exhibit G. To the extent a Special District is entitled to an allocation for a direct payment through its inclusion in Exhibit G pursuant to a State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution, the Implementation Administrator, with the cooperation of the Settling States shall also send individual written notice (which may be delivered via e-mail or other electronic means) of the opportunity to participate in this Agreement and the requirements of participation to such Special Districts. Unless otherwise agreed by the Parties, the version of Exhibit G used for notice shall be the one in place as of the Preliminary Agreement Date. Notice (which may be delivered via e-mail or other electronic means) shall also be provided simultaneously to counsel of record for Litigating Subdivisions and known counsel for Non-Litigating Subdivisions and Special Districts listed on Exhibit G. The costs of the Implementation Administrator shall be paid for by the interest earned from the deposit accounts holding the Adjusted Maximum Remediation Payment for Apotex, and nothing in this provision shall require Apotex to pay any costs, fees or other amounts in excess of the Global Settlement Amount. The Settling States, with the cooperation of Apotex, may also provide general notice reasonably calculated to alert Non-Litigating Subdivisions in the Settling States to this Agreement, the opportunity to participate in it, and the requirements for participation. Such notice may include publication and other standard forms of notification, as well as notice to state and county organizations such as the National Association of Counties and the National League of Cities. The notice will include that the deadline for becoming an Initial Participating Subdivision is the Initial Participation Date. Nothing contained herein shall preclude a Settling State from providing further notice to or otherwise contacting any of its Subdivisions about becoming a Participating Subdivision, including beginning any of the activities described in this paragraph prior to the Preliminary Agreement Date.

B. *Requirements for Becoming a Participating Subdivision—Non-Litigating Subdivisions.* A Non-Litigating Subdivision in a Settling State may become a Participating Subdivision by returning an executed Subdivision Settlement Participation Form to the Implementation Administrator or Settlement Fund Administrator (which may be executed and returned by electronic means established by the Implementation Administrator or Settlement Fund Administrator) specifying (1) that the Subdivision agrees to the terms of this Agreement pertaining to Subdivisions, (2) that the Subdivision releases all Released Claims against all Released Entities, (3) that the Subdivision agrees to use monies it

receives, if any, from the Settlement Fund pursuant to the applicable requirements of Section VI; *provided, however*, that Non-Litigating Subdivisions may only use monies originating from the Settlement Fund for purposes that qualify as Opioid Remediation, and (4) that the Subdivision submits to the jurisdiction of the court where the applicable Consent Judgment is filed for purposes limited to that court's role under this Agreement. The required Subdivision Settlement Participation Form is attached as Exhibit K.

C. *Requirements for Becoming a Participating Subdivision—Litigating Subdivisions.* A Litigating Subdivision in a Settling State may become a Participating Subdivision by returning an executed Subdivision Settlement Participation Form to the Implementation Administrator or Settlement Fund Administrator (which may be executed and returned by electronic means established by the Implementation Administrator or Settlement Fund Administrator) and upon prompt dismissal with prejudice of its lawsuit following the Reference Date or the date on which the conditions for effectiveness in Section IX.B have been met, whichever is later. A Settling State may require each Litigating Subdivision in that Settling State to specify on the Subdivision Settlement Participation Form whether its counsel has waived any contingency fee contract with that Participating Subdivision and whether, if eligible, it intends to seek fees pursuant to Exhibit R. The Settlement Fund Administrator shall provide reports of this information to the parties upon request. A Litigating Subdivision may not become a Participating Subdivision after the completion of opening statements in a trial of a lawsuit it brought that includes a Released Claim against a Released Entity.

D. *Initial Participating Subdivisions.* A Subdivision qualifies as an Initial Participating Subdivision if it meets the applicable requirements for becoming a Participating Subdivision set forth in Section VIII.B or Section VIII.C by the Initial Participation Date. All Subdivision Settlement Participation Forms shall be held in escrow by the Implementation Administrator until the Reference Date. If, for any reason, the Agreement does not become effective, all obligations created by such forms and releases in them shall be void *ab initio* and all Subdivision Settlement Participation Forms shall be returned to Counsel for Litigating Subdivisions or to the Subdivisions not represented by counsel or destroyed to the extent that such destruction is not prohibited by then existing document preservation obligations.

E. *Later Participating Subdivisions.* A Subdivision that is not an Initial Participating Subdivision may become a Later Participating Subdivision by meeting the applicable requirements for becoming a Participating Subdivision set forth in Section VIII.B or Section VIII.C after the Initial Participation Date but before the Payment Calculation Date and by agreeing to be subject to the terms of a State-Subdivision Agreement (if any) or any other structure adopted or applicable pursuant to Section VI.D or Section VI.E. Unless waived by Apotex, the following provisions govern what a Later Participating Subdivision can receive (but do not apply to Initial Participating Subdivisions):

1. A Later Participating Subdivision shall receive seventy-five percent (75%) of the share of the Base Payment or Incentive Payment that it would have received had it become an Initial Participating Subdivision.

2. A Later Participating Subdivision that had maintained a lawsuit for a Released Claim against a Released Entity and had judgment entered against it on any such Claim before it became a Participating Subdivision (other than consensual dismissal with prejudice) shall receive 50% of the share of future Base Payments and Incentive Payments that it would have received had it become a Participating Subdivision prior to such judgment; provided, however that if the Subdivision appeals the judgment and the judgment is affirmed with finality, the Subdivision shall not receive any share of any Base Payments or Incentive Payments, and shall return to Apotex any share of any Base Payments or Incentive Payments such Subdivision had already received.

3. A Later Participating Subdivision that becomes a Participating Subdivision while a Bar or Case-Specific Resolution involving a different Subdivision exists in its state shall receive twenty-five percent (25%) of the share of the Base Payment and Incentive Payment that it would have received if it had become an Initial Participating Subdivision.

F. *No Increase in Payments.* Amounts to be received by Later Participating Subdivisions shall not increase the payments due from Apotex.

G. *Non-Participating Subdivisions.* Non-Participating Subdivisions shall not directly receive any portion of the Remediation Payment, including from the State Fund and direct distributions from the Remediation Accounts Fund; however, a Settling State may choose to fund future Opioid Remediation that indirectly benefits Non-Participating Subdivisions.

H. *Unpaid Allocations to Later Participating Subdivisions and Non-Participating Subdivisions.* Any Base Payment and Incentive Payment allocated pursuant to Section VI.D to a Later Participating Subdivision or Non-Participating Subdivision that cannot be paid pursuant to this Section VIII, including the amounts that remain unpaid after the reductions required by Section VIII.E., will be allocated to the Remediation Accounts Fund for the Settling State in which the Subdivision is located, unless those payments are redirected elsewhere by a State-Subdivision Agreement or by a Statutory Trust.

IX. Condition to Effectiveness of Agreement and Filing of Consent Judgment

A. *Determination to Proceed with Settlement. —Settling States.* Following the Initial Subdivision Participation Date, the Enforcement Committee shall determine whether to proceed with the Agreement on behalf of the Settling States, and the Settling States shall be bound by the determination of the Enforcement Committee. No later than fifteen (15) calendar days prior to the Reference Date, the Enforcement Committee shall provide notice to Apotex of its decision. If the Enforcement Committee elects not to proceed, this Agreement will have no further effect, and all releases (including those contained in Subdivision Settlement Participation Forms and other commitments or obligations contained herein or in Subdivision Settlement Participation Forms) will be void. Within seven (7) calendar days of informing Apotex that there is sufficient

participation to proceed, the Enforcement Committee will deliver all signatures and releases required by the Agreement to be provided by the Settling States to Apotex.

B. *Determination to Proceed with Settlement—Apotex.* If the Settling States elect to proceed, Apotex will then determine on or before the Reference Date whether there is sufficient Eligible State participation, sufficient Subdivision participation, and sufficient resolution of the Claims of the Litigating Subdivisions in the Settling States (through participation under Section VIII, Case-Specific Resolution(s) and Bar(s)) to proceed with this Agreement. The determination shall be in the sole discretion of Apotex and may be based on any criteria or factors deemed relevant by Apotex.

C. *Notice by Apotex.* On or before the Reference Date, Apotex shall inform the Settling States of its determination pursuant to Section IX.B. If Apotex determines to proceed, the Parties will proceed to file the Consent Judgments, each of which shall be signed by the relevant Settling State, Apotex, and Aveva, and the obligations in the Subdivision Settlement Participation Forms will be effective and binding as of the Reference Date. If Apotex determines not to proceed, this Agreement will have no further effect, any amounts deposited, including funds referenced in Section IV.D. and Exhibit M, shall revert to Apotex, and all releases (including those contained in Subdivision Settlement Participation Forms) and other commitments or obligations contained herein or in Subdivision Settlement Participation Forms will be void.

X. Settling State and Participating Subdivision Attorneys' Fees and Costs and Additional Remediation Amount

A. The Agreement on Subdivision Attorneys' Fees, Expenses and Costs is set forth in Exhibit R and incorporated herein by reference.

B. *Additional Remediation Amount.*

1. Subject to the reduction specified in Section X.B.2, Apotex shall pay an Additional Remediation Amount to the Settling States listed in Exhibit N. Such funds shall be paid as allocated by the Settlement Fund Administrator pursuant to Exhibit N.

2. *Reduction of Additional Remediation Amount.* The amounts owed by Apotex pursuant to this Section X.B shall be reduced by the allocations set forth on Exhibit N for Non-Settling States.

3. For the avoidance of doubt, (1) a Settling State that retained outside counsel in connection with the investigation of Apotex that receives an Additional Remediation Amount may choose to have the Additional Remediation Amount designated to pay the Settling State's outside counsel, and may instruct the Settlement Fund Administrator to pay those funds directly to the Settling State's outside counsel, and (2) Additional Remediation Amount funds, including funds designated by a Settling State to pay its outside counsel under this paragraph, shall not be subject to allocation as provided in Section VI.C through Section VI.E.

C. All payments addressed by this Section X will be made no later than the Payment Date pursuant to Section V.

XI. Release

A. *Scope.* As of the Effective Date, the Released Entities are hereby released and forever discharged from all of the Releasors' Released Claims. Each Settling State (for itself and its Releasors) and Participating Subdivision (for itself and its Releasors) hereby absolutely, unconditionally, and irrevocably covenants not to bring, file, or claim, or to cause, assist in bringing, or permit to be brought, filed, or claimed, or to otherwise seek to establish liability for any Released Claims against any Released Entity in any forum whatsoever. The releases provided for in this Agreement are intended by the Parties to be broad and shall be interpreted so as to give the Released Entities the broadest possible bar against any liability relating in any way to Released Claims and extend to the full extent of the power of each Settling State and its Attorney General to release claims. This Agreement shall be a complete bar to any Released Claim.

B. *Claim-Over and Non-Party Settlement.*

1. It is the intent of the Parties that:

a. Released Entities should not seek contribution or indemnification (other than pursuant to an insurance contract), from other parties for their payment obligations under this Agreement;

b. the payments made under this Agreement shall be the sole payments made by the Released Entities to the Releasors involving, arising out of, or related to Covered Conduct (or conduct that would be Covered Conduct if engaged in by a Released Entity);

c. Claims by Releasors against non-Parties should not result in additional payments by Released Entities, whether through contribution, indemnification or any other means; and

d. the Agreement meets the requirements of the Uniform Contribution Among Joint Tortfeasors Act and any similar state law or doctrine that reduces or discharges a released party's liability to any other parties.

2. The provisions of Section XI.B are intended to be implemented consistent with these principles. This Agreement and the releases and dismissals provided for herein are made in good faith.

3. No Released Entity shall seek to recover for amounts paid under this Agreement based on indemnification, contribution, or any other theory from a manufacturer, pharmacy, hospital, pharmacy benefit manager, health insurer, third-party vendor, trade association, distributor, or health care practitioner; provided that a Released Entity shall be relieved of this prohibition with respect to any entity that asserts a Claim-Over against it. For the avoidance of doubt, nothing herein shall prohibit a Released Entity from recovering amounts owed pursuant to insurance contracts.

4. To the extent that, on or after the Reference Date, any Releasor enters into a Non-Party Settlement, including in any bankruptcy case or through any plan of reorganization, the Releasor will include (or in the case of a Non-Party Settlement made in connection with a bankruptcy case, will cause the debtor to include), unless prohibited from doing so under applicable law, in the Non-Party Settlement a prohibition on contribution or indemnity of any kind substantially equivalent to that required from Apotex in Section XI.B.3, or a release from such Non-Released Entity in favor of the Released Entities (in a form equivalent to the releases contained in this Agreement) of any Claim-Over. The obligation to obtain the prohibition and/or release required by this subsection is a material term of this Agreement.

5. In the event that any Releasor obtains a judgment with respect to Non-Party Covered Conduct against a Non-Released Entity that does not contain a prohibition like that described in Section XI.B.3 or any Releasor files a Non-Party Covered Conduct Claim against a Non-Released Entity in bankruptcy or a Releasor is prevented for any reason from obtaining a prohibition/release in a Non-Party Settlement as provided in Section XI.B.3, and such Non-Released Entity asserts a Claim-Over against a Released Entity, the Released Entity shall be relieved of the prohibition in Section XI.B.3 with respect to that Non-Released Entity and that Releasor and Apotex and/or Aveva shall take the following actions to ensure that the Released Entities do not pay more with respect to Covered Conduct to the Releasor or to Non-Released Entities than the amount owed under this Settlement Agreement by Apotex:

a. Apotex and/or Aveva shall notify that Releasor of the Claim-Over within sixty (60) calendar days of the assertion of the Claim-Over or sixty (60) calendar days of the Effective Date of this Settlement Agreement, whichever is later;

b. Apotex and/or Aveva and that Releasor shall meet and confer concerning the means to hold Released Entities harmless and ensure that Apotex is not required to pay more with respect to Covered Conduct than the amounts owed by Apotex to the Releasor under this Agreement;

c. The Releasor and Apotex and/or Aveva shall take steps sufficient and permissible under the law of the state of the Releasor to hold Released Entities harmless from the Claim-Over and ensure Released Entities are not required to pay more with respect to Covered Conduct than

the amounts owed by Apotex under this Agreement. Such steps may include, where permissible:

(i) Filing of motions to dismiss or such other appropriate motion by Apotex and/or Aveva or Released Entities, and supported by Releasor, in response to any claim filed in litigation or arbitration;

(ii) Reduction of the Releasor's Claim and any judgment it has obtained or may obtain against such Non-Released Entity by whatever amount or percentage is necessary to extinguish such Claim-Over under applicable law, up to the amount the Releasor has obtained, may obtain, or has authority to control from such Non-Released Entity;

(iii) Placement into escrow of funds paid by the Non-Released Entities such that those funds are available to satisfy the Claim-Over;

(iv) Return of monies paid by Apotex to the Releasor under this Settlement Agreement to permit satisfaction of a judgment against or settlement with the Non-Released Entity to satisfy the Claim-Over;

(v) Payment of monies to Apotex by the Releasor to ensure it is held harmless from such Claim-Over, up to the amount that Releasor has obtained, may obtain, or has authority to control from such Non-Released Entity;

(vi) Credit to Apotex under this Agreement to reduce the overall amounts to be paid under the Agreement such that it is held harmless from the Claim-Over; and

(vii) Such other actions as the Releasor and Apotex and/or Aveva may devise to hold Apotex and/or Aveva harmless from the Claim-Over.

d. The actions of the Releasor and Apotex and/or Aveva taken pursuant to paragraph (c) must, in combination, ensure Apotex and/or Aveva is not required to pay more with respect to Covered Conduct than the amounts owed to the Releasor by Apotex under this Agreement.

e. In the event of any dispute over the sufficiency of the actions taken pursuant to paragraph (c), the Releasor and Apotex and/or Aveva may seek review by the National Arbitration Panel, provided that, if the parties agree, such dispute may be heard by the state court where the relevant Consent Judgment was filed. The National Arbitration Panel shall have authority to require Releasor to implement a remedy that includes one or

more of the actions specified in paragraph (c) sufficient to hold Released Entities fully harmless. In the event that the Panel's actions do not result in Released Entities being held fully harmless, Apotex shall have a claim for breach of this Agreement by Releasor, with the remedy being payment of sufficient funds to hold Apotex and/or Aveva harmless from the Claim-Over up to the amount that Releasor has obtained, may obtain, or has authority to control from such Non-Released Entity. For the avoidance of doubt, the prior sentence does not limit or eliminate any other remedy that Apotex and/or Aveva may have.

6. To the extent that the Claim-Over is based on a contractual indemnity, the obligations under Section XI.B.4 shall extend solely to a Non-Party Covered Conduct Claim against a pharmacy, clinic, hospital or other purchaser, distributor or dispenser of Products, a manufacturer that sold Products, a consultant, and/or a pharmacy benefit manager or other third-party payor. Apotex and/or Aveva shall notify the Settling States, to the extent permitted by applicable law, in the event that any of these types of Non-Released Entities asserts a Claim-Over arising out of contractual indemnity against it.

C. *Indemnification and Contribution Prohibited.* No Released Entity shall seek to recover for amounts paid under this Agreement based on indemnification, contribution, or any other theory, from a manufacturer, pharmacy, hospital, pharmacy benefit manager, health insurer, third-party vendor, trade association, distributor, or health care practitioner. For the avoidance of doubt, nothing herein shall prohibit a Released Entity from recovering amounts owed pursuant to insurance contracts.

D. *General Release.* In connection with the releases provided for in this Agreement, each Settling State (for itself and its Releasors) and Participating Subdivision expressly waives, releases, and forever discharges any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States or other jurisdiction, or principle of common law, which is similar, comparable, or equivalent to § 1542 of the California Civil Code, which reads:

General Release; extent. A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that if known by him or her, would have materially affected his or her settlement with the debtor or released party.

A Releasor may hereafter discover facts other than or different from those which it knows, believes, or assumes to be true with respect to the Released Claims, but each Settling State (for itself and its Releasors) and Participating Subdivision (for itself and its Releasors) hereby expressly waives and fully, finally, and forever settles, releases and discharges, upon the Effective Date, any and all Released Claims that may exist as of such date but which Releasors do not know or suspect to exist, whether through ignorance, oversight, error, negligence or through no fault whatsoever, and which, if known, would materially

affect the Settling States' decision to enter into this Agreement or the Participating Subdivisions' decision to participate in this Agreement.

E. *Assigned Interest Waiver.* To the extent that any Settling State has any direct or indirect interest in any rights of a third-party that is a debtor under the Bankruptcy Code as a result of a claim arising out of Covered Conduct by way of assignment or otherwise, including as a result of being the beneficiary of a trust or other distribution entity, to assert claims against Apotex (whether derivatively or otherwise), under any legal or equitable theory, including for indemnification, contribution, or subrogation, the Settling State waives the right to assert any such claim, or to receive a distribution or any benefit on account of such claim and such claim, distribution, or benefit shall be deemed assigned to Apotex.

F. *Res Judicata.* Nothing in this Agreement shall be deemed to reduce the scope of the res judicata or claim preclusive effect that the settlement memorialized in this Agreement, and/or any Consent Judgment or other judgment entered on this Agreement, gives rise to under applicable law.

G. *Representation and Warranty.* The signatories hereto on behalf of their respective Settling States and its Participating Subdivisions expressly represent and warrant that they will obtain on or before the Effective Date (or have obtained) the authority to settle and release, to the maximum extent of the State's power, all Released Claims of (1) their respective Settling States; (2) any of the respective Settling State's past and present executive departments, state agencies, divisions, boards, commissions and instrumentalities with the regulatory authority to enforce state and federal controlled substances acts; (3) any of their respective Settling State's past and present executive departments, agencies, divisions, boards, commissions and instrumentalities that have the authority to bring Claims related to Covered Conduct seeking money (including abatement and/or remediation) or revocation of a pharmaceutical distribution license; and (4) any Participating Subdivisions. For the purposes of clause (3) above, executive departments, agencies, divisions, boards, commission, and instrumentalities are those that are under the executive authority or direct control of the State's Governor. Also, for the purposes of clause (3), a release from a State's Governor as set forth in Exhibit X is sufficient to demonstrate that the appropriate releases have been obtained.

H. *Effectiveness.* The releases set forth in this Agreement shall not be impacted in any way by any dispute that exists, has existed, or may later exist between or among the Releasors. Nor shall such releases be impacted in any way by any current or future law, regulation, ordinance, or court or agency order limiting, seizing, or controlling the distribution or use of the Settlement Fund or any portion thereof, or by the enactment of future laws, or by any seizure of the Settlement Fund or any portion thereof.

I. *Cooperation.* Releasors (1) will not encourage any person or entity to bring or maintain any Released Claim against any Released Entity and (2) will reasonably cooperate with and not oppose any effort by a Released Entity to secure the prompt dismissal of any and all Released Claims, including suits brought by non-Releasors based on Released Claims. Releasors will meet and confer and make reasonable efforts to resolve

any action that is filed by a Subdivision against Apotex and/or Aveva on or after the date the Preliminary Agreement Date. This provision shall not require a Settling State to make any monetary payment or adjustment to allocation or incur other obligation.

J. *Non-Released Claims.* Notwithstanding the foregoing or anything in the definition of Released Claims, the Agreement does not waive, release or limit any criminal liability, Claims for any outstanding liability under any tax or securities law, Claims against parties who are not Released Entities, Claims by private individuals, Claims for Medicaid rebates, Claims asserted, or that could be asserted, by any State or Subdivision, related to the causes of action in *In re: Generic Pharmaceuticals Pricing Antitrust Litigation*, in the United States District court for the District of Pennsylvania, MDL No. 2724; *Connecticut et al v. Aurobindo Pharma USA, Inc. et al.*, in the United States District Court for the District of Connecticut, Case No. 3:16-cv-2056-NPS; *Connecticut et al. v. Teva Pharmaceuticals USA, Inc.*, in the United States District Court for the District of Connecticut, Case No. 3:19-cv-710-NPS; *Connecticut et al v. Sandoz, Inc. et al.*, in the United States District Court for the District of Connecticut, Case No. 3:20-cv-802-NPS; and any related action (such excluded claims include, but are not limited to, all antitrust claims and any claims related to any non-opioid generic drugs), and any claims arising under the Agreement for enforcement of the Agreement.

XII. Later Litigating Subdivisions

A. *Released Claims against Released Entities.* If a Later Litigating Subdivision in a Settling State maintains a lawsuit for a Released Claim against a Released Entity after the Reference Date, the following shall apply subject to Section XII.B:

1. The Released Entity shall take ordinary and reasonable measures to defend the action, including filing a Threshold Motion with respect to the Released Claim. The Released Entity shall further notify the Settling State and Settlement Fund Administrator immediately upon notice of a Later Litigating Subdivision bringing a lawsuit for a Released Claim and shall not oppose a Settling State's submission in support of the Threshold Motion. Apotex shall give the relevant Settling State a reasonable opportunity to extinguish the Released Claims without any payment or any other obligations being imposed upon any Released Entities (apart from the Global Settlement Amount payable by Apotex under the Agreement or the Injunctive Relief Terms incurred by it). The relevant Settling State and Apotex shall confer and use reasonable efforts to promptly resolve the lawsuit so that it is dismissed with prejudice. Nothing in this subsection creates an obligation for a Settling State to make a monetary payment or incur any other obligation to an entity filing a lawsuit.

2. "*Terms requiring payment*" shall mean (i) a final monetary judgment or (ii) a settlement; provided that the Released Entity sought the applicable State Attorney General's consent to the settlement and such consent was either obtained or unreasonably withheld. Should the judgment or settlement resolve claims that are not Released Claims, the offset shall be for the Released Claims portion only, which shall be distinguishable in the judgment or settlement.

B. *Exceptions*

1. Section XII.A shall not apply where the Settling State at issue meets the eligibility criteria for and is entitled to Incentive Payment A, except as expressly provided therein.

2. Section XII.A shall not apply where the Later Litigating Subdivision seeks less than \$10 million, or so long as its total claim is reduced to less than \$10 million, in the lawsuit for a Released Claim at issue.

C. *No Effect on Other Provisions.* An offset under Section XII.A shall not affect the Injunctive Relief Terms or the Consent Judgment.

D. *No Effect on Other States.* An offset under Section XII.A applicable to one State shall not affect the allocation or payment of the Remediation Payment to other Settling States.

E. *Litigating Subdivisions in Non-Eligible States.* The Settling States will not encourage, facilitate, or assist in any manner whatsoever claims for Covered Conduct against Apotex in any Settling, Non-Settling, or Non-Eligible State, regardless of whether those claims were filed against Apotex prior to, on, or after the Effective Date.

XIII. Miscellaneous

A. *Population of General Purpose Governments.* The population figures for General Purpose Governments shall be the published U.S. Census Bureau's population estimates for July 1, 2019, released May 2020. These population figures shall remain unchanged during the term of this Agreement.

B. *Population of Special Districts.* For any purpose in this Agreement in which the population of a Special District is used other than Section V.E.4.b: (a) School Districts' population will be measured by the number of students enrolled who are eligible under the Individuals with Disabilities Education Act ("*IDEA*") or Section 504 of the Rehabilitation Act of 1973; (b) Health Districts' and Hospital Districts' population will be measured at twenty-five percent (25%) of discharges; and (c) all other Special Districts' (including Fire Districts' and Library Districts') population will be measured at ten percent (10%) of the population served.⁷ For the avoidance of doubt, this means that California healthcare districts will be measured at ten percent (10%) of their membership. Apotex and the Enforcement Committee shall meet and confer in order to agree on data sources for purposes of this Section prior to the Preliminary Agreement Date.

C. *Population Associated with Sheriffs.* For any purpose in this Agreement in which the population associated with a lawsuit by a sheriff is used, the population will be measured at twenty percent (20%) of the capacity of the jail(s) operated by the sheriff.

⁷ The estimates for counties and parishes were accessed at <https://www.census.gov/data/datasets/time-series/demo/popest/2010s-counties-total.html>. The estimates for cities and towns can currently be found at <https://www.census.gov/data/datasets/time-series/demo/popest/2010s-total-cities-and-towns.html>.

D. *No Admission.* Apotex and Aveva do not admit liability or wrongdoing. Neither this Agreement nor the Consent Judgments shall be considered, construed or represented to be (1) an admission, concession or evidence of liability or wrongdoing or (2) a waiver or any limitation of any defense otherwise available to Apotex or Aveva.

E. *Tax Cooperation and Reporting.*

1. Upon request by Apotex, the Settling States and Participating Subdivisions agree to perform such further acts and to execute and deliver such further documents as may be reasonably necessary for Apotex to establish the statements set forth in Section VI.F to the satisfaction of their tax advisors, their independent financial auditors, the Internal Revenue Service, or any other governmental authority, including as contemplated by 26 C.F.R. § 1.162-21(b)(3)(ii) and any subsequently proposed or finalized relevant regulations or administrative guidance.

2. Without limiting the generality of Section XIII.E.1, each Settling State and Participating Subdivision shall cooperate in good faith with Apotex with respect to any tax claim, dispute, investigation, audit, examination, contest, litigation, or other proceeding relating to this Agreement.

3. Pursuant to 26 C.F.R. § 1.6050X-1(a) and (b), the Designated State, on behalf of all Settling States and Participating Subdivisions, shall designate one of its officers or employees to act as the “appropriate official” within the meaning of 26 C.F.R. § 1.6050X-1(f)(1)(ii)(B) (the “Appropriate Official”). The Designated State shall direct and ensure that the Appropriate Official timely (a) files (i) at the time this Agreement becomes binding on the Parties, an IRS Form 1098-F in the form attached as Exhibit U with respect to Apotex and (ii) any legally required forms, returns or amended returns with any applicable governmental authority, or any returns requested by Apotex, and (b) provides to Apotex a copy of (i) the IRS Form 1098-F filed with respect to Apotex and (ii) any legally required written statement pursuant to any applicable law and any other document referred to in clause (a)(ii) above. Any such forms, returns, or statements shall be prepared and filed in a manner fully consistent with Section VI.F. and as set forth in Section XIII.E.4.

4. Any form, return, amended return, or written statement filed or provided pursuant to Section XIII.E.3, and any similar document, shall be prepared and filed in a manner consistent with reporting the Global Settlement Amount as the “Total amount to be paid” pursuant to this Agreement in Box 1 of IRS Form 1098-F and the Compensatory Restitution Amount as “Restitution/remediation amount” in Box 3 of IRS Form 1098-F, as reflected in the attached Exhibit U. If the Designated State or Appropriate Official shall be required to file any form, return, amended return, or written statement contemplated by this Section XIII.E other than an IRS Form 1098-F in the form attached as Exhibit U, the Designated State shall direct and ensure that the Appropriate Official provides to Apotex a draft of such form, return, amended return, or written statement no later than sixty (60) calendar days prior to the due date thereof, and shall accept any reasonable revisions from Apotex on the return, amended return, or written statement.

5. For the avoidance of doubt, neither Apotex nor the Settling States and Participating Subdivisions make any warranty or representation to any Settling State, Participating Subdivision, or Releasor as to the tax consequences of the payment of the Compensatory Restitution Amount (or any portion thereof).

F. *No Third-Party Beneficiaries.* Except as expressly provided in this Agreement, no portion of this Agreement shall provide any rights to, or be enforceable by, any person or entity that is not the Settling State or Released Entity. Settling States may not assign or otherwise convey any right to enforce any provision of this Agreement.

G. *Calculation.* Any figure or percentage referred to in this Agreement shall be carried to seven decimal places.

H. *Construction.* None of the Parties and no Participating Subdivision shall be considered to be the drafter of this Agreement or of any of its provisions for the purpose of any statute, case law, or rule of interpretation or construction that would or might cause any provision to be construed against the drafter of this Agreement. The headings of the provisions of this Agreement are not binding and are for reference only and do not limit, expand, or otherwise affect the contents or meaning of this Agreement.

I. *Cooperation.* Each Party and each Participating Subdivision agrees to use its best efforts and to cooperate with the other Parties and Participating Subdivisions to cause this Agreement and the Consent Judgments to become effective, to obtain all necessary approvals, consents and authorizations, if any, and to execute all documents and to take such other action as may be appropriate in connection herewith. Consistent with the foregoing, each Party and each Participating Subdivision agrees that it will not directly or indirectly assist or encourage any challenge to this Agreement or any Consent Judgment by any other person, and will support the integrity and enforcement of the terms of this Agreement and the Consent Judgments.

J. *Entire Agreement.* This Agreement, including its exhibits and any other attachments, embodies the entire agreement and understanding between and among the Parties and Participating Subdivisions relating to the subject matter hereof and supersedes (1) all prior agreements and understandings relating to such subject matter, whether written or oral and (2) all purportedly contemporaneous oral agreements and understandings relating to such subject matter.

K. *Execution.* This Agreement may be executed in counterparts and by different signatories on separate counterparts, each of which shall be deemed an original, but all of which shall together be one and the same Agreement. One or more counterparts of this Agreement may be delivered by facsimile or electronic transmission with the intent that it or they shall constitute an original counterpart hereof. One or more counterparts of this Agreement may be signed by electronic signature.

L. *Good Faith and Voluntary Entry.* Each Party warrants and represents that it negotiated the terms of this Agreement in good faith. Each of the Parties and Participating Subdivisions warrants and represents that it freely and voluntarily entered into this

Agreement without any degree of duress or compulsion. The Parties and Participating Subdivisions state that no promise of any kind or nature whatsoever (other than the written terms of this Agreement) was made to them to induce them to enter into this Agreement.

M. *Legal Obligations.* Nothing in this Agreement shall be construed as relieving Apotex of the obligation to comply with all state and federal laws, regulations or rules, nor shall any of the provisions herein be deemed to be permission to engage in any acts or practices prohibited by such laws, regulations, or rules.

N. *No Prevailing Party.* The Parties and Participating Subdivisions each agree that they are not the prevailing party in this action, for purposes of any claim for fees, costs, or expenses as prevailing parties arising under common law or under the terms of any statute, because the Parties and Participating Subdivisions have reached a good faith settlement.

O. *Waive Challenge.* The Parties and Participating Subdivisions each further waive any right to challenge or contest the validity of this Agreement on any ground, including, without limitation, that any term is unconstitutional or is preempted by, or in conflict with, any current or future law. Nothing in the previous sentence shall modify, or be construed to conflict with, Section XIII.M.

P. *Non-Admissibility.* The settlement negotiations resulting in this Agreement have been undertaken by the Parties and by certain representatives of the Participating Subdivisions in good faith and for settlement purposes only, and no evidence of negotiations or discussions underlying this Agreement shall be offered or received in evidence in any action or proceeding for any purpose. This Agreement shall not be offered or received in evidence in any action or proceeding for any purpose other than in an action or proceeding arising under or relating to this Agreement or in any litigation or arbitration concerning Apotex's right to coverage under an insurance contract.

Q. *Notices.* All notices or other communications under this Agreement shall be in writing (including, but not limited to, electronic communications) and shall be given to the recipients indicated below:

For the Attorney(s) General:

Jeff Jackson, Attorney General
North Carolina Department of Justice
Attn: Daniel Mosteller, Associate Deputy Attorney General
PO Box 629
Raleigh, NC 27602
Dmosteller@ncdoj.gov

Jonathan Skrmetti, Attorney General
Tennessee Attorney General's Office
Attn: Michael Leftwich, Senior Deputy Attorney General
Hamilton Millwee, Assistant Attorney General
P.O. Box 20207

Nashville, TN 37202
Michael.Leftwich@ag.tn.gov
Hamilton.Millwee@ag.tn.gov

Letitia James, Attorney General
New York State Attorney General
Attn: Jennifer Levy, First Deputy Attorney General
Monica Hanna, Special Counsel
Matthew Conrad, Assistant Attorney General
28 Liberty Street, New York, NY 10005
Jennifer.Levy@ag.ny.gov
Monica.Hanna@ag.ny.gov
Matthew.Conrad@ag.ny.gov

For the Plaintiffs' Executive Committee:

Co-leads
Jayne Conroy
Simmons Hanly Conroy LLC
112 Madison Avenue
7th Floor
New York, NY 10016-7416
JConroy@simmonsfirm.com

Joseph F. Rice
Motley Rice LLC
28 Bridgeside Blvd.
Mount Pleasant, SC 29464
jrice@motleyrice.com

Paul T. Farrell, Jr.
Farrell & Fuller, LLC
270 Munzo Rivera Ave, Suite 201
San Juan, Puerto Rico 00918
paul@farrellfuller.com

For Apotex:

Francesco Tallarico
Chief Legal Officer
Apotex Inc.
150 Signet Drive
Toronto ON M9L1T9
ftallarico@apotex.com

James W. Matthews
Katy E. Koski

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Boston, MA 02199
jmatthews@foley.com
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April N. Williams
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2100 Pennsylvania Avenue NW
Washington, DC 20037
April.williams@wilmerhale.com

For Aveva:

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Global General Counsel
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3200 Commerce Parkway
Miramar, FL 33025
Roberta.l@difgen.com

James W. Matthews
Katy E. Koski
Foley & Lardner LLP
111 Huntington Avenue
Boston, MA 02199
jmatthews@foley.com
kkoski@foley.com

April N. Williams
WilmerHale
2100 Pennsylvania Avenue NW
Washington, DC 20037
April.williams@wilmerhale.com

Any Party or the Plaintiffs' Executive Committee may change or add the contact information of the persons designated to receive notice on its behalf by notice given (effective upon the giving of such notice) as provided in this Section XIII.Q.

R. *No Waiver.* The waiver of any rights conferred hereunder shall be effective only if made by written instrument executed by the waiving Party or Parties. The waiver by any Party of any breach of this Agreement shall not be deemed to be or construed as a waiver of any other breach, whether prior, subsequent, or contemporaneous, nor shall such waiver be deemed to be or construed as a waiver by any other Party.

S. *Preservation of Privilege.* Nothing contained in this Agreement or any Consent Judgment, and no act required to be performed pursuant to this Agreement or any Consent Judgment, is intended to constitute, cause, or effect any waiver (in whole or in part) of any attorney-client privilege, work product protection, or common interest/joint defense privilege, and each Party and Participating Subdivision agrees that it shall not make or cause to be made in any forum any assertion to the contrary.

T. *Successors.*

1. This Agreement shall be binding upon, and inure to the benefit of, Apotex and its respective successors and assigns.

2. Apotex shall not, in one (1) transaction or a series of related transactions, sell or transfer U.S. assets having a fair market value equal to twenty-five percent (25%) or more of the consolidated assets of Apotex (other than sales or transfers of inventories, or sales or transfers to an entity owned directly or indirectly by Apotex) where the sale or transfer is announced after the Reference Date, is not for fair consideration, and would foreseeably and unreasonably jeopardize Apotex's ability to make the payments under this Agreement following the close of a sale or transfer transaction, unless Apotex obtains the acquiror's agreement that it will be either a guarantor of or successor to the percentage of Apotex's remaining Payment Obligations under this Agreement equal to the percentage of Apotex's consolidated assets being sold or transferred in such transaction. Percentages under this section shall be determined in accordance with United States generally accepted accounting principles and as of the date of Apotex's most recent publicly filed consolidated balance sheet prior to the date of entry into the sale or transfer agreement at issue. This Section XIII.T shall be enforceable solely by the Settling States, and any objection under this Section XIII.T not raised within sixty (60) calendar days of the announcement of the relevant transaction is waived.

U. *Modification, Amendment, Alteration.* In the event the Plaintiffs' Executive Committee, the Executive Committee of the State Attorneys General, or Apotex concludes prior to the Reference Date that technical corrections are required to this Agreement, the Plaintiffs' Executive Committee, the Executive Committee of the State Attorneys General, and Apotex shall meet and confer and make such amendments as they agree are appropriate. After the Reference Date, any modification, amendment, or alteration of this Agreement by the Parties shall be binding only if evidenced in writing signed by Apotex, along with the signature of at least two-thirds of those then serving as Attorneys General of the Settling States along with a representation from each Attorney General that either: (1) the advisory committee or similar entity established or recognized by that Settling State (either pursuant to Section VI.E.2.d, by a State-Subdivision Agreement, or by statute) voted in favor of the modification, amendment or alteration of this Agreement including at least one member appointed by the Participating Subdivisions listed on Exhibit G; or (2) in Settling States without any advisory committee, that 50.1% (by population) of the Participating Subdivisions listed on Exhibit G expressed approval of the modification, amendment, or alteration of this Agreement in a writing.

V. *Termination.*

1. Unless otherwise agreed to by each of Apotex and the Settling States, this Agreement and all of its terms (except Section XIII.P and any other non-admissibility provisions, which shall continue in full force and effect) shall be canceled and terminated with respect to the Settling State, and the Agreement and all orders issued by the courts in the Settling State pursuant to the Agreement shall become null and void and of no effect if one or more of the following conditions applies:

a. a Consent Judgment approving this Agreement without modification of any of the Agreement's terms has not been entered as to a Settling State by a court of competent jurisdiction on or before one hundred eighty (180) calendar days after the Effective Date;

b. this Agreement or the Consent Judgment as to that Settling State has been disapproved by a court of competent jurisdiction to which it was presented for approval and/or entry (or, in the event of an appeal from or review of a decision of such a court to approve this Agreement and the Consent Judgment, by the court hearing such appeal or conducting such review), and the time to appeal from such disapproval has expired, or, in the event of an appeal from such disapproval, the appeal has been dismissed or the disapproval has been affirmed by the court of last resort to which such appeal has been taken and such dismissal or disapproval has become no longer subject to further appeal (including, without limitation, review by the United States Supreme Court); or

2. If this Agreement is terminated with respect to a Settling State and its Subdivisions for whatever reason pursuant to Section XIII.V.1, then:

a. an applicable statute of limitation or any similar time requirement (excluding any statute of repose) shall be tolled from the date the Settling State signed this Agreement until the later of the time permitted by applicable law or for one year from the date of such termination, with the effect that Apotex and the Settling State shall be in the same position with respect to the statute of limitation as they were at the time the Settling State filed its action; and

b. Apotex and the Settling State and its Participating Subdivisions shall jointly move the relevant court of competent jurisdiction for an order reinstating the actions and claims dismissed pursuant to the terms of this Agreement governing dismissal, with the effect that Apotex and the Settling State and its Participating Subdivisions shall be in the same position with respect to those actions and claims as they were at the time the action or claim was stayed or dismissed.

3. Unless Apotex and the Enforcement Committee agree otherwise, this Agreement, with the exception of the Injunctive Relief Terms that have their own provisions on duration, shall terminate upon the disbursement of all funds in the Settlement Fund and Settlement Fund Escrow to Settling States and to their Participating Subdivisions listed on Exhibit G. Notwithstanding any other provision in this Section XIII.V.3 or in this Agreement, all releases under this Agreement and the provisions of Section XI will remain effective despite any termination under this Section XIII.V.3.

W. *Governing Law.* Except as (1) otherwise provided in this Agreement or (2) as necessary, in the sole judgment of the National Arbitration Panel, to promote uniformity of interpretation for matters within the scope of the National Arbitration Panel's authority, this Agreement shall be governed by and interpreted in accordance with the respective laws of the Settling State, without regard to the conflict of law rules of such Settling State, that is seeking to enforce the Agreement against Apotex and/or Aveva or against which Apotex and/or Aveva is seeking enforcement. Notwithstanding any other provision in this subsection on governing law, any disputes relating to the Settlement Fund Escrow shall be governed by and interpreted in accordance with the law of the state where the escrow agent has its primary place of business.

X. *Bankruptcy.* The following provisions shall apply if Apotex enters bankruptcy and (i) the Apotex bankruptcy estate recovers, pursuant to 11 U.S.C. § 550, any payments made under this Agreement, or (ii) this Agreement is deemed executory and is rejected by Apotex pursuant to 11 U.S.C. § 365:

1. In the event that the both a number of Settling States equal to at least seventy-five percent (75%) of the total number of Settling States and Settling States having aggregate State Allocation Percentages as set forth on Exhibit F equal to at least seventy-five percent (75%) of the total aggregate State Allocation Percentages assigned to all Settling States deem (by written notice to Apotex) that the financial obligations of this Agreement have been terminated and rendered null and void (except as provided in Section XIII.X.1.a) due to a material breach by Apotex, whereupon:

a. all agreements, all concessions, all reductions of Releasing Parties' Claims, and all releases and covenants not to sue, contained in this Agreement shall immediately and automatically be deemed null and void as to Apotex; the Settling States shall be deemed immediately and automatically restored to the same position they were in immediately prior to their entry into this Settlement Agreement in respect to Apotex and the Settling States shall have the right to assert any and all claims against Apotex in the bankruptcy or otherwise without regard to any limits or agreements as to the amount of the settlement otherwise provided in this Agreement; *provided, however,* that notwithstanding the foregoing sentence, (i) all reductions of Releasing Parties' Claims, and all releases and covenants not to sue, contained in this Agreement shall remain in full force and effect as to all persons or entities other than Apotex itself; and (ii) in

the event the Settling State asserts any Released Claim against Apotex after the rejection and/or termination of this Agreement as described in this Section XIII.X.1.a and receives a judgment, settlement or distribution arising from such Released Claim, then the amount of any payments the Settling State has previously received from Apotex under this Agreement shall be applied to reduce the amount of any such judgment, settlement or distribution (provided that no credit shall be given against any such judgment, settlement or distribution for any payment that the Settling State is required to disgorge or repay to Apotex's bankruptcy estate); and

b. the Settling States may exercise all rights provided under the federal Bankruptcy Code (or other applicable bankruptcy or non-bankruptcy law) with respect to their Claims against Apotex subject to all defenses and rights of the Apotex.

Y. *Waiver.* Apotex, for good and valuable consideration the receipt of which is acknowledged, hereby (a) waives, foregoes and relinquishes all rights to utilize and/or seek relief under any of the following laws of the State of Texas for the restructuring of its debts or liabilities related to Released Claims, Claims that would have been Released Claims if they had been brought by a Releasor against a Released Entity before the Effective Date, or this Agreement: Tex. Bus. Orgs. Code § 10.003 (Contents of Plan of Merger: More Than One Successor) or any other statute of Subchapter A of Chapter 10 of Tex. Bus. Orgs. Code to the extent such statute relates to multi-successor mergers (and/or any other similar laws or statutes in any other state or territory); Tex. Bus. Orgs. Code §§ 11.01–11.414 (Winding Up and Termination of Domestic Entity); or Tex. Bus. & Com. Code §§ 23.01–23.33 (Assignments for the Benefit of Creditors) (collectively, the “Texas Statutes”), and (b) agrees, warrants and represents that it will not file, request or petition for relief under the Texas Statutes related to its debts or liabilities related to Released Claims, Claims that would have been Released Claims if they had been brought by a Releasor against a Released Entity before the Effective Date, or this Agreement, in each case until such time as all of Apotex's payment obligations incurred hereunder are satisfied in full. The foregoing waiver and relinquishment includes, without limitation, until such time as all of Apotex's payment obligations incurred hereunder are satisfied in full, Apotex's rights to execute a divisional merger or equivalent transaction or restructuring related to its debts or liabilities related to Released Claims, Claims that would have been Released Claims if they had been brought by a Releasor against a Released Entity before the Effective Date, or this Agreement that in each case has the intent or foreseeable effect of (i) separating material assets from material liabilities and (ii) assigning or allocating all or a substantial portion of those liabilities to any subsidiary or affiliate that files for relief under chapter 11 of the Bankruptcy Code, or pursuant to which such subsidiary or affiliate that files for relief under chapter 11 of the Bankruptcy Code would be assuming or retaining all or a substantial portion of those liabilities.

EXHIBIT K

Subdivision Participation and Release Form

Governmental Entity: City of Ormond Beach	State: FL
Authorized Signatory: Jason Leslie, Mayor Joyce Shanahan, City Manager	
Address 1: 22 S. Beach Street	
Address 2:	
City, State, Zip: Ormond Beach, FL 32174	
Phone: 386-676-3200	
Email:	

The governmental entity identified above ("*Governmental Entity*"), in order to obtain and in consideration for the benefits provided to the Governmental Entity pursuant to the Settlement Agreement dated April 4, 2025 ("*Hikma Settlement*"), and acting through the undersigned authorized official, hereby elects to participate in the Hikma Settlement, release all Released Claims against all Released Entities, and agrees as follows.

1. The Governmental Entity is aware of and has reviewed the Hikma Settlement, understands that all terms in this Participation and Release Form have the meanings defined therein, and agrees that by executing this Participation and Release Form, the Governmental Entity elects to participate in the Hikma Settlement and become a Participating Subdivision as provided therein.
2. The Governmental Entity shall promptly, and in any event no later than 14 days after the Reference Date and prior to the filing of the Consent Judgment, dismiss with prejudice any Released Claims that it has filed. With respect to any Released Claims pending in *In re National Prescription Opiate Litigation*, MDL No. 2804, the Governmental Entity authorizes the Plaintiffs' Executive Committee to execute and file on behalf of the Governmental Entity a Stipulation of Dismissal with Prejudice substantially in the form found at <https://nationalopioidsettlement.com/additional-settlements/>.
3. The Governmental Entity agrees to the terms of the Hikma Settlement pertaining to Participating Subdivisions as defined therein.
4. By agreeing to the terms of the Hikma Settlement and becoming a Releasor, the Governmental Entity is entitled to the benefits provided therein, including, if applicable, monetary payments beginning after the Effective Date.
5. The Governmental Entity agrees to use any monies it receives through the Hikma Settlement solely for the purposes provided therein.
6. The Governmental Entity submits to the jurisdiction of the court in the Governmental Entity's state where the Consent Judgment is filed for purposes limited to that court's role as provided in, and for resolving disputes to the extent provided in, the Hikma Settlement.

The Governmental Entity likewise agrees to arbitrate before the National Arbitration Panel as provided in, and for resolving disputes to the extent otherwise provided in, the Hikma Settlement.

7. The Governmental Entity has the right to enforce the Hikma Settlement as provided therein.
8. The Governmental Entity, as a Participating Subdivision, hereby becomes a Releasor for all purposes in the Hikma Settlement, including without limitation all provisions of Section X (Release), and along with all departments, agencies, divisions, boards, commissions, districts, instrumentalities of any kind and attorneys, and any person in his or her official capacity whether elected or appointed to serve any of the foregoing and any agency, person, or other entity claiming by or through any of the foregoing, and any other entity identified in the definition of Releasor, provides for a release to the fullest extent of its authority. As a Releasor, the Governmental Entity hereby absolutely, unconditionally, and irrevocably covenants not to bring, file, or claim, or to cause, assist or permit to be brought, filed, or claimed, or to otherwise seek to establish liability for any Released Claims against any Released Entity in any forum whatsoever. The releases provided for in the Hikma Settlement are intended by the Parties to be broad and shall be interpreted so as to give the Released Entities the broadest possible bar against any liability relating in any way to Released Claims and extend to the full extent of the power of the Governmental Entity to release claims. The Hikma Settlement shall be a complete bar to any Released Claim.
9. The Governmental Entity hereby takes on all rights and obligations of a Participating Subdivision as set forth in the Hikma Settlement.
10. In connection with the releases provided for in the Hikma Settlement, each Governmental Entity expressly waives, releases, and forever discharges any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States or other jurisdiction, or principle of common law, which is similar, comparable, or equivalent to § 1542 of the California Civil Code, which reads:

General Release; extent. A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release that, if known by him or her would have materially affected his or her settlement with the debtor or released party.

A Releasor may hereafter discover facts other than or different from those which it knows, believes, or assumes to be true with respect to the Released Claims, but each Governmental Entity hereby expressly waives and fully, finally, and forever settles, releases and discharges, upon the Effective Date, any and all Released Claims that may exist as of such date but which Releasors do not know or suspect to exist, whether through ignorance, oversight, error, negligence or through no fault whatsoever, and which, if known, would materially affect the Governmental Entities' decision to participate in the Hikma Settlement.

11. Nothing herein is intended to modify in any way the terms of the Hikma Settlement, to which Governmental Entity hereby agrees. To the extent this Participation and Release Form is interpreted differently from the Hikma Settlement in any respect, the Hikma Settlement controls.

I have all necessary power and authorization to execute this Participation and Release Form on behalf of the Governmental Entity.

Signature: _____

Name: Jason Leslie

Title: Mayor

Date: _____

Signature: _____

Name: Joyce Shanahan

Title: City Manager

Date: _____

HIKMA SETTLEMENT **AGREEMENT**

HIKMA SETTLEMENT AGREEMENT

This Settlement Agreement, dated as of April 4, 2025 (the “*Agreement*”), sets forth the terms of settlement between and among the Settling States, the Participating Subdivisions, and Hikma (as those terms are defined below). Upon satisfaction of the conditions set forth in Sections II and VIII, this Agreement will be binding on the Settling States, Hikma, and the Participating Subdivisions. This Agreement will then be filed as part of a Consent Judgment in the respective courts of each of the Settling States, pursuant to the terms set forth in Section IX.

I. Definitions

Unless otherwise specified, the following definitions apply:

A. “*Additional Remediation Amount.*” The amount available to the Settling States listed in Exhibit M totaling up to \$2,055,248.

B. “*Adjusted Maximum Remediation Payment.*” The Maximum Remediation Payment reduced by the State Allocation Percentage specified in Exhibit F for each Non-Settling State.

C. “*Agreement.*” The Hikma Settlement Agreement, as set forth above. For the avoidance of doubt, this Agreement is inclusive of all exhibits.

D. “*Alleged Harms.*” The alleged past, present, and future damages, harms, losses, and related expenditures allegedly incurred by the Settling States and Participating Subdivisions arising out of the use of Products, non-exclusive examples of which are described in the documents listed on Exhibit A, that have allegedly arisen as a result of the physical and bodily injuries sustained by individuals suffering from opioid-related addiction, death, and other related diseases and disorders, and that have allegedly been caused by Released Entities.

E. “*Allocation Statute.*” A state law that governs allocation, distribution, and/or use of some or all of the Settlement Fund amounts allocated to that Settling State and/or its Subdivisions. An Allocation Statute may, without limitation, contain a Statutory Trust, further restrict expenditures of funds, form an advisory committee, establish oversight and reporting requirements, or address other default provisions and other matters related to the funds. An Allocation Statute is not required to address all three (3) types of funds comprising the Settlement Fund or all default provisions.

F. “*Appropriate Official.*” As defined in Section XIV.E.3.

G. “*Bankruptcy Code.*” Title 11 of the United States Code, 11 U.S.C. § 101, et seq.

H. “*Bar.*” Either: (1) a law barring Subdivisions in a Settling State from maintaining or asserting Released Claims against Released Entities (either through a direct

bar or through a grant of authority to release claims and the exercise of such authority in full); or (2) a ruling by the highest court of the Settling State (or, in a Settling State with a single intermediate court of appeals, the intermediate court of appeals) when setting forth the general principle that Subdivisions in the Settling State may not maintain or assert any Released Claims against Released Entities, whether on the ground of this Agreement (or the release in it) or otherwise. For the avoidance of doubt, a law or ruling that is conditioned or predicated upon payment by a Released Entity (apart from the Remediation Payment by Hikma under this Agreement) shall not constitute a Bar.

I. “*Base Payment.*” As defined in Section V.D.

J. “*Case-Specific Resolution.*” Either: (1) a law barring the Subdivision at issue from maintaining any Released Claims against any Released Entities (either through a direct Bar or through a grant of authority to release claims and the exercise of such authority in full); or (2) a ruling by a court of competent jurisdiction over the Subdivision at issue that the Subdivision may not maintain any Released Claims at issue against any Released Entities, whether on the ground of this Agreement (or the release in it) or otherwise. For the avoidance of doubt, a law or ruling that is conditioned or predicated upon payment by a Released Entity (apart from the payments by Hikma under this Agreement) shall not constitute a Case-Specific Resolution.

K. “*Claim.*” Any past, present or future cause of action, claim for relief, cross-claim or counterclaim, theory of liability, demand, derivative claim, request, assessment, charge, covenant, damage, debt, lien, loss, fine, penalty, restitution, reimbursement, disgorgement, expenses, judgment, right, obligation, dispute, suit, contract, controversy, agreement, *parens patriae* claim, promise, performance, warranty, omission, or grievance of any nature whatsoever, whether legal, equitable, statutory, regulatory or administrative, whether arising under federal, state or local common law, statute, regulation, guidance, ordinance or principles of equity, whether filed or unfiled, whether asserted or unasserted, whether known or unknown, whether accrued or unaccrued, whether foreseen, unforeseen or unforeseeable, whether discovered or undiscovered, whether suspected or unsuspected, whether fixed or contingent, and whether existing or hereafter arising, in all such cases, including, but not limited to, any request for declaratory, injunctive, or equitable relief, compensatory, punitive, or statutory damages, absolute liability, strict liability, restitution, remediation, subrogation, contribution, indemnity, apportionment, disgorgement, reimbursement, attorney fees, expert fees, consultant fees, fines, penalties, expenses, costs or any other legal, equitable, civil, administrative, or regulatory remedy whatsoever.

L. “*Claim-Over.*” A Claim asserted by a Non-Released Entity against a Released Entity on the basis of contribution, indemnity, or other claim-over on any theory relating to a Non-Party Covered Conduct Claim asserted by a Releasor.

M. “*Compensatory Restitution Amount.*” The aggregate amount paid or incurred by Hikma hereunder for Opioid Remediation, which includes the aggregate Base and Incentive Payments earned by Settling Sates and does not include amounts paid as attorneys’ fees and costs or identified pursuant to Section VI.B.2 as being used to pay

attorneys' fees, investigation costs or litigation costs, which shall be up to the amount of the Adjusted Maximum Remediation Payment.

N. *"Consent Judgment."* A consent judgment in a form to be agreed by the Settling States and Hikma prior to the Effective Date that, among other things, (1) approves this Agreement and (2) provides for the release set forth in Section XI.A, including the dismissal with prejudice of any Released Claims that the Settling State has brought against Released Entities.

O. *"Covered Conduct"* means any actual or alleged act, failure to act, negligence, statement, error, omission, breach of any duty, conduct, event, transaction, agreement, service, work, sale, misstatement, misleading statement, or other activity of any kind whatsoever from the beginning of time through the Reference Date (and any past, present, or future consequence of any such act, failure to act, negligence, statement, error, omission, breach of duty, conduct, event, transaction, agreement, service, work, sale, misstatement, misleading statement, or other activity) arising from or relating in any way to (a) compounding, counseling, and documentation related to any Product or class of Products; (b) the availability, discovery, research, development, manufacture, packaging, repackaging, marketing, promotion, advertising, labeling, relabeling, recall, withdrawal, distribution, delivery, monitoring, reporting, regulatory compliance supply, sale, prescribing, dispensing, physical security, warehousing, use or abuse of, or operating procedures relating to any Product, or any system, plan, policy, procedure, or advocacy relating to any Product or class of Products, including but not limited to any unbranded or branded promotion, marketing, or advertising, information, patient support or assistance, educational programs, consultancy, research, other programs or campaigns, lobbying, grants, sponsorships, charitable donations, or other funding relating to any Product or class of Products; (c) the characteristics, properties, risks, or benefits of any Product or class of Products; (d) the monitoring or non-monitoring of orders placed of any Product; (e), reporting, disclosure, non-monitoring, non-reporting or non-disclosure to federal, state or other regulators of orders for any Product placed with any Released Entity; (f) the selective breeding, harvesting, extracting, purifying, exporting, importing, applying for quota for, procuring quota for, handling, promoting, manufacturing, processing, packaging, supplying, distributing, converting, or selling of, or otherwise engaging in any activity relating to, precursor or component Products, including but not limited to natural, synthetic, semi-synthetic or chemical raw materials, starting materials, finished active pharmaceutical ingredients, drug substances, or any related intermediate Products; or (g) diversion control programs, suspicious order monitoring, or regulatory compliance related to any Product.

P. *"Deposit Date."* July 25, 2025. This Date is the date by which Hikma shall deposit the Adjusted Maximum Remediation Payment, Private Attorney Fees, the Additional Remediation Amount, pursuant to Section V.D. This date is after the Preliminary Agreement Date, on which Hikma agrees to proceed with the agreement; this date may be changed by written agreement of Hikma and the Enforcement Committee.

Q. *"Designated State."* The state of New York.

R. *“Effective Date.”* The date sixty (60) calendar days after the Reference Date.

S. *“Eligible States.”* The states, commonwealths, and territories of the United States of America, excluding New Mexico. The 55 Eligible States are listed in Exhibit F.

T. *“Enforcement Committee.”* A committee consisting of representatives of the Settling States and of the Participating Subdivisions. Exhibit B contains the organizational bylaws of the Enforcement Committee. Notice pursuant to Section XIV.Q shall be provided when there are changes in membership or contact information.

U. *“Fees Payment.”* The amount payable by Hikma on the Payment Date comprised of the Additional Remediation Amount payment, and the Private Attorney Fees payment. The Fees Payment does not include the Remediation Payment.

V. *“Final Order.”* An order or judgment of a court of competent jurisdiction with respect to the applicable subject matter (1) which has not been reversed or superseded by a modified or amended order, is not currently stayed, and as to which any right to appeal or seek certiorari, review, reargument, stay, or rehearing has expired, and as to which no appeal or petition for certiorari, review, reargument, stay, or rehearing is pending, or (2) as to which an appeal has been taken or petition for certiorari, review, reargument, stay, or rehearing has been filed and (a) such appeal or petition for certiorari, review, reargument, stay, or rehearing has been resolved by the highest court to which the order or judgment was appealed or from which certiorari, review, reargument, stay, or rehearing was sought, or (b) the time to appeal further or seek certiorari, review, reargument, stay, or rehearing has expired and no such further appeal or petition for certiorari, review, reargument, stay, or rehearing is pending.

W. *“Force Majeure Event.”* Any event reasonably beyond the control of Hikma that prevents Hikma from manufacturing or distributing Settlement Product, including wars, hostilities, revolution, riots, civil commotion, national emergency, unavailability of supplies, epidemics, pandemics, health crisis, fire, flood, earthquake, force of nature, explosion, terrorist act, embargo, or any act of God, or any law, regulation, ordinance, or other act or order of any court or governmental authority.

X. *“Global Settlement Amount.”* The Global Settlement Amount is \$110,616,074, which is comprised of the Maximum Remediation Payment, Private Attorney Fees, Additional Remediation Amount, and the Settlement Product Cash Conversion Amount. The Global Settlement Amount reflects a dollar figure that has been reduced by a credit for New Mexico, which has previously settled with Hikma. Notwithstanding any other language or provisions in this or any other agreement, the Global Settlement Amount is the maximum dollar amount Hikma can pay in connection with the Agreement.

Y. *“Hikma.”* Hikma Pharmaceuticals USA Inc. f/k/a West-Ward Pharmaceuticals Corp.

Z. *“Implementation Administrator.”* Rubris, Inc., which is the vendor that will be retained by Hikma to provide notice pursuant to Section VIII.A and to manage the initial joinder period for Subdivisions, including the issuance and receipt of Subdivision Settlement Participation Forms.

AA. *“Incentive Payment A.”* The incentive payment described in Section V.E.4.

BB. *“Incentive Payment A Catch-Up Date.”* August 1, 2026.

CC. *“Incentive Payment BC.”* The incentive payment described in Section V.E.5.

DD. *“Incentive Payment D.”* The incentive payment described in Section V.E.6.

EE. *“Incentive Payment D Look-Back Dates.”* Sixty days before each Incentive Payment D Release Date.

FF. *“Incentive Payment D Release Dates.”* August 1, 2027, and August 1, 2029. These dates are when the Settlement Fund Administrator is to release Incentive Payment D from the Settlement Fund to Settling States in accordance with Section V.E.6.

GG. *“Initial Participating Subdivision.”* A Subdivision that meets the requirements set forth in Section VIII.D.

HH. *“Initial Participation Date.”* The date ninety (90) calendar days after the Preliminary Agreement Date, unless it is extended by written agreement of Hikma and the Enforcement Committee.

II. *“Injunctive Relief Terms.”* The terms described in Section III and set forth in Exhibit P.

JJ. *“Later Litigating Subdivision.”* A Subdivision (or Subdivision official asserting the right of or for the Subdivision to recover for Alleged Harms to the Subdivision and/or the people thereof) that: (1) first files a lawsuit bringing a Released Claim against a Released Entity after the Reference Date; or (2) adds a Released Claim against a Released Entity after the Reference Date to a lawsuit brought before the Reference Date that, prior to the Reference Date, did not include any Released Claims against a Released Entity; or (3) (a) was a Litigating Subdivision whose Released Claims against Released Entities were resolved by a legislative Bar or legislative Case-Specific Resolution as of the Reference Date, (b) such legislative Bar or legislative Case-Specific Resolution is subject to a Revocation Event after the Reference Date, and (c) the earlier of the date of completion of opening statements in a trial in an action brought by a Subdivision in that Settling State that includes a Released Claim against a Released Entity or one hundred eighty (180) days from the Revocation Event passes without a Bar or Case-Specific Resolution being implemented as to that Litigating Subdivision or the Litigating Subdivision's Released Claims being dismissed; or (4) (a) was a Litigating Subdivision whose Released Claims against Released Entities were resolved by a judicial Bar or judicial Case-Specific

Resolution as of the Reference Date, (b) such judicial Bar or judicial Case-Specific Resolution is subject to a Revocation Event after the Reference Date, and (c) such Litigating Subdivision takes any action in its lawsuit asserting a Released Claim against a Released Entity other than seeking a stay or dismissal.

KK. *“Later Participating Subdivision.”* A Participating Subdivision that is not an Initial Participating Subdivision, but meets the requirements set forth in Section VIII.E.

LL. *“Litigating Subdivision.”* A Subdivision (or Subdivision official) that brought any Released Claim against any Released Entity prior to the Reference Date. Exhibit C is an agreed list of all Litigating Subdivisions. Exhibit C will be updated (including with any corrections) periodically, and a final version of Exhibit C will be attached hereto as of the Reference Date.

MM. *“Maximum Incentive Payment D Amount.”* The maximum amount that may be owed by Hikma to Settling States and Subdivisions under Incentive Payment D, section V.E.6, adjusted for Non-Settling States, States that qualify for Incentive Payment A, and the Participation Percentage of Incentive BC Eligible Subdivision Population achieved by the Payment Calculation Date.

NN. *“Maximum Remediation Payment.”* The maximum amount owed by Hikma to the Settling States and Subdivisions, exclusive of the Private Attorney Fees, and the Additional Remediation Amount. The amount of the Maximum Remediation Payment is \$95,818,293.

OO. *“National Arbitration Panel.”* The panel comprised as described in Section VII.F.3.b.

PP. *“National Disputes.”* As defined in Section VII.F.3.a.

QQ. *“Non-Litigating Subdivision.”* Any Subdivision that is not a Litigating Subdivision.

RR. *“Non-Participating Subdivision.”* Any Subdivision that is not a Participating Subdivision.

SS. *“Non-Party Covered Conduct Claim.”* A Claim against any Non-Released Entity involving, arising out of, or related to Covered Conduct (or conduct that would be Covered Conduct if engaged in by a Released Entity).

TT. *“Non-Party Settlement.”* A settlement by any Releasor that settles any Non-Party Covered Conduct Claim and includes a release of any Non-Released Entity.

UU. *“Non-Released Entity.”* An entity that is not a Released Entity.

VV. *“Non-Settling State.”* Any Eligible State that is not a Settling State.

WW. *“Opioid Remediation.”* Care, treatment, and other programs and expenditures (including reimbursement for past such programs or expenditures¹ except where this Agreement restricts the use of funds solely to future Opioid Remediation) designed to (1) address the use of opioid products in the Settling States, (2) treat or mitigate opioid use or related disorders in the Settling States, or (3) mitigate other alleged effects of, including on those injured as a result of, the opioid epidemic in the Settling States. Exhibit E provides a non-exhaustive list of expenditures that qualify as being paid for Opioid Remediation. Qualifying expenditures may include reasonable related administrative expenses in connection with the above.

XX. *“Participating Subdivision.”* Any Subdivision that meets the requirements for becoming a Participating Subdivision under Section VIII.B and Section VIII.C. Participating Subdivisions include both Initial Participating Subdivisions and Later Participating Subdivisions.

YY. *“Participation Percentage of Incentive BC Eligible Subdivision Population.”* As defined in Section V.E.5.e.

ZZ. *“Parties.”* Hikma and the Settling States (each, a *“Party”*).

AAA. *“Payment Calculation Date.”* October 20, 2025, which is sixty (60) days before the Payment Date. This date may be changed by written agreement of Hikma and the Enforcement Committee.

BBB. *“Payment Date.”* December 19, 2025, which is the date by which Hikma makes the Remediation Payment and the Fees Payment. This date may be changed by written agreement of Hikma and the Enforcement Committee.

CCC. *“Preliminary Agreement Date.”* The date Hikma informs the Settling States of its determination that the condition in Section II.B has been satisfied. The Preliminary Agreement Date shall be no more than fourteen (14) calendar days after the end of the notice period to Eligible States, unless it is extended by written agreement of Hikma and the Enforcement Committee.

DDD. *“Primary Fire District.”* A fire district that covers a population of 25,000, or 0.20% of an Eligible State’s population if an Eligible State’s population is greater than 18 million. If not easily calculable from state data sources and agreed to between the Eligible State and Hikma, a fire district’s population is calculated by dividing the population of the county or counties a fire district serves by the number of fire districts in the county or counties. “Primary Fire Districts” shall mean fire districts as identified in connection with the implementation of the July 21, 2021, Janssen Settlement Agreement.

EEE. *“Primary Subdivision.”* A Subdivision that is a General Purpose Government (including, but not limited to, a municipality, county, county subdivision, city, town, township, parish, village, borough, gore, or any other entities that provide municipal-

¹ Reimbursement includes amounts paid to any governmental entities for past expenditures or programs

type government) with population over 10,000; *provided, however*, that as used in connection with Incentive Payment BC, the population threshold is 30,000. Attached as Exhibit I is an agreed list of the Primary Subdivisions in each Eligible State.

FFF. “*Private Attorney Fees*” are the amount to be paid by Hikma for private attorneys’ litigation fees and costs on behalf of Participating Subdivisions. The maximum amount of Private Attorney Fees is \$12,742,534. For avoidance of doubt, Private Attorney Fees do not include the Additional Remediation Amount.

GGG. “*Product*.” Any chemical substance, whether used for medicinal or non-medicinal purposes, and whether natural, synthetic, or semi-synthetic, or any finished pharmaceutical product made from or with such substance, that is: (1) an opioid or opiate, as well as any product containing any such substance; (2) benzodiazepine, carisoprodol, or gabapentin; or (3) a combination or “cocktail” of chemical substances prescribed, sold, bought, or dispensed to be used together that includes opioids or opiates. “Product” shall include, but is not limited to, any substance consisting of or containing buprenorphine, codeine, fentanyl, hydrocodone, hydromorphone, meperidine, methadone, morphine, naloxone, naltrexone, oxycodone, oxymorphone, pentazocine, propoxyphene, tapentadol, tramadol, opium, heroin, carfentanil, diazepam, estazolam, quazepam, alprazolam, clonazepam, oxazepam, flurazepam, triazolam, temazepam, midazolam, carisoprodol, gabapentin, or any variant of these substances or any similar substance. Notwithstanding the foregoing, nothing in this section prohibits a Settling State from taking administrative or regulatory action related to benzodiazepine (including, but not limited to, diazepam, estazolam, quazepam, alprazolam, clonazepam, oxazepam, flurazepam, triazolam, temazepam, and midazolam), carisoprodol, or gabapentin that is wholly independent from the use of such drugs in combination with opioids, *provided* such action does not seek money (including abatement and/or remediation) for conduct prior to the Initial Participation Date. “Product” also includes any natural, synthetic, semi-synthetic or chemical raw materials, starting materials, finished active pharmaceutical ingredients, drug substances, and any intermediate products used or created in the manufacturing process for any of the substances described above.

HHH. “*Reference Date*.” The date on which Hikma is to inform the Settling States of its determination whether the condition in Section IX has been satisfied. The Reference Date shall be no later than thirty (30) calendar days after the Initial Participation Date, unless it is extended by written agreement of Hikma and the Enforcement Committee.

III. “*Released Claims*.” Any and all Claims that directly or indirectly are based on, arise out of, or in any way relate to or concern the Covered Conduct and/or Alleged Harms occurring prior to the Initial Participation Date. Without limiting the foregoing, Released Claims include any Claims that have been asserted against Released Entities by a Settling State or any of its Litigating Subdivisions in any federal, state, or local action or proceeding (whether judicial, arbitral, or administrative) based on, arising out of, or relating to, in whole or in part, the Covered Conduct and/or Alleged Harms, or any such Claims that could be or could have been asserted now or in the future in those actions or in any comparable action or proceeding brought by a Settling State, Subdivision, or Releasor (whether or not such Settling State, Subdivision, or Releasor has brought such action or

proceeding). Released Claims also include all Claims against Released Entities asserted in any proceeding to be dismissed pursuant to the Agreement, whether or not such claims related to Covered Conduct and/or Alleged Harms. The Parties intend that this term, “Released Claims,” be interpreted broadly. This Agreement does not release Claims by private individuals. It is the intent of the Parties that Claims by private individuals be treated in accordance with applicable law. Released Claims is also used herein to describe claims brought by a non-party Subdivision that would have been Released Claims if they had been brought by a Releasor against a Released Entity.

JJJ. “*Released Entities.*” With respect to Released Claims, Hikma and (1) all past and present subsidiaries, divisions, affiliates, predecessors, successors, and assigns (in each case, whether direct or indirect) of Hikma; (2) all past and present subsidiaries and divisions (in each case, whether direct or indirect) of any entity described in subsection (1); (3) the respective past and present officers, directors, members, trustees, and employees of any of the foregoing (each for actions that occurred during and related to their work for, or employment with, any of Hikma or the foregoing entities); (4) all past and present joint ventures (whether direct or indirect) of Hikma or its subsidiaries, including in any subsidiary’s capacity as a participating member in such joint venture; (5) all direct or indirect parents and shareholders of Hikma (solely in their capacity as parents or shareholders of Hikma with respect to Covered Conduct); and (6) any insurer of Hikma or any person or entity otherwise described in subsections (1)-(5) (solely in its role as insurer of such person or entity and subject to the last sentence of Section XI.C). A list of Hikma’s joint ventures, subsidiaries and affiliates and predecessor entities is set forth in Exhibit J. Any person or entity described in subsections (3)-(6) shall be a Released Entity solely in the capacity described in such clause and shall not be a Released Entity with respect to its conduct in any other capacity. Any entity acquired, or joint venture entered into, by Hikma after the Initial Participation Date is not a Released Entity. Further and notwithstanding anything else in this paragraph, no entity sued in *In re: National Prescription Opiate Litigation*, No. 1:17-md-2804 (N.D. Ohio) is included as a Released Entity other than the entities listed on Exhibit J.

KKK. “*Releasors.*” With respect to Released Claims, (1) each Settling State; (2) each Participating Subdivision; and (3) without limitation and to the maximum extent of the power of each Settling State’s Attorney General and/or Participating Subdivision to release Claims, (a) the Settling State’s and Participating Subdivision’s departments, agencies, divisions, boards, commissions, Subdivisions, districts, instrumentalities of any kind and attorneys, including its Attorney General, and any person in his or her official capacity whether elected or appointed to serve any of the foregoing and any agency, person, or other entity claiming by or through any of the foregoing, (b) any public entities, public instrumentalities, public educational institutions, unincorporated districts, fire districts, irrigation districts, water districts, emergency services districts, school districts, healthcare districts, hospital districts, Sheriffs and law enforcement districts, library districts, coroner’s offices, and public transportation authorities, and other Special Districts in a Settling State, including those with the regulatory authority to enforce state and federal controlled substances acts or the authority to bring Claims related to Covered Conduct seeking money (including abatement (or remediation and/or restitution)) or revoke a

pharmaceutical distribution license, and (c) any person or entity acting in a *parens patriae*, sovereign, quasi-sovereign, private attorney general, *qui tam*, taxpayer, or other capacity seeking relief, including but not limited to fines, penalties, or punitive damages, on behalf of or generally applicable to the general public with respect to a Settling State or Subdivision in a Settling State, whether or not any of them participate in this Agreement. The inclusion of a specific reference to a type of entity in this definition shall not be construed as meaning that the entity is not a Subdivision. Each Settling State's Attorney General represents that he or she has or has obtained (or will obtain no later than the Initial Participation Date) the authority set forth in Section XI.G. In addition to being a Releasor as provided herein, a Participating Subdivision shall also provide the Subdivision Settlement Participation Form referenced in Section VIII providing for a release to the fullest extent of the Participating Subdivision's authority.

LLL. "*Remediation Accounts Fund.*" The component of the Settlement Fund described in Section VI.C.

MMM. "*Remediation Payment.*" The amount payable to the Settlement Fund by Hikma for Settling States' Base Payments and Incentive Payments on the Payment Date, as calculated by the Settlement Fund Administrator.

NNN. "*Revocation Event.*" With respect to a Bar or Case-Specific Resolution, a legislative amendment, revocation, rescission, reversal, overruling, or interpretation that in any way limits the effect of such Bar or Case-Specific Resolution on Released Claims, or any other action or event that otherwise deprives the Bar, or Case-Specific Resolution of force or effect in any material respect.

OOO. "*Settlement Fund.*" The interest-bearing fund established at [Bank TBD] pursuant to this Agreement into which the Remediation Payment is made under Section V, which is intended to be classified as a "qualified settlement fund" within the meaning of 26 C.F.R. §§ 1.468B-1 *et seq.* and which shall be approved by any Settling State in accordance with the requirements of 26 C.F.R. § 1.468B-1.

PPP. "*Settlement Fund Administrator.*" BrownGreer PLC, which is the entity that determines the Remediation Payment (including calculating offset or reduction and Incentive Payments pursuant to Section V and any amounts subject to offset pursuant to Section XIII) and Additional Remediation Amount, administers the Settlement Fund, and distributes amounts into the Remediation Accounts Fund, State Fund, and Subdivision Fund pursuant to this Agreement. The duties of the Settlement Fund Administrator shall be governed by this Agreement. Prior to the Effective Date, Hikma and the Enforcement Committee shall agree to a detailed description of the Settlement Fund Administrator's duties and responsibilities, including a detailed mechanism for paying the Settlement Fund Administrator's fees and costs, all of which shall be appended to the Agreement as Exhibit L.

QQQ. "*Settlement Fund Escrow.*" The interest-bearing escrow fund established pursuant to this Agreement to hold disputed payments made under this Agreement.

RRR. “*Settlement Product*” naloxone hydrochloride 8mg nasal spray approved pursuant to FDA New Drug Application No. 212045, currently listed in Hikma’s generics catalog, which can be viewed at <https://www.hikma.com/en-us/products> , and is provided to the Settling State as part of the settlement, at no cost as set forth in Section XV and Exhibit D.

SSS. “*Settlement Product Cash Conversion Amount*” means the resulting dollar amount from when a Settling State has elected to convert all or a portion of its Settlement Product Allocation into a cash payment pursuant to Section XV and Exhibit D. The aggregate, maximum amount that could be paid from the conversion of Settlement Product into cash is \$6,944,074.

TTT. “*Settlement Product Cash Conversion Amount Payment Date*” is May 15, 2027. This date may be changed by written agreement of Hikma and the Enforcement Committee.

UUU. “*Settlement Product Election Date*” is the date thirty (30) days after the Effective Date by which a Settling State must submit its election of the Settling State’s allocation of Settlement Product or cash conversion of Settlement Product pursuant to Section XIV and Exhibit D.

VVV. “*Settlement Product Election Form*” means the form a Settling State uses to submit its election of the Settling State’s allocation of Settlement Product or cash conversion of Settlement Product pursuant to Section XV and Exhibit D.

WWW. “*Settling State.*” An Eligible State that has entered into this Agreement and delivers executed releases in accordance with Section IX.A.

XXX. “*State Allocation Percentage.*” A Settling State’s percentage as set forth in Exhibit F.

YYY. “*State Fund.*” The component of the Settlement Fund described in Section VI.C.

ZZZ. “*State-Subdivision Agreement.*” An agreement that a Settling State reaches with the Subdivisions in that Settling State regarding the allocation, distribution, and/or use of funds allocated to that Settling State and to its Subdivisions. A State-Subdivision Agreement shall be effective if approved pursuant to the provisions of Exhibit O or if adopted by statute. Preexisting agreements addressing funds other than those allocated pursuant to this Agreement shall qualify if the approval requirements of Exhibit O are met. A Settling State and its Subdivisions may revise a State-Subdivision Agreement if approved pursuant to the provisions of Exhibit O, or if such revision is adopted by statute.

AAAA. “*Statutory Trust.*” A trust fund established by state law to receive funds allocated to a Settling State’s Remediation Accounts Fund and restrict any expenditures made using funds from the Settling State’s Remediation Accounts Fund to Opioid Remediation, subject to reasonable administrative expenses. A Settling State may

give a Statutory Trust authority to allocate one (1) or more of the three (3) types of funds comprising such Settling State's Settlement Fund, but this is not required.

BBBB. *Statewide Payment Amount.*" The amount the Settlement Fund Administrator is to pay from the Remediation Payment to a Settling State, including its separate types of funds (if applicable) and its Participating Subdivisions listed in Exhibit G, on or as soon as practical after the Payment Date and Incentive Payment D Release Dates.

CCCC. *"Subdivision."* Any (1) General Purpose Government (including, but not limited to, a municipality, county, county subdivision, city, town, township, parish, village, borough, gore, or any other entities that provide municipal-type government), School District, or Special District within a Settling State, and (2) any other subdivision, subdivision official acting in an official capacity on behalf of the subdivision (including, without limitation, district attorneys, county attorneys, city attorneys, sheriffs, and any other official, employee, or representative), or sub-entity of or located within a Settling State (whether political, geographical or otherwise, whether functioning or non-functioning, regardless of population overlap, and including, but not limited to, Nonfunctioning Governmental Units and public institutions) that has filed a lawsuit that includes a Released Claim against a Released Entity in a direct, *parens patriae*, or any other capacity. "General Purpose Government," "School District," and "Special District" shall correspond to the "five basic types of local governments" recognized by the U.S. Census Bureau and match the 2017 list of Governmental Units.² The three (3) General Purpose Governments are county, municipal, and township governments; the two (2) special purpose governments are School Districts and Special Districts.³ "Fire District," "Health District," "Hospital District," and "Library District" shall correspond to categories of Special Districts recognized by the U.S. Census Bureau.⁴ References to a Settling State's Subdivisions or to a Subdivision "in," "of," or "within" a Settling State include Subdivisions located within the Settling State even if they are not formally or legally a sub-entity of the Settling State; *provided, however*, that a "Health District" that includes any of the following words or phrases in its name shall not be considered a

² https://www2.census.gov/programs-surveys/gus/datasets/2017/govt_units_2017.ZIP

³ *E.g.*, U.S. Census Bureau, "Technical Documentation: 2017 Public Use Files for State and Local Government Organization" at 7 (noting that "the Census Bureau recognizes five basic types of local governments," that three of those are "general purpose governments" (county governments, municipal governments, and township governments), and that the other two are "school district and special district governments"), https://www2.census.gov/programs-surveys/gus/datasets/2017/2017_gov_org_meth_tech_doc.pdf.

⁴ A list of 2017 Government Units provided by the Census Bureau identifies 38,542 Special Districts and categorizes them by "FUNCTION_NAME." "Govt_Units_2017_Final" spreadsheet, "Special District" sheet, included in "Independent Governments - list of governments with reference information," https://www2.census.gov/programs-surveys/gus/datasets/2017/govt_units_2017.ZIP. As used herein, "Fire District" corresponds to Special District function name "24 — Local Fire Protection," "Health District" corresponds to Special District function name "32 — Health," "Hospital District" corresponds to Special District function name "40 — Hospitals," and "Library District" corresponds to Special District function name "52 — Libraries." *See id.*

Subdivision: mosquito, pest, insect, spray, vector, animal, air quality, air pollution, clean air, coastal water, tuberculosis, and sanitary.

DDDD. “*Subdivision Allocation Percentage.*” The portion of a Settling State's Subdivision Fund set forth in Exhibit G that a Subdivision will receive pursuant to Section VI if it becomes a Participating Subdivision. The aggregate Subdivision Allocation Percentage of all Subdivisions receiving a Subdivision Allocation Percentage in each Settling State shall equal one hundred percent (100%). Immediately upon the effectiveness of any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section VI.D.3 (or upon the effectiveness of an amendment to any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section VI.D.3) that addresses allocation from the Subdivision Fund, whether before or after the Initial Participation Date, Exhibit G will automatically be amended to reflect the allocation from the Subdivision Fund pursuant to the State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section VI.D.3. The Subdivision Allocation Percentages contained in Exhibit G may not change once notice is distributed pursuant to Section VIII.A, except upon the effectiveness of any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section VI.D.3 (or upon the effectiveness of an amendment to any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section VI.D.3) that addresses allocation from the Subdivision Fund. For the avoidance of doubt, no Subdivision not listed on Exhibit G shall receive an allocation from the Subdivision Fund and no provision of this Agreement shall be interpreted to create such an entitlement.

EEEE. “*Subdivision Fund.*” The component of the Settlement Fund described in Section VI.A.

FFFF. “*Subdivision Settlement Participation Form.*” The form attached as Exhibit K that Participating Subdivisions must execute and return to the Implementation Administrator or Settlement Fund Administrator, and which shall (1) make such Participating Subdivisions signatories to this Agreement, (2) include a full and complete release of any and all of such Participating Subdivisions' claims, and (3) require the prompt dismissal with prejudice of any Released Claims that have been filed by any such Participating Subdivision.

GGGG. “*Threshold Motion.*” A motion to dismiss or equivalent dispositive motion made at the outset of litigation under applicable procedure. A Threshold Motion must include as potential grounds for dismissal any applicable Bar or the relevant release by a Settling State or Participating Subdivision provided under this Agreement and, where appropriate under applicable law, any applicable limitations defense.

II. Participation by Eligible States and Condition to Preliminary Agreement

A. *Notice to Eligible States.* On May 26, 2025, this Agreement shall be distributed to all Eligible States. The Attorneys General of the Eligible States shall then

have until June 25, 2025, to decide whether to become Settling States and notify the Enforcement Committee and Hikma of that decision. Eligible States that determine to become Settling States shall so notify Hikma and shall further commit to obtaining any necessary additional state releases prior to the Reference Date. This notice period may be extended by written agreement of Hikma and the Enforcement Committee.

B. *Condition to Preliminary Agreement.* Following the notice period set forth in Section II.A, Hikma shall have fourteen (14) calendar days to determine whether, in its sole discretion (based on any criteria or factors deemed relevant to Hikma), enough Eligible States have agreed to become Settling States to proceed with notice to Subdivisions as set forth in Section VIII. This period may be extended by written agreement of Hikma and the Enforcement Committee. If Hikma determines that this condition has been satisfied, and that notice to the Subdivisions should proceed, it will so notify the Settling States by providing notice to the Enforcement Committee. The date of such notice shall be the Preliminary Agreement Date. If Hikma determines that this condition has not been satisfied, this Agreement will have no further effect and all releases and other commitments or obligations contained herein will be void.

C. *Later Joinder by Eligible States.* After the Preliminary Agreement Date, an Eligible State may only become a Settling State with the consent of Hikma and the Enforcement Committee, provided that the Enforcement Committee may not withhold consent to an Eligible State's later joinder if the Eligible State agrees to join pursuant to the terms of this Agreement and the allocation set forth in Exhibit F. If an Eligible State becomes a Settling State more than thirty (30) calendar days after the Preliminary Agreement Date, but on or before the Reference Date, the Subdivisions in that Eligible State that become Participating Subdivisions within ninety (90) calendar days of the Eligible State becoming a Settling State shall be considered Initial Participating Subdivisions. An Eligible State may not become a Settling State after the Reference Date.

D. *Litigation Activity.* Following the Preliminary Agreement Date, Eligible States that determine to become Settling States shall make reasonable efforts to cease litigation activity against Hikma, including by jointly seeking stays or, where appropriate, severance of claim against Hikma, where feasible, and otherwise to minimize such activity by means of agreed deadline extensions and agreed postponement of depositions, document productions, and motion practice if a motion to stay or sever is not feasible or is denied.

III. Injunctive Relief

A. *Injunctive Relief.* As part of the Consent Judgment, the Parties agree to the injunctive relief terms attached in Exhibit P.

IV. Procedure for Segregated Account Deposits and Payments

A. By the Deposit Date, Hikma shall deposit into a segregated interest-bearing bank account it establishes the Adjusted Maximum Remediation Payment amount. Hikma shall also deposit into two (2) separate segregated interest-bearing bank accounts it establishes: (a) the Private Attorney Fees amount; and (b) the Additional Remediation Amount. Hikma shall separately account for the interest earned on each of the three (3) accounts.

B. Hikma shall provide proof to the Enforcement Committee of the deposits required by Section IV.D.1 by the Deposit Date. Hikma shall not remove any money from the segregated bank accounts, except as provided by Section IV.F and Section IV.H.

C. If an Eligible State joins the agreement pursuant to Section II.C and that joinder is after the Deposit Date, Hikma shall deposit that Settling State's maximum Statewide Payment Amount, which is the Maximum Remediation Payment multiplied by the Settling State's State Allocation Percentage. Such deposit shall be within fifteen (15) days of the Settling State's joinder.

D. If the condition set forth in Section IX.B is met, Hikma shall:

1. Transfer into the Settlement Fund on the Payment Date (unless the Enforcement Committee specifies a later date) the Remediation Payment amount calculated by the Settlement Fund Administrator pursuant to Section V.C.2 from the segregated account. For the avoidance of doubt, this transfer includes the Maximum Incentive Payment D Amount and includes any amounts that the Settlement Fund Administrator will place into the Settlement Fund Escrow pursuant to Section V.C.4.e.

- a. The interest earned from the deposit account holding the Remediation Amount shall be used, first, to pay for the Implementation Administrator, then to pay for the Implementation Administrator in the Alvogen, Amneal, Apotex, Indivior, Mylan, Sun, and Zydus Settlement Agreements, and finally to be transferred to the Settlement Fund to be used to pay for the Settlement Fund Administrator pursuant to Section VI.C.4.

2. Transfer into the relevant funds as directed by the Enforcement Committee, no later than the Payment Date (unless the Enforcement Committee specifies a later date) the amount in the segregated account holding the Private Attorney Fees (including all interest accrued on that account), minus any amounts not payable pursuant to the terms of Exhibit R, and the amount in the segregated account holding the Additional Remediation Amount (including all interest accrued on that account), minus the Additional Remediation Amount that would have been owed to Non-Settling States as calculated by multiplying the Additional Remediation Amount by the sum of allocations on Exhibit N for Non-Settling States.

E. The Remediation Payment transferred by Hikma into the Settlement Fund pursuant to Section IV.D.1 shall be disbursed by the Settlement Fund Administrator to each Settling State and to its Participating Subdivisions listed on Exhibit G pursuant to Section V.C.5 through Section V.C.8; provided, however, that for any Settling State where the Consent Judgment has not been entered as of the Effective Date, the funds allocable to that Settling State and its Participating Subdivisions listed on Exhibit G shall not be disbursed until ten (10) calendar days after the entry of the Consent Judgment in that Settling State.

F. Any amounts in the segregated accounts not subject to transfer pursuant to Section IV.D shall immediately revert to Hikma after Hikma makes the transfers required by Section IV.D.

G. Except for the interest earned on the payment amounts, any unearned Incentive Payment A amount in the Settlement Fund shall immediately revert to Hikma after the Incentive Payment A Catch-Up Date. This excess reflects Settling States who sought, but did not achieve, a Bar by the Incentive Payment A Catch-Up Date. Any additional amount in the Settlement Fund exceeding the payments described in Section V.C.3 shall immediately revert to Hikma after the last Incentive Payment D Release Date. This excess is Settling States' unearned Maximum Incentive Payment D amounts.

H. In the event that, in accordance with the terms of Section X.B, Hikma determines not to proceed with the Settlement, or the Settlement does not become effective for any other reason, the funds held in the segregated bank accounts shall immediately revert to Hikma.

V. Settlement Payment Calculation Process

A. *Settlement Fund.* All payments under this Section V shall be made into the Settlement Fund, except that, where specified, they shall be made into the Settlement Fund Escrow. The Settlement Fund shall be allocated and used only as specified in Section VI.

B. Remediation Payment

1. Hikma shall make one Remediation Payment comprised of both Base Payments and Incentive Payments as provided in Section IV.D.1.

2. In no instance shall Hikma's Remediation Payment obligations exceed the Adjusted Maximum Remediation Amount.

C. Settlement Fund Payment Process

1. To determine the Remediation Payment, the Settlement Fund Administrator shall use the data as of the Payment Calculation Date. Prior to the Effective Date, the Parties will include Exhibit L, which sets forth in detail the process for the Settlement Fund Administrator to obtain relevant data and for distributing funds to the Settling States and their Participating Subdivisions listed on Exhibit G consistent with the terms of this Agreement as quickly as practical.

2. On the Payment Calculation Date, the Settlement Fund Administrator shall determine the Remediation Payment, consistent with the provisions in Exhibit L, by determining the sum, for all Settling States, of the Base Payment amount, Incentive Payments A or BC amount to which each Settling State is entitled (or could in the future be entitled for states who notify Defendants of an intent to obtain a Bar by the Incentive Payment A Catch-Up Date), and Incentive Payment D each Settling State could in the future be entitled (e.g. the Maximum Incentive Payment D Amount) by applying the criteria under Section V.D and Section V.E;

3. On the Payment Calculation Date, Incentive Payment A Catch-Up Date, and each subsequent Incentive D Look-Back Date, the Settlement Fund Administrator shall determine the Statewide Payment Amount for each Settling State, consistent with the provisions in Exhibit L, by determining, for each Settling State, the Base Payment amount (only on the Payment Calculation Date) and Incentive Payment amount to which the Settling State is entitled on that date by applying the criteria under Section V.D and Section V.E, after subtracting the portion of any Settlement Fund Administrator costs and fees owed out of funds from the Settlement Fund pursuant to Section VI.C.4.

4. No later than fifty (50) days prior to the Payment Date and Incentive Payment D Release Dates, the Settlement Fund Administrator shall give notice to Hikma, the Settling States, and the Enforcement Committee of the amount of the Remediation Payment, and/or the Statewide Payment Amount for each Settling State, following the determination described in Section V.C.2 and V.C.3, and the following timeline shall apply:

a. Within twenty-one (21) calendar days of the notice provided by the Settlement Fund Administrator, Hikma, any Settling State or the Enforcement Committee may dispute, in writing, the calculation of the Remediation Payment and/or the Statewide Payment Amount for a Settling State. Such disputing party must provide a written notice of dispute to the Settlement Fund Administrator, the Enforcement Committee, any affected Settling State, and Hikma identifying the nature of the dispute, the amount of money that is disputed, and the Settling State(s) affected.

b. Within twenty-one (21) calendar days of the sending of a written notice of dispute, any affected party may submit a response, in writing, to the Settlement Fund Administrator, the Enforcement Committee, any affected Settling State, and Hikma identifying the basis for disagreement with the notice of dispute.

c. If no response is filed, the Settlement Fund Administrator shall adjust the amount calculated consistent with the written notice of dispute. In the case of the Remediation Payment, Hikma shall pay the adjusted amount, collectively totaling the Remediation Payment, on the Payment Date.

d. If a written response to the written notice of dispute is timely sent to the Settlement Fund Administrator, the Settlement Fund Administrator shall notify Hikma, the Enforcement Committee, and any affected Settling State of the preliminary amount, which shall be the greater of the amount originally calculated by the Settlement Fund Administrator or the amount that would be consistent with the notice of dispute. In the case of the Remediation Payment, Hikma shall pay this preliminary amount, *provided, however*, that in no circumstances shall the preliminary amount to be paid be higher than the Maximum Remediation Payment.

e. The Settlement Fund Administrator shall place any disputed amount of the preliminary amount paid by Hikma into the Settlement Fund Escrow and shall disburse any undisputed amount to each Settling State and its Participating Subdivisions listed on Exhibit G pursuant to Section V.C.5.

5. If a Settling State informs the Settlement Fund Administrator that it and its Participating Subdivisions listed on Exhibit G have agreed on the amount of its Statewide Payment Amount, determined pursuant to Section V.C.3, to be distributed to the Settling State, among its separate types of funds (if applicable), and among its Participating Subdivisions listed on Exhibit G, the Settlement Fund Administrator shall disburse the Statewide Payment Amount pursuant to the consensus distribution amounts provided by the Settling State as quickly as practical. For a Settling State that does not so notify the Settlement Fund Administrator, the Settlement Fund Administrator shall allocate the Settling State's Statewide Payment Amount, pursuant to Section VI, among the separate types of funds for the Settling State (if applicable), and among its Participating Subdivisions listed on Exhibit G using the following procedures:

a. As soon as possible for each payment and following the determination described in Section V.C.3, the Settlement Fund Administrator shall give notice to the relevant Settling States and their Participating Subdivisions listed on Exhibit G of the amount to be received by each Settling State, the amount to be received by the separate types of funds for each Settling State (if applicable), and the amount to be received by each Participating Subdivision listed on Exhibit G for each Settling State.

b. Within twenty-one (21) days of the notice provided by the Settlement Fund Administrator, any Settling State or Participating Subdivision listed on Exhibit G may dispute, in writing, the calculation of the amount to be received by the relevant Settling State and/or its Participating Subdivision listed on Exhibit G. A dispute will be deemed invalid and disregarded if it challenges the allocations adopted by a State-Subdivision Agreement approved pursuant to the provisions of Exhibit O or by statute. Such disputing party must provide a written notice of dispute to the Settlement Fund Administrator, any affected Settling State, and any affected Participating Subdivision identifying the nature of the dispute, the amount of money that is disputed, and the Settling State(s) affected.

c. Within twenty-one (21) days of the sending of a written notice of dispute, any affected Settling State or any affected Participating Subdivision may submit a response, in writing, to the Settlement Fund Administrator, any affected Settling State, and any affected Participating Subdivision identifying the basis for disagreement with the notice of dispute.

d. If no response is filed, the Settlement Fund Administrator shall adjust the amount calculated consistent with the written notice of dispute.

e. The Settlement Fund Administrator shall place any disputed amount into the Settlement Fund Escrow and shall disburse any undisputed amount to the Settling State and its Participating Subdivisions eligible for payment.

6. Disputes described in this subsection (other than those for which no response is filed under Sections V.C.4.c or V.C.5.d) shall be resolved in accordance with the terms of Section VII.F.

7. The Settlement Fund Administrator may combine the disbursements of the Remediation Payment with the disbursement of funds under other comparable opioid settlements. In determining when disbursements of the Remediation Payment will be made, the Settlement Fund Administrator may take into account the timeline for the availability of disbursements under other comparable opioid settlements.

8. For the avoidance of doubt, Subdivisions not listed on Exhibit G shall not receive an allocation from the Subdivision Fund and no provision of this Agreement shall be interpreted to create such an entitlement.

D. *Base Payments.*

1. Hikma shall make Base Payments into the Settlement Fund in an amount equal to forty percent (40%) of the Adjusted Maximum Remediation Payment. The maximum total for Base Payments is \$38,327,317.

2. The Base Payment for any Settling State shall be the maximum total for Base Payments, \$38,327,317, times the Settling State's State Allocation Percentage specified in Exhibit F.

E. *Incentive Payments.*

1. Hikma shall make potential additional Incentive Payments totaling up to a maximum of sixty percent (60%) of the Adjusted Maximum Remediation Payment, with the Incentive Payment amount depending on whether and the extent to which the criteria set forth below are met in each Settling State. The maximum total for Incentive Payments is \$57,490,976.

2. A Settling State qualifies to receive an Incentive Payment in addition to its Base Payment if it meets the incentive eligibility requirements specified below. The maximum total Incentive Payment for any Settling State shall be no more than the maximum total for Incentive Payments, \$57,490,976, times the Settling State's State Allocation Percentage specified in Exhibit F. Incentive Payments are state-specific, with the actual amount depending on whether and the extent to which the criteria set forth below are met in such Settling State.

3. The Incentive Payments shall be divided among three (3) categories, referred to as Incentive Payments A, BC, and D. Incentive Payments A and BC will be due to Settling States on the Payment Date. Incentive Payment D will be paid to Settling States in two equal installments on the Incentive Payment Release Dates. The total amount of Incentive Payments due to Settling States shall be the sum of the Incentive Payments for which the individual Settling States are eligible under the criteria set forth below. The Incentive Payments shall be made with respect to a specific Settling State based on its eligibility under the criteria set forth below. For the avoidance of doubt, eligibility for Incentive Payments A, BC, and D shall be determined on a Settling State-by-Settling State basis.

4. Incentive Payment A.

a. Incentive Payment A is mutually exclusive with Incentive Payment BC and D; if a Settling State receives Incentive Payment A in the Remediation Payment, such Settling State is not eligible for Incentive Payment BC or D.

b. Incentive Payment A shall be equal to sixty percent (60%) of the Adjusted Maximum Remediation Payment, provided all Settling States satisfy the requirements of Incentive Payment A. Incentive Payment A will be due to a Settling State as part of the Remediation Payment, and shall equal a total potential maximum of \$57,490,976 if all Eligible States qualify for Incentive Payment A. Each Settling State's share of Incentive Payment A, *provided* that Settling State qualifies, shall equal the total maximum amount available for Incentive Payment A, \$57,490,976, times the Settling State's State Allocation Percentage.

c. Qualification for Incentive Payment A is as follows: A Settling State qualifies for Incentive Payment A if, as of the Payment Calculation Date: (i) there is a Bar in that Settling State in full force and effect, (ii) the Released Claims of all of the following entities are released through the execution of Subdivision Settlement Participation Forms, or there is a Case-Specific Resolution against such entities: all Primary Subdivisions, Litigating Subdivisions, School Districts with a K-12 student enrollment of at least 25,000 or .10% of a Settling State's population, whichever is greater, Hospital Districts that have at least one hundred twenty-five (125) hospital beds in one or more hospitals rendering services in that district, and Primary Fire Districts; or (iii) a combination of the

actions in clauses (i) and (ii) has achieved the same level of resolution of Subdivision Claims (*e.g.*, a Bar against future litigation combined with full joinder by Litigating Subdivisions). For the avoidance of doubt, subsection (iii) cannot be satisfied unless all Litigating Subdivisions are Participating Subdivisions or there is a Case-Specific Resolution against any such Subdivisions that are not Participating Subdivisions. Hikma and the Enforcement Committee shall meet and confer in order to agree on data sources for purposes of this Section prior to the Initial Participation Date.

d. If a Settling State intends to achieve Incentive A by a Bar in effect after the Payment Calculation date but before the Incentive A Catch-Up Date, the Settling State shall notify Hikma no later than 30 days before the Initial Participation Date. A Settling State who so notifies Hikma and does not qualify for Incentive Payment A as of the Payment Date but becomes eligible for Incentive Payment A as of the Incentive Payment A Catch-Up Date shall receive the payment that it would have received for Incentive Payment A (the “Incentive Payment A Catch-up Payment”) on the Incentive Payment A Catch-Up Date. The Incentive Payment A Catch-up Payment shall be reduced by any amounts paid to the Settling State under Incentive Payment BC prior to the Settling State’s eligibility for Incentive Payment A. A Settling State that does not qualify for Incentive Payment A as of the Incentive Payment A Catch-Up Date shall not be eligible for Incentive Payment A.

e. To the extent a Settling State asserts that existing legislation qualifies as a Bar, the Settling State shall provide notice to Hikma no later than 30 days before the Initial Participation Date. Hikma shall indicate before the Initial Participation Date whether existing legislation in a Settling State is sufficient to qualify as a Bar.

5. Incentive Payment BC.

a. Incentive Payment BC shall be available to Settling States that do not qualify for Incentive Payment A.

b. Incentive Payment BC shall be up to a maximum of fifty-seven percent (57%) of the Settling State’s share of the Remediation Payment. Incentive Payment BC will be due to a Settling State as part of the Remediation Payment. Incentive Payment BC shall equal a total potential maximum of \$54,616,427 if all Eligible States qualify for Incentive Payment BC (and do not qualify for Incentive Payment A).

c. The maximum Incentive Payment BC for any Settling State shall be the maximum potential Incentive Payment BC, \$ 54,616,427, times the Settling State’s State Allocation Percentage specified in Exhibit F, provided such Settling State becomes eligible for Incentive Payment BC by the Payment Calculation Date.

d. The amount of Incentive Payment BC for which a Settling State is eligible shall be determined based on the aggregate population of the Settling State's Incentive BC Subdivisions that are Participating Subdivisions or have had their claims resolved through a Case-Specific Resolution, divided by the aggregate population of all the Settling State's Incentive BC Subdivisions. The Settling State's Incentive BC Subdivisions are (i) all Litigating Subdivisions (including School Districts and Special Districts) and (ii) all Primary Subdivisions that have not sued Hikma as of the Initial Participation Date (collectively "*Incentive BC Subdivisions*").

e. The percentage of the Settling State's maximum Incentive Payment BC provided by Section V.E.5.c to which the Settling State is entitled shall be determined according to the table of Incentive BC payment levels below:

Participation Percentage of Incentive BC Eligible Subdivision Population⁵	Incentive Payment BC Percentage
Less than 85%	0%
85% or more but less than 86%	3.57%
86% or more but less than 87%	8.93%
87% or more but less than 88%	14.29%
88% or more but less than 89%	19.64%
89% or more but less than 90%	25%
90% or more but less than 91%	30.36%
91% or more but less than 92%	35.71%
92% or more but less than 93%	41.07%
93% or more but less than 94%	46.43%

⁵ The "Participation Percentage of Incentive BC Eligible Subdivision Population" shall be determined by the aggregate population of the Settling State's Incentive BC Subdivisions that are Participating Subdivisions or have had their claims resolved through a Case-Specific Resolution, divided by the aggregate population of the Settling State's Incentive BC Subdivisions. In calculating the Settling State's population that resides in Incentive BC Subdivisions, the population of the Settling State's Incentive BC Subdivisions shall be the sum of the population of all Incentive BC Subdivisions in the Settling State, notwithstanding that persons may be included within the population of more than one Incentive BC Subdivision. An individual Subdivision shall not be included more than once in the numerator, and shall not be included more than once in the denominator, of the calculation regardless if it (or any of its officials) is named as multiple plaintiffs in the same lawsuit; provided, however, that for the avoidance of doubt, no Subdivision will be excluded from the numerator or denominator under this sentence unless a Subdivision otherwise counted in the denominator has the authority to release the Claims (consistent with Section X) of the Subdivision to be excluded.

94% or more but less than 95%	51.79%
95% or more but less than 96%	60.71%
96% or more but less than 97%	68.75%
97% or more but less than 98%	76.79%
98% or more but less than 99%	84.82%
99% or more but less than 100%	92.86%
100%	100%

f. The percentage of the available Incentive Payment BC amount for which a Settling State is eligible will be based on the Participation Percentage of Incentive BC Eligible Subdivision Population as of the Payment Calculation Date. If Incentive BC Eligible Subdivisions that have become Participating Subdivisions, or achieved Case-Specific Resolution status, collectively represent less than eighty-five percent (85%) of a Settling State's Incentive BC Eligible Subdivision population by the Payment Calculation Date, the Settling State shall not receive any Incentive Payment BC.

g. If there are no Incentive BC Eligible Subdivisions in a Settling State, and that Settling State is otherwise eligible for Incentive Payment BC, that Settling State will receive its maximum Incentive Payment BC provided by Section V.E.5.c.

6. Incentive Payment D.

a. Incentive Payment D shall be available to Settling States that do not qualify for Incentive Payment A.

b. Incentive Payment D shall be equal to up to a maximum of ten percent (10%) of the Adjusted Maximum Remediation Payment, with the actual amount depending whether and the extent to which the criteria set forth below are met in each Settling State. The maximum total for Incentive Payment D is \$9,581,829.⁶

⁶ The Incentive Payment BC table specified in Section V.E.5.e and Incentive Payment D table specified in Section V.E.6.f operate so that the combined amount of Incentive Payment BC and Incentive Payment D cannot exceed sixty percent (60%) of the Adjusted Maximum Remediation Payment over the term of the Agreement. Hikma will have no obligation to pay more than \$57,490,976 for the combined amounts of Incentive Payment BC and Incentive Payment D minus any offsets for Non-Settling States.

c. Incentive Payment D shall be released in two equal installments—one installment on each Incentive Payment Release Date—and the amount of Incentive Payment D released will depend on (i) the Settling State meeting the qualifications set out in Section V.E.6.d and (ii) the Participation Percentage of Incentive BC Eligible Subdivision Population achieved by the Settling State as of the Payment Calculation Date.

d. A Settling State qualifies for Incentive Payment D if no Later Litigating Subdivision (for purposes of Incentive Payment D, Later Litigating Subdivisions are limited to (i) a Primary Subdivision; (ii) a school district with a K-12 student enrollment of at least 25,000 or 0.10% of the Settling State’s population, whichever is greater; (iii) a health district or hospital district that has at least one hundred twenty-five (125) hospital beds in one or more hospitals rendering services in that district; and (iv) Primary Fire Districts) in that Settling State has a lawsuit against a Released Entity survive more than six (6) months after denial in whole or in part of a Threshold Motion.

e. A Settling State’s qualification for Incentive Payment D shall be determined on each Incentive Payment D Look-Back Date. If a Later Litigating Subdivision’s lawsuit in that Settling State survives more than six (6) months after denial in whole or in part a Threshold Motion after that date, that Settling State shall not be eligible for Incentive Payment D on that or any subsequent Incentive Payment D Release Date.

f. The Incentive Payment D for any Settling State qualifying for Incentive Payment D shall be equal to between three percent (3%) and ten percent (10%) of the of the Maximum Remediation Payment times the Settling State’s Allocation Percentage specified in Exhibit F. The applicable percentage shall be determined based on the Participation Percentage of Incentive BC Eligible Subdivision Population achieved by the Payment Calculation Date as shown in the table below:

Participation Percentage of Incentive BC Eligible Subdivision Population as of the Payment Calculation Date	Each Eligible Settling State’s Applicable Incentive Payment D Percentage
Participation of less than 95%	10% of State Allocation
Participation of 95% but less than 96%	9% of State Allocation
Participation of 96% but less than 97%	8% of State Allocation
Participation of 97% but less than 98%	7% of State Allocation
Participation of 98% but less than 99%	6% of State Allocation
Participation of 99% but less than 100%	5% of State Allocation
Participation of 100%	3% of State Allocation

g. Incentive Payment D shall be paid in two equal installments on the Incentive Payment D Release Dates. On each Incentive Payment D Look-Back Date, the Settlement Fund Administrator shall determine a Settling State's qualification for Incentive Payment D. Prior to each Incentive Payment D Look-Back Date, Hikma may provide the Settlement Fund Administrator and the Enforcement Committee with notice identifying any Settling State(s) it believes do not qualify for Incentive Payment D and information supporting its belief.

h. Notwithstanding Section V.E.6.d and Section V.E.6.e, a Settling State can become re-eligible for Incentive Payment D if the lawsuit that survived a Threshold Motion is dismissed pursuant to a later motion on grounds included in the Threshold Motion, in which case the Settling State shall be eligible for Incentive Payment D less any litigation fees and costs incurred by Hikma in the interim, except that if the dismissal motion occurs after the completion of opening statements in such action, the Settling State shall not be eligible for Incentive Payment D.

F. In no event shall any Settling State receive a Base Payment and Incentive Payment totaling more than one hundred percent (100%) of its respective State Allocation Percentage specified in Exhibit F times the Maximum Remediation Payment.

VI. Allocation and Use of Settlement Payments

A. *Components of Settlement Fund.* The Settlement Fund shall be funded by the Remediation Payment and comprised of a Remediation Accounts Fund, a State Fund, and a Subdivision Fund for each Settling State. The payments made under Section IV into the Settlement Fund shall be initially allocated among those three (3) sub-funds and distributed and used as provided below. Unless otherwise specified herein, payments placed into the Settlement Fund do not revert back to Hikma.

B. *Use of Settlement Payments.*

1. It is the intent of the Parties that the payments disbursed from the Settlement Fund to Settling States and Participating Subdivisions be for Opioid Remediation, subject to exceptions that must be documented in accordance with Section VI.B.2. In no event may less than ninety-five percent (95%) of Hikma's maximum amount of payments pursuant to Section V be spent on Opioid Remediation.

2. While disfavored by the Parties, a Settling State or a Participating Subdivision set forth on Exhibit G may use monies from the Settlement Fund (that have not been restricted by this Agreement solely to future Opioid Remediation) for purposes that do not qualify as Opioid Remediation. If, at any time, a Settling State or a Participating Subdivision set forth on Exhibit G uses any monies from the Settlement Fund for a purpose that does not qualify as Opioid Remediation, such Settling State or Participating Subdivision set forth on Exhibit G shall identify such amounts and report to the Settlement Fund Administrator and Hikma how such funds

were used, including if used to pay attorneys' fees, investigation costs, litigation costs, or costs related to the operation and enforcement of this Agreement, respectively. It is the intent of the Parties that the reporting under this Section VI.B.2 shall be available to the public. For the avoidance of doubt, (a) any amounts not identified under this Section VI.B.2 as used to pay attorneys' fees, investigation costs, or litigation costs shall be included in the Compensatory Restitution Amount for purposes of Section VI.F and (b) Participating Subdivisions not listed on Exhibit G may only use monies from the Settlement Fund for purposes that qualify as Opioid Remediation.

C. *Allocation of Settlement Fund.* The allocation of the Settlement Fund allows for different approaches to be taken in different states, such as through a State-Subdivision Agreement. Given the uniqueness of Settling States and their Subdivisions, Settling States and their Subdivisions are encouraged to enter into State-Subdivision Agreements in order to direct the allocation of their portion of the Settlement Fund. As set out below, the Settlement Fund Administrator will make an initial allocation to three (3) state-level sub-funds. The Settlement Fund Administrator will then, for each Settling State and its Participating Subdivisions, apply the terms of this Agreement and any relevant State-Subdivision Agreement, Statutory Trust, Allocation Statute, or voluntary redistribution of funds as set out below before disbursing the funds.

1. *Base Payments.* The Settlement Fund Administrator will allocate Base Payments under Section V.D among the Settling States pursuant to Section V.D.2. Base payments for each Settling State will then be allocated fifteen percent (15%) to its State Fund, seventy percent (70%) to its Remediation Accounts Fund, and fifteen percent (15%) to its Subdivision Fund. Amounts may be reallocated and will be distributed as provided in Section VI.D.

2. *Incentive Payments.* The Settlement Fund Administrator will treat Incentive Payments under Section V.E on a state-specific basis. Incentive Payments for which a Settling State is eligible will be allocated fifteen percent (15%) to its State Fund, seventy percent (70%) to its Remediation Accounts Fund, and fifteen percent (15%) to its Subdivision Fund. Amounts may be reallocated and will be distributed as provided in Section VI.D.

3. *Settlement Fund Administrator.* Prior to the Effective Date, Hikma and the Enforcement Committee will agree to a detailed mechanism consistent with the foregoing for the Settlement Fund Administrator to follow in allocating, apportioning, and distributing payments, which shall then be appended hereto as Exhibit L.

4. *Settlement Fund Administrator Costs.* Any costs and fees associated with or arising out of the duties of the Settlement Fund Administrator as described in Exhibit L shall be paid from the interest accrued in the Settlement Fund Escrow and the Settlement Fund; provided, however, that if such accrued interest is insufficient to pay the entirety of any such costs and fees, the additional amount shall be paid out of the Settlement Fund. For the avoidance of doubt, nothing in this provision

shall require Hikma to pay any costs, fees or other amounts in excess of the Global Settlement Amount.

D. *Settlement Fund Reallocation and Distribution.* As set forth below, within a particular Settling State's account, amounts contained in the Settlement Fund sub-funds may be reallocated and distributed per a State-Subdivision Agreement or other means. If the apportionment of amounts is not addressed and controlled under Section VI.D.1 and Section VI.D.2, then the default provisions of Section VI.D.4 apply. It is not necessary that a State-Subdivision Agreement or other means of allocating funds pursuant to Section VI.D.1 and Section VI.D.2 address all of the Settlement Fund sub-funds. For example, a Statutory Trust might only address disbursements from a Settling State's Remediation Accounts Fund.

1. Distribution by State-Subdivision Agreement. If a Settling State has a State-Subdivision Agreement, amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section VI.C shall be reallocated and distributed as provided by that agreement. Any State-Subdivision Agreement entered into after the Preliminary Agreement Date shall be applied only if it requires: (a) that all amounts be used for Opioid Remediation, except as allowed by Section VI.B.2, and (b) that at least seventy percent (70%) of amounts be used solely for future Opioid Remediation.⁷ For a State-Subdivision Agreement to be applied to the relevant portion of the Remediation Payment, notice must be provided to Hikma and the Settlement Fund Administrator by the Payment Calculation Date.

2. Distribution by Allocation Statute. If a Settling State has an Allocation Statute and/or a Statutory Trust that addresses allocation or distribution of amounts apportioned to such Settling State's State Fund, Remediation Accounts Fund, and/or Subdivision Fund and that, to the extent any or all such sub-funds are addressed, requires (1) all amounts to be used for Opioid Remediation, except as allowed by Section VI.B.2, and (2) at least seventy percent (70%) of all amounts to be used solely for future Opioid Remediation then, to the extent allocation or distribution is addressed, the amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section VI.C shall be allocated and distributed as addressed and provided by the applicable Allocation Statute or Statutory Trust. For the avoidance of doubt, an Allocation Statute or Statutory Trust need not address all three (3) sub-funds that comprise the Settlement Fund, and if the applicable Allocation Statute or Statutory Trust does not address distribution of all or some of these three (3) sub-funds, the applicable Allocation Statute or Statutory Trust does not replace the default provisions described in Section VI of any such unaddressed fund. For example, if an Allocation Statute or Statutory Trust that meets the requirements of this Section VI.D.2 only addresses funds restricted to remediation, then the default provisions of this Agreement concerning allocation among the three (3) sub-funds comprising the Settlement Fund and the distribution

⁷ Future Opioid Remediation includes amounts paid to satisfy any future demand by another governmental entity to make a required reimbursement in connection with the past care and treatment of a person related to the Alleged Harms

of the State Fund and Subdivision Fund for that Settling State would still apply, while the distribution of the applicable State's Remediation Accounts Fund would be governed by the qualifying Allocation Statute or Statutory Trust.

3. Voluntary Redistribution. A Settling State may choose to reallocate all or a portion of its State Fund to its Remediation Accounts Fund. A Participating Subdivision included on Exhibit G may choose to reallocate all or a portion of its allocation from the Subdivision Fund to the Settling State's Remediation Accounts Fund or to another Participating Subdivision. The Settlement Fund Administrator is not required to honor a voluntary redistribution for which notice is provided to it after the Payment Calculation Date.

4. Distribution in the Absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust. If Section VI.D.1, Section VI.D.2, and Section VI.D.3 do not apply, amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section VI.C shall be distributed as follows:

a. Amounts apportioned to that Settling State's State Fund shall be distributed to that Settling State.

b. Amounts apportioned to that Settling State's Remediation Accounts Fund shall be distributed consistent with Section VI.E. Each Settling State shall submit to the Settlement Fund Administrator a designation of a lead state agency or other entity to serve as the single point of contact for that Settling State's funding requests from the Remediation Accounts Fund and other communications with the Settlement Fund Administrator. The designation of an individual entity is for administrative purposes only and such designation shall not limit funding to such entity or even require that such entity receive funds from this Agreement. The designated entity shall be the only entity authorized to request funds from the Settlement Fund Administrator to be disbursed from that Settling State's Remediation Accounts Fund. If a Settling State has established a Statutory Trust then that Settling State's single point of contact may direct the Settlement Fund Administrator to release the Settling State's Remediation Accounts Fund to the Statutory Trust.

c. Amounts apportioned to that Settling State's Subdivision Fund shall be distributed to Participating Subdivisions in that Settling State included on Exhibit G per the Subdivision Allocation Percentage listed in Exhibit G. Section VIII.H shall govern amounts that would otherwise be distributed to Non-Participating Subdivisions listed in Exhibit G. For the avoidance of doubt and notwithstanding any other provision in this Agreement, no Non-Participating Subdivision will directly receive any amount from the Settlement Fund, regardless of whether such Subdivision is included on Exhibit G.

d. Special Districts shall not be allocated funds from the Subdivision Fund, except through a voluntary redistribution allowed by Section VI.D.3 to Special Districts that are Participating Subdivisions. A Settling State may allocate funds from its State Fund or Remediation Accounts Fund for Special Districts that are Participating Subdivisions.

5. Restrictions on Distribution. No amounts may be distributed from the Subdivision Fund contrary to Section VIII, i.e., no amounts may be distributed directly to Non-Participating Subdivisions or to Later Participating Subdivisions to the extent such a distribution would violate Section VIII.E through Section VIII.G. Amounts allocated to the Subdivision Fund that cannot be distributed by virtue of the preceding sentence shall be distributed into the sub-account in the Remediation Accounts Fund for the Settling State in which the Subdivision is located, unless those payments are redirected elsewhere by a State-Subdivision Agreement described in Section VI.D.1 or by an Allocation Statute or a Statutory Trust described in Section VI.D.2.

E. *Provisions Regarding the Remediation Accounts Fund.*

1. State-Subdivision Agreement, Allocation Statute, and Statutory Trust Fund Provisions. A State-Subdivision Agreement, Allocation Statute, or Statutory Trust may govern the operation and use of amounts in that Settling State's Remediation Accounts Fund so long as it complies with the requirements of Section VI.D.1 or Section VI.D.2, as applicable, and all direct payments to Subdivisions comply with Section VIII.E through Section VIII.G.

2. Absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust. In the absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust that addresses distribution, the Remediation Accounts Fund will be used solely for future Opioid Remediation and the following shall apply with respect to a Settling State:

a. Regional Remediation.

(i) At least fifty percent (50%) of distributions for remediation from a Settling State's Remediation Accounts Fund shall be annually allocated and tracked to the regional level. A Settling State may allow the Advisory Committee established pursuant to Section VI.E.2.d to define its regions and assign regional allocations percentages. Otherwise, the Settling State shall (A) define its initial regions, which shall consist of one (1) or more General Purpose Subdivisions and which shall be designated by the state agency with primary responsibility for substance abuse disorder services employing, to the maximum extent practical, existing regions established in that Settling State for opioid abuse treatment or other public health purposes; (B) assign initial regional allocation percentages to the regions based on the Subdivision

Allocation Percentages in Exhibit G and an assumption that all Subdivisions included on Exhibit G will become Participating Subdivisions.

(ii) This minimum regional expenditure percentage is calculated on the Settling State's initial Remediation Accounts Fund allocation and does not include any additional amounts a Settling State has directed to its Remediation Accounts Fund from its State Fund, or any other amounts directed to the fund. A Settling State may dedicate more than fifty percent (50%) of its Remediation Accounts Fund to the regional expenditure and may annually adjust the percentage of its Remediation Accounts Fund dedicated to regional expenditures as long as the percentage remains above the minimum amount.

(iii) The Settling State (A) has the authority to adjust the definition of the regions, and (B) may annually revise the percentages allocated to each region to reflect the number of General Purpose Subdivisions in each region that are Non-Participating Subdivisions.

b. *Subdivision Block Grants.* Certain Subdivisions shall be eligible to receive regional allocation funds in the form of a block grant for future Opioid Remediation. A Participating Subdivision eligible for block grants is a county or parish (or in the case of Settling States that do not have counties or parishes that function as political subdivisions, a city) that (1) does not contain a Litigating Subdivision or a Later Litigating Subdivision for which it has the authority to end the litigation through a release, bar or other action; (2) either (i) has a population of 400,000 or more or (ii) in the case of California has a population of 750,000 or more; and (3) has funded or otherwise managed an established health care or treatment infrastructure (e.g., health department or similar agency). Each Subdivision eligible to receive block grants shall be assigned its own region.

c. *Small Settling States.* Notwithstanding the provisions of Section VI.E.2.a, Settling States with populations under four (4) million that do not have existing regions described in Section VI.E.2.a shall not be required to establish regions. However, such a Settling State that contains one (1) or more Subdivisions eligible for block grants under Section VI.E.2.b shall be divided regionally so that each block-grant eligible Subdivision is a region, and the remainder of the state is a region.

d. *Advisory Committee.* The Settling State shall designate an Opioid Settlement Remediation Advisory Committee (the "*Advisory Committee*") to provide input and recommendations regarding remediation spending from that Settling State's Remediation Accounts Fund. A Settling State may elect to use an existing advisory committee or similar entity

(created outside of a State-Subdivision Agreement or Allocation Statute); *provided, however*, the Advisory Committee or similar entity shall meet the following requirements:

(i) Written guidelines that establish the formation and composition of the Advisory Committee, terms of service for members, contingency for removal or resignation of members, a schedule of meetings, and any other administrative details;

(ii) Composition that includes at least an equal number of local representatives as state representatives;

(iii) A process for receiving input from Subdivisions and other communities regarding how the opioid crisis is affecting their communities, their remediation needs, and proposals for remediation strategies and responses; and

(iv) A process by which Advisory Committee recommendations for expenditures for Opioid Remediation will be made to and considered by the appropriate state agencies.

3. Remediation Accounts Fund Reporting. The Settlement Fund Administrator shall track and assist in the report of remediation disbursements as agreed to between Hikma and the Enforcement Committee

F. *Nature of Payment.* Hikma, the Settling States, and the Participating Subdivisions each acknowledge and agree that notwithstanding anything to the contrary in this Agreement, including, but not limited to, the scope of the Released Claims:

1. They have entered into this Agreement to avoid the delay, expense, inconvenience, and uncertainty of further litigation;

2. (a) The Settling States and Participating Subdivisions sought compensatory payments (within the meaning of 26 U.S.C. § 162(f)(2)(A) and 26 C.F.R. § 1.162-21(e)(4)(i)) as damages for the Alleged Harms allegedly suffered by the Settling States and Participating Subdivisions; (b) the Compensatory Restitution Amount is less than or equal to the amount, in the aggregate, of the Alleged Harms allegedly suffered by the Settling States and Participating Subdivisions; and (c) the portion of the Compensatory Restitution Amount received by each Settling State or Participating Subdivision is less than or equal to the amount of the Alleged Harms allegedly suffered by such Settling State or Participating Subdivision;

3. The payment of the Compensatory Restitution Amount by Hikma constitutes payment (within the meaning of 26 U.S.C. § 162(f)(2)(A) and 26 C.F.R. § 1.162-21(e)(4)(i), (ii)) for alleged damage or harm allegedly caused by Hikma in order to restore, in whole or in part, the Settling States, Participating Subdivisions, and persons to the same position or condition that they would be in had the Settling

States, Participating Subdivisions, and persons not suffered the Alleged Harms, and constitutes compensatory restitution and remediation for alleged damage or harm allegedly caused by the potential violation of a law; and

4. For the avoidance of doubt: (a) the entire Compensatory Restitution Amount is properly characterized as described in Section VI.F, (b) no portion of the Compensatory Restitution Amount represents reimbursement to any Settling State or Participating Subdivision or other person or entity for the fees or costs of any investigation or litigation, including without limitation attorneys' fees, (c) no portion of the Global Settlement Amount constitutes the disgorgement of any allegedly ill-gotten gains, and (d) no portion of the Global Settlement Amount is paid for, is in place of, or is properly characterized as the payment of any fine, penalty, punitive damages, or other punitive assessments.

VII. Enforcement

A. *Enforceability.* This Agreement is enforceable only by the Settling States and Hikma; *provided, however,* that Released Entities may enforce Section XI and Participating Subdivisions listed on Exhibit G have the enforcement rights described later in this paragraph and in Section VII.D. Except to the extent allowed by the Injunctive Relief Terms, Settling States and Participating Subdivisions shall not have enforcement rights against Hikma with respect to either the terms of this Agreement that apply only to or in other Settling States or any Consent Judgment entered into by another Settling State. Participating Subdivisions shall not have enforcement rights against Hikma with respect to this Agreement or any Consent Judgment except that Participating Subdivisions listed on Exhibit G shall have enforcement rights as set forth herein as to payments that would be allocated to the Participating Subdivisions or the Remediation Accounts Fund in such Settling State pursuant to Section V; *provided, however,* that each Settling State shall allow Participating Subdivisions in such Settling State to notify it of any perceived violations of this Agreement or the applicable Consent Judgment.

B. *Jurisdiction.* Hikma consents to the jurisdiction of the court in which each Settling State files its Consent Judgment, limited to resolution of disputes identified in Section VII.F.2 for resolution in that court.

C. *Specific Terms Dispute Resolution.*

1. Any dispute that is addressed by the provisions set forth in the Injunctive Relief Terms shall be resolved as provided therein.

2. In the event that Hikma believes that the ninety-five percent (95%) threshold established in Section VI.B.1 is not being satisfied, any Party may request that Hikma and the Enforcement Committee meet and confer regarding the use of funds to implement Section VI.B.1. The completion of such meet-and-confer process is a precondition to further action regarding any such dispute. Further action concerning Section VI.B.1 shall: (i) be limited to Hikma seeking to reduce its Settlement Product or Settlement Product Cash Conversion Amount by no more than

five percent (5%) of the difference between the actual amount of Opioid Remediation and the ninety-five percent (95%) threshold established in Section VI.B.1; (ii) only reduce to those Settling States and their Participating Subdivision(s) that are below the ninety-five percent (95%) threshold established in Section VI.B.1; and (iii) not reduce Remediation Payments restricted to future Opioid Remediation.

D. *State-Subdivision Enforcement.*

1. A Subdivision shall not have enforcement rights against a Settling State in which it is located with respect to this Agreement or any Consent Judgment except that a Participating Subdivision listed on Exhibit G shall have enforcement rights (a) as provided for in a State-Subdivision Agreement, Allocation Statute, or Statutory Trust with respect to intrastate allocation or (b) in the absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust, to allegations that (i) the Settling State's use of Remediation Accounts Fund monies were not used for uses similar to or in the nature of those uses contained in Exhibit E; or (ii) a Settling State failed to pay funds directly from the Remediation Accounts Fund to a Participating Subdivision eligible to receive a block grant pursuant to Section VI.E.2.b.

2. A Settling State shall have enforcement rights against a Participating Subdivision located in its territory (a) as provided for in a State-Subdivision Agreement, Allocation Statute, or Statutory Trust; or (b) in the absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust, to allegations that the Participating Subdivisions' uses of Remediation Accounts Fund monies were not used for purposes similar to or in the nature of those uses contained in Exhibit E.

3. As between the Settling States and Participating Subdivisions, the above rights are contractual in nature and nothing herein is intended to limit, restrict, change or alter any other existing rights under law.

E. *Subdivision Hikma Payment Enforcement.* A Participating Subdivision listed on Exhibit G shall have the same right as a Settling State to seek resolution regarding the failure by Hikma to make its Remediation Payment.

F. *Other Terms Regarding Dispute Resolution.*

1. The parties to a dispute shall promptly meet and confer in good faith to resolve any dispute. If the parties cannot resolve the dispute informally, and unless otherwise agreed in writing, they shall follow the remaining provisions of this subsection to resolve the dispute.

2. Except to the extent provided by Section VII.C or Section VII.F.3, disputes not resolved informally shall be resolved in either the court that entered the relevant Consent Judgment or, if no such Consent Judgment was entered, a state or territorial court with jurisdiction located wherever the seat of the relevant state government is located.

a. State court proceedings shall be governed by the rules and procedures of the relevant forum.

b. For the avoidance of doubt, disputes to be resolved in state court include, but are not limited to, the following:

(i) disputes concerning whether expenditures qualify as Opioid Remediation;

(ii) disputes between a Settling State and its Participating Subdivisions as provided by Section VII.D, except to the extent the State-Subdivision Agreement provides for other dispute resolution mechanisms. For the avoidance of doubt, disputes between a Settling State and any Participating Subdivision shall not be considered National Disputes;

(iii) whether this Agreement and relevant Consent Judgment are binding under state law;

(iv) the extent of the Attorney General's or other participating entity's authority under state law, including the extent of the authority to release claims;

(v) whether the definition of a Bar, a Case-Specific Resolution, Final Order, lead state agency as described in Section VI.D.4.b, Later Litigating Subdivision, Litigating Subdivision, or Threshold Motion have been met; and

(vi) all other disputes not specifically identified in Section VII.C or Section VII.F.3.

c. Any Party may request that the National Arbitration Panel provide an interpretation of any provision of the settlement that is relevant to the state court determination, and the National Arbitration Panel shall make reasonable best efforts to supply such interpretation within the earlier of thirty (30) calendar days or the time period required by the state court proceedings. Any Party may submit that interpretation to the state court to the extent permitted by, and for such weight provided by, the state court's rules and procedures. If requested by a Party, the National Arbitration Panel shall request that its interpretation be accepted in the form of an *amicus curiae* brief, and any attorneys' fees and costs for preparing any such filing shall be paid for by the requesting Party.

3. National Disputes involving a Settling State, a Participating Subdivision that has enforcement rights pursuant to Section VII.A, and/or Hikma shall be resolved by the National Arbitration Panel.

a. National Disputes are disputes that are not addressed by Section VII.C, and which are exceptions to Section VII.F.2's presumption of resolution in state courts because they involve issues of interpretation of terms contained in this Agreement applicable to all Settling States without reference to a particular state's law. Disputes between a Settling State and any Participating Subdivision shall not be considered National Disputes. National Disputes are limited to the following:

(i) the amount of offset and/or credit attributable to Non-Settling States;

(ii) issues involving the scope and definition of Product;

(iii) interpretation and application of the terms "Covered Conduct," "Released Entities," and "Released Claims;"

(iv) the failure by Hikma to pay the Remediation Payment or the Additional Remediation Amount, but for the avoidance of doubt, disputes between Hikma and a Settling State over the amounts owed only to that state that do not affect any other Settling State shall not be considered National Disputes;

(v) questions regarding the performance and/or removal of the Settlement Fund Administrator;

(vi) disputes involving liability of successor entities;

(vii) disputes that require a determination of the sufficiency of participation in order to qualify for Incentive Payments A, BC, or D;

(viii) disputes involving a Releasor's compliance with, and the appropriate remedy under, Section XI.B.5.c;

(ix) disputes requiring the interpretation of Agreement terms that are national in scope or impact, which shall mean disputes requiring the interpretation of Agreement terms that (i) concretely affect four (4) or more Settling States; and (ii) do not turn on unique definitions and interpretations under state law; and

(x) any dispute subject to resolution under Section VII.F.2 but for which all parties to the dispute agree to arbitration before the National Arbitration Panel under the provisions of this Section VII.F.3.

b. The National Arbitration Panel shall be comprised of three (3) neutral arbitrators. One (1) arbitrator shall be chosen by Hikma, one (1) arbitrator shall be chosen by the Enforcement Committee with due input from Participating Subdivisions listed on Exhibit G, and the third arbitrator shall be agreed upon by the first two (2) arbitrators. The membership of the National Arbitration Panel is intended to remain constant throughout the term of this Agreement, but in the event that replacements are required, the retiring arbitrator shall be replaced by the party that selected him/her.

c. The National Arbitration Panel shall make reasonable best efforts to decide all matters within one hundred eighty (180) calendar days of filing, and in no event shall it take longer than one (1) year.

d. The National Arbitration Panel shall conduct all proceedings in a reasonably streamlined process consistent with an opportunity for the parties to be heard. Issues shall be resolved without the need for live witnesses where feasible and with a presumption in favor of remote participation to minimize the burdens on the parties.

e. To the extent allowed under state law, a Settling State, a Participating Subdivision that has enforcement rights pursuant to Section VII.A, and (at any party's request) the National Arbitration Panel may certify to an appropriate state court any question of state law. The National Arbitration Panel shall be bound by a final state court determination of such a certified question. The time period for the arbitration shall be tolled during the course of the certification process.

f. The arbitrators will give due deference to any authoritative interpretation of state law, including any declaratory judgment or similar relief obtained by a Settling State, a Participating Subdivision that has enforcement rights pursuant to Section VII.A, or Hikma on a state law issue.

g. The decisions of the National Arbitration Panel shall be binding on Settling States, Participating Subdivisions, Hikma, and the Settlement Fund Administrator. In any proceeding before the National Arbitration Panel involving a dispute between a Settling State and Hikma whose resolution could prejudice the rights of a Participating Subdivision(s) in that Settling State, such Participating Subdivision(s) shall be allowed to file a statement of view in the proceeding.

h. Nothing herein shall be construed so as to limit or otherwise restrict a Settling State from seeking injunctive or other equitable relief in state court to protect the health, safety, or welfare of its citizens.

i. Each party shall bear its own costs in any arbitration or court proceeding arising under this Section VII. The costs for the arbitrators on the National Arbitration Panel shall be divided and paid equally by the

disputing sides for each individual dispute, e.g., a dispute between Hikma and Settling States/Participating Subdivisions shall be split fifty percent (50%) by Hikma and fifty percent (50%) by the Settling States/Participating Subdivisions that are parties to the dispute; a dispute between a Settling State and a Participating Subdivision shall be split fifty percent (50%) by the Settling State that is party to the dispute and fifty percent (50%) by any Participating Subdivisions that are parties to the dispute. For the avoidance of doubt, Hikma shall not be responsible for the National Arbitration Panel costs in disputes that do not concern Hikma.

4. Prior to initiating an action to enforce pursuant to this Section VII.F, the complaining party must:

a. Provide written notice to the Enforcement Committee and Hikma of its complaint, including the provision of the Consent Judgment and/or Agreement that the practice appears to violate, as well as the basis for its interpretation of the disputed provision. The Enforcement Committee shall establish a reasonable process and timeline for obtaining additional information from the involved parties; *provided, however*, that the date the Enforcement Committee establishes for obtaining additional information from the parties shall not be more than forty-five (45) calendar days following the notice. The Enforcement Committee may advise the involved parties of its views on the complaint and/or seek to resolve the complaint informally.

b. Wait to commence any enforcement action until thirty (30) calendar days after the date that the Enforcement Committee establishes for obtaining additional information from the involved parties.

5. If the parties to a dispute cannot agree on the proper forum for resolution of the dispute under the provisions of Section VII.F.2 or Section VII.F.3, a committee comprising the Enforcement Committee and sufficient representatives of Hikma such that the members of the Enforcement Committee have a majority of one (1) member will determine the forum where the dispute will be initiated within twenty-eight (28) calendar days of receiving notification of the dispute relating to the proper forum. The forum identified by such committee shall be the sole forum for litigating the issue of which forum will hear the substantive dispute, and the committee's identification of such forum in the first instance shall not be entitled to deference by the forum selected.

G. *Lien or Encumbrance.* To the extent allowed by applicable law, this Settlement Agreement shall not be deemed to create a lien or encumbrance against any real property owned by Hikma or its affiliates, unless in the event of a default or breach of the payment provisions by Hikma. Nothing in this Section shall be construed to limit any remedy of any Settling State or Participating Subdivision in the event of a default or breach of this Agreement by Hikma.

H. *No Effect.* Nothing in this Agreement shall be interpreted to limit the Settling States' Civil Investigative Demand ("CID") or investigative subpoena authority, to the extent such authority exists under applicable state law and the CID or investigative subpoena is issued pursuant to such authority, and Hikma reserves all of its rights in connection with a CID or investigative subpoena issued pursuant to such authority.

VIII. Participation by Subdivisions

A. *Notice.* No later than fifteen (15) calendar days after the Preliminary Agreement Date, the Implementation Administrator shall send individual written notice (which may be delivered via e-mail or other electronic means and may be combined with distribution of the Subdivision Settlement Participation Form) of the opportunity to participate in this Agreement and the requirements of participation to all Subdivisions in the Settling States that are (1) Litigating Subdivisions or (2) Non-Litigating Subdivisions listed on Exhibit G. To the extent a Special District is entitled to an allocation for a direct payment through its inclusion in Exhibit G pursuant to a State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution, the Implementation Administrator, with the cooperation of the Settling States shall also send individual written notice (which may be delivered via e-mail or other electronic means) of the opportunity to participate in this Agreement and the requirements of participation to such Special Districts. Unless otherwise agreed by the Parties, the version of Exhibit G used for notice shall be the one in place as of the Preliminary Agreement Date. Notice (which may be delivered via e-mail or other electronic means) shall also be provided simultaneously to counsel of record for Litigating Subdivisions and known counsel for Non-Litigating Subdivisions and Special Districts listed on Exhibit G. The costs of the Implementation Administrator shall be paid for by the interest earned from the deposit accounts holding the Adjusted Maximum Remediation Payment for Hikma, and nothing in this provision shall require Hikma to pay any costs, fees or other amounts in excess of the Global Settlement Amount. The Settling States, with the cooperation of Hikma, may also provide general notice reasonably calculated to alert Non-Litigating Subdivisions in the Settling States to this Agreement, the opportunity to participate in it, and the requirements for participation. Such notice may include publication and other standard forms of notification, as well as notice to state and county organizations such as the National Association of Counties and the National League of Cities. The notice will include that the deadline for becoming an Initial Participating Subdivision is the Initial Participation Date. Nothing contained herein shall preclude a Settling State from providing further notice to or otherwise contacting any of its Subdivisions about becoming a Participating Subdivision, including beginning any of the activities described in this paragraph prior to the Preliminary Agreement Date.

B. *Requirements for Becoming a Participating Subdivision—Non-Litigating Subdivisions.* A Non-Litigating Subdivision in a Settling State may become a Participating Subdivision by returning an executed Subdivision Settlement Participation Form to the Implementation Administrator or Settlement Fund Administrator (which may be executed and returned by electronic means established by the Implementation Administrator or Settlement Fund Administrator) specifying (1) that the Subdivision agrees to the terms of this Agreement pertaining to Subdivisions, (2) that the Subdivision releases all Released Claims against all Released Entities, (3) that the Subdivision agrees to use monies it

receives, if any, from the Settlement Fund pursuant to the applicable requirements of Section VI; *provided, however*, that Non-Litigating Subdivisions may only use monies originating from the Settlement Fund for purposes that qualify as Opioid Remediation, and (4) that the Subdivision submits to the jurisdiction of the court where the applicable Consent Judgment is filed for purposes limited to that court's role under this Agreement. The required Subdivision Settlement Participation Form is attached as Exhibit K.

C. *Requirements for Becoming a Participating Subdivision—Litigating Subdivisions/Later Litigating Subdivisions.* A Later Litigating Subdivision and Litigating Subdivision in a Settling State may become a Participating Subdivision by returning an executed Subdivision Settlement Participation Form to the Implementation Administrator or Settlement Fund Administrator (which may be executed and returned by electronic means established by the Implementation Administrator or Settlement Fund Administrator) and upon prompt dismissal with prejudice of its lawsuit following the Reference Date or the date on which the conditions for effectiveness in Section IX.B have been met, whichever is later. A Settling State may require each Litigating Subdivision in that Settling State to specify on the Subdivision Settlement Participation Form whether its counsel has waived any contingency fee contract with that Participating Subdivision and whether, if eligible, it intends to seek fees pursuant to Exhibit R. The Settlement Fund Administrator shall provide reports of this information to the parties upon request. A Litigating Subdivision or Later Litigating Subdivision may not become a Participating Subdivision after the completion of opening statements in a trial of a lawsuit it brought that includes a Released Claim against a Released Entity.

D. *Initial Participating Subdivisions.* A Subdivision qualifies as an Initial Participating Subdivision if it meets the applicable requirements for becoming a Participating Subdivision set forth in Section VIII.B or Section VIII.C by the Initial Participation Date. All Subdivision Settlement Participation Forms shall be held in escrow by the Implementation Administrator until the Reference Date. If, for any reason, the Agreement does not become effective, all obligations created by such forms and releases in them shall be void *ab initio* and all Subdivision Settlement Participation Forms shall be returned to Counsel for Litigating Subdivisions or to the Subdivisions not represented by counsel or destroyed to the extent that such destruction is not prohibited by then existing document preservation obligations.

E. *Later Participating Subdivisions.* A Subdivision that is not an Initial Participating Subdivision may become a Later Participating Subdivision by meeting the applicable requirements for becoming a Participating Subdivision set forth in Section VIII.B or Section VIII.C after the Initial Participation Date but before the Payment Calculation Date and by agreeing to be subject to the terms of a State-Subdivision Agreement (if any) or any other structure adopted or applicable pursuant to Section VI.D or Section VI.E. Unless waived by Hikma, the following provisions govern what a Later Participating Subdivision can receive (but do not apply to Initial Participating Subdivisions):

1. A Later Participating Subdivision shall receive seventy-five percent (75%) of the share of the Base Payment or Incentive Payment that it would have received had it become an Initial Participating Subdivision.

2. A Later Participating Subdivision that had maintained a lawsuit for a Released Claim against a Released Entity and had judgment entered against it on any such Claim before it became a Participating Subdivision (other than consensual dismissal with prejudice) shall receive 50% of the share of future Base Payments and Incentive Payments that it would have received had it become a Participating Subdivision prior to such judgment; provided, however that if the Subdivision appeals the judgment and the judgment is affirmed with finality, the Subdivision shall not receive any share of any Base Payments or Incentive Payments, and shall return to Hikma any share of any Base Payments or Incentive Payments such Subdivision had already received.

3. A Later Participating Subdivision that becomes a Participating Subdivision while a Bar or Case-Specific Resolution involving a different Subdivision exists in its state shall receive twenty-five percent (25%) of the share of the Base Payment and Incentive Payment that it would have received if it had become an Initial Participating Subdivision.

F. *No Increase in Payments.* Amounts to be received by Later Participating Subdivisions shall not increase the payments due from Hikma.

G. *Non-Participating Subdivisions.* Non-Participating Subdivisions shall not directly receive any portion of the Remediation Payment, including from the State Fund and direct distributions from the Remediation Accounts Fund; however, a Settling State may choose to fund future Opioid Remediation that indirectly benefits Non-Participating Subdivisions.

H. *Unpaid Allocations to Later Participating Subdivisions and Non-Participating Subdivisions.* Any Base Payment and Incentive Payment allocated pursuant to Section VI.D to a Later Participating Subdivision or Non-Participating Subdivision that cannot be paid pursuant to this Section VIII, including the amounts that remain unpaid after the reductions required by Section VIII.E., will be allocated to the Remediation Accounts Fund for the Settling State in which the Subdivision is located, unless those payments are redirected elsewhere by a State-Subdivision Agreement or by a Statutory Trust.

IX. Condition to Effectiveness of Agreement and Filing of Consent Judgment

A. *Determination to Proceed with Settlement. —Settling States.* Following the Initial Subdivision Participation Date, the Enforcement Committee shall determine whether to proceed with the Agreement on behalf of the Settling States, and the Settling States shall be bound by the determination of the Enforcement Committee. No later than fifteen (15) calendar days prior to the Reference Date, the Enforcement Committee shall provide notice to Hikma of its decision. If the Enforcement Committee elects not to

proceed, this Agreement will have no further effect, and all releases (including those contained in Subdivision Settlement Participation Forms and other commitments or obligations contained herein or in Subdivision Settlement Participation Forms) will be void. Within seven (7) calendar days of informing Hikma that there is sufficient participation to proceed, the Enforcement Committee will deliver all signatures and releases required by the Agreement to be provided by the Settling States to Hikma.

B. *Determination to Proceed with Settlement—Hikma.* If the Settling States elect to proceed, Hikma will then determine on or before the Reference Date whether there is sufficient Eligible State participation, sufficient Subdivision participation, and sufficient resolution of the Claims of the Litigating Subdivisions in the Settling States (through participation under Section VIII, Case-Specific Resolution(s) and Bar(s)) to proceed with this Agreement. The determination shall be in the sole discretion of Hikma and may be based on any criteria or factors deemed relevant by Hikma.

C. *Notice by Hikma.* On or before the Reference Date, Hikma shall inform the Settling States of its determination pursuant to Section IX.B. If Hikma determines to proceed, the Parties will proceed to file the Consent Judgments and the obligations in the Subdivision Settlement Participation Forms will be effective and binding as of the Reference Date. If Hikma determines not to proceed, this Agreement will have no further effect, any amounts deposited, including funds referenced in Section IV.D. and Exhibit M, shall revert to Hikma, and all releases (including those contained in Subdivision Settlement Participation Forms) and other commitments or obligations contained herein or in Subdivision Settlement Participation Forms will be void.

X. Settling State and Participating Subdivision Attorneys' Fees and Costs and Additional Remediation Amount

A. The Agreement on Subdivision Attorneys' Fees, Expenses and Costs is set forth in Exhibit R and incorporated herein by reference.

B. *Additional Remediation Amount.*

1. Subject to the reduction specified in Section X.B.2, Hikma shall pay an Additional Remediation Amount to the Settling States listed in Exhibit N. Such funds shall be paid as allocated by the Settlement Fund Administrator pursuant to Exhibit N.

2. *Reduction of Additional Remediation Amount.* The amounts owed by Hikma pursuant to this Section X.B shall be reduced by the allocations set forth on Exhibit N for Non-Settling States.

3. For the avoidance of doubt, (1) a Settling State that retained outside counsel in connection with the investigation of Hikma that receives an Additional Remediation Amount may choose to have the Additional Remediation Amount designated to pay the Settling State's outside counsel, and may instruct the Settlement Fund Administrator to pay those funds directly to the Settling State's

outside counsel, and (2) Additional Remediation Amount funds, including funds designated by a Settling State to pay its outside counsel under this paragraph, shall not be subject to allocation as provided in Section VI.C through Section VI.E.

C. All payments addressed by this Section X will be made no later than the Payment Date pursuant to Section V.

XI. Release

A. *Scope.* As of the Effective Date, the Released Entities are hereby released and forever discharged from all of the Releasors' Released Claims. Each Settling State (for itself and its Releasors) and Participating Subdivision (for itself and its Releasors) hereby absolutely, unconditionally, and irrevocably covenants not to bring, file, or claim, or to cause, assist in bringing, or permit to be brought, filed, or claimed, or to otherwise seek to establish liability for any Released Claims against any Released Entity in any forum whatsoever. The releases provided for in this Agreement are intended by the Parties to be broad and shall be interpreted so as to give the Released Entities the broadest possible bar against any liability relating in any way to Released Claims and extend to the full extent of the power of each Settling State and its Attorney General to release claims. This Agreement shall be a complete bar to any Released Claim.

B. *Claim-Over and Non-Party Settlement.*

1. It is the intent of the Parties that:

a. Released Entities should not seek contribution or indemnification (other than pursuant to an insurance contract), from other parties for their payment obligations under this Agreement;

b. the payments made under this Agreement shall be the sole payments made by the Released Entities to the Releasors involving, arising out of, or related to Covered Conduct (or conduct that would be Covered Conduct if engaged in by a Released Entity);

c. Claims by Releasors against non-Parties should not result in additional payments by Released Entities, whether through contribution, indemnification or any other means; and

d. the Agreement meets the requirements of the Uniform Contribution Among Joint Tortfeasors Act and any similar state law or doctrine that reduces or discharges a released party's liability to any other parties.

2. The provisions of Section XI.B are intended to be implemented consistent with these principles. This Agreement and the releases and dismissals provided for herein are made in good faith.

3. No Released Entity shall seek to recover for amounts paid under this Agreement based on indemnification, contribution, or any other theory from a manufacturer, pharmacy, hospital, pharmacy benefit manager, health insurer, third-party vendor, trade association, distributor, or health care practitioner; provided that a Released Entity shall be relieved of this prohibition with respect to any entity that asserts a Claim-Over against it. For the avoidance of doubt, nothing herein shall prohibit a Released Entity from recovering amounts owed pursuant to insurance contracts.

4. To the extent that, on or after the Reference Date, any Releasor enters into a Non-Party Settlement, including in any bankruptcy case or through any plan of reorganization, the Releasor will include (or in the case of a Non-Party Settlement made in connection with a bankruptcy case, will cause the debtor to include), unless prohibited from doing so under applicable law, in the Non-Party Settlement a prohibition on contribution or indemnity of any kind substantially equivalent to that required from Hikma in Section XI.B.3, or a release from such Non-Released Entity in favor of the Released Entities (in a form equivalent to the releases contained in this Agreement) of any Claim-Over. The obligation to obtain the prohibition and/or release required by this subsection is a material term of this Agreement.

5. In the event that any Releasor obtains a judgment with respect to Non-Party Covered Conduct against a Non-Released Entity that does not contain a prohibition like that described in Section XI.B.3 or any Releasor files a Non-Party Covered Conduct Claim against a Non-Released Entity in bankruptcy or a Releasor is prevented for any reason from obtaining a prohibition/release in a Non-Party Settlement as provided in Section XI.B.3, and such Non-Released Entity asserts a Claim-Over against a Released Entity, the Released Entity shall be relieved of the prohibition in Section XI.B.3 with respect to that Non-Released Entity and that Releasor and Hikma shall take the following actions to ensure that the Released Entities do not pay more with respect to Covered Conduct to the Releasor or to Non-Released Entities than the amount owed under this Settlement Agreement by Hikma:

a. Hikma shall notify that Releasor of the Claim-Over within sixty (60) calendar days of the assertion of the Claim-Over or sixty (60) calendar days of the Effective Date of this Settlement Agreement, whichever is later;

b. Hikma and that Releasor shall meet and confer concerning the means to hold Released Entities harmless and ensure that Hikma is not required to pay more with respect to Covered Conduct than the amounts owed by Hikma to the Releasor under this Agreement;

c. The Releasor and Hikma shall take steps sufficient and permissible under the law of the state of the Releasor to hold Released Entities harmless from the Claim-Over and ensure Released Entities are not required to pay more with respect to Covered Conduct than the amounts

owed by Hikma under this Agreement. Such steps may include, where permissible:

(i) Filing of motions to dismiss or such other appropriate motion by Hikma or Released Entities, and supported by Releasor, in response to any claim filed in litigation or arbitration;

(ii) Reduction of the Releasor's Claim and any judgment it has obtained or may obtain against such Non-Released Entity by whatever amount or percentage is necessary to extinguish such Claim-Over under applicable law, up to the amount the Releasor has obtained, may obtain, or has authority to control from such Non-Released Entity;

(iii) Placement into escrow of funds paid by the Non-Released Entities such that those funds are available to satisfy the Claim-Over;

(iv) Return of monies paid by Hikma to the Releasor under this Settlement Agreement to permit satisfaction of a judgment against or settlement with the Non-Released Entity to satisfy the Claim-Over;

(v) Payment of monies to Hikma by the Releasor to ensure it is held harmless from such Claim-Over, up to the amount that Releasor has obtained, may obtain, or has authority to control from such Non-Released Entity;

(vi) Credit to Hikma under this Agreement to reduce the overall amounts to be paid under the Agreement such that it is held harmless from the Claim-Over; and

(vii) Such other actions as the Releasor and Hikma may devise to hold Hikma harmless from the Claim-Over.

d. The actions of the Releasor and Hikma taken pursuant to paragraph (c) must, in combination, ensure Hikma is not required to pay more with respect to Covered Conduct than the amounts owed to the Releasor by Hikma under this Agreement.

e. In the event of any dispute over the sufficiency of the actions taken pursuant to paragraph (c), the Releasor and Hikma may seek review by the National Arbitration Panel, provided that, if the parties agree, such dispute may be heard by the state court where the relevant Consent Judgment was filed. The National Arbitration Panel shall have authority to require Releasor to implement a remedy that includes one or more of the actions specified in paragraph (c) sufficient to hold Released Entities fully

harmless. In the event that the Panel's actions do not result in Released Entities being held fully harmless, Hikma shall have a claim for breach of this Agreement by Releasor, with the remedy being payment of sufficient funds to hold Hikma harmless from the Claim-Over up to the amount that Releasor has obtained, may obtain, or has authority to control from such Non-Released Entity. For the avoidance of doubt, the prior sentence does not limit or eliminate any other remedy that Hikma may have.

6. To the extent that the Claim-Over is based on a contractual indemnity, the obligations under Section XI.B.4 shall extend solely to a Non-Party Covered Conduct Claim against a pharmacy, clinic, hospital or other purchaser, distributor or dispenser of Products, a manufacturer that sold Products, a consultant, and/or a pharmacy benefit manager or other third-party payor. Hikma shall notify the Settling States, to the extent permitted by applicable law, in the event that any of these types of Non-Released Entities asserts a Claim-Over arising out of contractual indemnity against it.

C. *Indemnification and Contribution Prohibited.* No Released Entity shall seek to recover for amounts paid under this Agreement based on indemnification, contribution, or any other theory, from a manufacturer, pharmacy, hospital, pharmacy benefit manager, health insurer, third-party vendor, trade association, distributor, or health care practitioner. For the avoidance of doubt, nothing herein shall prohibit a Released Entity from recovering amounts owed pursuant to insurance contracts.

D. *General Release.* In connection with the releases provided for in this Agreement, each Settling State (for itself and its Releasors) and Participating Subdivision expressly waives, releases, and forever discharges any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States or other jurisdiction, or principle of common law, which is similar, comparable, or equivalent to § 1542 of the California Civil Code, which reads:

General Release; extent. A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that if known by him or her, would have materially affected his or her settlement with the debtor or released party.

A Releasor may hereafter discover facts other than or different from those which it knows, believes, or assumes to be true with respect to the Released Claims, but each Settling State (for itself and its Releasors) and Participating Subdivision (for itself and its Releasors) hereby expressly waives and fully, finally, and forever settles, releases and discharges, upon the Effective Date, any and all Released Claims that may exist as of such date but which Releasors do not know or suspect to exist, whether through ignorance, oversight, error, negligence or through no fault whatsoever, and which, if known, would materially affect the Settling States' decision to enter into this Agreement or the Participating Subdivisions' decision to participate in this Agreement.

E. *Assigned Interest Waiver.* To the extent that any Settling State has any direct or indirect interest in any rights of a third-party that is a debtor under the Bankruptcy Code as a result of a claim arising out of Covered Conduct by way of assignment or otherwise, including as a result of being the beneficiary of a trust or other distribution entity, to assert claims against Hikma (whether derivatively or otherwise), under any legal or equitable theory, including for indemnification, contribution, or subrogation, the Settling State waives the right to assert any such claim, or to receive a distribution or any benefit on account of such claim and such claim, distribution, or benefit shall be deemed assigned to Hikma.

F. *Res Judicata.* Nothing in this Agreement shall be deemed to reduce the scope of the res judicata or claim preclusive effect that the settlement memorialized in this Agreement, and/or any Consent Judgment or other judgment entered on this Agreement, gives rise to under applicable law.

G. *Representation and Warranty.* The signatories hereto on behalf of their respective Settling States and its Participating Subdivisions expressly represent and warrant that they will obtain on or before the Effective Date (or have obtained) the authority to settle and release, to the maximum extent of the State's power, all Released Claims of (1) their respective Settling States; (2) any of the respective Settling State's past and present executive departments, state agencies, divisions, boards, commissions and instrumentalities with the regulatory authority to enforce state and federal controlled substances acts; (3) any of their respective Settling State's past and present executive departments, agencies, divisions, boards, commissions and instrumentalities that have the authority to bring Claims related to Covered Conduct seeking money (including abatement and/or remediation) or revocation of a pharmaceutical distribution license; and (4) any Participating Subdivisions. For the purposes of clause (3) above, executive departments, agencies, divisions, boards, commission, and instrumentalities are those that are under the executive authority or direct control of the State's Governor. Also, for the purposes of clause (3), a release from a State's Governor as set forth in Exhibit X is sufficient to demonstrate that the appropriate releases have been obtained.

H. *Effectiveness.* The releases set forth in this Agreement shall not be impacted in any way by any dispute that exists, has existed, or may later exist between or among the Releasors. Nor shall such releases be impacted in any way by any current or future law, regulation, ordinance, or court or agency order limiting, seizing, or controlling the distribution or use of the Settlement Fund or any portion thereof, or by the enactment of future laws, or by any seizure of the Settlement Fund or any portion thereof.

I. *Cooperation.* Releasors (1) will not encourage any person or entity to bring or maintain any Released Claim against any Released Entity and (2) will reasonably cooperate with and not oppose any effort by a Released Entity to secure the prompt dismissal of any and all Released Claims, including suits brought by non-Releasors based on Released Claims. Releasors will meet and confer and make reasonable efforts to resolve any action that is filed by a Subdivision against Hikma on or after the date the Preliminary Agreement Date. This provision shall not require a Settling State to make any monetary payment or adjustment to allocation or incur other obligation.

J. *Non-Released Claims.* Notwithstanding the foregoing or anything in the definition of Released Claims, the Agreement does not waive, release or limit any criminal liability, Claims for any outstanding liability under any tax or securities law, Claims against parties who are not Released Entities, Claims by private individuals, Claims for Medicaid rebates, Claims asserted, or that could be asserted, by any State or Subdivision, related to the causes of action in *In re: Generic Pharmaceuticals Pricing Antitrust Litigation*, in the United States District court for the District of Pennsylvania, MDL No. 2724; *Connecticut et al v. Aurobindo Pharma USA, Inc. et al.*, in the United States District Court for the District of Connecticut, Case No. 3:16-cv-2056-NPS; *Connecticut et al. v. Teva Pharmaceuticals USA, Inc.*, in the United States District Court for the District of Connecticut, Case No. 3:19-cv-710-NPS; *Connecticut et al v. Sandoz, Inc. et al.*, in the United States District Court for the District of Connecticut, Case No. 3:20-cv-802-NPS; and any related action (such excluded claims include, but are not limited to, all antitrust claims and any claims related to any non-opioid generic drugs), and any claims arising under the Agreement for enforcement of the Agreement.

XII. Later Litigating Subdivisions

A. *Released Claims against Released Entities.* If a Later Litigating Subdivision in a Settling State maintains a lawsuit for a Released Claim against a Released Entity after the Reference Date, the following shall apply subject to Section XII.B:

1. The Released Entity shall take ordinary and reasonable measures to defend the action, including filing a Threshold Motion with respect to the Released Claim. The Released Entity shall further notify the Settling State and Settlement Fund Administrator immediately upon notice of a Later Litigating Subdivision bringing a lawsuit for a Released Claim and shall not oppose a Settling State's submission in support of the Threshold Motion. Hikma shall give the relevant Settling State a reasonable opportunity to extinguish the Released Claims without any payment or any other obligations being imposed upon any Released Entities (apart from the Global Settlement Amount payable by Hikma under the Agreement or the Injunctive Relief Terms incurred by it). The relevant Settling State and Hikma shall confer and use reasonable efforts to promptly resolve the lawsuit so that it is dismissed with prejudice. Nothing in this subsection creates an obligation for a Settling State to make a monetary payment or incur any other obligation to an entity filing a lawsuit.

2. If the lawsuit asserting a Released Claim is resolved with finality on terms requiring payment by the Released Entity, Hikma shall receive a dollar-for-dollar offset against Incentive Payment D for the amount paid. The offset shall be applied against the relevant portion of Incentive Payment D to be released on the last Incentive Payment D Release Date and working backwards.

3. "*Terms requiring payment*" shall mean (i) a final monetary judgment or (ii) a settlement; provided that the Released Entity sought the applicable State Attorney General's consent to the settlement and such consent was either obtained or unreasonably withheld. Should the judgment or settlement resolve claims that are not Released Claims, the offset shall be for the Released Claims portion only, which shall be distinguishable in the judgment or settlement.

B. *Exceptions*

1. Section XII.A shall not apply where the Settling State at issue meets the eligibility criteria for and is entitled to Incentive Payment A, except as expressly provided therein.

2. Section XII.A shall not apply where the Later Litigating Subdivision seeks less than \$10 million, or so long as its total claim is reduced to less than \$10 million, in the lawsuit for a Released Claim at issue.

C. *No Effect on Other Provisions.* An offset under Section XII.A shall not affect the Injunctive Relief Terms or the Consent Judgment.

D. *No Effect on Other States.* An offset under Section XII.A applicable to one State shall not affect the allocation or payment of the Remediation Payment to other Settling States.

E. *Litigating Subdivisions in Non-Eligible States.* The Settling States will not encourage, facilitate, or assist in any manner whatsoever claims for Covered Conduct against Hikma in any Settling, Non-Settling, or Non-Eligible State, regardless of whether those claims were filed against Hikma prior to, on, or after the Effective Date.

XIII. Offset

A. *Revoked Bar or Case-Specific Resolution.* If Hikma's Remediation Payment included any incentive payments earned as a result of the existence of a Bar or Case-Specific Resolution in a Settling State, and there is subsequently a Revocation Event with respect to that Bar or Case-Specific Resolution after the Payment Calculation Date but before provision of Settlement Product or payment of the Settlement Product Cash Conversion Amount, Hikma shall receive a dollar-for-dollar offset against the Settlement Product or Settlement Product Cash Conversion Amount that would be allocated to that Settling State and its Subdivisions. This offset or reimbursement will be calculated as the dollar amount difference between (1) the total amount of incentive payments paid by Hikma by virtue of the Bar or Case-Specific Resolution subject to the Revocation Event and (2) the total amount of incentive payments that would have been due from Hikma during that time had the Bar or Case-Specific Resolution subject to the Revocation Event not been in effect. For purposes of calculating the amount of incentive payments that would have been due, any relevant Subdivision shall be included as a Participating Subdivision if: (1) its Released Claims are extinguished by any subsequent Bar or Case-Specific Resolution in effect as of the date of such calculation, or (2) it becomes a Participating Subdivision (in addition to all other Participating Subdivisions) prior to the date of such calculation. At no point will the offset be greater than the Settlement Product or Settlement Product Cash Conversion Amount for such Settling State.

XIV. Miscellaneous

A. *Population of General Purpose Governments.* The population figures for General Purpose Governments shall be the published U.S. Census Bureau's population estimates for July 1, 2019, released May 2020. These population figures shall remain unchanged during the term of this Agreement.

B. *Population of Special Districts.* For any purpose in this Agreement in which the population of a Special District is used other than Section V.E.4.b: (a) School Districts' population will be measured by the number of students enrolled who are eligible under the Individuals with Disabilities Education Act ("*IDEA*") or Section 504 of the Rehabilitation Act of 1973; (b) Health Districts' and Hospital Districts' population will be measured at twenty-five percent (25%) of discharges; and (c) all other Special Districts' (including Fire Districts' and Library Districts') population will be measured at ten percent (10%) of the population served.⁸ For the avoidance of doubt, this means that California healthcare districts will be measured at ten percent (10%) of their membership. Hikma and the

⁸ The estimates for counties and parishes were accessed at <https://www.census.gov/data/datasets/time-series/demo/popest/2010s-counties-total.html>. The estimates for cities and towns can currently be found at <https://www.census.gov/data/datasets/time-series/demo/popest/2010s-total-cities-and-towns.html>.

Enforcement Committee shall meet and confer in order to agree on data sources for purposes of this Section prior to the Preliminary Agreement Date.

C. *Population Associated with Sheriffs.* For any purpose in this Agreement in which the population associated with a lawsuit by a sheriff is used, the population will be measured at twenty percent (20%) of the capacity of the jail(s) operated by the sheriff.

D. *No Admission.* Hikma does not admit liability or wrongdoing. Neither this Agreement nor the Consent Judgments shall be considered, construed or represented to be (1) an admission, concession or evidence of liability or wrongdoing or (2) a waiver or any limitation of any defense otherwise available to Hikma.

E. *Tax Cooperation and Reporting.*

1. Upon request by Hikma, the Settling States and Participating Subdivisions agree to perform such further acts and to execute and deliver such further documents as may be reasonably necessary for Hikma to establish the statements set forth in Section VI.F to the satisfaction of their tax advisors, their independent financial auditors, the Internal Revenue Service, or any other governmental authority, including as contemplated by 26 C.F.R. § 1.162-21(b)(3)(ii) and any subsequently proposed or finalized relevant regulations or administrative guidance.

2. Without limiting the generality of Section XIV.E.1, each Settling State and Participating Subdivision shall cooperate in good faith with Hikma with respect to any tax claim, dispute, investigation, audit, examination, contest, litigation, or other proceeding relating to this Agreement.

3. Pursuant to 26 C.F.R. § 1.6050X-1(a) and (b), the Designated State, on behalf of all Settling States and Participating Subdivisions, shall designate one of its officers or employees to act as the “appropriate official” within the meaning of 26 C.F.R. § 1.6050X-1(f)(1)(ii)(B) (the “Appropriate Official”). The Designated State shall direct and ensure that the Appropriate Official timely (a) files (i) at the time this Agreement becomes binding on the Parties, an IRS Form 1098-F in the form attached as Exhibit U with respect to Hikma and (ii) any legally required forms, returns or amended returns with any applicable governmental authority, or any returns requested by Hikma, and (b) provides to Hikma a copy of (i) the IRS Form 1098-F filed with respect to Hikma and (ii) any legally required written statement pursuant to any applicable law and any other document referred to in clause (a)(ii) above. Any such forms, returns, or statements shall be prepared and filed in a manner fully consistent with Section VI.F. and as set forth in Section XIV.E.4.

4. Any form, return, amended return, or written statement filed or provided pursuant to Section XIV.E.3, and any similar document, shall be prepared and filed in a manner consistent with reporting the Global Settlement Amount as the “Total amount to be paid” pursuant to this Agreement in Box 1 of IRS Form 1098-F and the Compensatory Restitution Amount as “Restitution/remediation amount” in Box 3 of IRS Form 1098-F, as reflected in the attached Exhibit U. If the Designated State

or Appropriate Official shall be required to file any form, return, amended return, or written statement contemplated by this Section XIV.E other than an IRS Form 1098-F in the form attached as Exhibit U, the Designated State shall direct and ensure that the Appropriate Official provides to Hikma a draft of such form, return, amended return, or written statement no later than sixty (60) calendar days prior to the due date thereof, and shall accept any reasonable revisions from Hikma on the return, amended return, or written statement.

5. For the avoidance of doubt, neither Hikma nor the Settling States and Participating Subdivisions make any warranty or representation to any Settling State, Participating Subdivision, or Releasor as to the tax consequences of the payment of the Compensatory Restitution Amount (or any portion thereof).

F. *No Third-Party Beneficiaries.* Except as expressly provided in this Agreement, no portion of this Agreement shall provide any rights to, or be enforceable by, any person or entity that is not the Settling State or Released Entity. Settling States may not assign or otherwise convey any right to enforce any provision of this Agreement.

G. *Calculation.* Any figure or percentage referred to in this Agreement shall be carried to seven decimal places.

H. *Construction.* None of the Parties and no Participating Subdivision shall be considered to be the drafter of this Agreement or of any of its provisions for the purpose of any statute, case law, or rule of interpretation or construction that would or might cause any provision to be construed against the drafter of this Agreement. The headings of the provisions of this Agreement are not binding and are for reference only and do not limit, expand, or otherwise affect the contents or meaning of this Agreement.

I. *Cooperation.* Each Party and each Participating Subdivision agrees to use its best efforts and to cooperate with the other Parties and Participating Subdivisions to cause this Agreement and the Consent Judgments to become effective, to obtain all necessary approvals, consents and authorizations, if any, and to execute all documents and to take such other action as may be appropriate in connection herewith. Consistent with the foregoing, each Party and each Participating Subdivision agrees that it will not directly or indirectly assist or encourage any challenge to this Agreement or any Consent Judgment by any other person, and will support the integrity and enforcement of the terms of this Agreement and the Consent Judgments.

J. *Entire Agreement.* This Agreement, including its exhibits and any other attachments, embodies the entire agreement and understanding between and among the Parties and Participating Subdivisions relating to the subject matter hereof and supersedes (1) all prior agreements and understandings relating to such subject matter, whether written or oral and (2) all purportedly contemporaneous oral agreements and understandings relating to such subject matter.

K. *Execution.* This Agreement may be executed in counterparts and by different signatories on separate counterparts, each of which shall be deemed an original,

but all of which shall together be one and the same Agreement. One or more counterparts of this Agreement may be delivered by facsimile or electronic transmission with the intent that it or they shall constitute an original counterpart hereof. One or more counterparts of this Agreement may be signed by electronic signature.

L. *Good Faith and Voluntary Entry.* Each Party warrants and represents that it negotiated the terms of this Agreement in good faith. Each of the Parties and Participating Subdivisions warrants and represents that it freely and voluntarily entered into this Agreement without any degree of duress or compulsion. The Parties and Participating Subdivisions state that no promise of any kind or nature whatsoever (other than the written terms of this Agreement) was made to them to induce them to enter into this Agreement.

M. *Legal Obligations.* Nothing in this Agreement shall be construed as relieving Hikma of the obligation to comply with all state and federal laws, regulations or rules, nor shall any of the provisions herein be deemed to be permission to engage in any acts or practices prohibited by such laws, regulations, or rules.

N. *No Prevailing Party.* The Parties and Participating Subdivisions each agree that they are not the prevailing party in this action, for purposes of any claim for fees, costs, or expenses as prevailing parties arising under common law or under the terms of any statute, because the Parties and Participating Subdivisions have reached a good faith settlement.

O. *Waive Challenge.* The Parties and Participating Subdivisions each further waive any right to challenge or contest the validity of this Agreement on any ground, including, without limitation, that any term is unconstitutional or is preempted by, or in conflict with, any current or future law. Nothing in the previous sentence shall modify, or be construed to conflict with, Section XIV.M.

P. *Non-Admissibility.* The settlement negotiations resulting in this Agreement have been undertaken by the Parties and by certain representatives of the Participating Subdivisions in good faith and for settlement purposes only, and no evidence of negotiations or discussions underlying this Agreement shall be offered or received in evidence in any action or proceeding for any purpose. This Agreement shall not be offered or received in evidence in any action or proceeding for any purpose other than in an action or proceeding arising under or relating to this Agreement or in any litigation or arbitration concerning Hikma's right to coverage under an insurance contract.

Q. *Notices.* All notices or other communications under this Agreement shall be in writing (including, but not limited to, electronic communications) and shall be given to the recipients indicated below:

For the Attorney(s) General:

Josh Stein, Attorney General
North Carolina Department of Justice
Attn: Daniel Mosteller, Deputy General Counsel

PO Box 629
Raleigh, NC 27602
Dmosteller@ncdoj.gov

Jonathan Skrmetti, Attorney General
Tennessee Attorney General's Office
Attn: Michael Leftwich, Senior Deputy Attorney General
Hamilton Millwee, Assistant Attorney General
P.O. Box 20207
Nashville, TN 37202
Michael.Leftwich@ag.tn.gov
Hamilton.Millwee@ag.tn.gov

Letitia James, Attorney General
New York State Attorney General
Attn: Jennifer Levy, First Deputy Attorney General
Monica Hanna, Special Counsel
Matthew Conrad, Assistant Attorney General
28 Liberty Street, New York, NY 10005
Jennifer.Levy@ag.ny.gov
Monica.Hanna@ag.ny.gov
Matthew.Conrad@ag.ny.gov

For the Plaintiffs' Executive Committee:

Co-leads
Jayne Conroy
Simmons Hanly Conroy LLC
112 Madison Avenue
7th Floor
New York, NY 10016-7416
JConroy@simmonsfirm.com

Joseph F. Rice
Motley Rice LLC
28 Bridgeside Blvd.
Mount Pleasant, SC 29464
jrice@motleyrice.com

Paul T. Farrell, Jr.
Farrell & Fuller, LLC
270 Munzo Rivera Ave, Suite 201
San Juan, Puerto Rico 00918
paul@farrellfuller.com

For Hikma:

Hikma Pharmaceuticals USA Inc.
200 Connell Drive
Berkeley Heights, NJ 07922
Attn: Legal Department
Email: USLegal@hikma.com

With a copy to Hikma's counsel:

Christopher Essig
Winston & Strawn LLP
35 W. Wacker Dr.
Chicago, IL 60601
T: (312) 399-4334
Email: CEssig@winston.com

Any Party or the Plaintiffs' Executive Committee may change or add the contact information of the persons designated to receive notice on its behalf by notice given (effective upon the giving of such notice) as provided in this Section XIV.Q.

R. *No Waiver.* The waiver of any rights conferred hereunder shall be effective only if made by written instrument executed by the waiving Party or Parties. The waiver by any Party of any breach of this Agreement shall not be deemed to be or construed as a waiver of any other breach, whether prior, subsequent, or contemporaneous, nor shall such waiver be deemed to be or construed as a waiver by any other Party.

S. *Preservation of Privilege.* Nothing contained in this Agreement or any Consent Judgment, and no act required to be performed pursuant to this Agreement or any Consent Judgment, is intended to constitute, cause, or effect any waiver (in whole or in part) of any attorney-client privilege, work product protection, or common interest/joint defense privilege, and each Party and Participating Subdivision agrees that it shall not make or cause to be made in any forum any assertion to the contrary.

T. *Successors.*

1. This Agreement shall be binding upon, and inure to the benefit of, Hikma and its respective successors and assigns.

2. Hikma shall not, in one (1) transaction or a series of related transactions, sell or transfer U.S. assets having a fair market value equal to twenty-five percent (25%) or more of the consolidated assets of Hikma (other than sales or transfers of inventories, or sales or transfers to an entity owned directly or indirectly by Hikma) where the sale or transfer is announced after the Reference Date, is not for fair consideration, and would foreseeably and unreasonably jeopardize Hikma's ability to make the payments under this Agreement or its obligations regarding Settlement

Product under Section XV following the close of a sale or transfer transaction, unless Hikma obtains the acquiror's agreement that it will be either a guarantor of or successor to the percentage of Hikma's remaining Payment Obligations under this Agreement equal to the percentage of Hikma's consolidated assets being sold or transferred in such transaction. Percentages under this section shall be determined in accordance with United States generally accepted accounting principles and as of the date of Hikma's most recent publicly filed consolidated balance sheet prior to the date of entry into the sale or transfer agreement at issue. This Section XIV.T shall be enforceable solely by the Settling States, and any objection under this Section XIV.T not raised within sixty (60) calendar days of the announcement of the relevant transaction is waived.

U. *Modification, Amendment, Alteration.* In the event the Plaintiffs' Executive Committee, the Executive Committee of the State Attorneys General, or Hikma concludes prior to the Reference Date that technical corrections are required to this Agreement, the Plaintiffs' Executive Committee, the Executive Committee of the State Attorneys General, and Hikma shall meet and confer and make such amendments as they agree are appropriate. After the Reference Date, any modification, amendment, or alteration of this Agreement by the Parties shall be binding only if evidenced in writing signed by Hikma, along with the signature of at least two-thirds of those then serving as Attorneys General of the Settling States along with a representation from each Attorney General that either: (1) the advisory committee or similar entity established or recognized by that Settling State (either pursuant to Section VI.E.2.d, by a State-Subdivision Agreement, or by statute) voted in favor of the modification, amendment or alteration of this Agreement including at least one member appointed by the Participating Subdivisions listed on Exhibit G; or (2) in Settling States without any advisory committee, that 50.1% (by population) of the Participating Subdivisions listed on Exhibit G expressed approval of the modification, amendment, or alteration of this Agreement in a writing.

V. *Termination.*

1. Unless otherwise agreed to by each of Hikma and the Settling States, this Agreement and all of its terms (except Section XIV.P and any other non-admissibility provisions, which shall continue in full force and effect) shall be canceled and terminated with respect to the Settling State, and the Agreement and all orders issued by the courts in the Settling State pursuant to the Agreement shall become null and void and of no effect if one or more of the following conditions applies:

- a. a Consent Judgment approving this Agreement without modification of any of the Agreement's terms has not been entered as to a Settling State by a court of competent jurisdiction on or before one hundred eighty (180) calendar days after the Effective Date;
- b. this Agreement or the Consent Judgment as to that Settling State has been disapproved by a court of competent jurisdiction to which it was presented for approval and/or entry (or, in the event of an appeal from

or review of a decision of such a court to approve this Agreement and the Consent Judgment, by the court hearing such appeal or conducting such review), and the time to appeal from such disapproval has expired, or, in the event of an appeal from such disapproval, the appeal has been dismissed or the disapproval has been affirmed by the court of last resort to which such appeal has been taken and such dismissal or disapproval has become no longer subject to further appeal (including, without limitation, review by the United States Supreme Court); or

2. If this Agreement is terminated with respect to a Settling State and its Subdivisions for whatever reason pursuant to Section XIV.V.1, then:

a. an applicable statute of limitation or any similar time requirement (excluding any statute of repose) shall be tolled from the date the Settling State signed this Agreement until the later of the time permitted by applicable law or for one year from the date of such termination, with the effect that Hikma and the Settling State shall be in the same position with respect to the statute of limitation as they were at the time the Settling State filed its action; and

b. Hikma and the Settling State and its Participating Subdivisions shall jointly move the relevant court of competent jurisdiction for an order reinstating the actions and claims dismissed pursuant to the terms of this Agreement governing dismissal, with the effect that Hikma and the Settling State and its Participating Subdivisions shall be in the same position with respect to those actions and claims as they were at the time the action or claim was stayed or dismissed.

3. Unless Hikma and the Enforcement Committee agree otherwise, this Agreement, with the exception of the Injunctive Relief Terms that have their own provisions on duration, shall terminate as of May 15, 2027, provided that Hikma has performed its payment and Settlement Product obligations under the Agreement as of that date. Notwithstanding any other provision in this Section XIV.V.3 or in this Agreement, all releases under this Agreement will remain effective despite any termination under this Section XIV.V.3.

W. *Governing Law.* Except as (1) otherwise provided in this Agreement or (2) as necessary, in the sole judgment of the National Arbitration Panel, to promote uniformity of interpretation for matters within the scope of the National Arbitration Panel's authority, this Agreement shall be governed by and interpreted in accordance with the respective laws of the Settling State, without regard to the conflict of law rules of such Settling State, that is seeking to enforce the Agreement against Hikma or against which Hikma is seeking enforcement. Notwithstanding any other provision in this subsection on governing law, any disputes relating to the Settlement Fund Escrow shall be governed by and interpreted in accordance with the law of the state where the escrow agent has its primary place of business.

X. *Bankruptcy.* The following provisions shall apply if Hikma enters bankruptcy and (i) the Hikma bankruptcy estate recovers, pursuant to 11 U.S.C. § 550, any payments made under this Agreement, or (ii) this Agreement is deemed executory and is rejected by Hikma pursuant to 11 U.S.C. § 365:

1. In the event that the both a number of Settling States equal to at least seventy-five percent (75%) of the total number of Settling States and Settling States having aggregate State Allocation Percentages as set forth on Exhibit F equal to at least seventy-five percent (75%) of the total aggregate State Allocation Percentages assigned to all Settling States deem (by written notice to Hikma) that the financial obligations of this Agreement have been terminated and rendered null and void (except as provided in Section XIV.X.1.a) due to a material breach by Hikma, whereupon:

a. all agreements, all concessions, all reductions of Releasing Parties' Claims, and all releases and covenants not to sue, contained in this Agreement shall immediately and automatically be deemed null and void as to Hikma; the Settling States shall be deemed immediately and automatically restored to the same position they were in immediately prior to their entry into this Settlement Agreement in respect to Hikma and the Settling States shall have the right to assert any and all claims against Hikma in the bankruptcy or otherwise without regard to any limits or agreements as to the amount of the settlement otherwise provided in this Agreement; *provided, however*, that notwithstanding the foregoing sentence, (i) all reductions of Releasing Parties' Claims, and all releases and covenants not to sue, contained in this Agreement shall remain in full force and effect as to all persons or entities other than Hikma itself; and (ii) in the event the Settling State asserts any Released Claim against Hikma after the rejection and/or termination of this Agreement as described in this Section XIV.X.1.a and receives a judgment, settlement or distribution arising from such Released Claim, then the amount of any payments the Settling State has previously received from Hikma under this Agreement shall be applied to reduce the amount of any such judgment, settlement or distribution (provided that no credit shall be given against any such judgment, settlement or distribution for any payment that the Settling State is required to disgorge or repay to Hikma's bankruptcy estate); and

b. the Settling States may exercise all rights provided under the federal Bankruptcy Code (or other applicable bankruptcy or non-bankruptcy law) with respect to their Claims against Hikma subject to all defenses and rights of the Hikma.

Y. *Waiver.* Hikma, for good and valuable consideration the receipt of which is acknowledged, hereby (a) waives, foregoes and relinquishes all rights to utilize and/or seek relief under any of the following laws of the State of Texas for the restructuring of its debts or liabilities related to Released Claims, Claims that would have been Released Claims if they had been brought by a Releasor against a Released Entity before the Effective Date,

or this Agreement: Tex. Bus. Orgs. Code § 10.003 (Contents of Plan of Merger: More Than One Successor) or any other statute of Subchapter A of Chapter 10 of Tex. Bus. Orgs. Code to the extent such statute relates to multi-successor mergers (and/or any other similar laws or statutes in any other state or territory); Tex. Bus. Orgs. Code §§ 11.01–11.414 (Winding Up and Termination of Domestic Entity); or Tex. Bus. & Com. Code §§ 23.01–23.33 (Assignments for the Benefit of Creditors) (collectively, the “Texas Statutes”), and (b) agrees, warrants and represents that it will not file, request or petition for relief under the Texas Statutes related to its debts or liabilities related to Released Claims, Claims that would have been Released Claims if they had been brought by a Releasor against a Released Entity before the Effective Date, or this Agreement, in each case until such time as all of Hikma’s payment obligations incurred hereunder are satisfied in full. The foregoing waiver and relinquishment includes, without limitation, until such time as all of Hikma’s payment obligations incurred hereunder are satisfied in full, Hikma’s rights to execute a divisional merger or equivalent transaction or restructuring related to its debts or liabilities related to Released Claims, Claims that would have been Released Claims if they had been brought by a Releasor against a Released Entity before the Effective Date, or this Agreement that in each case has the intent or foreseeable effect of (i) separating material assets from material liabilities and (ii) assigning or allocating all or a substantial portion of those liabilities to any subsidiary or affiliate that files for relief under chapter 11 of the Bankruptcy Code, or pursuant to which such subsidiary or affiliate that files for relief under chapter 11 of the Bankruptcy Code would be assuming or retaining all or a substantial portion of those liabilities.

XV. Settlement Product

- A. The Settlement Product is Kloxado (naloxone HCl) nasal spray 8mg, a medication that counteracts the life-threatening effects of opioid overdose and significantly reduces opioid-overdose mortality.
- B. For the purposes of this agreement, Hikma has agreed to provide the Settling States Settlement Product valued at \$34,720,371, which equals 277,763 cartons of Settlement Product (each carton contains two devices), valued at a fixed Wholesale Acquisition Cost (WAC) of \$125 per carton, allocated in accordance with the allocation percentage as reflected in Exhibit D-1. Hikma shall cover the cost of the Settlement Product distribution set forth in this Agreement. For the avoidance of doubt, Participating Subdivisions and Special Districts are not eligible to make a Settlement Product election pursuant to this agreement.
- C. Hikma shall provide the full Settlement Product to Settling States by May 15, 2027.
- D. Consistent with the Settlement Product Election Form contained in Exhibit D, each Settling State shall have the discretion to convert any portion of the Settlement Product allocated to the Settling State into a cash value equaling twenty percent (20%) of the WAC value of the Settling State’s allocated Settlement Product. Such decision must be made prior to the Settlement Product Election Date; Settling States will have no ability to convert any portion of the Settlement Product to Settlement Product Cash Conversion Amount following the Settlement Product Election Date. Unless cash conversion amounts are specifically

addressed in a State-Subdivision Agreement or Allocation Statute, a Settling State's Settlement Product Cash Conversion Amount shall be disbursed to the Settling State in the same manner as its Remediation Accounts Fund payments are made pursuant to Section VI. This cash conversion payment is due by May 15, 2027.

- E. Within thirty (30) days of the Effective Date, each Settling State shall notify Hikma and the Settlement Fund Administrator of its Settlement Product election by submitting the Settlement Product Election Form reflected in Exhibit D.
- F. Settling States that do not make a Settlement Product Election within 30 days of the Effective Date shall be deemed to have elected to receive full Settlement Product and to have elected not to convert any portion of the Settlement Product into Settlement Product Cash Conversion Amount. Commencing within thirty (30) days of the Effective Date, the Settling States that have submitted a Settlement Product Election Form may place periodic orders for Settlement Product consistent with Section XV and Exhibit D.
- G. The Parties understand that the provision of Settlement Product constitutes compensatory restitution within the meaning of 26 U.S.C. § 162(f)(2)(A) and that the receipt of Settlement Product must be reported on IRS Form 1098-F consistent with subsection XIV.E.
- H. In addition to offering Kloxxado (naloxone HCl) nasal spray 8mg per this Section XV and Exhibit D, Hikma, at its sole discretion, may also offer Settling States different versions or greater amounts of Settlement Product or different products that can be accepted by the Settling State in lieu of its full allotment of the Settlement Product or Settlement Product Cash Conversion Amount. Distribution and other terms related to such substitute product shall be set out in Hikma's offer. Nothing in this subsection changes the terms of this Agreement regarding the provision of Settlement Product or the calculation or availability of the Settlement Product Cash Conversion Amount.
- I. In the event of a Force Majeure Event, Hikma shall promptly provide written notice to the Settling States. Hikma and the States shall meet and confer within seven (7) days of such written notice to establish a commercially reasonable plan to resolve any inability to supply as quickly as reasonably possible, it being understood that, unless otherwise agreed to by the Parties, it is Hikma's obligation to use reasonable efforts which are consistent with accepted industry practices to resume performance as soon as practicable under the circumstances.
- J. Settling States shall not be permitted to return to Hikma any Settlement Product under any circumstances other than a recall of the Settlement Product initiated by Hikma or FDA, in which case Hikma's sole obligation shall be to supply the same number of Settlement Product units to replace the recalled product.

EXHIBIT K

Subdivision Participation and Release Form

Governmental Entity: City of Ormond Beach	State: FL
Authorized Signatory: Jason Leslie, Mayor Joyce Shanahan, City Manager	
Address 1: 22 S. Beach Street	
Address 2:	
City, State, Zip: Ormond Beach, FL 32174	
Phone: 386-676-3200	
Email:	

The governmental entity identified above (“*Governmental Entity*”), in order to obtain and in consideration for the benefits provided to the Governmental Entity pursuant to the Settlement Agreement dated April 4, 2025 (“*Indivior Settlement*”), and acting through the undersigned authorized official, hereby elects to participate in the Indivior Settlement, release all Released Claims against all Released Entities, and agrees as follows.

1. The Governmental Entity is aware of and has reviewed the Indivior Settlement, understands that all terms in this Participation and Release Form have the meanings defined therein, and agrees that by executing this Participation and Release Form, the Governmental Entity elects to participate in the Indivior Settlement and become a Participating Subdivision as provided therein.
2. The Governmental Entity shall promptly, and in any event no later than 14 days after the Reference Date and prior to the filing of the Consent Judgment, dismiss with prejudice any Released Claims that it has filed. With respect to any Released Claims pending in *In re National Prescription Opiate Litigation*, MDL No. 2804, the Governmental Entity authorizes the Plaintiffs’ Executive Committee to execute and file on behalf of the Governmental Entity a Stipulation of Dismissal with Prejudice substantially in the form found at <https://nationalopioidsettlement.com/additional-settlements/>.
3. The Governmental Entity agrees to the terms of the Indivior Settlement pertaining to Participating Subdivisions as defined therein.
4. By agreeing to the terms of the Indivior Settlement and becoming a Releasor, the Governmental Entity is entitled to the benefits provided therein, including, if applicable, monetary payments beginning after the Effective Date.
5. The Governmental Entity agrees to use any monies it receives through the Indivior Settlement solely for the purposes provided therein.
6. The Governmental Entity submits to the jurisdiction of the court in the Governmental Entity’s state where the Consent Judgment is filed for purposes limited to that court’s role as provided in, and for resolving disputes to the extent provided in, the Indivior Settlement.

The Governmental Entity likewise agrees to arbitrate before the National Arbitration Panel as provided in, and for resolving disputes to the extent otherwise provided in, the Indivior Settlement.

7. The Governmental Entity has the right to enforce the Indivior Settlement as provided therein.
8. The Governmental Entity, as a Participating Subdivision, hereby becomes a Releasor for all purposes in the Indivior Settlement, including without limitation all provisions of Section X (Release), and along with all departments, agencies, divisions, boards, commissions, districts, instrumentalities of any kind and attorneys, and any person in his or her official capacity whether elected or appointed to serve any of the foregoing and any agency, person, or other entity claiming by or through any of the foregoing, and any other entity identified in the definition of Releasor, provides for a release to the fullest extent of its authority. As a Releasor, the Governmental Entity hereby absolutely, unconditionally, and irrevocably covenants not to bring, file, or claim, or to cause, assist or permit to be brought, filed, or claimed, or to otherwise seek to establish liability for any Released Claims against any Released Entity in any forum whatsoever. The releases provided for in the Indivior Settlement are intended by the Parties to be broad and shall be interpreted so as to give the Released Entities the broadest possible bar against any liability relating in any way to Released Claims and extend to the full extent of the power of the Governmental Entity to release claims. The Indivior Settlement shall be a complete bar to any Released Claim.
9. The Governmental Entity hereby takes on all rights and obligations of a Participating Subdivision as set forth in the Indivior Settlement.
10. In connection with the releases provided for in the Indivior Settlement, each Governmental Entity expressly waives, releases, and forever discharges any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States or other jurisdiction, or principle of common law, which is similar, comparable, or equivalent to § 1542 of the California Civil Code, which reads:

General Release; extent. A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release that, if known by him or her would have materially affected his or her settlement with the debtor or released party.

A Releasor may hereafter discover facts other than or different from those which it knows, believes, or assumes to be true with respect to the Released Claims, but each Governmental Entity hereby expressly waives and fully, finally, and forever settles, releases and discharges, upon the Effective Date, any and all Released Claims that may exist as of such date but which Releasors do not know or suspect to exist, whether through ignorance, oversight, error, negligence or through no fault whatsoever, and which, if known, would

materially affect the Governmental Entities' decision to participate in the Indivior Settlement.

11. Nothing herein is intended to modify in any way the terms of the Indivior Settlement, to which Governmental Entity hereby agrees. To the extent this Participation and Release Form is interpreted differently from the Indivior Settlement in any respect, the Indivior Settlement controls.

I have all necessary power and authorization to execute this Participation and Release Form on behalf of the Governmental Entity.

Signature: _____

Name: Jason Leslie

Title: Mayor

Date: _____

Signature: _____

Name: Joyce Shanahan

Title: City Manager

Date: _____

INDIVIOR SETTLEMENT AGREEMENT

INDIVIOR SETTLEMENT AGREEMENT

This Settlement Agreement, dated as of April 4, 2025 (the “*Agreement*”), sets forth the terms of settlement between and among the Settling States, the Participating Subdivisions, and Indivior (as those terms are defined below). Upon satisfaction of the conditions set forth in Sections II and VIII, this Agreement will be binding on the Settling States, Indivior, and the Participating Subdivisions. This Agreement will then be filed as part of a Consent Judgment in the respective courts of each of the Settling States, pursuant to the terms set forth in Section VIII.

I. Definitions

Unless otherwise specified, the following definitions apply:

A. “*Additional Remediation Amount.*” The amount available to the Settling States totaling up to \$1,460,450 to be paid in accord with the payment schedule at Exhibit M-3.

B. “*Adjusted Maximum Remediation Payment.*” The Maximum Remediation Payment reduced by the State Allocation Percentage for each Non-Settling State on Exhibit F.

C. “*Agreement.*” This agreement, as set forth above. For the avoidance of doubt, this Agreement is inclusive of all exhibits.

D. “*Alleged Harms.*” The alleged past, present, and future damages, harms, losses, and related expenditures allegedly incurred by the Settling States and Participating Subdivisions arising out of the use of Products, non-exclusive examples of which are described in the documents listed on Exhibit A, that have allegedly arisen as a result of the physical and bodily injuries sustained by individuals suffering from opioid-related addiction, death, and other related diseases and disorders, and that have allegedly been caused by Released Entities.

E. “*Allocation Statute.*” A state law that governs allocation, distribution, and/or use of some or all of the Settlement Fund amounts allocated to that Settling State and/or its Subdivisions. An Allocation Statute may, without limitation, contain a Statutory Trust, further restrict expenditures of funds, form an advisory committee, establish oversight and reporting requirements, or address other default provisions and other matters related to the funds. An Allocation Statute is not required to address all three (3) types of funds comprising the Settlement Fund or all default provisions.

F. “*Annual Fees Payment.*” The amounts payable by Indivior in each Payment Year comprised of the Additional Remediation Amount payment, and the Private Attorney Fees payment, and not including the Annual Remediation Payment.

G. *“Annual Remediation Maximum.”* The total amount available to Eligible States for Annual Remediation Payments in each Payment Year as set forth in the “Maximum Annual Remediation Payment” column of Exhibit M-1. In no event shall an Annual Remediation Payment in Payment Years 1-2 exceed the Annual Remediation Maximum for that Payment Year set forth in Exhibit M-1. For Payment Years 3-4, the Annual Remediation Payment may exceed the Annual Remediation Maximum for that Payment Year only to the extent needed for the Incentive Payment A Catch-up Payment for a Settling State that has not earned some or all of Incentive Payment BC in prior Payment Years, having resulted in correspondingly lower Annual Remediation Payments in those prior Payment Years.

H. *“Annual Remediation Payment.”* The amount payable to the Settlement Fund by Indivior for Settling States’ Base Payments and Incentive Payments on the Payment Date for each Payment Year, as calculated by the Settlement Fund Administrator.

I. *“Appropriate Official.”* As defined in Section XIII.E.3.

J. *“Bankruptcy Code.”* Title 11 of the United States Code, 11 U.S.C. § 101, et seq.

K. *“Bar.”* Either: (1) a law barring Subdivisions in a Settling State from maintaining or asserting Released Claims against Released Entities (either through a direct bar or through a grant of authority to release claims and the exercise of such authority in full); or (2) a ruling by the highest court of the Settling State (or, in a Settling State with a single intermediate court of appeals, the intermediate court of appeals) when setting forth the general principle that Subdivisions in the Settling State may not maintain or assert any Released Claims against Released Entities, whether on the ground of this Agreement (or the release in it) or otherwise. For the avoidance of doubt, a law or ruling that is conditioned or predicated upon payment by a Released Entity (apart from the Annual Remediation Payments by Indivior under this Agreement) shall not constitute a Bar.

L. *“Base Payment.”* As defined in Section IV.G.

M. *“Case-Specific Resolution.”* Either: (1) a law barring the Subdivision at issue from maintaining any Released Claims against any Released Entities (either through a direct Bar or through a grant of authority to release claims and the exercise of such authority in full); or (2) a ruling by a court of competent jurisdiction over the Subdivision at issue that the Subdivision may not maintain any Released Claims at issue against any Released Entities, whether on the ground of this Agreement (or the release in it) or otherwise. For the avoidance of doubt, a law or ruling that is conditioned or predicated upon payment by a Released Entity (apart from the annual payments by Indivior under this Agreement) shall not constitute a Case-Specific Resolution.

N. *“Claim.”* Any past, present or future cause of action, claim for relief, cross-claim or counterclaim, theory of liability, demand, derivative claim, request, assessment, charge, covenant, damage, debt, lien, loss, fine, penalty, restitution, reimbursement, disgorgement, expenses, remediation, judgment, right, obligation, dispute, suit, contract, controversy, agreement, *parens patriae* claim, promise, performance, warranty, omission, or grievance of any nature whatsoever, whether legal, equitable, statutory, regulatory or administrative, whether arising under

federal, state or local common law, statute, regulation, guidance, ordinance or principles of equity, whether filed or unfiled, whether asserted or unasserted, whether known or unknown, whether accrued or unaccrued, whether foreseen, unforeseen or unforeseeable, whether discovered or undiscovered, whether suspected or unsuspected, whether fixed or contingent, and whether existing or hereafter arising, in all such cases, including, but not limited to, any request for declaratory, injunctive, or equitable relief, compensatory, punitive, or statutory damages, absolute liability, strict liability, restitution, remediation, subrogation, contribution, indemnity, apportionment, disgorgement, reimbursement, attorney fees, expert fees, consultant fees, fines, penalties, expenses, costs or any other legal, equitable, civil, administrative, or regulatory remedy whatsoever.

O. *“Claim-Over.”* A Claim asserted by a Non-Released Entity against a Released Entity on the basis of contribution, indemnity, or other claim-over on any theory relating to a Non-Party Covered Conduct Claim asserted by a Releasor.

P. *“Compensatory Restitution Amount.”* The aggregate amount paid or incurred by Indivior hereunder for Opioid Remediation, which includes each Annual Remediation Payment and does not include amounts paid as attorneys’ fees and costs or identified pursuant to Section V.B.2 as being used to pay attorneys’ fees, investigation costs or litigation costs, which shall be up to the amount of the Adjusted Maximum Remediation Payment.

Q. *“Consent Judgment.”* A consent judgment in a form to be agreed by the Settling States and Indivior prior to the Effective Date that, among other things, (1) approves this Agreement and (2) provides for the release set forth in Section X.A, including the dismissal with prejudice of any Released Claims that the Settling State has brought against Released Entities.

R. *“Covered Conduct” means* any actual or alleged act, failure to act, negligence, statement, error, omission, breach of any duty, conduct, event, transaction, agreement, service, work, sale, misstatement, misleading statement or other activity of any kind whatsoever from the beginning of time through the Reference Date (and any past, present, or future consequence of any such act, failure to act, negligence, statement, error, omission, breach of duty, conduct, event, transaction, agreement, service, work, misstatement, misleading statement or other activity) relating in any way to (a) compounding, counseling and documentation relating to any Product or class of Products (b) the availability, discovery, research, development, manufacture, packaging, repackaging, marketing, promotion, advertising, labeling, re-labeling, recall, withdrawal, distribution, delivery, monitoring, reporting, regulatory compliance, supply, sale, offering, prescribing, dispensing, physical security, warehousing, use or abuse of, or operating procedures relating to, any Product, or any system, plan, policy, procedure, or advocacy relating to any Product or class of Products, including, but not limited to, any branded or unbranded promotion, marketing, or advertising, information, patient support or assistance, educational programs, consultancy, research, other programs, or campaigns, lobbying, or grants, sponsorships, charitable donations, or other funding relating to any Product or class of Products; (c) the characteristics, properties, risks, or benefits of any Product; (d) the monitoring or non-monitoring of orders placed of any Product; (e) the reporting, disclosure, nonreporting or non-disclosure to federal, state or other regulators of orders for any Product placed with any Released Entity; (f) the selective breeding,

harvesting, extracting, purifying, exporting, importing, applying for quota for, procuring quota for, handling, promoting, manufacturing, processing, packaging, supplying, distributing, converting, or selling of, or otherwise engaging in any activity relating to, precursor or component Products, including but not limited to natural, synthetic, semi-synthetic or chemical raw materials, starting materials, finished active pharmaceutical ingredients, drug substances, or any related intermediate Products; or (g) diversion control programs, suspicious order monitoring, or regulatory compliance related to any Product.

S. “*Designated State.*” The State of New York.

T. “*Effective Date.*” The date sixty (60) calendar days after the Reference Date.

U. “*Eligible States.*” The states, commonwealths, and territories of the United States of America. The 56 Eligible States are listed in Exhibit F.

V. “*Enforcement Committee.*” A committee consisting of representatives of the Settling States and of the Participating Subdivisions. Exhibit B contains the organizational bylaws of the Enforcement Committee. Notice pursuant to Section XIII.Q shall be provided when there are changes in membership or contact information.

W. “*Final Order.*” An order or judgment of a court of competent jurisdiction with respect to the applicable subject matter (1) which has not been reversed or superseded by a modified or amended order, is not currently stayed, and as to which any right to appeal or seek certiorari, review, reargument, stay, or rehearing has expired, and as to which no appeal or petition for certiorari, review, reargument, stay, or rehearing is pending, or (2) as to which an appeal has been taken or petition for certiorari, review, reargument, stay, or rehearing has been filed and (a) such appeal or petition for certiorari, review, reargument, stay, or rehearing has been resolved by the highest court to which the order or judgment was appealed or from which certiorari, review, reargument, stay, or rehearing was sought, or (b) the time to appeal further or seek certiorari, review, reargument, stay, or rehearing has expired and no such further appeal or petition for certiorari, review, reargument, stay, or rehearing is pending.

X. “*Force Majeure Event.*” Any event reasonably beyond the control of Indivior that prevents Indivior from manufacturing or distributing Settlement Product, including wars, hostilities, revolution, riots, civil commotion, national emergency, unavailability of supplies, epidemics, pandemics, health crisis, fire, flood, earthquake, force of nature, explosion, terrorist act, embargo, or any act of God, or any law, regulation, ordinance, or other act or order of any court or governmental authority.

Y. “*Global Settlement Amount.*” The Global Settlement Amount is \$83,537,683, which is comprised of the Maximum Remediation Payment, Private Attorney Fees, Additional Remediation Amount, and the Settlement Product Cash Conversion Amount.

Z. “*Implementation Administrator.*” Rubris, Inc., which is the vendor that will be retained by Indivior to provide notice pursuant to Section VII.A and to manage the initial joinder

period for Subdivisions, including the issuance and receipt of Subdivision Participation Agreements.

AA. *"Incentive Payment A."* The incentive payment described in Section IV.H.4.

BB. *"Incentive Payment A Catch-up Payment."* As defined in Section IV.H.4.f.

CC. *"Incentive Payment BC."* The incentive payment described in Section IV.H.5.

DD. *"Incentive Payment D."* The incentive payment described in Section IV.H.6

EE. *"Indivior."* Indivior Inc.

FF. *"Initial Participating Subdivision."* A Subdivision that meets the requirements set forth in Section VII.D.

GG. *"Initial Participation Date."* The date ninety (90) calendar days after the Preliminary Agreement Date, unless it is extended by written agreement of Indivior and the Enforcement Committee.

HH. *"Injunctive Relief Terms."* The terms described in Section III and set forth in Exhibit P.

II. *"Later Litigating Subdivision."* A Subdivision (or Subdivision official asserting the right of or for the Subdivision to recover for Alleged Harms to the Subdivision and/or the people thereof) that: (1) first files a lawsuit bringing a Released Claim against a Released Entity after the Reference Date; or (2) adds a Released Claim against a Released Entity after the Reference Date to a lawsuit brought before the Reference Date that, prior to the Reference Date, did not include any Released Claims against a Released Entity; or (3) (a) was a Litigating Subdivision whose Released Claims against Released Entities were resolved by a legislative Bar or legislative Case-Specific Resolution as of the Reference Date, (b) such legislative Bar or legislative Case-Specific Resolution is subject to a Revocation Event after the Reference Date, and (c) the earlier of the date of completion of opening statements in a trial in an action brought by a Subdivision in that Settling State that includes a Released Claim against a Released Entity or one hundred eighty (180) days from the Revocation Event passes without a Bar or Case-Specific Resolution being implemented as to that Litigating Subdivision or the Litigating Subdivision's Released Claims being dismissed; or (4) (a) was a Litigating Subdivision whose Released Claims against Released Entities were resolved by a judicial Bar or judicial Case-Specific Resolution as of the Reference Date, (b) such judicial Bar or judicial Case-Specific Resolution is subject to a Revocation Event after the Reference Date, and (c) such Litigating Subdivision takes any action in its lawsuit asserting a Released Claim against a Released Entity other than seeking a stay or dismissal.

JJ. *"Later Participating Subdivision."* A Participating Subdivision that is not an Initial Participating Subdivision, but meets the requirements set forth in Section VII.E.

KK. *“Litigating Subdivision.”* A Subdivision (or Subdivision official) that brought any Released Claim against any Released Entity prior to the Reference Date. Exhibit C is an agreed list of all Litigating Subdivisions. Exhibit C will be updated (including with any corrections) periodically, and a final version of Exhibit C will be attached hereto as of the Reference Date.

LL. *“Maximum Remediation Payment.”* The maximum amount owed by Indivior to the Settling States and Subdivisions, exclusive of the Private Attorney Fees, the Additional Remediation Amount and the Settlement Product Cash Conversion Amount. The amount of the Maximum Remediation Payment is \$38,022,450.

MM. *“National Arbitration Panel.”* The panel comprised as described in Section VI.F.3.b.

NN. *“National Disputes.”* As defined in Section VI.F.3.a.

OO. *“Non-Litigating Subdivision.”* Any Subdivision that is not a Litigating Subdivision.

PP. *“Non-Participating Subdivision.”* Any Subdivision that is not a Participating Subdivision.

QQ. *“Non-Party Covered Conduct Claim.”* A Claim against any Non-Released Entity involving, arising out of, or related to Covered Conduct (or conduct that would be Covered Conduct if engaged in by a Released Entity).

RR. *“Non-Party Settlement.”* A settlement by any Releasor that settles any Non-Party Covered Conduct Claim and includes a release of any Non-Released Entity.

SS. *“Non-Released Entity.”* An entity that is not a Released Entity.

TT. *“Non-Settling State.”* Any Eligible State that is not a Settling State.

UU. *“Opioid Remediation.”* Care, treatment, and other programs and expenditures (including reimbursement for past such programs or expenditures¹ except where this Agreement restricts the use of funds solely to future Opioid Remediation) designed to (1) address the misuse and abuse of opioid products, (2) treat or mitigate opioid use or related disorders, or (3) mitigate other alleged effects of, including on those injured as a result of, the opioid epidemic. Exhibit E provides a non-exhaustive list of expenditures that qualify as being paid for Opioid Remediation. Qualifying expenditures may include reasonable related administrative expenses in connection with the above.

¹ Reimbursement includes amounts paid to any governmental entities for past expenditures or programs

VV. *“Participating Subdivision.”* Any Subdivision that meets the requirements for becoming a Participating Subdivision under Section VII.B and Section VII.C. Participating Subdivisions include both Initial Participating Subdivisions and Later Participating Subdivisions.

WW. *“Participation Percentage of Incentive BC Eligible Subdivision Population.”* As defined in Section IV.H.5.e.

XX. *“Parties.”* Indivior and the Settling States (each, a *“Party”*).

YY. *“Payment Date.”* July 25, 2025, for Payment Year 1 and March 1 for each Payment Year thereafter, which are the dates by which Indivior shall make the Annual Remediation Payment, the Annual Fees Payment in Payment Years 2-4, and the payment for Settlement Product Cash Conversion Amount in Payment Year 5.

ZZ. *“Payment Year.”* The calendar year during which the applicable Annual Remediation Payment and/or the Annual Fees Payment and/or the payment for Settlement Product Cash Conversion Amount, are due. Payment Year 1 is 2025, Payment Year 2 is 2026 and so forth. References to payment *“for a Payment Year”* mean the Annual Remediation Payment and/or Annual Fees Payment and/or the payment for Settlement Product Cash Conversion Amount due during that year. References to eligibility *“for a Payment Year”* mean eligibility in connection with the Annual Remediation Payment and/or Annual Fees Payment and/or the payment for Settlement Product Cash Conversion Amount due during that year.

AAA. *“Preliminary Agreement Date.”* The date on which Indivior is to inform the Settling States of its determination that the condition in Section II.B has been satisfied. The Preliminary Agreement Date shall be no more than fourteen (14) calendar days after the end of the notice period to Eligible States, unless it is extended by written agreement of Indivior and the Enforcement Committee.

BBB. *“Primary Fire District.”* A fire district that covers a population of 25,000, or 0.20% of an Eligible State’s population if an Eligible State’s population is greater than 18 million. If not easily calculable from state data sources and agreed to between the Eligible State and Indivior, a fire district’s population is calculated by dividing the population of the county or counties a fire district serves by the number of fire districts in the county or counties. *“Primary Fire Districts”* shall mean fire districts as identified in connection with the implementation of the July 21, 2021, Janssen Settlement Agreement.

CCC. *“Primary Subdivision.”* A Subdivision that is a General Purpose Government (including, but not limited to, a municipality, a county, county subdivision, city town, township, parish, village, borough, gore, or any other entities that provide municipal-type government) with population over 10,000; *provided, however*, that as used in connection with Incentive Payment BC, the population threshold is 30,000. Attached as Exhibit I is an agreed list of the Primary Subdivisions in each Eligible State.

DDD. “*Private Attorney Fees*” are the amount to be paid for private attorneys’ litigation fees and costs on behalf of Participating Subdivisions. The maximum amount of Private Attorney Fees is \$9,054,783. For avoidance of doubt, Private Attorney Fees do not include the Additional Remediation Amount.

EEE. “*Product*.” Any chemical substance, whether used for medicinal or non-medicinal purposes, and whether natural, synthetic, or semi-synthetic, or any finished pharmaceutical product made from or with such substance, that is: (1) an opioid or opiate, as well as any product containing any such substance; (2) benzodiazepine, carisoprodol, or gabapentin; or (3) a combination or “cocktail” of chemical substances prescribed, sold, bought, or dispensed to be used together that includes opioids or opiates. “Product” shall include, but is not limited to, any substance consisting of or containing buprenorphine, codeine, fentanyl, hydrocodone, hydromorphone, meperidine, methadone, morphine, naloxone, naltrexone, oxycodone, oxymorphone, pentazocine, propoxyphene, tapentadol, tramadol, opium, heroin, carfentanil, diazepam, estazolam, quazepam, alprazolam, clonazepam, oxazepam, flurazepam, triazolam, temazepam, midazolam, carisoprodol, gabapentin, or any variant of these substances or any similar substance. Notwithstanding the foregoing, nothing in this section prohibits a Settling State from taking administrative or regulatory action related to benzodiazepine (including, but not limited to, diazepam, estazolam, quazepam, alprazolam, clonazepam, oxazepam, flurazepam, triazolam, temazepam, and midazolam), carisoprodol, or gabapentin that is wholly independent from the use of such drugs in combination with opioids, *provided* such action does not seek money (including abatement and/or remediation) for conduct prior to the Initial Participation Date. “Product” also includes any natural, synthetic, semi-synthetic or chemical raw materials, starting materials, finished active pharmaceutical ingredients, drug substances, and any intermediate products used or created in the manufacturing process for any of the substances described above.

FFF. “*Reference Date*.” The date on which Indivior is to inform the Settling States of its determination whether the condition in Section VIII has been satisfied. The Reference Date shall be no later than thirty (30) calendar days after the Initial Participation Date, unless it is extended by written agreement of Indivior and the Enforcement Committee.

GGG. “*Released Claims*.” Any and all Claims that directly or indirectly are based on, arise out of, or in any way relate to or concern the Covered Conduct and/or Alleged Harms occurring prior to the Initial Participation Date. Without limiting the foregoing, Released Claims include any Claims that have been asserted against Released Entities by a Settling State or Litigating Subdivision in any federal, state, or local action or proceeding (whether judicial, arbitral, or administrative) based on, arising out of, or relating to, in whole or in part, the Covered Conduct and/or Alleged Harms, or any such Claims that could be or could have been asserted now or in the future in those actions or in any comparable action or proceeding brought by a Settling State, Subdivision, or Releasor (whether or not such Settling State, Subdivision, or Releasor has brought such action or proceeding). Released Claims also include all Claims against Released Entities asserted in any proceeding to be dismissed pursuant to the Agreement, whether or not such claims relate to Covered Conduct and/or Alleged Harms. The Parties intend that this term, “Released Claims,” be interpreted broadly. This Agreement does not release Claims by private individuals. It is the intent of the Parties that Claims by private individuals be treated in accordance with

applicable law. Released Claims is also used herein to describe claims brought by a non-party Subdivision that would have been Released Claims if they had been brought by a Releasor against a Released Entity. Claims relating to or concerning Covered Conduct pertaining to Indivior's product Sublocade® are not "Released Claims" under this Agreement.

HHH. "*Released Entities.*" This includes Indivior and (1) all past and present parents, subsidiaries, affiliates, divisions, predecessors, successors, and assigns (in each case, whether direct or indirect) of Indivior; (2) all past and present parents, subsidiaries, affiliates, and divisions (in each case, whether direct or indirect) of any entity described in subsection (1); (3) the respective past and present officers, directors, members, trustees, and employees of any of the foregoing (each for actions that occurred during and related to their work for, or employment with, any of Indivior or the foregoing entities); (4) all past and present joint ventures (whether direct or indirect) of Indivior or its parents, subsidiaries, or affiliates, including in any such entity's capacity as a participating member in such joint venture; (5) all past and present direct or indirect parents and shareholders of Indivior (solely in their capacity as parents or shareholders of Indivior with respect to Covered Conduct); and (6) all past and present contract manufacturers of any Product commercialized by Indivior or any person or entity otherwise described in subsections (1)-(5) (solely in their capacity as contract manufacturers); and (7) any past or present insurer of Indivior or any person or entity otherwise described in subsections (1)-(6) (solely in its role as insurer of such person or entity and subject to the last sentence of Section X.C). A list of Indivior's joint ventures, subsidiaries, affiliates, contract manufacturers, and predecessor entities is set forth in Exhibit J. Any person or entity described in subsections (3)-(7) shall be a Released Entity solely in the capacity described in such clause and shall not be a Released Entity with respect to its conduct in any other capacity. Any entity acquired, or joint venture entered into, by Indivior after the Initial Participation Date is not a Released Entity. Further and notwithstanding anything else in this paragraph, no entity sued in *In re: National Prescription Opiate Litigation*, No. 1:17-md-2804 (N.D. Ohio) is included as a Released Entity other than the entities listed on Exhibit J.

III. "*Releasors.*" This includes (1) each Settling State; (2) each Participating Subdivision; and (3) without limitation and to the maximum extent of the power of each Settling State's Attorney General's and/or Participating Subdivision to release Claims, (a) the Settling State's and Participating Subdivision's departments, agencies, divisions, boards, commissions, Subdivisions, districts, instrumentalities of any kind and attorneys, including its Attorney General, and any person in his or her official capacity whether elected or appointed to serve any of the foregoing and any agency, person, or other entity claiming by or through any of the foregoing, (b) any public entities, public instrumentalities, public educational institutions, unincorporated districts, fire districts, irrigation districts, water districts, emergency services districts, school districts, healthcare districts, hospital districts, Sheriffs and law enforcement districts, library districts, coroner's offices, and public transportation authorities, and other Special Districts in a Settling State, including those with the regulatory authority to enforce state and federal controlled substances acts or the authority to bring Claims related to Covered Conduct seeking money (including abatement (or remediation and/or restitution)) or revoke a pharmaceutical distribution license, and (c) any person or entity acting in a *parens patriae*, sovereign, quasi-sovereign, private attorney general, *qui tam*, taxpayer, or other capacity seeking relief, including but not limited to, fines, penalties, or punitive damages, on behalf of or generally applicable to the general public

with respect to a Settling State or Subdivision in a Settling State, whether or not any of them participate in this Agreement. The inclusion of a specific reference to a type of entity in this definition shall not be construed as meaning that the entity is not a Subdivision. Each Settling State's Attorney General represents that he or she has or has obtained (or will obtain no later than the Initial Participation Date) the authority set forth in Section X.G. In addition to being a Releasor as provided herein, a Participating Subdivision shall also provide the Subdivision Settlement Participation Form referenced in Section VII providing for a release to the fullest extent of the Participating Subdivision's authority.

JJJ. *"Remediation Accounts Fund."* The component of the Settlement Fund described in Section V.

KKK. *"Revocation Event."* With respect to a Bar, or Case-Specific Resolution, a revocation, rescission, reversal, overruling, or interpretation that in any way limits the effect of such Bar, or Case-Specific Resolution on Released Claims, or any other action or event that otherwise deprives the Bar, or Case-Specific Resolution of force or effect in any material respect.

LLL. *"Settlement Fund."* The interest-bearing fund established at [Bank TBD] pursuant to this Agreement into which the Annual Remediation Payments are made under Section IV, which is intended to be classified as a "qualified settlement fund" within the meaning of 26 C.F.R. §§ 1.468B-1 *et seq.* and which shall be approved by any Settling State in accordance with the requirements of 26 C.F.R. § 1.468B-1.

MMM. *"Settlement Fund Administrator."* BrownGreer PLC, which is the entity that annually determines the Annual Remediation Payment (including calculating offset or reduction and Incentive Payments pursuant to Section IV and any amounts subject to offset pursuant to Section XII) and Additional Remediation Amount, administers the Settlement Fund, and distributes amounts into the Remediation Accounts Fund, State Fund, and Subdivision Fund pursuant to this Agreement. The duties of the Settlement Fund Administrator shall be governed by this Agreement. Prior to the Effective Date, Indivior and the Enforcement Committee shall agree to a detailed description of the Settlement Fund Administrator's duties and responsibilities, including a detailed mechanism for paying the Settlement Fund Administrator's fees and costs, all of which shall be appended to the Agreement as Exhibit L.

NNN. *"Settlement Fund Escrow."* The interest-bearing escrow fund established pursuant to this Agreement to hold disputed payments made under this Agreement.

OOO. *"Settlement Payment Schedule."* The schedule attached to this Agreement as Exhibit M-1, Exhibit M-2, and Exhibit M-3.

PPP. *"Settlement Product"* means SUBLOCADE® (buprenorphine extended-release) injection for subcutaneous use and Indivior's OPVEE (nalmefene) nasal spray, which are provided to the Settling States as part of the settlement, at no cost as set forth in Section XIV and Exhibit D.

QQQ. “*Settlement Product Cash Conversion Amount*” means the resulting dollar amount from when a Settling State has elected to convert all or a portion of its Settlement Product Allocation into a cash payment pursuant to Section XIV and Exhibit D. The aggregate, maximum amount that could be paid from the conversion of Settlement Product into cash is \$35,000,000.

RRR. “*Settlement Product Election Date*” is the date thirty (30) days after the Effective Date by which a Settling State must submit its election of the Settling State’s allocation of Settlement Product or cash conversion of Settlement Product pursuant to Section XIV and Exhibit D.

SSS. “*Settlement Product Election Form*” means the form a Settling State uses to submit its election of the Settling State’s allocation of Settlement Product or cash conversion of Settlement Product pursuant to Section XIV and Exhibit D.

TTT. “*Settling State.*” An Eligible State that has entered into this Agreement and delivers executed releases in accordance with Section VIII.A.

UUU. “*State Allocation.*” The Maximum Remediation Payment multiplied by the State Allocation Percentage for each Eligible State listed in Exhibit F.

VVV. “*State Allocation Percentage.*” A Settling State’s percentage as set forth in Exhibit F.

WWW. “*State Fund.*” The component of the Settlement Fund described in Section V.

XXX. “*State-Subdivision Agreement.*” An agreement that a Settling State reaches with the Subdivisions in that Settling State regarding the allocation, distribution, and/or use of funds allocated to that Settling State and to its Subdivisions. A State-Subdivision Agreement shall be effective if approved pursuant to the provisions of Exhibit O or if adopted by statute. Preexisting agreements addressing funds other than those allocated pursuant to this Agreement shall qualify if the approval requirements of Exhibit O are met. A Settling State and its Subdivisions may revise a State-Subdivision Agreement if approved pursuant to the provisions of Exhibit O, or if such revision is adopted by statute.

YYY. “*Statutory Trust.*” A trust fund established by state law to receive funds allocated to a Settling State’s Remediation Accounts Fund and restrict any expenditures made using funds from the Settling State’s Remediation Accounts Fund to Opioid Remediation, subject to reasonable administrative expenses. A Settling State may give a Statutory Trust authority to allocate one (1) or more of the three (3) types of funds comprising such Settling State’s Settlement Fund, but this is not required.

ZZZ. “*Statewide Payment Amount.*” The amount from the Remediation Payment to be paid to a Settling State, including its separate types of funds (if applicable) and its Participating Subdivisions listed in Exhibit G.

AAAA. “*Subdivision.*” Any (1) General Purpose Government (including, but not limited to, a municipality, county, county subdivision, city, town, township, parish, village, borough, gore, or any other entities that provide municipal-type government), School District, or Special District within a Settling State, and (2) any other subdivision, subdivision official (acting in an official capacity on behalf of the subdivision) or sub-entity of or located within a Settling State (whether political, geographical or otherwise, whether functioning or non-functioning, regardless of population overlap, and including, but not limited to, Nonfunctioning Governmental Units and public institutions) that has filed a lawsuit that includes a Released Claim against a Released Entity in a direct, *parens patriae*, or any other capacity. “General Purpose Government,” “School District,” and “Special District” shall correspond to the “five basic types of local governments” recognized by the U.S. Census Bureau and match the 2017 list of Governmental Units.² The three (3) General Purpose Governments are county, municipal, and township governments; the two (2) special purpose governments are School Districts and Special Districts.³ “Fire District,” “Health District,” “Hospital District,” and “Library District” shall correspond to categories of Special Districts recognized by the U.S. Census Bureau.⁴ References to a Settling State’s Subdivisions or to a Subdivision “in,” “of,” or “within” a Settling State include Subdivisions located within the Settling State even if they are not formally or legally a sub-entity of the Settling State; *provided, however*, that a “Health District” that includes any of the following words or phrases in its name shall not be considered a Subdivision: mosquito, pest, insect, spray, vector, animal, air quality, air pollution, clean air, coastal water, tuberculosis, and sanitary.

BBBB. “*Subdivision Allocation Percentage.*” The portion of a Settling State’s Subdivision Fund set forth in Exhibit G that a Subdivision will receive pursuant to Section V if it becomes a Participating Subdivision. The aggregate Subdivision Allocation Percentage of all Subdivisions receiving a Subdivision Allocation Percentage in each Settling State shall equal one hundred percent (100%). Immediately upon the effectiveness of any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section V.D.3 (or upon the effectiveness of an amendment to any State-Subdivision Agreement, Allocation Statute,

² https://www2.census.gov/programs-surveys/gus/datasets/2017/govt_units_2017.ZIP.

³ *E.g.*, U.S. Census Bureau, “Technical Documentation: 2017 Public Use Files for State and Local Government Organization” at 7 (noting that “the Census Bureau recognizes five basic types of local governments,” that three of those are “general purpose governments” (county governments, municipal governments, and township governments), and that the other two are “school district and special district governments”), https://www2.census.gov/programs-surveys/gus/datasets/2017/2017_gov_org_meth_tech_doc.pdf.

⁴ A list of 2017 Government Units provided by the Census Bureau identifies 38,542 Special Districts and categorizes them by “FUNCTION_NAME.” “Govt_Units_2017_Final” spreadsheet, “Special District” sheet, included in “Independent Governments - list of governments with reference information,” https://www2.census.gov/programs-surveys/gus/datasets/2017/govt_units_2017.ZIP. As used herein, “Fire District” corresponds to Special District function name “24 — Local Fire Protection,” “Health District” corresponds to Special District function name “32 — Health,” “Hospital District” corresponds to Special District function name “40 — Hospitals,” and “Library District” corresponds to Special District function name “52 — Libraries.” *See id.*

Statutory Trust, or voluntary redistribution allowed by Section V.D.3) that addresses allocation from the Subdivision Fund, whether before or after the Initial Participation Date, Exhibit G will automatically be amended to reflect the allocation from the Subdivision Fund pursuant to the State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section V.D.3. The Subdivision Allocation Percentages contained in Exhibit G may not change once notice is distributed pursuant to Section VII.A, except upon the effectiveness of any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section V.D.3 (or upon the effectiveness of an amendment to any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section V.D.3) that addresses allocation from the Subdivision Fund. For the avoidance of doubt, no Subdivision not listed on Exhibit G shall receive an allocation from the Subdivision Fund and no provision of this Agreement shall be interpreted to create such an entitlement.

CCCC. “*Subdivision Fund.*” The component of the Settlement Fund described in Section V.A.

DDDD. “*Subdivision Settlement Participation Form.*” The form attached as Exhibit K that Participating Subdivisions must execute and return to the Implementation Administrator or Settlement Fund Administrator, and which shall (1) make such Participating Subdivisions signatories to this Agreement, (2) include a full and complete release of any and all of such Subdivision’s claims, and (3) require the prompt dismissal with prejudice of any Released Claims that have been filed by any such Participating Subdivision

EEEE. “*Threshold Motion.*” A motion to dismiss or equivalent dispositive motion made at the outset of litigation under applicable procedure. A Threshold Motion must include as potential grounds for dismissal any applicable Bar or the relevant release by a Settling State or Participating Subdivision provided under this Agreement and, where appropriate under applicable law, any applicable limitations defense.

II. Participation by Eligible States and Condition to Preliminary Agreement

A. *Notice to Eligible States.* On May 26, 2025, this Agreement shall be distributed to all Eligible States. The Attorneys General of the Eligible States shall then have until June 25, 2025, to decide whether to become Settling States and notify Indivior of that decision. Eligible States that determine to become Settling States shall so notify Indivior and shall further commit to obtaining any necessary additional state releases prior to the Reference Date. This notice period may be extended by written agreement of Indivior and the Enforcement Committee.

B. *Condition to Preliminary Agreement.* Following the notice period set forth in Section II.A, Indivior shall have fourteen (14) calendar days to determine whether, in its sole discretion, enough Eligible States have agreed to become Settling States to proceed with notice to Subdivisions as set forth in Section VII. This period may be extended by written agreement of Indivior and the Enforcement Committee. If Indivior determines that this condition has been satisfied, and that notice to the Subdivisions should proceed, it will so notify the Settling States by providing notice to the Enforcement Committee. The date of such notice shall be the Preliminary

Agreement Date. If Indivior determines that this condition has not been satisfied, this Agreement will have no further effect and all releases and other commitments or obligations contained herein will be void.

C. *Later Joinder by Eligible States.* After the Preliminary Agreement Date, an Eligible State may only become a Settling State with the consent of Indivior and the Enforcement Committee, provided that the Enforcement Committee may not withhold consent to an Eligible State's later joinder if the Eligible State agrees to join pursuant to the terms of this Agreement and the allocation set forth on Exhibit F. If an Eligible State becomes a Settling State more than sixty (60) calendar days after the Preliminary Agreement Date, but on or before the Reference Date, the Subdivisions in that Eligible State that become Participating Subdivisions within ninety (90) calendar days of the Eligible State becoming a Settling State shall be considered Initial Participating Subdivisions. An Eligible State may not become a Settling State after the Reference Date.

D. *Litigation Activity.* Following the Preliminary Agreement Date, Eligible States that determine to become Settling States shall make reasonable efforts to cease litigation activity against Indivior, including by jointly seeking stays or, where appropriate, severance of claim against Indivior, where feasible, and otherwise to minimize such activity by means of agreed deadline extensions and agreed postponement of depositions, document productions, and motion practice if a motion to stay or sever is not feasible or is denied.

III. Injunctive Relief

A. *Injunctive Relief.* As part of the Consent Judgment, the Parties agree to the entry of the injunctive relief terms attached in Exhibit P.

IV. Settlement Payments

A. *Settlement Fund.* All payments under this Section IV shall be made into the Settlement Fund, except that, where specified, they shall be made into the Settlement Fund Escrow. The Settlement Fund shall be allocated and used only as specified in Section V.

B. *Annual Remediation Payments*

1. Indivior shall make four (4) Annual Remediation Payments, each comprised of Base Payments and Incentive Payments as provided in this Section IV and as determined by the Settlement Fund Administrator as set forth in this Agreement, *provided that* the Annual Remediation Payment in Payment Year 1 shall consist solely of Base Payments. The payment schedule for the Annual Remediation Payments is attached hereto as Exhibit M-2.

2. In no instance shall Indivior's Annual Remediation Payment obligation exceed the Annual Remediation Maximum, reduced for Non-Settling States, except as specified in the

definition of “Annual Remediation Maximum” for Payment Years 3 and 4. In no instance shall the sum of Indivior’s Annual Remediation Payment obligations for Payment Years 1-4 exceed the sum of Indivior’s Annual Remediation Maximums for Payment Years 1-4, reduced for Non-Settling States.

C. *Settlement Fund Payment Process*

1. To determine each Annual Remediation Payment for Payment Year 2 and forward, the Settlement Fund Administrator shall use the data as of sixty (60) days prior to the Payment Date for each payment, unless another provision of the Agreement specifies a different date. Prior to the Effective Date, the Parties will include Exhibit L, which sets forth in detail the process for the Settlement Fund Administrator to obtain relevant data and for distributing funds to the Settling States and their Participating Subdivisions listed on Exhibit G consistent with the terms of this Agreement as quickly as practical.

2. The Settlement Fund Administrator shall determine the Annual Remediation Payment and the Statewide Payment Amount for each Settling State, consistent with the provisions in Exhibit L, by:

- a. Determining, for each Settling State, the Base Payment amount and Incentive Payment amount to which the Settling State is entitled by applying the criteria under Section IV.F, Section IV.G, and Section IV.H;
- b. applying any offsets as specified under Section XII;
- c. determining the total amount owed by Indivior to all Settling States and the Participating Subdivisions listed on Exhibit G; and
- d. the Settlement Fund Administrator shall then allocate, after subtracting the portion of any Settlement Fund Administrator costs and fees owed out of funds from the Settlement Fund pursuant to Section V.C.5, the Annual Remediation Payment pursuant to Section V among the Settling States, among the separate types of funds for each Settling State (if applicable), and among the Participating Subdivisions listed on Exhibit G.

3. If, no later than fifty (50) days prior to the Payment Date, Indivior and the Enforcement Committee inform the Settlement Fund Administrator that they agree on the amount of the Annual Remediation Payment and the Statewide Payment Amount for each Settling State, Indivior shall pay the agreed-upon Annual Remediation Payment amount on the Payment Date and the Settlement Fund Administrator shall treat those amounts as the determination described in Section IV.C.2. If the Settlement Fund Administrator is not so informed, it shall give notice to Indivior, the Settling States, and the Enforcement Committee of the amount of the Annual Remediation Payment, and the Statewide Payment

Amount for each Settling State, following the determination described in Section IV.C.2, and the following timeline shall apply:

a. Within twenty-one (21) calendar days of the notice provided by the Settlement Fund Administrator, Indivior, any Settling State or the Enforcement Committee may dispute, in writing, the calculation of the Annual Remediation Payment or the Statewide Payment Amount for a Settling State. Such disputing party must provide a written notice of dispute to the Settlement Fund Administrator, the Enforcement Committee, any affected Settling State, and Indivior identifying the nature of the dispute, the amount of money that is disputed, and the Settling State(s) affected.

b. Within twenty-one (21) calendar days of the sending of a written notice of dispute, any affected party may submit a response, in writing, to the Settlement Fund Administrator, the Enforcement Committee, any affected Settling State, and Indivior identifying the basis for disagreement with the notice of dispute.

c. If no response is filed, the Settlement Fund Administrator shall adjust the amount calculated consistent with the written notice of dispute, and Indivior shall pay the adjusted amount, collectively totaling that Payment Year's Annual Remediation Payment, on the Payment Date. If a written response to the written notice of dispute is timely sent to the Settlement Fund Administrator, the Settlement Fund Administrator shall notify Indivior of the preliminary amount to be paid, which shall be the greater of the amount originally calculated by the Settlement Fund Administrator or the amount that would be consistent with the notice of dispute, *provided, however*, that in no circumstances shall the preliminary amount to be paid be higher than the Annual Remediation Maximum. For the avoidance of doubt, a transfer of payments from the Settlement Fund Escrow for other Payment Years does not count toward determining whether the amount to be paid is higher than the Annual Remediation Maximum or other relevant maximum payment.

d. The Settlement Fund Administrator shall place any disputed amount of the preliminary amount paid by Indivior into the Settlement Fund Escrow and shall disburse any undisputed amount to each Settling State and its Participating Subdivisions listed on Exhibit G pursuant to Section IV.C.4.

4. If a Settling State informs the Settlement Fund Administrator that it and its Participating Subdivisions listed on Exhibit G have agreed on the amount of its Statewide Payment Amount, determined pursuant to Section IV.C.2 or Section IV.C.3, to be distributed to the Settling State, among its separate types of funds (if applicable), and among its Participating Subdivisions listed on Exhibit G, the Settlement Fund Administrator shall disburse the Statewide Payment Amount pursuant to the consensus distribution amounts provided by the Settling State as quickly as practical. For a Settling State that does not so notify the Settlement Fund Administrator, the Settlement Fund Administrator shall allocate

the Settling State's Statewide Payment Amount, pursuant to Section V, among the separate types of funds for the Settling State (if applicable), and among its Participating Subdivisions listed on Exhibit G using the following procedures:

a. As soon as possible for each payment and following the determination described in Section IV.C.2 or Section IV.C.3, the Settlement Fund Administrator shall give notice to the relevant Settling States and their Participating Subdivisions listed on Exhibit G of the amount to be received by each Settling State, the amount to be received by the separate types of funds for each Settling State (if applicable), and the amount to be received by each Participating Subdivision listed on Exhibit G for each Settling State.

b. Within twenty-one (21) days of the notice provided by the Settlement Fund Administrator, any Settling State or Participating Subdivision listed on Exhibit G may dispute, in writing, the calculation of the amount to be received by the relevant Settling State and/or its Participating Subdivision listed on Exhibit G. A dispute will be deemed invalid and disregarded if it challenges the allocations adopted by a State-Subdivision Agreement approved pursuant to the provisions of Exhibit O or by statute. Such disputing party must provide a written notice of dispute to the Settlement Fund Administrator, any affected Settling State, and any affected Participating Subdivision identifying the nature of the dispute, the amount of money that is disputed, and the Settling State(s) affected.

c. Within twenty-one (21) days of the sending of a written notice of dispute, any affected Settling State or any affected Participating Subdivision may submit a response, in writing, to the Settlement Fund Administrator, any affected Settling State and any affected Participating Subdivision identifying the basis for disagreement with the notice of dispute.

d. If no response is filed, the Settlement Fund Administrator shall adjust the amount calculated consistent with the written notice of dispute.

e. The Settlement Fund Administrator shall place any disputed amount into the Settlement Fund Escrow and shall disburse any undisputed amount to the Settling State and its Participating Subdivisions eligible for payment.

5. Disputes described in this subsection shall be resolved in accordance with the terms of Section VI.F.

6. The Settlement Fund Administrator may combine the disbursements of Annual Remediation Payments with disbursement of funds under other comparable opioid settlements. In determining when disbursements for each Annual Remediation Payment will be made, the Settlement Fund Administrator may take into account the timeline for the availability of disbursements under other comparable opioid settlements.

7. For the avoidance of doubt, a Subdivision not listed on Exhibit G shall not receive an allocation from the Subdivision Fund and no provision of this Agreement shall be interpreted to create such an entitlement.

D. *Procedure for Annual Remediation Payment and Annual Fees Payment in Payment Year 1.* The process described in Section IV.C shall not apply to Payment Year 1. The procedure in lieu of Section IV.C for Payment Year 1 is as set forth below:

1. The Payment Date for Payment Year 1 is July 25, 2025. Indivior shall deposit into a segregated interest-bearing bank account it establishes the “Adjusted Maximum Base Payment” for Payment Year 1. This amount shall be calculated by multiplying the aggregate State Allocation Percentage attributable to Eligible States that have agreed to become Settling States by the Preliminary Agreement Date by the “Maximum Base Payment” amount specified in Exhibit M-2 for Payment Year 1. Indivior shall also deposit into two (2) separate segregated interest-bearing bank accounts it establishes: (a) the “Maximum Exhibit R Private Attorney Fees” for Payment Year 1 as specified in Exhibit M-3; and (b) the “Additional Remediation Amount” for Payment Year 1 as specified in Exhibit M-3. Indivior shall separately account for the interest earned on each of the three (3) accounts.

2. Indivior shall provide proof to the Enforcement Committee of the deposits required by Section IV.D.1 by July 25, 2025. Indivior shall not remove any money from the segregated bank accounts, except as provided by Sections IV.D.3-5.

3. In the event that, in accordance with the terms of Section VIII.B, Indivior determines not to proceed with the Settlement, or the Settlement does not become effective for any other reason, the funds held in the segregated bank accounts shall immediately revert to Indivior.

4. If the condition set forth in Section VIII.B is met, Indivior shall transfer into the Settlement Fund, no later than five (5) business days after the Reference Date (unless the Enforcement Committee specifies a later date), the amount in the segregated account holding the “*Adjusted Maximum Base Payment*” for Payment Year 1 plus the *total amount of the Base Payment* owed in Payment Year 1 for the Eligible States that newly agreed to become a Settling State between the Preliminary Agreement Date and the Reference Date, which shall be calculated by multiplying those Settling States’ State Allocation Percentage by the amount specified in Exhibit M-2 for Payment Year 1. If the condition set forth in Section VIII.B is met, Indivior also shall transfer into the relevant funds as directed by the Enforcement Committee, no later than five (5) business days after the Reference Date (unless the Enforcement Committee specifies a later date), the amount in the segregated account holding the “*Maximum Exhibit R Private Attorney Fees*” for Payment Year 1 (including all interest accrued on that account), and the amount in the segregated account holding the “*Additional Remediation Amount*” for Payment Year 1 (including all interest accrued on that account), except that any reductions provided by Section IX.B and Exhibit

R shall revert to Indivior. Indivior shall provide an accounting to the Enforcement Committee of the transfers, including Statewide Payment Amount for Payment Year 1 for each Eligible State that newly agreed to become a Settling State between the Preliminary Agreement Date and the Reference Date.

5. The interest earned from the deposit account holding the Adjusted Maximum Base Payment for Payment Year 1 shall be used, first, to pay for the Implementation Administrator, then to pay for the Implementation Administrator in the Alvogen, Amneal, Apotex, Hikma, Mylan, Sun, and Zydus Settlement Agreements, and finally to be transferred to the Settlement Fund to be used to pay for the Settlement Fund Administrator pursuant to Section V.C.5.

6. The Annual Remediation Payment for Payment Year 1 transferred by Indivior into the Settlement Fund pursuant to Section IV.D.4 shall be disbursed by the Settlement Fund Administrator after the Effective Date to each Settling State and to its Initial Participating Subdivisions listed on Exhibit G pursuant to Section IV.C.4 through Section IV.C.7; *provided, however*, that for any Settling State where the Consent Judgment has not been entered as of the Effective Date, the funds allocable to that Settling State and its Participating Subdivisions listed on Exhibit G shall not be disbursed until ten (10) calendar days after the entry of the Consent Judgment in that Settling State.

E. *Payment Date for Payment Years 2 through 4.* The Payment Date for Payment Year 2 is March 1, 2026. The Payment Date for Payment Years 3 through 4 shall be each successive March 1. The Annual Remediation Payments for those Payment Years shall be made pursuant to the process set forth in Section IV.C.

F. *Offsets to Annual Remediation Payments to the Settlement Fund for Non-Settling States.* An offset equal to \$38,022,450 times the State Allocation Percentage assigned to each Non-Settling State in Exhibit F shall be deducted from the total amount to be paid by Indivior to the Settlement Fund. For the avoidance of doubt, the Adjusted Maximum Remediation Payment is calculated in a way that reflects this offset. The Base Payments and Incentive Payments are also subject to offset as provided in Section XII.

G. *Base Payments.*

1. Subject to the offset provisions set forth in Section XII, Indivior shall make Base Payments into the Settlement Fund in an amount equal to forty percent (40%) of the Adjusted Maximum Remediation Payment. The maximum total for Base Payments is \$15,208,980. The Base Payments shall be due in installments consistent with Exhibit M-2 over the four (4) Payment Years.

2. The Base Payment for any Settling State in each Payment Year shall be the Base Payment for that Payment Year specified in Exhibit M-2 times the Settling State's State Allocation Percentage specified in Exhibit F.

H. *Incentive Payments.*

1. Subject to the offset provisions set forth in Section XII, Indivior shall make potential additional incentive payments totaling up to a maximum of sixty percent (60%) of the Adjusted Maximum Remediation Payment, with the Incentive Payment amount depending on whether and the extent to which the criteria set forth below are met in each Settling State. The maximum total for Incentive Payments is \$22,813,470.

2. A Settling State qualifies to receive Incentive Payments in addition to Base Payments if it meets the incentive eligibility requirements specified below. The maximum total Incentive Payment for any Settling State shall be no more than the maximum total for Incentive Payments listed in Section IV.H.1 times the Settling State's State Allocation Percentage specified in Exhibit F. Incentive Payments are state-specific, with the actual amount depending on whether and the extent to which the criteria set forth below are met in such Settling State.

3. The incentive payments shall be divided among three (3) categories, referred to as Incentive Payments A, BC, and D. Incentive Payments A and BC will be due in installments over the three (3) Payment Years beginning with Payment Year 2, while Incentive D will be due in a single installment in Payment Year 4, as shown on Exhibit M-2. The total amount of incentive payments in an Annual Remediation Payment shall be the sum of the incentive payments for which the individual Settling States are eligible for that Payment Year under the criteria set forth below. The incentive payments shall be made with respect to a specific Settling State based on its eligibility for that Payment Year under the criteria set forth below. For the avoidance of doubt, eligibility for Incentive Payments A, BC, and D shall be determined on a Settling State-by-Settling State basis.

4. Incentive Payment A.

a. Incentive Payment A is mutually exclusive with Incentive Payments BC and D; if a Settling State receives Incentive Payment A in an Annual Remediation Payment, such Settling State is not eligible for Incentive Payment BC or D in that Annual Remediation Payment.

b. Incentive Payment A shall be equal to sixty percent (60%) of the Adjusted Maximum Remediation Payment, provided all Settling States satisfy the requirements of Incentive Payment A. Incentive Payment A will be due to a Settling State as part of the Annual Remediation Payment over three (3) Payment Years, starting in Payment Year 2, and shall equal a total potential maximum of

\$22,813,470 if all Eligible States qualify for Incentive Payment A. Each Settling State's share of Incentive Payment A in a given year, *provided* that Settling State qualifies, shall equal the total maximum amount available for Incentive Payment A for that year as reflected in Exhibit M-2 times the Settling State's State Allocation Percentage.

c. Qualification for Incentive Payment A is as follows: A Settling State qualifies for Incentive Payment A if, as of two (2) years of the Effective Date: (i) there is a Bar in that Settling State in full force and effect, (ii) the Released Claims of all of the following entities are released through the execution of Subdivision Settlement Participation Forms, or there is a Case-Specific Resolution against such entities: all Primary Subdivisions, Litigating Subdivisions, School Districts with a K-12 student enrollment of at least 25,000 or .10% of a Settling State's population, whichever is greater, Hospital Districts that have at least one hundred twenty-five (125) hospital beds in one or more hospitals rendering services in that district, and Primary Fire Districts; or (iii) a combination of the actions in clauses (i) and (ii) has achieved the same level of resolution of Claims by Subdivisions (*e.g.*, a Bar against future litigation combined with full joinder by Litigating Subdivisions). For the avoidance of doubt, subsection (iii) cannot be satisfied unless all Litigating Subdivisions are Participating Subdivisions or there is a Case-Specific Resolution against any such Subdivisions that are not Participating Subdivisions. Indivior and the Enforcement Committee shall meet and confer in order to agree on data sources for purposes of this Section prior to the Initial Participation Date.

d. A Settling State that does not qualify for Incentive Payment A as of two (2) years after the Effective Date shall not be eligible for Incentive Payment A for that Payment Year or any subsequent Payment Years.

e. To the extent a Settling State asserts that existing legislation qualifies as a Bar, the Settling State shall provide notice to Indivior no later than 30 days before the Initial Participation Date. Indivior shall indicate before the Initial Participation Date whether existing legislation in a Settling State is sufficient to qualify as a Bar.

f. If a Settling State does not qualify for Incentive Payment A as of the Payment Date for Payment Year 2 and becomes eligible for Incentive Payment A as of Payment Date for Payment Year 3, it shall receive the payment that it would have received for Incentive Payment A for Payment Year 2 (the "Incentive Payment A Catch-up Payment") on the Payment Date for Payment Year 3. If a Settling State is not eligible for Incentive Payment A as of the Payment Date for Payment Year 3 and becomes eligible for Incentive Payment A as of two (2) years after the Effective Date, it shall receive the payment that it would have received for Incentive Payment A for Payment Years 2 and 3 (also an "Incentive Payment A Catch-up Payment") on the Payment Date for Payment Year 4. The Incentive Payment A Catch-up

Payment shall be reduced by any amounts paid to the Settling State under Incentive Payment BC prior to the Settling State's eligibility for Incentive Payment A.

g. If Indivior made a payment under Incentive Payment A solely on the basis of a Bar in a Settling State and that Bar is subsequently removed, revoked, rescinded, reversed, overruled, interpreted in a manner to limit the scope of the release, or otherwise deprived of force or effect in any material respect, that Settling State shall not be eligible for Incentive Payment A thereafter, unless the Settling State requalifies for Incentive Payment A through any method pursuant to Section IV.H.4.c, in which case the Settling State shall be eligible for Incentive Payment A less any litigation fees and costs incurred by Indivior in the interim, except that, if the re-imposition occurs after the completion of opening statements in a trial involving a Released Claim, the Settling State shall not be eligible for Incentive Payment A (unless this exception is waived by Indivior).

5. Incentive Payment BC.

a. Incentive Payment BC shall be available to Settling States that do not qualify for Incentive Payment A.

b. Incentive Payment BC shall be up to a maximum of fifty-seven percent (57%) of the Settling State's State Allocation. Incentive Payment BC will be due to a Settling State as part of the Annual Remediation Payment over three (3) Payment Years, starting in Payment Year 2. Subject to Section IV.F, Incentive Payment BC shall equal a total potential maximum of \$21,672,797 if all Eligible States qualify for Incentive Payment BC (and do not qualify for Incentive Payment A).

c. A Settling State may earn Incentive Payment BC in Annual Remediation Payments 2 through 4 and may receive, when combined with the Settling State's Base Payment, up to ninety-seven percent (97%) of the Settling State's State Allocation. The maximum Incentive Payment BC for any Settling State in a given Payment Year shall be the maximum potential Incentive Payment BC for that Payment Year specified in Exhibit M-2 times the Settling State's State Allocation Percentage specified in Exhibit F, provided such Settling State becomes eligible for Incentive Payment BC by sixty (60) days before the Payment Date for that Payment Year.

d. The amount of Incentive Payment BC for which a Settling State is eligible shall be determined based on the aggregate population of the Settling State's Incentive BC Subdivisions that are Participating Subdivisions or have had their claims resolved through a Case-Specific Resolution, divided by the aggregate population of all the Settling State's Incentive BC Subdivisions. The Settling State's Incentive BC Subdivisions are (i) all Litigating Subdivisions (including School Districts and Special Districts) and (ii) all Primary Subdivisions that have

not sued Individior as of the Initial Participation Date (collectively, “*Incentive BC Subdivisions*”).

e. The percentage of the Settling State’s maximum Incentive Payment BC for the Payment Year provided by Section IV.H.5.c to which the Settling State is entitled shall be determined according to the table of Incentive BC payment levels below:

Participation Percentage of Incentive BC Eligible Subdivision Population ⁵	Incentive Payment BC Percentage for the Relevant Payment Year
Less than 85%	0%
85% or more but less than 86%	3.57%
86% or more but less than 87%	8.93%
87% or more but less than 88%	14.29%
88% or more but less than 89%	19.64%
89% or more but less than 90%	25%
90% or more but less than 91%	30.36%
91% or more but less than 92%	35.71%
92% or more but less than 93%	41.07%
93% or more but less than 94%	46.43%

⁵ The “Participation Percentage of Incentive BC Eligible Subdivision Population” shall be determined by the aggregate population of the Settling State’s Incentive BC Subdivisions that are Participating Subdivisions or have had their claims resolved through a Case-Specific Resolution, divided by the aggregate population of the Settling State’s Incentive BC Subdivisions. In calculating the Settling State’s population that resides in Incentive BC Subdivisions, the population of the Settling State’s Incentive BC Subdivisions shall be the sum of the population of all Incentive BC Subdivisions in the Settling State, notwithstanding that persons may be included within the population of more than one Incentive BC Subdivision. An individual Subdivision shall not be included more than once in the numerator, and shall not be included more than once in the denominator, of the calculation regardless if it (or any of its officials) is named as multiple plaintiffs in the same lawsuit; provided, however, that for the avoidance of doubt, no Subdivision will be excluded from the numerator or denominator under this sentence unless a Subdivision otherwise counted in the denominator has the authority to release the Claims (consistent with Section X) of the Subdivision to be excluded.

94% or more but less than 95%	51.79%
95% or more but less than 96%	60.71%
96% or more but less than 97%	68.75%
97% or more but less than 98%	76.79%
98% or more but less than 99%	84.82%
99% or more but less than 100%	92.86%
100%	100%

f. For Payment Years 2-4, the percentage of the available Incentive Payment BC amount for which a Settling State is eligible will be based on the Participation Percentage of Incentive BC Eligible Subdivision Population as of sixty (60) days before the Payment Date.

g. If there are no Incentive BC Eligible Subdivisions in a Settling State, and that Settling State is otherwise eligible for Incentive Payment BC because it is not eligible for Incentive Payment A, that Settling State will receive its maximum Incentive Payment BC for that Annual Remediation Payment provided by Section IV.H.5.c.

6. Incentive Payment D.

a. Incentive Payment D shall be available to Settling States that do not qualify for Incentive Payment A.

b. Incentive Payment D shall be equal to up to a maximum of ten percent (10%) of the Adjusted Maximum Remediation Payment, with the actual amount depending whether and the extent to which the criteria set forth below are met in each Settling State. The maximum total for Incentive Payment D is \$3,802,245.⁶

⁶ The Incentive Payment BC table specified in Section IV.H.5.e and Incentive Payment D table specified in Section IV.H.6.f operate so that the combined amount of Incentive Payment BC and Incentive Payment D cannot exceed sixty percent (60%) of the Adjusted Maximum Remediation Payment over the term of the Agreement. Indivior will have no obligation to pay more than \$22,813,470 for the combined amounts of Incentive Payment BC and Incentive Payment D minus any offsets for Non-Settling States specified in Section IV.F.

c. Incentive Payment D shall be paid in Payment Year 4 and the amount of Incentive Payment D in Payment Year 4 will depend on (i) the Settling State meeting the qualifications set out in Section IV.H.6.d and (ii) the Participation Percentage of Incentive BC Eligible Subdivision Population achieved by the Settling State as of sixty (60) days prior to the Payment Date for Payment Year 4.

d. A Settling State qualifies for Incentive Payment D if no Later Litigating Subdivision (for purposes of Incentive Payment D, Later Litigating Subdivisions are limited to (i) a Primary Subdivision; (ii) a school district with a K-12 student enrollment of at least 25,000 or 0.10% of the Settling State's population, whichever is greater; (iii) a health district or hospital district that has at least one hundred twenty-five (125) hospital beds in one or more hospitals rendering services in that district; and (iv) Primary Fire Districts) in that Settling State has a lawsuit against a Released Entity survive more than six (6) months after denial in whole or in part of a Threshold Motion.

e. A Settling State's qualification for Incentive Payment D shall be determined as of sixty (60) calendar days prior to the Payment Date ("*Incentive Payment D Look-Back Date*"). If a Later Litigating Subdivision's lawsuit in that Settling State survives more than six (6) months after denial in whole or in part a Threshold Motion after that date, that Settling State shall not be eligible for Incentive Payment D for the Payment Year in which that occurs and any subsequent Payment Year.

f. The Incentive Payment D for any Settling State qualifying for Incentive Payment D in Payment Year 4 shall be equal to between three percent (3%) and ten percent (10%) of the of the State Remediation Payment times the Settling State's Overall Allocation Percentage specified in Exhibit F. The applicable percentage shall be determined based on the Participation Percentage of Incentive BC Eligible Subdivision Population achieved by the Incentive Payment D Look-Back Date for Payment Year 4 as shown in the table below:

Participation Percentage of Incentive BC Eligible Subdivision Population as of sixty (60) days prior to the Payment Date for Payment Year 4	Each Eligible Settling State's Applicable Incentive Payment D Percentage
Participation of less than 95%	10% of State Allocation
Participation of 95% but less than 96%	9% of State Allocation
Participation of 96% but less than 97%	8% of State Allocation
Participation of 97% but less than 98%	7% of State Allocation
Participation of 98% but less than 99%	6% of State Allocation
Participation of 99% but less than 100%	5% of State Allocation
Participation of 100%	3% of State Allocation

g. Incentive Payment D shall be paid in one installment. The Incentive Payment D for any Settling State in a given Payment Year shall be the Maximum Incentive Payment D for that Payment Year specified in Exhibit M-2 times the Settling State's State Allocation Percentage specified in Exhibit F times the ratio between the applicable percentage determined by Section IV.H.6.f and ten percent (10%).⁷ Prior to making the Annual Remediation Payment for Payment Year 4, the Settlement Fund Administrator shall determine a Settling State's qualification for Incentive Payment D as of the Incentive Payment D Look-Back Date for that Payment Year. Prior to the Incentive Payment D Look-Back Date for each Payment Year, Indivior may provide the Settlement Fund Administrator and the Enforcement Committee with notice identifying any Settling State(s) it believes do not qualify for Incentive Payment D and information supporting its belief.

h. Notwithstanding Section IV.H.6.d and Section IV.H.6.e, a Settling State can become re-eligible for Incentive Payment D if the lawsuit that survived a Threshold Motion is dismissed pursuant to a later motion on grounds included in the Threshold Motion, in which case the Settling State shall be eligible for Incentive Payment D less any litigation fees and costs incurred by Indivior in the interim, except that if the dismissal motion occurs after the completion of opening statements in such action, the Settling State shall not be eligible for Incentive Payment D.

7. In no event shall any Settling State receive Base Payments and Incentive Payments A, BC, and D totaling more than one hundred percent (100%) of its respective Overall State Allocation Percentage specified in Exhibit F times the Maximum Remediation Payment.

V. Allocation and Use of Settlement Payments

A. *Components of Settlement Fund.* The Settlement Fund shall be funded by the Annual Remediation Payments and comprised of a Remediation Accounts Fund, a State Fund, and a Subdivision Fund for each Settling State. The payments made under Section IV into the Settlement Fund shall be initially allocated among those three (3) sub-funds and distributed and used as provided below. Payments placed into the Settlement Fund do not revert back to Indivior.

⁷ For example, for a Settling State with a Participation Percentage of Incentive BC Eligible Subdivision Population as of 60 days prior to the Payment Date for Payment Year 4 of 100%, the Incentive Payment D for any given Payment Year shall be the Maximum Incentive Payment D for that Payment Year specified in Exhibit M-2 times the Settling State's State Allocation Percentage specified in Exhibit F times 0.3. For a Settling State with a Participation Percentage of Incentive BC Eligible Subdivision Population as of 60 days prior to the Payment Date for Payment Year 4 of less than 95%, the Incentive Payment D for any given Payment Year shall be the Maximum Incentive Payment D for that Payment Year specified in Exhibit M-2 times the Settling State's State Allocation Percentage specified in Exhibit F times 0.1.

B. *Use of Settlement Payments.*

1. It is the intent of the Parties that the payments disbursed from the Settlement Fund to Settling States and Participating Subdivisions be for Opioid Remediation, subject to exceptions that must be documented in accordance with Section V.B.2. In no event may less than ninety-five percent (95%) of Indivior's maximum amount of payments pursuant to Section IV as set forth on Exhibit M-2 over the entirety of all Payment Years (but not any single Payment Year) be spent on Opioid Remediation.

2. While disfavored by the Parties, a Settling State or a Participating Subdivision set forth on Exhibit G may use monies from the Settlement Fund (that have not been restricted by this Agreement solely to future Opioid Remediation) for purposes that do not qualify as Opioid Remediation. If, at any time, a Settling State or a Participating Subdivision set forth on Exhibit G uses any monies from the Settlement Fund for a purpose that does not qualify as Opioid Remediation, such Settling State or Participating Subdivision set forth on Exhibit G shall identify such amounts and report to the Settlement Fund Administrator and Indivior how such funds were used, including if used to pay attorneys' fees, investigation costs, litigation costs, or costs related to the operation and enforcement of this Agreement, respectively. It is the intent of the Parties that the reporting under this Section V.B.2 shall be available to the public. For the avoidance of doubt, (a) any amounts not identified under this Section V.B.2 as used to pay attorneys' fees, investigation costs, or litigation costs shall be included in the Compensatory Restitution Amount for purposes of Section V.F and (b) Participating Subdivisions not listed on Exhibit G may only use monies from the Settlement Fund for purposes that qualify as Opioid Remediation.

C. *Allocation of Settlement Fund.* The allocation of the Settlement Fund allows for different approaches to be taken in different states, such as through a State-Subdivision Agreement. Given the uniqueness of Settling States and their Subdivisions, Settling States and their Subdivisions are encouraged to enter into State-Subdivision Agreements in order to direct the allocation of their portion of the Settlement Fund. As set out below, the Settlement Fund Administrator will make an initial allocation to three (3) state-level sub-funds. The Settlement Fund Administrator will then, for each Settling State and its Participating Subdivisions, apply the terms of this Agreement and any relevant State-Subdivision Agreement, Statutory Trust, Allocation Statute, or voluntary redistribution of funds as set out below before disbursing the funds.

1. Base Payments. The Settlement Fund Administrator will allocate Base Payments under Section IV.G among the Settling States pursuant to Section IV.G.2. Base payments for each Settling State will then be allocated fifteen percent (15%) to its State Fund, seventy percent (70%) to its Remediation Accounts Fund, and fifteen percent (15%) to its Subdivision Fund. Amounts may be reallocated and will be distributed as provided in Section V.D.

2. Incentive Payments. The Settlement Fund Administrator will treat Incentive Payments under Section IV.H on a state-specific basis. Incentive Payments for which a Settling State is eligible will be allocated fifteen percent (15%) to its State Fund, seventy percent (70%) to its Remediation Accounts Fund, and fifteen percent (15%) to its Subdivision Fund. Amounts may be reallocated and will be distributed as provided in Section V.D.

3. Application of Adjustments. If an offset under Section XII applies with respect to a Settling State, the offset shall be applied proportionally to all amounts that would otherwise be apportioned and distributed to the State Fund, the Remediation Accounts Fund, and the Subdivision Fund for that Settling State.

4. Settlement Fund Administrator. Prior to the Effective Date, Indivior and the Enforcement Committee will agree to a detailed mechanism consistent with the foregoing for the Settlement Fund Administrator to follow in allocating, apportioning, and distributing payments, which shall then be appended hereto as Exhibit L.

5. Settlement Fund Administrator Costs. Any costs and fees associated with or arising out of the duties of the Settlement Fund Administrator as described in Exhibit L shall be paid from the interest accrued in the Settlement Fund Escrow and the Settlement Fund; *provided, however*, that if such accrued interest is insufficient to pay the entirety of any such costs and fees, the additional amount shall be paid out of the Settlement Fund. For the avoidance of doubt, nothing in this provision shall require Indivior to pay any costs, fees or other amounts in excess of the Global Settlement Amount.

D. *Settlement Fund Reallocation and Distribution.* As set forth below, within a particular Settling State's account, amounts contained in the Settlement Fund sub-funds may be reallocated and distributed per a State-Subdivision Agreement or other means. If the apportionment of amounts is not addressed and controlled under Section V.D.1 and Section V.D.2, then the default provisions of Section V.D.4 apply. It is not necessary that a State-Subdivision Agreement or other means of allocating funds pursuant to Section V.D.1 and Section V.D.2 address all of the Settlement Fund sub-funds. For example, a Statutory Trust might only address disbursements from a Settling State's Remediation Accounts Fund.

1. Distribution by State-Subdivision Agreement. If a Settling State has a State-Subdivision Agreement, amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section V.C shall be reallocated and distributed as provided by that agreement. Any State-Subdivision Agreement entered into after the Preliminary Agreement Date shall be applied only if it requires: (a) that all amounts be used for Opioid Remediation, except as allowed by Section V.B.2, and (b) that

at least seventy percent (70%) of amounts be used solely for future Opioid Remediation.⁸ For a State-Subdivision Agreement to be applied to the relevant portion of an Annual Payment, notice must be provided to the Settling State and the Settlement Fund Administrator at least sixty (60) calendar days prior to the Payment Date.

2. Distribution by Allocation Statute. If a Settling State has an Allocation Statute and/or a Statutory Trust that addresses allocation or distribution of amounts apportioned to such Settling State's State Fund, Remediation Accounts Fund, and/or Subdivision Fund and that, to the extent any or all such sub-funds are addressed, requires (1) all amounts to be used for Opioid Remediation, except as allowed by Section V.B.2, and (2) at least seventy percent (70%) of all amounts to be used solely for future Opioid Remediation then, to the extent allocation or distribution is addressed, the amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section V.C shall be allocated and distributed as addressed and provided by the applicable Allocation Statute or Statutory Trust. For the avoidance of doubt, an Allocation Statute or Statutory Trust need not address all three (3) sub-funds that comprise the Settlement Fund, and if the applicable Allocation Statute or Statutory Trust does not address distribution of all or some of these three (3) sub-funds, the applicable Allocation Statute or Statutory Trust does not replace the default provisions described in Section V of any such unaddressed fund. For example, if an Allocation Statute or Statutory Trust that meets the requirements of this Section V.D.2 only addresses funds restricted to remediation, then the default provisions of this Agreement concerning allocation among the three (3) sub-funds comprising the Settlement Fund and the distribution of the State Fund and Subdivision Fund for that Settling State would still apply, while the distribution of the applicable State's Remediation Accounts Fund would be governed by the qualifying Allocation Statute or Statutory Trust.

3. Voluntary Redistribution. A Settling State may choose to reallocate all or a portion of its State Fund to its Remediation Accounts Fund. A Participating Subdivision included on Exhibit G may choose to reallocate all or a portion of its allocation from the Subdivision Fund to the Settling State's Remediation Accounts Fund or to another Participating Subdivision. The Settlement Fund Administrator is not required to honor a voluntary redistribution for which notice is provided to it less than sixty (60) calendar days prior to the applicable Payment Date.

4. Distribution in the Absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust. If Section V.D.1 and Section V.D.2 do not apply, amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section V.C shall be distributed as follows:

⁸ Future Opioid Remediation includes amounts paid to satisfy any future demand by another governmental entity to make a required reimbursement in connection with the past care and treatment of a person related to the Alleged Harms.

a. Amounts apportioned to that Settling State's State Fund shall be distributed to that Settling State.

b. Amounts apportioned to that Settling State's Remediation Accounts Fund shall be distributed consistent with Section V.E. Each Settling State shall submit to the Settlement Fund Administrator a designation of a lead state agency or other entity to serve as the single point of contact for that Settling State's funding requests from the Remediation Accounts Fund and other communications with the Settlement Fund Administrator. The designation of an individual entity is for administrative purposes only and such designation shall not limit funding to such entity or even require that such entity receive funds from this Agreement. The designated entity shall be the only entity authorized to request funds from the Settlement Fund Administrator to be disbursed from that Settling State's Remediation Accounts Fund. If a Settling State has established a Statutory Trust then that Settling State's single point of contact may direct the Settlement Fund Administrator to release the Settling State's Remediation Accounts Fund to the Statutory Trust.

c. Amounts apportioned to that Settling State's Subdivision Fund shall be distributed to Participating Subdivisions in that Settling State included on Exhibit G per the Subdivision Allocation Percentage listed in Exhibit G. Section VII.H shall govern amounts that would otherwise be distributed to Non-Participating Subdivisions listed in Exhibit G. For the avoidance of doubt and notwithstanding any other provision in this Agreement, no Non-Participating Subdivision will directly receive any amount from the Settlement Fund, regardless of whether such Subdivision is included on Exhibit G.

d. Special Districts shall not be allocated funds from the Subdivision Fund, except through a voluntary redistribution allowed by Section V.D.3 to Special Districts that are Participating Subdivisions. A Settling State may allocate funds from its State Fund or Remediation Accounts Fund for Special Districts that are Participating Subdivisions.

5. Restrictions on Distribution. No amounts may be distributed from the Subdivision Fund contrary to Section VII, i.e., no amounts may be distributed directly to Non-Participating Subdivisions or to Later Participating Subdivisions to the extent such a distribution would violate Section VII.E through Section VII.H. Amounts allocated to the Subdivision Fund that cannot be distributed by virtue of the preceding sentence shall be distributed into the sub-account in the Remediation Accounts Fund for the Settling State in which the Subdivision is located, unless those payments are redirected elsewhere by a State-Subdivision Agreement described in Section V.D.1 or by an Allocation Statute or a Statutory Trust described in Section V.D.2.

E. *Provisions Regarding the Remediation Accounts Fund.*

1. State-Subdivision Agreement, Allocation Statute, and Statutory Trust Fund Provisions. A State-Subdivision Agreement, Allocation Statute, or Statutory Trust may govern the operation and use of amounts in that Settling State's Remediation Accounts Fund so long as it complies with the requirements of Section V.D.1 or Section V.D.2, as applicable, and all direct payments to Subdivisions comply with Section VII.E through Section VII.H.

2. Absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust. In the absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust that addresses distribution, the Remediation Accounts Fund will be used solely for future Opioid Remediation and the following shall apply with respect to a Settling State:

a. Regional Remediation.

(i) At least fifty percent (50%) of distributions for remediation from a Settling State's Remediation Accounts Fund shall be annually allocated and tracked to the regional level. A Settling State may allow the Advisory Committee established pursuant to Section V.E.2.d to define its regions and assign regional allocations percentages. Otherwise, the Settling State shall (A) define its initial regions, which shall consist of one (1) or more General Purpose Subdivisions and which shall be designated by the state agency with primary responsibility for substance abuse disorder services employing, to the maximum extent practical, existing regions established in that Settling State for opioid abuse treatment or other public health purposes; and (B) assign initial regional allocation percentages to the regions based on the Subdivision Allocation Percentages in Exhibit G and an assumption that all Subdivisions included on Exhibit G will become Participating Subdivisions.

(ii) This minimum regional expenditure percentage is calculated on the Settling State's initial Remediation Accounts Fund allocation and does not include any additional amounts a Settling State has directed to its Remediation Accounts Fund from its State Fund, or any other amounts directed to the fund. A Settling State may dedicate more than fifty percent (50%) of its Remediation Accounts Fund to the regional expenditure and may annually adjust the percentage of its Remediation Accounts Fund dedicated to regional expenditures as long as the percentage remains above the minimum amount.

(iii) The Settling State (A) has the authority to adjust the definition of the regions, and (B) may annually revise the percentages allocated to each region to reflect the number of General Purpose Subdivisions in each region that are Non-Participating Subdivisions.

b. *Subdivision Block Grants.* Certain Subdivisions shall be eligible to receive regional allocation funds in the form of a block grant for future Opioid Remediation. A Participating Subdivision eligible for block grants is a county or parish (or in the case of Settling States that do not have counties or parishes that function as political subdivisions, a city) that (1) does not contain a Litigating Subdivision or a Later Litigating Subdivision for which it has the authority to end the litigation through a release, bar or other action; (2) either (i) has a population of 400,000 or more or (ii) in the case of California has a population of 750,000 or more; and (3) has funded or otherwise managed an established health care or treatment infrastructure (*e.g.*, health department or similar agency). Each Subdivision eligible to receive block grants shall be assigned its own region.

c. *Small Settling States.* Notwithstanding the provisions of Section V.E.2.a, Settling States with populations under four (4) million that do not have existing regions described in Section V.E.2.a shall not be required to establish regions. However, such a Settling State that contains one (1) or more Subdivisions eligible for block grants under Section V.E.2.b shall be divided regionally so that each block-grant eligible Subdivision is a region, and the remainder of the state is a region.

d. *Advisory Committee.* The Settling State shall designate an Opioid Settlement Remediation Advisory Committee (the “*Advisory Committee*”) to provide input and recommendations regarding remediation spending from that Settling State’s Remediation Accounts Fund. A Settling State may elect to use an existing advisory committee or similar entity (created outside of a State-Subdivision Agreement or Allocation Statute); *provided, however*, the Advisory Committee or similar entity shall meet the following requirements:

(i) Written guidelines that establish the formation and composition of the Advisory Committee, terms of service for members, contingency for removal or resignation of members, a schedule of meetings, and any other administrative details;

(ii) Composition that includes at least an equal number of local representatives as state representatives;

(iii) A process for receiving input from Subdivisions and other communities regarding how the opioid crisis is affecting their communities, their remediation needs, and proposals for remediation strategies and responses; and

(iv) A process by which Advisory Committee recommendations for expenditures for Opioid Remediation will be made to and considered by the appropriate state agencies.

3. Remediation Accounts Fund Reporting. The Settlement Fund Administrator shall track and assist in the report of remediation disbursements as agreed to between Indivior and the Enforcement Committee

F. *Nature of Payment.* Indivior, the Settling States, and the Participating Subdivisions each acknowledge and agree that notwithstanding anything to the contrary in this Agreement, including, but not limited to, the scope of the Released Claims:

1. They have entered into this Agreement to avoid the delay, expense, inconvenience, and uncertainty of further litigation;

2. (a) The Settling States and Participating Subdivisions sought compensatory restitution and remediation for alleged damage or harm caused by the potential violation of a law (within the meaning of 26 U.S.C. § 162(f)(2)(A) and 26 C.F.R. § 1.162-21(e)(4)(i)) as damages for the Alleged Harms allegedly suffered by the Settling States and Participating Subdivisions; (b) the Compensatory Restitution Amount is less than or equal to the amount, in the aggregate, of the Alleged Harms allegedly suffered by the Settling States and Participating Subdivisions; and (c) the portion of the Compensatory Restitution Amount received by each Settling State or Participating Subdivision is less than or equal to the amount of the Alleged Harms allegedly suffered by such Settling State or Participating Subdivision;

3. The payment of the Compensatory Restitution Amount by Indivior constitutes, and is paid for, compensatory restitution and remediation (within the meaning of 26 U.S.C. § 162(f)(2)(A) and 26 C.F.R. § 1.162-21(e)(4)(i), (ii)) for alleged damage or harm (as compensation for alleged damage or harm arising out of alleged bodily injury) allegedly caused by Indivior in order to restore, in whole or in part, the Settling States, Participating Subdivisions, and persons to the same position or condition that they would be in had the Settling States, Participating Subdivisions, and persons not suffered the Alleged Harms, and constitutes compensatory restitution and remediation for alleged damage or harm allegedly caused by the potential violation of a law; and

4. For the avoidance of doubt: (a) the entire Compensatory Restitution Amount is properly characterized as described in Section V.F, (b) no portion of the Compensatory Restitution Amount represents reimbursement to any Settling State or Participating Subdivision or other person or entity for the fees or costs of any investigation or litigation, including without limitation attorneys' fees, (c) no portion of the Global Settlement Amount constitutes the disgorgement of any allegedly ill-gotten gains, and (d) no portion of the Global Settlement Amount is paid for, is in place of, or is properly characterized as the payment of any fine, penalty, punitive damages, or other punitive assessments.

VI. Enforcement

A. *Enforceability.* This Agreement is enforceable only by the Settling States and Indivior; *provided, however,* that Released Entities may enforce Section X and Participating Subdivisions listed on Exhibit G have the enforcement rights described later in this paragraph and in Section VI.D. Except to the extent allowed by the Injunctive Relief Terms, Settling States and Participating Subdivisions shall not have enforcement rights against Indivior with respect to either the terms of this Agreement that apply only to or in other Settling States or any Consent Judgment entered into by another Settling State. Participating Subdivisions shall not have enforcement rights against Indivior with respect to this Agreement or any Consent Judgment except that Participating Subdivisions listed on Exhibit G shall have enforcement rights as set forth herein as to payments that would be allocated to the Participating Subdivisions or the Remediation Accounts Fund in such Settling State; *provided, however,* that each Settling State shall allow Participating Subdivisions in such Settling State to notify it of any perceived violations of this Agreement or the applicable Consent Judgment.

B. *Jurisdiction.* Indivior consents to the jurisdiction of the court in which each Settling State files its Consent Judgment, limited to resolution of disputes identified in Section VI.F.2 for resolution in that court.

C. *Specific Terms Dispute Resolution.*

1. Any dispute that is addressed by the provisions set forth in the Injunctive Relief Terms shall be resolved as provided therein.

2. In the event that Indivior believes that the ninety-five percent (95%) threshold established in Section V.B.1 is not being satisfied, any Party may request that Indivior and the Enforcement Committee meet and confer regarding the use of funds to implement Section V.B.1. The completion of such meet-and-confer process is a precondition to further action regarding any such dispute. Further action concerning Section V.B.1 shall: (i) be limited to Indivior seeking to reduce its Annual Remediation Payments by no more than five percent (5%) of the difference between the actual amount of Opioid Remediation and the ninety-five percent (95%) threshold established in Section V.B.1; (ii) only reduce Annual Remediation Payments to those Settling States and their Participating Subdivision(s) that are below the ninety-five percent (95%) threshold established in Section V.B.1; and (iii) not reduce Annual Remediation Payments restricted to future Opioid Remediation.

D. *State-Subdivision Enforcement.*

1. A Subdivision shall not have enforcement rights against a Settling State in which it is located with respect to this Agreement or any Consent Judgment except that a Participating Subdivision listed on Exhibit G shall have enforcement rights (a) as provided for in a State-Subdivision Agreement, Allocation Statute, or Statutory Trust with respect to intrastate allocation or (b) in the absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust, to allegations that (i) the Settling State's use of Remediation

Accounts Fund monies were not used for uses similar to or in the nature of those uses contained in Exhibit E; or (ii) a Settling State failed to pay funds directly from the Remediation Accounts Fund to a Participating Subdivision eligible to receive a block grant pursuant to Section V.E.2.b.

2. A Settling State shall have enforcement rights against a Participating Subdivision located in its territory (a) as provided for in a State-Subdivision Agreement, Allocation Statute, or Statutory Trust; or (b) in the absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust, to allegations that the Participating Subdivisions' uses of Remediation Accounts Fund monies were not used for purposes similar to or in the nature of those uses contained in Exhibit E.

3. As between the Settling States and Participating Subdivisions, the above rights are contractual in nature and nothing herein is intended to limit, restrict, change or alter any other existing rights under law.

E. *Subdivision Indivior Payment Enforcement.* A Participating Subdivision listed on Exhibit G shall have the same right as a Settling State to seek resolution regarding the failure by Indivior to make its Annual Remediation Payment in a Payment Year.

F. *Other Terms Regarding Dispute Resolution.*

1. The parties to a dispute shall promptly meet and confer in good faith to resolve any dispute. If the parties cannot resolve the dispute informally, and unless otherwise agreed in writing, they shall follow the remaining provisions in this section to resolve the dispute.

2. Except to the extent provided by Section VI.C or Section VI.F.3, all disputes not resolved informally shall be resolved in either the court that entered the relevant Consent Judgment or, if no such Consent Judgment was entered, a state or territorial court with jurisdiction located wherever the seat of the relevant state government is located.

a. State court proceedings shall be governed by the rules and procedures of the relevant forum.

b. For the avoidance of doubt, disputes to be resolved in state court include, but are not limited to, the following:

(i) disputes concerning whether expenditures qualify as Opioid Remediation;

(ii) disputes between a Settling State and its Participating Subdivisions as provided by Section VI.D, except to the extent the State-Subdivision Agreement provides for other dispute resolution mechanisms.

For the avoidance of doubt, disputes between a Settling State and any Participating Subdivision shall not be considered National Disputes;

(iii) whether this Agreement and relevant Consent Judgment are binding under state law;

(iv) the extent of the Attorney General's or other participating entity's authority under state law, including the extent of the authority to release claims; and

(v) whether the definition of a Bar, a Case-Specific Resolution, Final Order, lead state agency as described in Section V.D.4.b, Later Litigating Subdivision, Litigating Subdivision, or Threshold Motion have been met; and

(vi) all other disputes not specifically identified in Section VI.C or Section VI.F.3.

c. Any Party may request that the National Arbitration Panel provide an interpretation of any provision of the settlement that is relevant to the state court determination, and the National Arbitration Panel shall make reasonable best efforts to supply such interpretation within the earlier of thirty (30) calendar days or the time period required by the state court proceedings. Any Party may submit that interpretation to the state court to the extent permitted by, and for such weight provided by, the state court's rules and procedures. If requested by a Party, the National Arbitration Panel shall request that its interpretation be accepted in the form of an *amicus curiae* brief, and any attorneys' fees and costs for preparing any such filing shall be paid for by the requesting Party.

3. National Disputes involving a Settling State, a Participating Subdivision that has enforcement rights pursuant to Section VI.A, and/or Indivior shall be resolved by the National Arbitration Panel.

a. National Disputes are disputes that are not addressed by Section VI.C, and which are exceptions to Section VI.F.2's presumption of resolution in state courts because they involve issues of interpretation of terms contained in this Agreement applicable to all Settling States without reference to a particular state's law. Disputes between a Settling State and any Participating Subdivision shall not be considered National Disputes. National Disputes are limited to the following:

(i) the amount of offset and/or credit attributable to Non-Settling States;

(ii) issues involving the scope and definition of Product;

(iii) interpretation and application of the terms “Covered Conduct,” “Released Entities,” and “Released Claims;”

(iv) the failure by Indivior to pay the Annual Remediation Payment or the Additional Remediation Amount in a Payment Year, but for the avoidance of doubt, disputes between Indivior and a Settling State over the amounts owed only to that state that do not affect any other Settling State shall not be considered National Disputes;

(v) questions regarding the performance and/or removal of the Settlement Fund Administrator;

(vi) disputes involving liability of successor entities;

(vii) disputes that require a determination of the sufficiency of participation in order to qualify for Incentive Payments A, BC, or D;

(viii) disputes involving a Releasor’s compliance with, and the appropriate remedy under, Section X.B.5.c;

(ix) disputes requiring the interpretation of Agreement terms that are national in scope or impact, which shall mean disputes requiring the interpretation of Agreement terms that (i) concretely affect four (4) or more Settling States; and (ii) do not turn on unique definitions and interpretations under state law; and

(x) any dispute subject to resolution under Section VI.F.2 but for which all parties to the dispute agree to arbitration before the National Arbitration Panel under the provisions of this Section VI.F.3.

b. The National Arbitration Panel shall be comprised of three (3) arbitrators. One (1) arbitrator shall be chosen by Indivior, one (1) arbitrator shall be chosen by the Enforcement Committee with due input from Participating Subdivisions listed on Exhibit G, and the third arbitrator shall be agreed upon by the first two (2) arbitrators. The membership of the National Arbitration Panel is intended to remain constant throughout the term of this Agreement, but in the event that replacements are required, the retiring arbitrator shall be replaced by the party that selected him/her.

c. The National Arbitration Panel shall make reasonable best efforts to decide all matters within one hundred eighty (180) calendar days of filing, and in no event shall it take longer than one (1) year.

d. The National Arbitration Panel shall conduct all proceedings in a reasonably streamlined process consistent with an opportunity for the parties to be heard. Issues shall be resolved without the need for live witnesses where feasible

and with a presumption in favor of remote participation to minimize the burdens on the parties.

e. To the extent allowed under state law, a Settling State, a Participating Subdivision that has enforcement rights pursuant to Section VI.A, and (at any party's request) the National Arbitration Panel may certify to an appropriate state court any question of state law. The National Arbitration Panel shall be bound by a final state court determination of such a certified question. The time period for the arbitration shall be tolled during the course of the certification process.

f. The arbitrators will give due deference to any authoritative interpretation of state law, including any declaratory judgment or similar relief obtained by a Settling State, a Participating Subdivision that has enforcement rights pursuant to Section VI.A, or Indivior on a state law issue.

g. The decisions of the National Arbitration Panel shall be binding on Settling States, Participating Subdivisions, Indivior, and the Settlement Fund Administrator. In any proceeding before the National Arbitration Panel involving a dispute between a Settling State and Indivior whose resolution could prejudice the rights of a Participating Subdivision(s) in that Settling State, such Participating Subdivision(s) shall be allowed to file a statement of view in the proceeding.

h. Nothing herein shall be construed so as to limit or otherwise restrict a Settling State from seeking injunctive or other equitable relief in state court to protect the health, safety, or welfare of its citizens.

i. Each party shall bear its own costs in any arbitration or court proceeding arising under this Section VI. The costs for the arbitrators on the National Arbitration Panel shall be divided and paid equally by the disputing sides for each individual dispute, e.g., a dispute between Indivior and Settling States/Participating Subdivisions shall be split fifty percent (50%) by Indivior and fifty percent (50%) by the Settling States/Participating Subdivisions that are parties to the dispute; a dispute between a Settling State and a Participating Subdivision shall be split fifty percent (50%) by the Settling State that is party to the dispute and fifty percent (50%) by any Participating Subdivisions that are parties to the dispute. For the avoidance of doubt, Indivior shall not be responsible for the National Arbitration Panel costs in disputes that do not concern Indivior.

4. Prior to initiating an action to enforce pursuant to this Section VI.F, the complaining party must:

a. Provide written notice to the Enforcement Committee and/or Indivior of its complaint, including the provision of the Consent Judgment and/or Agreement that the practice appears to violate, as well as the basis for its interpretation of the disputed provision. The Enforcement Committee shall

establish a reasonable process and timeline for obtaining additional information from the involved parties; *provided, however*, that the date the Enforcement Committee establishes for obtaining additional information from the parties shall not be more than forty-five (45) calendar days following the notice. The Enforcement Committee may advise the involved parties of its views on the complaint and/or seek to resolve the complaint informally.

b. Wait to commence any enforcement action until thirty (30) calendar days after the date that the Enforcement Committee establishes for obtaining additional information from the involved parties.

5. If the parties to a dispute cannot agree on the proper forum for resolution of the dispute under the provisions of Section VI.F.2 or Section VI.F.3, a committee comprising the Enforcement Committee and sufficient representatives of Indivior such that the members of the Enforcement Committee have a majority of one (1) member will determine the forum where the dispute will be initiated within twenty-eight (28) calendar days of receiving notification of the dispute relating to the proper forum. The forum identified by such committee shall be the sole forum for litigating the issue of which forum will hear the substantive dispute, and the committee's identification of such forum in the first instance shall not be entitled to deference by the forum selected.

G. *Lien or Encumbrance.* To the extent allowed by applicable law, this Settlement Agreement shall not be deemed to create a lien or encumbrance against any real property owned by Indivior or its affiliates, unless in the event of a default or breach of the payment provisions by Indivior. Nothing in this Section shall be construed to limit any remedy of any Settling State or Participating Subdivision in the event of a default or breach of this Agreement by Indivior.

H. *No Effect.* Nothing in this Agreement shall be interpreted to limit the Settling States' Civil Investigative Demand ("*CID*") or investigative subpoena authority, to the extent such authority exists under applicable state law and the CID or investigative subpoena is issued pursuant to such authority, and Indivior reserves all of its rights in connection with a CID or investigative subpoena issued pursuant to such authority.

VII. Participation by Subdivisions

A. *Notice.* No later than fifteen (15) calendar days after the Preliminary Agreement Date, the Implementation Administrator shall send individual written notice (which may be delivered via e-mail or other electronic means and may be combined with distribution of the Subdivision Settlement Participation Form) of the opportunity to participate in this Agreement and the requirements of participation to all Subdivisions in the Settling States that are (1) Litigating Subdivisions or (2) Non-Litigating Subdivisions listed on Exhibit G. To the extent a Special District is entitled to an allocation for a direct payment through its inclusion in Exhibit G pursuant to a State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution, the Implementation Administrator, with the cooperation of the Settling States shall also send individual written notice (which may be delivered via e-mail or other electronic means) of the

opportunity to participate in this Agreement and the requirements of participation to such Special Districts. Unless otherwise agreed by the Parties, the version of Exhibit G used for notice shall be the one in place as of the Preliminary Agreement Date. Notice (which may be delivered via e-mail or other electronic means) shall also be provided simultaneously to counsel of record for Litigating Subdivisions and known counsel for Non-Litigating Subdivisions and Special Districts listed on Exhibit G. The costs of the Implementation Administrator shall be paid for by the interest earned from the deposit accounts holding the Adjusted Maximum Base Payment for Payment Year 1 for Indivior and nothing in this provision shall require Indivior to pay any costs, fees or other amounts in excess of the Global Settlement Amount. The Settling States, with the cooperation of Indivior, may also provide general notice reasonably calculated to alert Non-Litigating Subdivisions in the Settling States to this Agreement, the opportunity to participate in it, and the requirements for participation. Such notice may include publication and other standard forms of notification, as well as notice to state and county organizations such as the National Association of Counties and the National League of Cities. The notice will include that the deadline for becoming an Initial Participating Subdivision is the Initial Participation Date. Nothing contained herein shall preclude a Settling State from providing further notice to or otherwise contacting any of its Subdivisions about becoming a Participating Subdivision, including beginning any of the activities described in this paragraph prior to the Preliminary Agreement Date.

B. Requirements for Becoming a Participating Subdivision—Non-Litigating Subdivisions. A Non-Litigating Subdivision in a Settling State may become a Participating Subdivision by returning an executed Subdivision Settlement Participation Form to the Implementation Administrator or Settlement Fund Administrator (which may be executed and returned by electronic means established by the Implementation Administrator or Settlement Fund Administrator) specifying (1) that the Subdivision agrees to the terms of this Agreement pertaining to Subdivisions, (2) that the Subdivision releases all Released Claims against all Released Entities, (3) that the Subdivision agrees to use monies it receives, if any, from the Settlement Fund pursuant to the applicable requirements of Section V; *provided, however*, that Non-Litigating Subdivisions may only use monies originating from the Settlement Fund for purposes that qualify as Opioid Remediation, and (4) that the Subdivision submits to the jurisdiction of the court where the applicable Consent Judgment is filed for purposes limited to that court's role under this Agreement. The required Subdivision Settlement Participation Form is attached as Exhibit K.

C. Requirements for Becoming a Participating Subdivision—Litigating Subdivisions/Later Litigating Subdivisions. A Litigating Subdivision or Later Litigating Subdivision in a Settling State may become a Participating Subdivision by returning an executed Subdivision Settlement Participation Form to the Implementation Administrator or Settlement Fund Administrator (which may be executed and returned by electronic means established by the Implementation Administrator or Settlement Fund Administrator) and upon prompt dismissal with prejudice of its lawsuit following the Reference Date or the date on which the conditions for effectiveness in Section VIII.B have been met, whichever is later. A Settling State may require each Litigating Subdivision in that Settling State to specify on the Subdivision Settlement Participation Form whether its counsel has waived any contingency fee contract with that Participating Subdivision and whether, if eligible, it intends to seek fees pursuant to Exhibit R. The Settlement Fund Administrator shall provide reports of this information to the parties upon

request. A Litigating Subdivision or Later Litigating Subdivision may not become a Participating Subdivision after the completion of opening statements in a trial of the lawsuit it brought that includes a Released Claim against a Released Entity.

D. *Initial Participating Subdivisions.* A Subdivision qualifies as an Initial Participating Subdivision if it meets the applicable requirements for becoming a Participating Subdivision set forth in Section VII.B or Section VII.C by the Initial Participation Date. All Subdivision Settlement Participation Forms shall be held in escrow by the Implementation Administrator until the Reference Date. If, for any reason, the Agreement does not become effective, all obligations created by such forms and releases in them shall be void *ab initio* and/ all Subdivision Participation Agreements shall be returned to Counsel for Litigating Subdivisions or to the Subdivisions not represented by counsel or destroyed to the extent that such destruction is not prohibited by then existing document preservation obligations.

E. *Later Participating Subdivisions.* A Subdivision that is not an Initial Participating Subdivision may become a Later Participating Subdivision by meeting the applicable requirements for becoming a Participating Subdivision set forth in Section VII.B or Section VII.C after the Initial Participation Date and by agreeing to be subject to the terms of a State-Subdivision Agreement (if any) or any other structure adopted or applicable pursuant to Section V.D or Section V.E. Unless waived by Indivior, the following provisions govern what a Later Participating Subdivision can receive (but do not apply to Initial Participating Subdivisions):

1. A Later Participating Subdivision shall not receive any share of any Annual Remediation Payment due before it became a Participating Subdivision.

2. A Later Participating Subdivision that becomes a Participating Subdivision after December 15, 2026, shall receive seventy-five percent (75%) of the share of future Base Payments or Incentive Payments that it would have received had it become a Later Participating Subdivision prior to that date (unless the Later Participating Subdivision is subject to Section VII.E.3 or Section VII.E.4).

3. A Later Participating Subdivision that, after the Initial Participation Date, maintains a lawsuit for a Released Claim(s) against a Released Entity and has judgment entered against it on every such Claim before it became a Participating Subdivision (other than a consensual dismissal with prejudice) shall receive fifty percent (50%) of the share of future Base Payments or Incentive Payments that it would have received had it become a Later Participating Subdivision prior to such judgment; *provided, however*, that if the Subdivision appeals the judgment and the judgment is affirmed with finality before the Subdivision becomes a Participating Subdivision, the Subdivision shall not receive any share of any Base Payment or Incentive Payments.

4. A Later Participating Subdivision that becomes a Participating Subdivision while a Bar or Case-Specific Resolution involving a different Subdivision exists in its state shall

receive twenty-five percent (25%) of the share of future Base Payments or Incentive Payments that it would have received had it become a Later Participating Subdivision without such Bar or Case-Specific Resolution.

F. *No Increase in Payments.* Amounts to be received by Later Participating Subdivisions shall not increase the payments due from Indivior.

G. *Non-Participating Subdivisions.* Non-Participating Subdivisions shall not directly receive any portion of any Annual Remediation Payment, including from the State Fund and direct distributions from the Remediation Accounts Fund; however, a Settling State may choose to fund future Opioid Remediation that indirectly benefits Non-Participating Subdivisions.

H. *Unpaid Allocations to Later Participating Subdivisions and Non-Participating Subdivisions.* Any Base Payment and Incentive Payments allocated pursuant to Section V.D to a Later Participating Subdivision or Non-Participating Subdivision that cannot be paid pursuant to this Section VII, including the amounts that remain unpaid after the reductions required by Section VII.E.2 through Section VII.E.4, will be allocated to the Remediation Accounts Fund for the Settling State in which the Subdivision is located, unless those payments are redirected elsewhere by a State-Subdivision Agreement or by a Statutory Trust.

VIII. Condition to Effectiveness of Agreement and Filing of Consent Judgment

A. *Determination to Proceed with Settlement—Settling States.* Following the Initial Subdivision Participation Date, the Settling States on the Enforcement Committee shall determine whether to proceed with the Agreement. No later than fifteen (15) calendar days prior to the Reference Date, the Settling States shall provide notice to Indivior and the Enforcement Committee of their decision. If the Settling States elect not to proceed, this Agreement will have no further effect, and all releases (including those contained in Subdivision Participation Agreements) and other commitments or obligations contained herein or in Subdivision Settlement Participation Forms will be void. Within seven (7) calendar days of informing Indivior that there is sufficient participation to proceed, the Settling States will deliver all signatures and releases required by the Agreement to be provided by the Settling States to Indivior.

B. *Determination to Proceed with Settlement—Indivior.* If the Settling States elect to proceed, Indivior will then determine on or before the Reference Date whether there is sufficient Eligible State participation, sufficient Subdivision participation, and sufficient resolution of the Claims of the Litigating Subdivisions in the Settling States (through participation under Section VII, Case-Specific Resolution(s) and Bar(s)) to proceed with this Agreement. The determination shall be in the sole discretion of Indivior and may be based on any criteria or factors deemed relevant by Indivior.

C. *Notice by Indivior.* On or before the Reference Date, Indivior shall inform the Settling States of its determination pursuant to Section VIII.B. If Indivior determines to proceed, the Parties will proceed to file the Consent Judgments and the obligations in the Subdivision Settlement Participation Forms will be effective and binding as of the Reference Date. If Indivior

determines not to proceed, this Agreement will have no further effect, any amounts deposited for Payment Year 1, including funds referenced in Section IV.D.1 and Exhibit M, shall revert to Indivior, and all releases (including those contained in Subdivision Settlement Participation Forms) and other commitments or obligations contained herein or in Subdivision Settlement Participation Forms will be void.

IX. Participating Subdivision Attorneys' Fees and Costs and Additional Remediation Amount

A. The Agreement on Subdivision Attorneys' Fees, Expenses and Costs is set forth in Exhibit R and incorporated herein by reference.

B. *Additional Remediation Amount.*

1. Subject to and without exceeding the maximum payment amounts set forth in the "Additional Remediation Amount" column of Exhibit M-3 and subject to the reduction specified in Section IX.B.2, Indivior shall pay an Additional Remediation Amount to the Settling States listed in Exhibit N. Such funds shall be paid, on the schedule set forth in Exhibit M-3, as allocated by the Settlement Fund Administrator pursuant to Exhibit N.

2. *Reduction of Additional Remediation Amount.* The amounts owed by Indivior pursuant to this Section IX.B shall be reduced by the allocations set forth on Exhibit N for Non-Settling States.

3. For the avoidance of doubt, (1) a Settling State that retained outside counsel in connection with the investigation of Indivior that receives an Additional Remediation Amount may choose to have the Additional Remediation Amount designated to pay the Settling State's outside counsel, and may instruct the Settlement Fund Administrator to pay those funds directly to the Settling State's outside counsel, and (2) Additional Remediation Amount funds, including funds designated by a Settling State to pay its outside counsel under this paragraph, shall not be subject to allocation as provided in Section V.C through Section V.E.

C. All payments addressed by this Section IX will be made no later than the Payment Date for the Payment Year in which they are due, pursuant to Exhibit M-3.

X. Release

A. *Scope.* As of the Effective Date, the Released Entities are hereby released and forever discharged from all of the Releasers' Released Claims. Each Settling State (for itself and its Releasers) and Participating Subdivisions hereby absolutely, unconditionally, and irrevocably covenants not to bring, file, or claim, or to cause, assist or permit to be brought, filed, or claimed, or to otherwise seek to establish liability for any Released Claims against any Released Entity in any forum whatsoever. The releases provided for in this Agreement are intended by the Parties to

be broad and shall be interpreted so as to give the Released Entities the broadest possible bar against any liability relating in any way to Released Claims and extend to the full extent of the power of each Settling State and its Attorney General to release claims. This Agreement shall be a complete bar to any Released Claim.

B. *Claim-Over and Non-Party Settlement.*

1. It is the intent of the Parties that:

a. Released Entities should not seek contribution or indemnification (other than pursuant to an insurance contract), from other parties for their payment obligations under this Agreement;

b. the payments made under this Agreement shall be the sole payments made by the Released Entities to the Releasers involving, arising out of, or related to Covered Conduct (or conduct that would be Covered Conduct if engaged in by a Released Entity);

c. Claims by Releasers against non-Parties should not result in additional payments by Released Entities, whether through contribution, indemnification or any other means; and

d. the Agreement meets the requirements of the Uniform Contribution Among Joint Tortfeasors Act and any similar state law or doctrine that reduces or discharges a released party's liability to any other parties.

2. The provisions of this Section X.B are intended to be implemented consistent with these principles. This Agreement and the releases and dismissals provided for herein are made in good faith.

3. No Released Entity shall seek to recover for amounts paid under this Agreement based on indemnification, contribution, or any other theory from a manufacturer, pharmacy, hospital, pharmacy benefit manager, health insurer, third-party vendor, trade association, distributor, or health care practitioner; *provided* that a Released Entity shall be relieved of this prohibition with respect to any entity that asserts a Claim-Over against it. For the avoidance of doubt, nothing herein shall prohibit a Released Entity from recovering amounts owed pursuant to insurance contracts.

4. To the extent that, on or after the Reference Date, any Releaser enters into a Non-Party Settlement, including in any bankruptcy case or through any plan of reorganization, the Releaser will include (or in the case of a Non-Party Settlement made in connection with a bankruptcy case, will cause the debtor to include), unless prohibited from doing so under applicable law, in the Non-Party Settlement a prohibition on contribution or indemnity of any kind substantially equivalent to that required from Indivior in Section X.B.3, or a release

from such Non-Released Entity in favor of the Released Entities (in a form equivalent to the releases contained in this Agreement) of any Claim-Over. The obligation to obtain the prohibition and/or release required by this subsection is a material term of this Agreement.

5. In the event that any Releasor obtains a judgment with respect to Non-Party Covered Conduct against a Non-Released Entity that does not contain a prohibition like that described in Section X.B.3 or any Releasor files a Non-Party Covered Conduct Claim against a Non-Released Entity in bankruptcy or a Releasor is prevented for any reason from obtaining a prohibition/release in a Non-Party Settlement as provided in Section X.B.3, and such Non-Released Entity asserts a Claim-Over against a Released Entity, the Released Entity shall be relieved of the prohibition in Section X.B.3 with respect to that Non-Released Entity and that Releasor and Indivior shall take the following actions to ensure that the Released Entities do not pay more with respect to Covered Conduct to the Releasor or to Non-Released Entities than the amounts owed under this Settlement Agreement by Indivior:

a. Indivior shall notify that Releasor of the Claim-Over within sixty (60) calendar days of the assertion of the Claim-Over or sixty (60) calendar days of the Effective Date of this Settlement Agreement, whichever is later;

b. Indivior and that Releasor shall meet and confer concerning the means to hold Released Entities harmless and ensure that they are not required to pay more with respect to Covered Conduct than the amounts owed by Indivior to the Releasor under this Agreement;

c. That Releasor and Indivior shall take steps sufficient and permissible under the law of the state of the Releasor to hold Released Entities harmless from the Claim-Over and ensure Released Entities are not required to pay more with respect to Covered Conduct than the amounts owed by Indivior under this Agreement. Such steps may include, where permissible:

(i) Filing of motions to dismiss or such other appropriate motion by Indivior or Released Entities, and supported by Releasor, in response to any claim filed in litigation or arbitration;

(ii) Reduction of that Releasor's Claim and any judgment it has obtained or may obtain against such Non-Released Entity by whatever amount or percentage is necessary to extinguish such Claim-Over under applicable law, up to the amount the Releasor has obtained, may obtain, or has authority to control from such Non-Released Entity;

(iii) Placement into escrow of funds paid by the Non-Released Entities such that those funds are available to satisfy the Claim-Over;

(iv) Return of monies paid by Indivior to the Releasor under this Settlement Agreement to permit satisfaction of a judgment against or settlement with the Non-Released Entity to satisfy the Claim-Over;

(v) Payment of monies to Indivior by the Releasor to ensure it is held harmless from such Claim-Over, up to the amount that Releasor has obtained, may obtain, or has authority to control from such Non-Released Entity;

(vi) Credit to Indivior under this Agreement to reduce the overall amounts to be paid under the Agreement such that it is held harmless from the Claim-Over; and

(vii) Such other actions as that Releasor and Indivior may devise to hold Indivior harmless from the Claim-Over.

d. The actions of that Releasor and Indivior taken pursuant to paragraph (c) must, in combination, ensure Indivior is not required to pay more with respect to Covered Conduct than the amounts owed by Indivior to the Releasor under this Agreement.

e. In the event of any dispute over the sufficiency of the actions taken pursuant to paragraph (c), the Releasor and Indivior may seek review by the National Arbitration Panel, provided that, if the parties agree, such dispute may be heard by the state court where the relevant Consent Judgment was filed. The National Arbitration Panel shall have authority to require Releasor to implement a remedy that includes one or more of the actions specified in paragraph (c) sufficient to hold Released Entities fully harmless. In the event that the Panel's actions do not result in Released Entities being held fully harmless, Indivior shall have a claim for breach of this Agreement by Releasor, with the remedy being payment of sufficient funds to hold Indivior harmless from the Claim-Over up to the amount the Releasor has obtained, may obtain, or has authority to control from such Non-Released Entity. For the avoidance of doubt, the prior sentence does not limit or eliminate any other remedy that Indivior may have.

6. To the extent that the Claim-Over is based on a contractual indemnity, the obligations under Section X.B.4 shall extend solely to a Non-Party Covered Conduct Claim against a clinic, hospital or other purchaser, distributor or dispenser of Products, a manufacturer that sold Products, a consultant, and/or a pharmacy benefit manager or other third-party payor. Indivior shall notify the Settling States, to the extent permitted by applicable law, in the event that any of these types of Non-Released Entity asserts a Claim-Over arising out of contractual indemnity against it.

C. *Indemnification and Contribution Prohibited.* No Released Entity shall seek to recover for amounts paid under this Agreement based on indemnification, contribution, or any other theory, from a manufacturer, pharmacy, hospital, pharmacy benefit manager, health insurer, third-party vendor, trade association, distributor, or health care practitioner. For the avoidance of doubt, nothing herein shall prohibit a Released Entity from recovering amounts owed pursuant to insurance contracts.

D. *General Release.* In connection with the releases provided for in this Agreement, each Settling State (for itself and its Releasors) and Participating Subdivision expressly waives, releases, and forever discharges any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States or other jurisdiction, or principle of common law, which is similar, comparable, or equivalent to § 1542 of the California Civil Code, which reads:

General Release; extent. A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that if known by him or her, would have materially affected his or her settlement with the debtor or released party.

A Releasor may hereafter discover facts other than or different from those which it knows, believes, or assumes to be true with respect to the Released Claims, but each Settling State (for itself and its Releasors) and Participating Subdivision hereby expressly waives and fully, finally, and forever settles, releases and discharges, upon the Effective Date, any and all Released Claims that may exist as of such date but which Releasors do not know or suspect to exist, whether through ignorance, oversight, error, negligence or through no fault whatsoever, and which, if known, would materially affect the Settling States' decision to enter into this Agreement or the Participating Subdivisions' decision to participate in this Agreement.

E. *Assigned Interest Waiver.* To the extent that any Settling State has any direct or indirect interest in any rights of a third-party that is a debtor under the Bankruptcy Code as a result of a claim arising out of Covered Conduct by way of assignment or otherwise, including as a result of being the beneficiary of a trust or other distribution entity, to assert claims against Indivior (whether derivatively or otherwise), under any legal or equitable theory, including for indemnification, contribution, or subrogation, the Settling State waives the right to assert any such claim, or to receive a distribution or any benefit on account of such claim and such claim, distribution, or benefit shall be deemed assigned to Indivior.

F. *Res Judicata.* Nothing in this Agreement shall be deemed to reduce the scope of the res judicata or claim preclusive effect that the settlement memorialized in this Agreement, and/or any Consent Judgment or other judgment entered on this Agreement, gives rise to under applicable law.

G. *Representation and Warranty.* The signatories hereto on behalf of their respective Settling States and its Participating Subdivisions expressly represent and warrant that they will obtain on or before the Effective Date (or have obtained) the authority to settle and release, to the

maximum extent of the State's power, all Released Claims of (1) their respective Settling States; (2) any of the respective Settling State's past and present executive departments, state agencies, divisions, boards, commissions and instrumentalities with the regulatory authority to enforce state and federal controlled substances acts; (3) any of their respective Settling State's past and present executive departments, agencies, divisions, boards, commissions and instrumentalities that have the authority to bring Claims related to Covered Conduct seeking money (including abatement and/or remediation) or revocation of a pharmaceutical distribution license; and (4) any Participating Subdivisions. For the purposes of clause (3) above, executive departments, agencies, divisions, boards, commission, and instrumentalities are those that are under the executive authority or direct control of the State's Governor. Also, for the purposes of clause (3), a release from a State's Governor as set forth in Exhibit X is sufficient to demonstrate that the appropriate releases have been obtained.

H. *Effectiveness.* The releases set forth in this Agreement shall not be impacted in any way by any dispute that exists, has existed, or may later exist between or among the Releasors. Nor shall such releases be impacted in any way by any current or future law, regulation, ordinance, or court or agency order limiting, seizing, or controlling the distribution or use of the Settlement Fund or any portion thereof, or by the enactment of future laws, or by any seizure of the Settlement Fund or any portion thereof.

I. *Cooperation.* Releasors (1) will not encourage any person or entity to bring or maintain any Released Claim against any Released Entity and (2) will reasonably cooperate with and not oppose any effort by Indivior to secure the prompt dismissal of any and all Released Claims, including suits brought by non-Releasors based on Released Claims. Releasors will meet and confer and make reasonable efforts to resolve any action that is filed by a Subdivision against Indivior on or after the date the Preliminary Agreement Date. This provision shall not require a Settling State to make any monetary payment or adjustment to allocation or incur other obligation.

J. *Non-Released Claims* Notwithstanding the foregoing or anything in the definition of Released Claims, the Agreement does not waive, release or limit any criminal liability, Claims for any outstanding liability under any tax or securities law, Claims against parties who are not Released Entities, Claims by private individuals, Claims for Medicaid rebates, Claims asserted, or that could be asserted, by any State or Subdivision, related to the causes of action in *In re: Generic Pharmaceuticals Pricing Antitrust Litigation*, in the United States District court for the District of Pennsylvania, MDL No. 2724; *Connecticut et al v. Aurobindo Pharma USA, Inc. et al.*, in the United States District Court for the District of Connecticut, Case No. 3:16-cv-2056-NPS; *Connecticut et al. v. Teva Pharmaceuticals USA, Inc.*, in the United States District Court for the District of Connecticut, Case No. 3:19-cv-710-NPS; *Connecticut et al v. Sandoz, Inc. et al.*, in the United States District Court for the District of Connecticut, Case No. 3:20-cv-802-NPS; and any related action (such excluded claims include, but are not limited to, all antitrust claims and any claims related to any non-opioid generic drugs), and any claims arising under the Agreement for enforcement of the Agreement.

XI. Later Litigating Subdivisions

A. *Released Claims against Released Entities.* If a Later Litigating Subdivision in a Settling State maintains a lawsuit for a Released Claim against a Released Entity after the Reference Date, the following shall apply subject to Section XI.B:

1. The Released Entity shall take ordinary and reasonable measures to defend the action, including filing a Threshold Motion with respect to the Released Claim. The Released Entity shall further notify the Settling State and Settlement Fund Administrator immediately upon notice of a Later Litigating Subdivision bringing a lawsuit for a Released Claim and shall not oppose a Settling State's submission in support of the Threshold Motion. Indivior shall give the relevant Settling State a reasonable opportunity to extinguish the Released Claims without any payment or any other obligations being imposed upon any Released Entities (apart from the Global Settlement Amount payable by Indivior under the Agreement or the Injunctive Relief Terms incurred by it). The relevant Settling State and Indivior shall confer and use reasonable efforts to promptly resolve the lawsuit so that it is dismissed with prejudice. Nothing in this subsection creates an obligation for a Settling State to make a monetary payment or incur any other obligation to an entity filing a lawsuit.

2. If the lawsuit asserting a Released Claim is resolved with finality on terms requiring payment by the Released Entity, Indivior shall receive a dollar-for-dollar offset against Incentive Payment D for the amount paid. The offset shall be applied against the relevant portion of the Annual Remediation Payments starting in Payment Year 4 and working backwards.

3. For the avoidance of doubt, any offset pursuant to this Section XI in a Settling State that at the time is not eligible for Incentive Payment A shall continue to apply even if the Settling State at issue subsequently becomes eligible for Incentive Payment A.

4. "*Terms requiring payment*" shall mean (i) a final monetary judgment or (ii) a settlement; provided that the Released Entity sought the applicable State Attorney General's consent to the settlement and such consent was either obtained or unreasonably withheld. Should the judgment or settlement resolve claims that are not Released Claims, the offset shall be for the Released Claims portion only, which shall be distinguishable in the judgment or settlement.

B. *Exceptions*

1. Section XI.A shall not apply where the Settling State at issue meets the eligibility criteria for and is entitled to Incentive Payment A for the Payment Year at issue, except as expressly provided therein.

2. Section XI.A shall not apply where the Later Litigating Subdivision seeks less than \$10 million, or so long as its total claim is reduced to less than \$10 million, in the lawsuit for a Released Claim at issue.

C. *No Effect on Other Provisions.* An offset under Section XI.A shall not affect the Injunctive Relief Terms or the Consent Judgment.

D. *No Effect on Other States.* An offset under Section XI.A applicable to one State shall not affect the allocation or payment of the Annual Remediation Payment to other Settling States.

E. *Litigating Subdivisions in Non-Eligible States.* The Settling States will not encourage, facilitate, or assist in any manner whatsoever claims for Covered Conduct against Indivior in any Settling, Non-Settling, or Non-Eligible State, regardless of whether those claims were filed against Indivior prior to, on, or after the Effective Date.

XII. Offset

A. *Revoked Bar or Case-Specific Resolution.* If Indivior made any Annual Remediation Payments that included any incentive payments earned as a result of the existence of a Bar or Case-Specific Resolution in a Settling State, and there is subsequently a Revocation Event with respect to that Bar or Case-Specific Resolution after the determination of the amount of such Annual Remediation Payment, Indivior shall receive a dollar-for-dollar offset against the portion of remaining Annual Remediation Payments that would be allocated to that Settling State and its Participating Subdivisions. This offset will be calculated as the dollar amount difference between (1) the total amount of incentive payments paid by Indivior by virtue of the Bar or Case-Specific Resolution subject to the Revocation Event and (2) the total amount of incentive payments that would have been due from Indivior during that time had the Bar or Case-Specific Resolution subject to the Revocation Event not been in effect. The amount of incentive payments that would have been due, referenced in clause (2) above, will be calculated one hundred eighty (180) calendar days after the Revocation Event; for purposes of calculating the amount of incentive payments that would have been due, any relevant Subdivision shall be included as a Participating Subdivision if: (1) its Released Claims are extinguished by any subsequent Bar or Case-Specific Resolution in effect as of the date of such calculation, or (2) it becomes a Participating Subdivision (in addition to all other Participating Subdivisions) prior to the date of such calculation.

XIII. Miscellaneous

A. *Population of General Purpose Governments.* The population figures for General Purpose Governments shall be the published U.S. Census Bureau's population estimates for July 1, 2019, released May 2020. These population figures shall remain unchanged during the term of this Agreement.

B. *Population of Special Districts.* For any purpose in this Agreement in which the population of a Special District is used other than Section IV.H.4.c: (a) School Districts' population will be measured by the number of students enrolled who are eligible under the Individuals with Disabilities Education Act ("*IDEA*") or Section 504 of the Rehabilitation Act of 1973; (b) Health Districts' and Hospital Districts' population will be measured at twenty-five percent (25%) of discharges; and (c) all other Special Districts' (including Fire Districts' and Library Districts')

population will be measured at ten percent (10%) of the population served.⁹ For the avoidance of doubt, this means that California healthcare districts will be measured at ten percent (10%) of their membership. Indivior and the Enforcement Committee shall meet and confer in order to agree on data sources for purposes of this Section prior to the Preliminary Agreement Date.

C. *Population Associated with Sheriffs.* For any purpose in this Agreement in which the population associated with a lawsuit by a sheriff is used, the population will be measured at twenty percent (20%) of the capacity of the jail(s) operated by the sheriff.

D. *No Admission.* Indivior does not admit liability or wrongdoing. Neither this Agreement nor the Consent Judgments shall be considered, construed or represented to be (1) an admission, concession or evidence of liability or wrongdoing or (2) a waiver or any limitation of any defense otherwise available to Indivior.

E. *Tax Cooperation and Reporting.*

1. Upon request by Indivior, the Settling States and Participating Subdivisions agree to perform such further acts and to execute and deliver such further documents as may be reasonably necessary for Indivior to establish the statements set forth in Section V.F to the satisfaction of their tax advisors, their independent financial auditors, the Internal Revenue Service, or any other governmental authority, including as contemplated by 26 C.F.R. § 1.162-21(b)(3)(ii) and any subsequently proposed or finalized relevant regulations or administrative guidance.

2. Without limiting the generality of Section XIII.E.1, each Settling State and Participating Subdivision shall cooperate in good faith with Indivior with respect to any tax claim, dispute, investigation, audit, examination, contest, litigation, or other proceeding relating to this Agreement.

3. Pursuant to 26 C.F.R. § 1.6050X-1(a) and (b), the Designated State, on behalf of all Settling States and Participating Subdivisions, shall designate one of its officers or employees to act as the “appropriate official” within the meaning of 26 C.F.R. § 1.6050X-1(f)(1)(ii)(B) (the “Appropriate Official”). The Designated State shall direct and ensure that the Appropriate Official timely (a) files (i) at the time this Agreement becomes binding on the Parties, an IRS Form 1098-F in the form attached as Exhibit U with respect to Indivior and (ii) any legally required forms, returns or amended returns with any applicable governmental authority, or any returns requested by Indivior, and (b) provides to Indivior a copy of (i) the IRS Form 1098-F filed with respect to Indivior and (ii) any legally required written statement pursuant to any applicable law and any other document referred to in

⁹ The estimates for counties and parishes were accessed at <https://www.census.gov/data/datasets/time-series/demo/popest/2010s-counties-total.html>. The estimates for cities and towns can currently be found at <https://www.census.gov/data/datasets/time-series/demo/popest/2010s-total-cities-and-towns.html>.

clause (a)(ii) above. Any such forms, returns, or statements shall be prepared and filed in a manner fully consistent with Section V.F. and as set forth in Section XIII.E.4.

4. Any form, return, amended return, or written statement filed or provided pursuant to Section XIII.E.3, and any similar document, shall be prepared and filed in a manner consistent with reporting the Global Settlement Amount as the “Total amount to be paid” pursuant to this Agreement in Box 1 of IRS Form 1098-F and the Compensatory Restitution Amount as “Restitution/remediation amount” in Box 3 of IRS Form 1098-F, as reflected in the attached Exhibit U. If the Designated State or Appropriate Official shall be required to file any form, return, amended return, or written statement contemplated by this Section XIII.E other than an IRS Form 1098-F in the form attached as Exhibit U, the Designated State shall direct and ensure that the Appropriate Official provides to Indivior a draft of such form, return, amended return, or written statement no later than sixty (60) calendar days prior to the due date thereof, and shall accept any reasonable revisions from Indivior on the return, amended return, or written statement.

5. For the avoidance of doubt, neither Indivior nor the Settling States and Participating Subdivisions make any warranty or representation to any Settling State, Participating Subdivision, or Releasor as to the tax consequences of the payment of the Compensatory Restitution Amount (or any portion thereof).

F. *No Third-Party Beneficiaries.* Except as expressly provided in this Agreement, no portion of this Agreement shall provide any rights to, or be enforceable by, any person or entity that is not the Settling State or Released Entity. Settling States may not assign or otherwise convey any right to enforce any provision of this Agreement.

G. *Calculation.* Any figure or percentage referred to in this Agreement shall be carried to seven decimal places.

H. *Construction.* None of the Parties and no Participating Subdivision shall be considered to be the drafter of this Agreement or of any of its provisions for the purpose of any statute, case law, or rule of interpretation or construction that would or might cause any provision to be construed against the drafter of this Agreement. The headings of the provisions of this Agreement are not binding and are for reference only and do not limit, expand, or otherwise affect the contents or meaning of this Agreement.

I. *Cooperation.* Each Party and each Participating Subdivision agrees to use its best efforts and to cooperate with the other Parties and Participating Subdivisions to cause this Agreement and the Consent Judgments to become effective, to obtain all necessary approvals, consents and authorizations, if any, and to execute all documents and to take such other action as may be appropriate in connection herewith. Consistent with the foregoing, each Party and each Participating Subdivision agrees that it will not directly or indirectly assist or encourage any challenge to this Agreement or any Consent Judgment by any other person and will support the integrity and enforcement of the terms of this Agreement and the Consent Judgments.

J. *Entire Agreement.* This Agreement, including its exhibits and any other attachments, embodies the entire agreement and understanding between and among the Parties and Participating Subdivisions relating to the subject matter hereof and supersedes (1) all prior agreements and understandings relating to such subject matter, whether written or oral and (2) all purportedly contemporaneous oral agreements and understandings relating to such subject matter.

K. *Execution.* This Agreement may be executed in counterparts and by different signatories on separate counterparts, each of which shall be deemed an original, but all of which shall together be one and the same Agreement. One or more counterparts of this Agreement may be delivered by facsimile or electronic transmission with the intent that it or they shall constitute an original counterpart hereof. One or more counterparts of this Agreement may be signed by electronic signature.

L. *Good Faith and Voluntary Entry.* Each Party warrants and represents that it negotiated the terms of this Agreement in good faith. Each of the Parties and Participating Subdivisions warrants and represents that it freely and voluntarily entered into this Agreement without any degree of duress or compulsion. The Parties and Participating Subdivisions state that no promise of any kind or nature whatsoever (other than the written terms of this Agreement) was made to them to induce them to enter into this Agreement.

M. *Legal Obligations.* Nothing in this Agreement shall be construed as relieving Indivior of the obligation to comply with all state and federal laws, regulations or rules, nor shall any of the provisions herein be deemed to be permission to engage in any acts or practices prohibited by such laws, regulations, or rules.

N. *No Prevailing Party.* The Parties and Participating Subdivisions each agree that they are not the prevailing party in this action, for purposes of any claim for fees, costs, or expenses as prevailing parties arising under common law or under the terms of any statute, because the Parties and Participating Subdivisions have reached a good faith settlement.

O. *Waive Challenge.* The Parties and Participating Subdivisions each further waive any right to challenge or contest the validity of this Agreement on any ground, including, without limitation, that any term is unconstitutional or is preempted by, or in conflict with, any current or future law. Nothing in the previous sentence shall modify, or be construed to conflict with, Section XIII.M.

P. *Non-Admissibility.* The settlement negotiations resulting in this Agreement have been undertaken by the Parties and by certain representatives of the Participating Subdivisions in good faith and for settlement purposes only, and no evidence of negotiations or discussions underlying this Agreement shall be offered or received in evidence in any action or proceeding for any purpose. This Agreement shall not be offered or received in evidence in any action or proceeding for any purpose other than in an action or proceeding arising under or relating to this Agreement.

Q. *Notices.* All notices or other communications under this Agreement shall be in writing (including, but not limited to, electronic communications) and shall be given to the recipients indicated below:

For the Attorney(s) General:

Jeff Jackson, Attorney General
North Carolina Department of Justice
Attn: Daniel Mosteller, Associate Deputy Attorney General
PO Box 629
Raleigh, NC 27602
Dmosteller@ncdoj.gov

Jonathan Skrmetti, Attorney General
Tennessee Attorney General's Office
Attn: Michael Leftwich, Senior Deputy Attorney General
Hamilton Millwee, Assistant Attorney General
P.O. Box 20207
Nashville, TN 37202
Michael.Leftwich@ag.tn.gov
Hamilton.Millwee@ag.tn.gov

Letitia James, Attorney General
New York State Attorney General
Attn: Jennifer Levy, First Deputy Attorney General
Monica Hanna, Special Counsel
Matthew Conrad, Assistant Attorney General
28 Liberty Street, New York, NY 10005
Jennifer.Levy@ag.ny.gov
Monica.Hanna@ag.ny.gov
Matthew.Conrad@ag.ny.gov

For the Plaintiffs' Executive Committee:

Co-leads
Jayne Conroy
Simmons Hanly Conroy LLC
112 Madison Avenue
7th Floor
New York, NY 10016-7416
JConroy@simmonsfirm.com
Joseph F. Rice
Motley Rice LLC
28 Bridgeside Blvd.

Mount Pleasant, SC 29464
jrice@motleyrice.com

For Indivior:

Chief Legal Officer
Indivior Inc.
10710 Midlothian Turnpike
Suite 125
Richmond, VA 23235
legal@indivior.com

Jeff Burris
Indivior Inc.
10710 Midlothian Turnpike
Suite 125
Richmond, VA 23235
jeff.burris@indivior.com

Maria Durant
Hogan Lovells US LLP
125 High Street
Suite 2010
Boston, MA 02110
maria.durant@hoganlovells.com

Caitlyn Mancuso
Hogan Lovells US LLP
1735 Market Street, Floor 23
Philadelphia, PA 19103
kate.mancuso@hoganlovells.com

Any Party or the Plaintiffs' Executive Committee may change or add the contact information of the persons designated to receive notice on its behalf by notice given (effective upon the giving of such notice) as provided in this Section XIII.Q.

R. *No Waiver.* The waiver of any rights conferred hereunder shall be effective only if made by written instrument executed by the waiving Party or Parties. The waiver by any Party of any breach of this Agreement shall not be deemed to be or construed as a waiver of any other breach, whether prior, subsequent, or contemporaneous, nor shall such waiver be deemed to be or construed as a waiver by any other Party.

S. *Preservation of Privilege.* Nothing contained in this Agreement or any Consent Judgment, and no act required to be performed pursuant to this Agreement or any Consent

Judgment, is intended to constitute, cause, or effect any waiver (in whole or in part) of any attorney-client privilege, work product protection, or common interest/joint defense privilege, and each Party and Participating Subdivision agrees that it shall not make or cause to be made in any forum any assertion to the contrary.

T. *Successors.*

1. This Agreement shall be binding upon, and inure to the benefit of, Indivior and its respective successors and assigns.

2. Indivior shall not, in one (1) transaction or a series of related transactions, sell or transfer U.S. assets having a fair market value equal to twenty-five percent (25%) or more of the consolidated assets of Indivior (other than sales or transfers of inventories, or sales or transfers to an entity owned directly or indirectly by Indivior) where the sale or transfer is announced after the Reference Date, is not for fair consideration, and would foreseeably and unreasonably jeopardize Indivior's ability to make the payments under this Agreement or its obligations regarding Settlement Product under Section XIV following the close of a sale or transfer transaction, unless Indivior obtains the acquiror's agreement that it will be either a guarantor of or successor to the percentage of Indivior's remaining payment obligations under this Agreement equal to the percentage of Indivior's consolidated assets being sold or transferred in such transaction. Percentages under this section shall be determined in accordance with United States generally accepted accounting principles and as of the date of Indivior's most recent publicly filed consolidated balance sheet prior to the date of entry into the sale or transfer agreement at issue. This Section XIII.T shall be enforceable solely by the Settling States, and any objection under this Section XIII.T not raised within sixty (60) calendar days of the announcement of the relevant transaction is waived.

U. *Modification, Amendment, Alteration.* In the event the Plaintiffs' Executive Committee, the Executive Committee of the State Attorneys General, or Indivior concludes prior to the Reference Date that technical corrections are required to this Agreement, the Plaintiffs' Executive Committee, the Executive Committee of the State Attorneys General, and Indivior shall meet and confer and make such amendments as they agree are appropriate. After the Reference Date, any modification, amendment, or alteration of this Agreement by the Parties shall be binding only if evidenced in writing signed by Indivior, along with the signature of at least two-thirds of those then serving as Attorney General of the Settling States along with a representation from each Attorney General that either: (1) the advisory committee or similar entity established or recognized by that Settling State (either pursuant to Section V.E.2.d, by a State-Subdivision Agreement, or by statute) voted in favor of the modification, amendment or alteration of this Agreement including at least one member appointed by the Participating Subdivisions listed on Exhibit G; or (2) in Settling States without any advisory committee, that 50.1% (by population) of the Participating Subdivisions listed on Exhibit G expressed approval of the modification, amendment, or alteration of this Agreement in a writing.

V. *Termination.*

1. Unless otherwise agreed to by each of Indivior and the Settling States, this Agreement and all of its terms (except Section XIII.P and any other non-admissibility provisions, which shall continue in full force and effect) shall be canceled and terminated with respect to the Settling State, and the Agreement and all orders issued by the courts in the Settling State pursuant to the Agreement shall become null and void and of no effect if one or more of the following conditions applies:

a. a Consent Judgment approving this Agreement without modification of any of the Agreement's terms has not been entered as to a Settling State by a court of competent jurisdiction on or before one hundred eighty (180) calendar days after the Effective Date; or

b. this Agreement or the Consent Judgment as to that Settling State has been disapproved by a court of competent jurisdiction to which it was presented for approval and/or entry (or, in the event of an appeal from or review of a decision of such a court to approve this Agreement and the Consent Judgment, by the court hearing such appeal or conducting such review), and the time to appeal from such disapproval has expired, or, in the event of an appeal from such disapproval, the appeal has been dismissed or the disapproval has been affirmed by the court of last resort to which such appeal has been taken and such dismissal or disapproval has become no longer subject to further appeal (including, without limitation, review by the United States Supreme Court).

2. If this Agreement is terminated with respect to a Settling State for whatever reason pursuant to Section XIII.V.1, then:

a. an applicable statute of limitation or any similar time requirement (excluding any statute of repose) shall be tolled from the date the Settling State signed this Agreement until the later of the time permitted by applicable law or for one year from the date of such termination, with the effect that Indivior and the Settling State shall be in the same position with respect to the statute of limitation as they were at the time the Settling State filed its action; and

b. Indivior and the Settling State shall jointly move the relevant court of competent jurisdiction for an order reinstating the actions and claims dismissed pursuant to the terms of this Agreement governing dismissal, with the effect that Indivior and the Settling State shall be in the same position with respect to those actions and claims as they were at the time the action or claim was stayed or dismissed.

3. Unless Indivior and the Enforcement Committee agree otherwise, this Agreement, with the exception of the Injunctive Relief Terms that have their own provisions on duration, shall terminate as of the Payment Date for Payment Year 5, *provided* that Indivior has performed its payment and Settlement Product obligations under the Agreement as of that

date. Notwithstanding any other provision in this Section XIII.V.3 or in this Agreement, all releases under this Agreement will remain effective despite any termination under this Section XIII.V.3.

W. *Governing Law.* Except as (1) otherwise provided in this Agreement or (2) as necessary, in the sole judgment of the National Arbitration Panel, to promote uniformity of interpretation for matters within the scope of the National Arbitration Panel's authority, this Agreement shall be governed by and interpreted in accordance with the respective laws of the Settling State, without regard to the conflict of law rules of such Settling State, that is seeking to enforce the Agreement against Indivior or against which Indivior is seeking enforcement. Notwithstanding any other provision in this subsection on governing law, any disputes relating to the Settlement Fund Escrow shall be governed by and interpreted in accordance with the law of the state where the escrow agent has its primary place of business.

X. *Bankruptcy.* The following provisions shall apply if Indivior enters bankruptcy and (i) the Indivior bankruptcy estate recovers, pursuant to 11 U.S.C. § 550, any payments made under this Agreement, or (ii) this Agreement is deemed executory and is rejected by Indivior pursuant to 11 U.S.C. § 365:

1. In the event that the both a number of Settling States equal to at least seventy-five percent (75%) of the total number of Settling States and Settling States having aggregate State Allocation Percentages as set forth on Exhibit F equal to at least seventy-five percent (75%) of the total aggregate State Allocation Percentages assigned to all Settling States deem (by written notice to Indivior) that the financial obligations of this Agreement have been terminated and rendered null and void (except as provided in Section XIII.X.1.a) due to a material breach by Indivior, whereupon:

a. all agreements, all concessions, all reductions of Releasing Parties' Claims, and all releases and covenants not to sue, contained in this Agreement shall immediately and automatically be deemed null and void as to Indivior; the Settling States shall be deemed immediately and automatically restored to the same position they were in immediately prior to their entry into this Settlement Agreement in respect to Indivior and the Settling States shall have the right to assert any and all claims against Indivior in the bankruptcy or otherwise without regard to any limits or agreements as to the amount of the settlement otherwise provided in this Agreement; *provided, however*, that notwithstanding the foregoing sentence, (i) all reductions of Releasing Parties' Claims, and all releases and covenants not to sue, contained in this Agreement shall remain in full force and effect as to all persons or entities other than Indivior itself; and (ii) in the event the Settling State asserts any Released Claim against Indivior after the rejection and/or termination of this Agreement as described in this Section XIII.X.1.a and receives a judgment, settlement or distribution arising from such Released Claim, then the amount of any payments the Settling State has previously received from Indivior under this Agreement shall be applied to reduce the amount of any such judgment, settlement

or distribution (provided that no credit shall be given against any such judgment, settlement or distribution for any payment that the Settling State is required to disgorge or repay to Indivior's bankruptcy estate); and

b. the Settling States may exercise all rights provided under the federal Bankruptcy Code (or other applicable bankruptcy or non-bankruptcy law) with respect to their Claims against Indivior subject to all defenses and rights of the Indivior.

Y. *Waiver.* Indivior, for good and valuable consideration the receipt of which is acknowledged, hereby (a) waives, foregoes and relinquishes all rights to utilize and/or seek relief under any of the following laws of the State of Texas for the restructuring of its debts or liabilities related to Released Claims, Claims that would have been Released Claims if they had been brought by a Releasor against a Released Entity before the Effective Date, or this Agreement: Tex. Bus. Orgs. Code § 10.003 (Contents of Plan of Merger: More Than One Successor) or any other statute of Subchapter A of Chapter 10 of Tex. Bus. Orgs. Code to the extent such statute relates to multi-successor mergers (and/or any other similar laws or statutes in any other state or territory); Tex. Bus. Orgs. Code §§ 11.01–11.414 (Winding Up and Termination of Domestic Entity); or Tex. Bus. & Com. Code §§ 23.01–23.33 (Assignments for the Benefit of Creditors) (collectively, the “Texas Statutes”), and (b) agrees, warrants and represents that it will not file, request or petition for relief under the Texas Statutes related to its debts or liabilities related to Released Claims, Claims that would have been Released Claims if they had been brought by a Releasor against a Released Entity before the Effective Date, or this Agreement, in each case until such time as all of Indivior's payment obligations incurred hereunder are satisfied in full. The foregoing waiver and relinquishment includes, without limitation, until such time as all of Indivior's payment obligations incurred hereunder are satisfied in full, Indivior's rights to execute a divisional merger or equivalent transaction or restructuring related to its debts or liabilities related to Released Claims, Claims that would have been Released Claims if they had been brought by a Releasor against a Released Entity before the Effective Date, or this Agreement that in each case has the intent or foreseeable effect of (i) separating material assets from material liabilities and (ii) assigning or allocating all or a substantial portion of those liabilities to any subsidiary or affiliate that files for relief under chapter 11 of the Bankruptcy Code, or pursuant to which such subsidiary or affiliate that files for relief under chapter 11 of the Bankruptcy Code would be assuming or retaining all or a substantial portion of those liabilities.

XIV. Settlement Product

A. The Settlement Products are Indivior's SUBLOCADE® (buprenorphine extended-release) injection for subcutaneous use and Indivior's OPVEE® (nalmefene) nasal spray. For the purposes of this agreement, Indivior has agreed to provide the Settling States Settlement Product valued at \$140,000,000. The Settlement Product consists of SUBLOCADE® (available in 100mg and 300mg), valued at a fixed Wholesale Acquisition Cost (WAC) of \$2,017.34 per unit, and OPVEE® 2.7mg, valued at a fixed WAC of \$98.00 per unit, allocated in accordance with the allocation percentage as reflected in Exhibit F. For the avoidance of doubt, if a Settling State does not elect to participate in the settlement, that State's Settlement Product Allocation will not be the

responsibility of Indivior and will not be transferred to the allocation of other Settling States. Indivior shall cover the cost of the Settlement Product distribution set forth in this Agreement. For the avoidance of doubt, Participating Subdivisions and Special Districts are not eligible to make a Settlement Product election pursuant to this Agreement.

B. Consistent with the Settlement Product Election Form contained in Exhibit D, each Settling State shall have the discretion to convert any portion of the Settlement Product allocated to the Settling State into a cash value equaling twenty-five percent (25%) of the WAC value of the Settling State's allocated Settlement Product. Unless cash conversion amounts are specifically addressed in a State-Subdivision Agreement or Allocation Statute, a Settling State's Settlement Product Cash Conversion Amount shall be disbursed to the Settling State in the same manner as its Remediation Accounts Fund payments are made pursuant to Section V. This cash conversion payment is due on the Payment Date of Payment Year 5. The Settling State's election shall apply and remain in place for each following Payment Year unless the Settling State notifies Indivior of a change to the Settling State's election form at least ninety (90) days prior to the Payment Date for that Payment Year. If a Settling State does not elect to receive all of its allocation in its initial notice, such Settling State may submit a new or updated Settlement Product Election Form in lieu of converting the outstanding portion of Settlement Product to cash value and Indivior and the Settling States agree to work in good faith to maximize the availability of Settlement Product.

C. A Settling State that has submitted a Settlement Product Election Form may place periodic orders for Settlement Product consistent with this Section XIV and Exhibit D. A Settling State may request up to twenty-five percent (25%) of its full Settlement Product allocation for each Payment Year 2-5.

D. Within thirty (30) days of the Effective Date, each Settling State shall notify Indivior and the Settlement Fund Administrator of its Settlement Product election by submitting the Settlement Product Election Form reflected in Exhibit D.

E. Settling States that do not make a Settlement Product Election within 30 days of the Effective Date shall be deemed to have elected to receive the full Settlement Product Cash Conversion Amount, allocated in accordance with the State Allocation Percentage as reflected in Exhibit F.

F. In the event of a Force Majeure Event, Indivior shall promptly provide written notice to the Settling States. Indivior and the States shall meet and confer within seven (7) days of such written notice to establish a commercially reasonable plan to resolve any inability to supply as quickly as reasonably possible, it being understood that, unless otherwise agreed to by the Parties, it is Indivior's obligation to use reasonable efforts which are consistent with accepted industry practices to resume performance as soon as practicable under the circumstances.

G. Settling States shall not be permitted to return to Indivior any Settlement Product under any circumstances other than a recall of the Settlement Product initiated by Indivior or FDA,

in which case Indivior's sole obligation shall be to supply the same number of Settlement Product units to replace the recalled product.

H. The Parties understand that the provision of Settlement Product constitutes compensatory restitution within the meaning of 26 U.S.C. § 162(f)(2)(A) and that the receipt of Settlement Product must be reported on IRS Form 1098-F consistent with subsection XIII.E.

EXHIBIT K

Subdivision Participation and Release Form

Governmental Entity: City of Ormond Beach	State: FL
Authorized Signatory: Jason Leslie, Mayor	Joyce Shanahan, City Manager
Address 1: 22 S. Beach Street	
Address 2:	
City, State, Zip: Ormond Beach, FL 32174	
Phone: 386-676-3200	
Email:	

The governmental entity identified above (“*Governmental Entity*”), in order to obtain and in consideration for the benefits provided to the Governmental Entity pursuant to the Settlement Agreement dated April 4, 2025 (“*Mylan Settlement*”), and acting through the undersigned authorized official, hereby elects to participate in the Mylan Settlement, release all Released Claims against all Released Entities, and agrees as follows.

1. The Governmental Entity is aware of and has reviewed the Mylan Settlement, understands that all terms in this Participation and Release Form have the meanings defined therein, and agrees that by executing this Participation and Release Form, the Governmental Entity elects to participate in the Mylan Settlement and become a Participating Subdivision as provided therein.
2. The Governmental Entity shall promptly, and in any event no later than 14 days after the Reference Date and prior to the filing of the Consent Judgment, dismiss with prejudice any Released Claims that it has filed. With respect to any Released Claims pending in *In re National Prescription Opiate Litigation*, MDL No. 2804, the Governmental Entity authorizes the Plaintiffs’ Executive Committee to execute and file on behalf of the Governmental Entity a Stipulation of Dismissal with Prejudice substantially in the form found at <https://nationalopioidsettlement.com/additional-settlements/>.
3. The Governmental Entity agrees to the terms of the Mylan Settlement pertaining to Participating Subdivisions as defined therein.
4. By agreeing to the terms of the Mylan Settlement and becoming a Releasor, the Governmental Entity is entitled to the benefits provided therein, including, if applicable, monetary payments beginning after the Effective Date.
5. The Governmental Entity agrees to use any monies it receives through the Mylan Settlement solely for the purposes provided therein.
6. The Governmental Entity submits to the jurisdiction of the court in the Governmental Entity’s state where the Consent Judgment is filed for purposes limited to that court’s role as provided in, and for resolving disputes to the extent provided in, the Mylan Settlement.

The Governmental Entity likewise agrees to arbitrate before the National Arbitration Panel as provided in, and for resolving disputes to the extent otherwise provided in, the Mylan Settlement.

7. The Governmental Entity has the right to enforce the Mylan Settlement as provided therein.
8. The Governmental Entity, as a Participating Subdivision, hereby becomes a Releasor for all purposes in the Mylan Settlement, including without limitation all provisions of Section X (Release), and along with all departments, agencies, divisions, boards, commissions, districts, instrumentalities of any kind and attorneys, and any person in his or her official capacity whether elected or appointed to serve any of the foregoing and any agency, person, or other entity claiming by or through any of the foregoing, and any other entity identified in the definition of Releasor, provides for a release to the fullest extent of its authority. As a Releasor, the Governmental Entity hereby absolutely, unconditionally, and irrevocably covenants not to bring, file, or claim, or to cause, assist or permit to be brought, filed, or claimed, or to otherwise seek to establish liability for any Released Claims against any Released Entity in any forum whatsoever. The releases provided for in the Mylan Settlement are intended by the Parties to be broad and shall be interpreted so as to give the Released Entities the broadest possible bar against any liability relating in any way to Released Claims and extend to the full extent of the power of the Governmental Entity to release claims. The Mylan Settlement shall be a complete bar to any Released Claim.
9. The Governmental Entity hereby takes on all rights and obligations of a Participating Subdivision as set forth in the Mylan Settlement.
10. In connection with the releases provided for in the Mylan Settlement, each Governmental Entity expressly waives, releases, and forever discharges any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States or other jurisdiction, or principle of common law, which is similar, comparable, or equivalent to § 1542 of the California Civil Code, which reads:

General Release; extent. A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release that, if known by him or her would have materially affected his or her settlement with the debtor or released party.

A Releasor may hereafter discover facts other than or different from those which it knows, believes, or assumes to be true with respect to the Released Claims, but each Governmental Entity hereby expressly waives and fully, finally, and forever settles, releases and discharges, upon the Effective Date, any and all Released Claims that may exist as of such date but which Releasors do not know or suspect to exist, whether through ignorance, oversight, error, negligence or through no fault whatsoever, and which, if known, would materially affect the Governmental Entities' decision to participate in the Mylan Settlement.

11. Nothing herein is intended to modify in any way the terms of the Mylan Settlement, to which Governmental Entity hereby agrees. To the extent this Participation and Release Form is interpreted differently from the Mylan Settlement in any respect, the Mylan Settlement controls.

I have all necessary power and authorization to execute this Participation and Release Form on behalf of the Governmental Entity.

Signature: _____

Name: Jason Leslie

Title: Mayor

Date: _____

Signature: _____

Name: Joyce Shanahan

Title: City Manager

Date: _____

MYLAN SETTLEMENT AGREEMENT

MYLAN SETTLEMENT AGREEMENT

This Settlement Agreement, dated as of April 4, 2025 (the “*Agreement*”), sets forth the terms of settlement between and among the Settling States, the Participating Subdivisions, and Mylan (as those terms are defined below). Upon satisfaction of the conditions set forth in Sections II and VIII, this Agreement will be binding on the Settling States, Mylan, and the Participating Subdivisions. This Agreement will then be filed as part of a Consent Judgment in the respective courts of each of the Settling States, pursuant to the terms set forth in Section VIII.

I. Definitions

Unless otherwise specified, the following definitions apply:

A. “*Additional Remediation Amount.*” The amount available to the Settling States totaling up to \$5,688,958 to be paid in accord with the payment schedule at Exhibit M-3.

B. “*Adjusted Maximum Remediation Payment.*” The Maximum Remediation Payment reduced by the State Allocation Percentage for each Non-Settling State on Exhibit F.

C. “*Agreement.*” This agreement, as set forth above. For the avoidance of doubt, this Agreement is inclusive of all exhibits.

D. “*Alleged Harms.*” The alleged past, present, and future damages, harms, losses, and related expenditures allegedly incurred by the Settling States and Participating Subdivisions arising out of the use of Products, non-exclusive examples of which are described in the documents listed on Exhibit A, that have allegedly arisen as a result of the physical and bodily injuries sustained by individuals suffering from opioid-related addiction, death, and other related diseases and disorders, and that have allegedly been caused by Released Entities.

E. “*Allocation Statute.*” A state law that governs allocation, distribution, and/or use of some or all of the Settlement Fund amounts allocated to that Settling State and/or its Subdivisions. An Allocation Statute may, without limitation, contain a Statutory Trust, further restrict expenditures of funds, form an advisory committee, establish oversight and reporting requirements, or address other default provisions and other matters related to the funds. An Allocation Statute is not required to address all three (3) types of funds comprising the Settlement Fund or all default provisions.

F. “*Annual Fees Payment.*” The amounts payable by Mylan in each Payment Year comprised of the Additional Remediation Amount payment and the Private Attorney Fees payment, and not including the Annual Remediation Payment.

G. *“Annual Remediation Maximum.”* The total amount available to Eligible States for Annual Remediation Payments in each Payment Year as set forth in the “Maximum Annual Remediation Payment” column of Exhibit M-1. In no event shall an Annual Remediation Payment in Payment Years 1-2, or 5-9 exceed the Annual Remediation Maximum for that Payment Year set forth in Exhibit M-1. For Payment Years 3-4, the Annual Remediation Payment may exceed the Annual Remediation Maximum for that Payment Year only to the extent needed for the Incentive Payment A Catch-up Payment for a Settling State that has not earned some or all of Incentive Payment BC in prior Payment Years, having resulted in correspondingly lower Annual Remediation Payments in those prior Payment Years.

H. *“Annual Remediation Payment.”* The amount payable to the Settlement Fund by Mylan for Settling States’ Base Payments and Incentive Payments on the Payment Date for each Payment Year, as calculated by the Settlement Fund Administrator.

I. *“Appropriate Official.”* As defined in Section XIII.E.3.

J. *“Bankruptcy Code.”* Title 11 of the United States Code, 11 U.S.C. § 101, et seq.

K. *“Bar.”* Either: (1) a law barring Subdivisions in a Settling State from maintaining or asserting Released Claims against Released Entities (either through a direct bar or through a grant of authority to release claims and the exercise of such authority in full); or (2) a ruling by the highest court of the Settling State (or, in a Settling State with a single intermediate court of appeals, the intermediate court of appeals) when setting forth the general principle that Subdivisions in the Settling State may not maintain or assert any Released Claims against Released Entities, whether on the ground of this Agreement (or the release in it) or otherwise. For the avoidance of doubt, a law or ruling that is conditioned or predicated upon payment by a Released Entity (apart from the Annual Remediation Payments by Mylan under this Agreement) shall not constitute a Bar.

L. *“Base Payment.”* As defined in Section IV.G.

M. *“Case-Specific Resolution.”* Either: (1) a law barring the Subdivision at issue from maintaining any Released Claims against any Released Entities (either through a direct Bar or through a grant of authority to release claims and the exercise of such authority in full); or (2) a ruling by a court of competent jurisdiction over the Subdivision at issue that the Subdivision may not maintain any Released Claims at issue against any Released Entities, whether on the ground of this Agreement (or the release in it) or otherwise. For the avoidance of doubt, a law or ruling that is conditioned or predicated upon payment by a Released Entity (apart from the annual payments by Mylan under this Agreement) shall not constitute a Case-Specific Resolution.

N. *“Claim.”* Any past, present or future cause of action, claim for relief, cross-claim or counterclaim, theory of liability, demand, derivative claim, request, assessment, charge, covenant, damage, debt, lien, loss, fine, penalty, restitution, reimbursement, disgorgement, expenses, judgment, right, obligation, dispute, suit, contract, controversy, agreement, *parens patriae* claim, promise, performance, warranty, omission, or grievance of any nature whatsoever, whether legal, equitable, statutory, regulatory or administrative, whether arising under federal, state or local common law, statute, regulation, guidance, ordinance or principles of equity, whether filed or unfiled, whether asserted or unasserted, whether known or unknown, whether accrued or

unaccrued, whether foreseen, unforeseen or unforeseeable, whether discovered or undiscovered, whether suspected or unsuspected, whether fixed or contingent, and whether existing or hereafter arising, in all such cases, including, but not limited to, any request for declaratory, injunctive, or equitable relief, compensatory, punitive, or statutory damages, absolute liability, strict liability, restitution, remediation, subrogation, contribution, indemnity, apportionment, disgorgement, reimbursement, attorney fees, expert fees, consultant fees, fines, penalties, expenses, costs or any other legal, equitable, civil, administrative, or regulatory remedy whatsoever.

O. *“Claim-Over.”* A Claim asserted by a Non-Released Entity against a Released Entity on the basis of contribution, indemnity, or other claim-over on any theory relating to a Non-Party Covered Conduct Claim asserted by a Releasor.

P. *“Compensatory Restitution Amount.”* The aggregate amount paid or incurred by Mylan hereunder for Opioid Remediation, which includes each Annual Remediation Payment and does not include amounts paid as attorneys’ fees and costs or identified pursuant to Section V.B.2 as being used to pay attorneys’ fees, investigation costs or litigation costs, which shall be up to the amount of the Adjusted Maximum Remediation Payment.

Q. *“Consent Judgment.”* A consent judgment in a form to be agreed by the Settling States and Mylan prior to the Effective Date that, among other things, (1) approves this Agreement and (2) provides for the release set forth in Section X.A, including the dismissal with prejudice of any Released Claims that the Settling State has brought against Released Entities.

R. *“Covered Conduct”* means any actual or alleged act, failure to act, negligence, statement, error, omission, breach of any duty, conduct, event, transaction, agreement, service, work, sale, misstatement, misleading statement, or other activity of any kind whatsoever from the beginning of time through the Reference Date (and any past, present, or future consequence of any such act, failure to act, negligence, statement, error, omission, breach of duty, conduct, event, transaction, agreement, service, work, sale, misstatement, misleading statement, or other activity) arising from or relating in any way to (a) compounding, counseling, and documentation related to any Product or class of Products; (b) the availability, discovery, research, development, manufacture, packaging, repackaging, marketing, promotion, advertising, labeling, relabeling, recall, withdrawal, distribution, delivery, monitoring, reporting, regulatory compliance supply, sale, prescribing, dispensing, physical security, warehousing, use or abuse of, or operating procedures relating to any Product, or any system, plan, policy, procedure, or advocacy relating to any Product or class of Products, including but not limited to any unbranded or branded promotion, marketing, or advertising, information, patient support or assistance, educational programs, consultancy, research, other programs or campaigns, lobbying, grants, sponsorships, charitable donations, or other funding relating to any Product or class of Products; (c) the characteristics, properties, risks, or benefits of any Product or class of Products; (d) the monitoring or non-monitoring of orders placed of any Product; (e), reporting, disclosure, non-monitoring, non-reporting or non-disclosure to federal, state or other regulators of orders for any Product placed with any Released Entity; (f) the selective breeding, harvesting, extracting, purifying, exporting, importing, applying for quota for, procuring quota for, handling, promoting, manufacturing, processing, packaging, supplying, distributing, converting, or selling of, or otherwise engaging in any activity relating to, precursor or component Products, including but not limited to natural, synthetic, semi-synthetic or chemical raw materials, starting materials, finished active pharmaceutical ingredients, drug substances, or any

related intermediate Products; or (g) diversion control programs, suspicious order monitoring, or regulatory compliance related to any Product.

S. “*Designated State.*” The State of New York.

T. “*Effective Date.*” The date sixty (60) calendar days after the Reference Date.

U. “*Eligible States.*” The states, commonwealths, and territories of the United States of America, excluding West Virginia. The 55 Eligible States are listed in Exhibit F.

V. “*Enforcement Committee.*” A committee consisting of representatives of the Settling States and of the Participating Subdivisions. Exhibit B contains the organizational bylaws of the Enforcement Committee. Notice pursuant to Section XIII.Q shall be provided when there are changes in membership or contact information.

W. “*Final Order.*” An order or judgment of a court of competent jurisdiction with respect to the applicable subject matter (1) which has not been reversed or superseded by a modified or amended order, is not currently stayed, and as to which any right to appeal or seek certiorari, review, reargument, stay, or rehearing has expired, and as to which no appeal or petition for certiorari, review, reargument, stay, or rehearing is pending, or (2) as to which an appeal has been taken or petition for certiorari, review, reargument, stay, or rehearing has been filed and (a) such appeal or petition for certiorari, review, reargument, stay, or rehearing has been resolved by the highest court to which the order or judgment was appealed or from which certiorari, review, reargument, stay, or rehearing was sought, or (b) the time to appeal further or seek certiorari, review, reargument, stay, or rehearing has expired and no such further appeal or petition for certiorari, review, reargument, stay, or rehearing is pending.

X. “*Global Settlement Amount.*” The Global Settlement Amount is \$325,408,416, which is composed of the Maximum Remediation Payment, Private Attorney Fees, and Additional Remediation Amount.

Y. “*Implementation Administrator.*” Rubris, Inc., which is the vendor that will be retained by Mylan to provide notice pursuant to Section VII.A and to manage the initial joinder period for Subdivisions, including the issuance and receipt of Subdivision Participation Agreements.

Z. “*Incentive Payment A.*” The incentive payment described in Section IV.H.4.

AA. “*Incentive Payment A Catch-up Payment.*” As defined in Section IV.H.4.f.

BB. “*Incentive Payment BC.*” The incentive payment described in Section IV.H.5.

CC. “*Incentive Payment D.*” The incentive payment described in Section IV.H.6.

DD. “*Initial Participating Subdivision.*” A Subdivision that meets the requirements set forth in Section VII.D.

EE. *“Initial Participation Date.”* The date ninety (90) calendar days after the Preliminary Agreement Date, unless it is extended by written agreement of Mylan and the Enforcement Committee.

FF. *“Injunctive Relief Terms.”* The terms described in Section III and set forth in Exhibit P.

GG. *“Later Litigating Subdivision.”* A Subdivision (or Subdivision official asserting the right of or for the Subdivision to recover for Alleged Harms to the Subdivision and/or the people thereof) that: (1) first files a lawsuit bringing a Released Claim against a Released Entity after the Reference Date; or (2) adds a Released Claim against a Released Entity after the Reference Date to a lawsuit brought before the Reference Date that, prior to the Reference Date, did not include any Released Claims against a Released Entity; or (3) (a) was a Litigating Subdivision whose Released Claims against Released Entities were resolved by a legislative Bar or legislative Case-Specific Resolution as of the Reference Date, (b) such legislative Bar or legislative Case-Specific Resolution is subject to a Revocation Event after the Reference Date, and (c) the earlier of the date of completion of opening statements in a trial in an action brought by a Subdivision in that Settling State that includes a Released Claim against a Released Entity or one hundred eighty (180) days from the Revocation Event passes without a Bar or Case-Specific Resolution being implemented as to that Litigating Subdivision or the Litigating Subdivision's Released Claims being dismissed; or (4) (a) was a Litigating Subdivision whose Released Claims against Released Entities were resolved by a judicial Bar or judicial Case-Specific Resolution as of the Reference Date, (b) such judicial Bar or judicial Case-Specific Resolution is subject to a Revocation Event after the Reference Date, and (c) such Litigating Subdivision takes any action in its lawsuit asserting a Released Claim against a Released Entity other than seeking a stay or dismissal.

HH. *“Later Participating Subdivision.”* A Participating Subdivision that is not an Initial Participating Subdivision, but meets the requirements set forth in Section VII.E.

II. *“Litigating Subdivision.”* A Subdivision (or Subdivision official) that brought any Released Claim against any Released Entity prior to the Reference Date. Exhibit C is an agreed list of all Litigating Subdivisions. Exhibit C will be updated (including with any corrections) periodically, and a final version of Exhibit C will be attached hereto as of the Reference Date.

JJ. *“Maximum Remediation Payment.”* The maximum amount owed by Mylan to the Settling States and Subdivisions, exclusive of the Private Attorney Fees and the Additional Remediation Amount. The amount of the Maximum Remediation Payment is \$284,447,916.

KK. *“Mylan.”* Viatris Inc.

LL. *“National Arbitration Panel.”* The panel comprised as described in Section VI.F.3.b.

MM. *“National Disputes.”* As defined in Section VI.F.3.a.

NN. *“Non-Litigating Subdivision.”* Any Subdivision that is not a Litigating Subdivision.

OO. *“Non-Participating Subdivision.”* Any Subdivision that is not a Participating Subdivision.

PP. *“Non-Party Covered Conduct Claim.”* A Claim against any Non-Released Entity involving, arising out of, or related to Covered Conduct (or conduct that would be Covered Conduct if engaged in by a Released Entity).

QQ. *“Non-Party Settlement.”* A settlement by any Releasor that settles any Non-Party Covered Conduct Claim and includes a release of any Non-Released Entity.

RR. *“Non-Released Entity.”* An entity that is not a Released Entity.

SS. *“Non-Settling State.”* Any Eligible State that is not a Settling State.

TT. *“Opioid Remediation.”* Care, treatment, and other programs and expenditures (including reimbursement for past such programs or expenditures¹ except where this Agreement restricts the use of funds solely to future Opioid Remediation) designed to (1) address the use of opioid products in the Settling States, (2) treat or mitigate opioid use or related disorders in the Settling States, or (3) mitigate other alleged effects of, including on those injured as a result of, the opioid epidemic in the Settling States. Exhibit E provides a non-exhaustive list of expenditures that qualify as being paid for Opioid Remediation. Qualifying expenditures may include reasonable related administrative expenses in connection with the above.

UU. *“Participating Subdivision.”* Any Subdivision that meets the requirements for becoming a Participating Subdivision under Section VII.B and Section VII.C. Participating Subdivisions include both Initial Participating Subdivisions and Later Participating Subdivisions but not Prior Litigating Subdivisions.

VV. *“Participation Percentage of Incentive BC Eligible Subdivision Population.”* As defined in Section IV.H.5.e.

WW. *“Parties.”* Mylan and the Settling States (each, a “Party”).

XX. *“Payment Date.”* The date by which Mylan makes the Annual Remediation Payment and the Annual Fees Payment. The Payment Date shall be July 25, 2025, for Payment Year 1 as outlined in Section IV.D.1, and March 1 for each subsequent Payment Year.

YY. *“Payment Year.”* The calendar year during which the applicable Annual Remediation Payment and the Annual Fees Payment are due. Payment Year 1 is 2025, Payment Year 2 is 2026 and so forth. References to payment “*for a Payment Year*” mean the Annual Remediation Payment and/or Annual Fees Payment due during that year. References to eligibility “*for a Payment Year*” mean eligibility in connection with the Annual Remediation Payment and/or Annual Fees Payment due during that year.

¹ Reimbursement includes amounts paid to any governmental entities for past expenditures or programs.

ZZ. “*Preliminary Agreement Date.*” The date on which Mylan is to inform the Settling States of its determination that the condition in Section II.B has been satisfied. The Preliminary Agreement Date shall be no more than fourteen (14) calendar days after the end of the notice period to Eligible States, unless it is extended by written agreement of Mylan and the Enforcement Committee.

AAA. “*Primary Fire District.*” A fire district that covers a population of 25,000, or 0.20% of an Eligible State’s population if an Eligible State’s population is greater than 18 million. If not easily calculable from state data sources and agreed to between the Eligible State and Mylan, a fire district’s population is calculated by dividing the population of the county or counties a fire district serves by the number of fire districts in the county or counties. “Primary Fire Districts” shall mean fire districts as identified in connection with the implementation of the July 21, 2021, Janssen Settlement Agreement.

BBB. “*Primary Subdivision.*” A Subdivision that is a General Purpose Government (including, but not limited to, a municipality, a county, county subdivision, city town, township, parish, village, borough, gore, or any other entities that provide municipal-type government) with population over 10,000; *provided, however*, that as used in connection with Incentive Payment BC, the population threshold is 30,000. Attached as Exhibit I is an agreed list of the Primary Subdivisions in each Eligible State.

CCC. “*Prior Litigating Subdivision.*” A Subdivision (or Subdivision official) that brought any Released Claim against any Released Entity prior to the Reference date and all such Released Claims were separately settled or finally adjudicated prior to the Reference Date; *provided, however*, that if the final adjudication was pursuant to a Bar, such Subdivision shall not be considered a Prior Litigating Subdivision. Notwithstanding the prior sentence, Mylan and the Settling State of the relevant Subdivision may agree in writing that the Subdivision shall not be considered a Prior Litigating Subdivision.

DDD. “*Private Attorney Fees*” are the amount to be paid for private attorneys’ litigation fees and costs on behalf of Participating Subdivisions. The maximum amount of Private Attorney Fees is \$35,271,542, as set forth in Exhibit M-3 (“Maximum Exhibit R Attorneys Fee and Cost Funds”). For avoidance of doubt, Private Attorney Fees do not include Additional Remediation Amount.

EEE. “*Product.*” Any chemical substance, whether used for medicinal or non-medicinal purposes, and whether natural, synthetic, or semi-synthetic, or any finished pharmaceutical product made from or with such substance, that is: (1) an opioid or opiate, as well as any product containing any such substance; (2) benzodiazepine, carisoprodol, or gabapentin; or (3) a combination or “cocktail” of chemical substances prescribed, sold, bought, or dispensed to be used together that includes opioids or opiates. “Product” shall include, but is not limited to, any substance consisting of or containing buprenorphine, butorphanol, codeine, diphenoxylate, fentanyl, hydrocodone, hydromorphone, meperidine, methadone, morphine, naloxone, naltrexone, oxycodone, oxymorphone, pentazocine, propoxyphene, remifentanyl, tapentadol, tramadol, opium, heroin, carfentanyl, diazepam, estazolam, quazepam, alprazolam, clonazepam, oxazepam, flurazepam, triazolam, temazepam, midazolam, carisoprodol, gabapentin, or any variant of these substances or any similar substance. Notwithstanding the foregoing, nothing in this section prohibits a Settling

State from taking administrative or regulatory action related to benzodiazepine (including, but not limited to, diazepam, estazolam, quazepam, alprazolam, clonazepam, oxazepam, flurazepam, triazolam, temazepam, and midazolam), carisoprodol, or gabapentin that is wholly independent from the use of such drugs in combination with opioids, *provided* such action does not seek money (including abatement and/or remediation) for conduct prior to the Initial Participation Date. “Product” also includes any natural, synthetic, semi-synthetic or chemical raw materials, starting materials, finished active pharmaceutical ingredients, drug substances, and any intermediate products used or created in the manufacturing process for any of the substances described above.

FFF. “*Reference Date.*” The date on which Mylan is to inform the Settling States of its determination whether the condition in Section VIII has been satisfied. The Reference Date shall be no later than thirty (30) calendar days after the Initial Participation Date, unless it is extended by written agreement of Mylan and the Enforcement Committee.

GGG. “*Released Claims.*” Any and all Claims that directly or indirectly are based on, arise out of, or in any way relate to or concern the Covered Conduct and/or Alleged Harms occurring prior to the Initial Participation Date. Without limiting the foregoing, Released Claims include any Claims that have been asserted against Released Entities by a Settling State or any of its Litigating Subdivisions in any federal, state, or local action or proceeding (whether judicial, arbitral, or administrative) based on, arising out of, or relating to, in whole or in part, the Covered Conduct and/or Alleged Harms, or any such Claims that could be or could have been asserted now or in the future in those actions or in any comparable action or proceeding brought by a Settling State, Subdivision, or Releasor (whether or not such Settling State, Subdivision, or Releasor has brought such action or proceeding). Released Claims also include all Claims against Released Entities asserted in any proceeding to be dismissed pursuant to the Agreement, whether or not such claims related to Covered Conduct and/or Alleged Harms. The Parties intend that this term, “Released Claims,” be interpreted broadly. This Agreement does not release Claims by private individuals. It is the intent of the Parties that Claims by private individuals be treated in accordance with applicable law. Released Claims is also used herein to describe claims brought by a non-party Subdivision that would have been Released Claims if they had been brought by a Releasor against a Released Entity.

HHH. “*Released Entities.*” With respect to Released Claims, Mylan and (1) all past and present subsidiaries, divisions, affiliates, predecessors, successors, and assigns (in each case, whether direct or indirect) of Mylan; (2) all past and present subsidiaries and divisions (in each case, whether direct or indirect) of any entity described in subsection (1); (3) the respective past and present officers, directors, members, trustees, and employees of any of the foregoing (each for actions that occurred during and related to their work for, or employment with, any of Mylan or the foregoing entities); (4) all past and present joint ventures (whether direct or indirect) of Mylan or its subsidiaries, including in any subsidiary’s capacity as a participating member in such joint venture; (5) all direct or indirect parents and shareholders of Mylan (solely in their capacity as parents or shareholders of Mylan with respect to Covered Conduct); and (6) any insurer of Mylan or any person or entity otherwise described in subsections (1)-(5) (solely in its role as insurer of such person or entity and subject to the last sentence of Section X.B.3). A list of Mylan’s joint ventures, subsidiaries and affiliates and predecessor entities is set forth in Exhibit J. Any person or entity described in subsections (3)-(6) shall be a Released Entity solely in the capacity described in such clause and shall not be a Released Entity with respect to its conduct in any other capacity.

Any entity acquired, or joint venture entered into, by Mylan after the Initial Participation Date is not a Released Entity. Further and notwithstanding anything else in this paragraph, no entity sued in *In re: National Prescription Opiate Litigation*, No. 1:17-md-2804 (N.D. Ohio) is included as a Released Entity other than the entities listed on Exhibit J.

III. “*Releasors.*” With respect to Released Claims, (1) each Settling State; (2) each Participating Subdivision; and (3) without limitation and to the maximum extent of the power of each Settling State’s Attorney General and/or Participating Subdivision to release Claims, (a) the Settling State’s and Participating Subdivision’s departments, agencies, divisions, boards, commissions, Subdivisions, districts, instrumentalities of any kind and attorneys, including its Attorney General, and any person in his or her official capacity whether elected or appointed to serve any of the foregoing and any agency, person, or other entity claiming by or through any of the foregoing, (b) any public entities, public instrumentalities, public educational institutions, unincorporated districts, fire districts, irrigation districts, water districts, emergency services districts, school districts, healthcare districts, hospital districts, Sheriffs and law enforcement districts, library districts, coroner’s offices, and public transportation authorities, and other Special Districts in a Settling State, including those with the regulatory authority to enforce state and federal controlled substances acts or the authority to bring Claims related to Covered Conduct seeking money (including abatement (or remediation and/or restitution)) or revoke a pharmaceutical distribution license, and (c) any person or entity acting in a *parens patriae*, sovereign, quasi-sovereign, private attorney general, *qui tam*, taxpayer, or other capacity seeking relief, including but not limited to fines, penalties, or punitive damages, on behalf of or generally applicable to the general public with respect to a Settling State or Subdivision in a Settling State, whether or not any of them participate in this Agreement. The inclusion of a specific reference to a type of entity in this definition shall not be construed as meaning that the entity is not a Subdivision. Each Settling State’s Attorney General represents that he or she has or has obtained (or will obtain no later than the Initial Participation Date) the authority set forth in Section XI.G. In addition to being a Releasor as provided herein, a Participating Subdivision shall also provide the Subdivision Settlement Participation Form referenced in Section VIII providing for a release to the fullest extent of the Participating Subdivision’s authority.

JJJ. “*Remediation Accounts Fund.*” The component of the Settlement Fund described in Section V.

KKK. “*Revocation Event.*” With respect to a Bar, or Case-Specific Resolution, a revocation, rescission, reversal, overruling, or interpretation that in any way limits the effect of such Bar, or Case-Specific Resolution on Released Claims, or any other action or event that otherwise deprives the Bar, or Case-Specific Resolution of force or effect in any material respect.

LLL. “*Settlement Fund.*” The interest-bearing fund established at [Bank TBD] pursuant to this Agreement into which the Annual Remediation Payments are made under Section IV, which is intended to be classified as a “qualified settlement fund” within the meaning of 26 C.F.R. §§ 1.468B-1 *et seq.* and which shall be approved by any Settling State in accordance with the requirements of 26 C.F.R. § 1.468B-1.

MMM. “*Settlement Fund Administrator.*” BrownGreer PLC, which is the entity that annually determines the Annual Remediation Payment (including calculating offset or reduction

and Incentive Payments pursuant to Section IV and any amounts subject to offset pursuant to Section XII) and Additional Remediation Amount, administers the Settlement Fund, and distributes amounts into the Remediation Accounts Fund, State Fund, and Subdivision Fund pursuant to this Agreement. The duties of the Settlement Fund Administrator shall be governed by this Agreement. Prior to the Effective Date, Mylan and the Enforcement Committee shall agree to a detailed description of the Settlement Fund Administrator's duties and responsibilities, including a detailed mechanism for paying the Settlement Fund Administrator's fees and costs, all of which shall be appended to the Agreement as Exhibit L.

NNN. "*Settlement Fund Escrow.*" The interest-bearing escrow fund established pursuant to this Agreement to hold disputed payments made under this Agreement.

OOO. "*Settlement Payment Schedule.*" The schedule attached to this Agreement as Exhibit M-1, Exhibit M-2, and Exhibit M-3.

PPP. "*Settling State.*" An Eligible State that has entered into this Agreement and delivers executed releases in accordance with Section VIII.A.

QQQ. "*State Allocation.*" The Maximum Remediation Payment multiplied by the State Allocation Percentage for each Eligible State listed in Exhibit F.

RRR. "*State Allocation Percentage.*" A Settling State's percentage as set forth in Exhibit F.

SSS. "*State Fund.*" The component of the Settlement Fund described in Section V.

TTT. "*State-Subdivision Agreement.*" An agreement that a Settling State reaches with the Subdivisions in that Settling State regarding the allocation, distribution, and/or use of funds allocated to that Settling State and to its Subdivisions. A State-Subdivision Agreement shall be effective if approved pursuant to the provisions of Exhibit O or if adopted by statute. Preexisting agreements addressing funds other than those allocated pursuant to this Agreement shall qualify if the approval requirements of Exhibit O are met. A Settling State and its Subdivisions may revise a State-Subdivision Agreement if approved pursuant to the provisions of Exhibit O, or if such revision is adopted by statute.

UUU. "*Statutory Trust.*" A trust fund established by state law to receive funds allocated to a Settling State's Remediation Accounts Fund and restrict any expenditures made using funds from the Settling State's Remediation Accounts Fund to Opioid Remediation, subject to reasonable administrative expenses. A Settling State may give a Statutory Trust authority to allocate one (1) or more of the three (3) types of funds comprising such Settling State's Settlement Fund, but this is not required.

VVV. "*Statewide Payment Amount.*" The amount from the Remediation Payment to be paid to a Settling State, including its separate types of funds (if applicable) and its Participating Subdivisions listed in Exhibit G.

WWW. "*Subdivision.*" Any (1) General Purpose Government (including, but not limited to, a municipality, county, county subdivision, city, town, township, parish, village,

borough, gore, or any other entities that provide municipal-type government), School District, or Special District within a Settling State, and (2) any other subdivision, subdivision official (acting in an official capacity on behalf of the subdivision) or sub-entity of or located within a Settling State (whether political, geographical or otherwise, whether functioning or non-functioning, regardless of population overlap, and including, but not limited to, Nonfunctioning Governmental Units and public institutions) that has filed a lawsuit that includes a Released Claim against a Released Entity in a direct, *parens patriae*, or any other capacity. “General Purpose Government,” “School District,” and “Special District” shall correspond to the “five basic types of local governments” recognized by the U.S. Census Bureau and match the 2017 list of Governmental Units.² The three (3) General Purpose Governments are county, municipal, and township governments; the two (2) special purpose governments are School Districts and Special Districts.³ “Fire District,” “Health District,” “Hospital District,” and “Library District” shall correspond to categories of Special Districts recognized by the U.S. Census Bureau.⁴ References to a Settling State’s Subdivisions or to a Subdivision “in,” “of,” or “within” a Settling State include Subdivisions located within the Settling State even if they are not formally or legally a sub-entity of the Settling State; *provided, however*, that a “Health District” that includes any of the following words or phrases in its name shall not be considered a Subdivision: mosquito, pest, insect, spray, vector, animal, air quality, air pollution, clean air, coastal water, tuberculosis, and sanitary.

XXX. “*Subdivision Allocation Percentage.*” The portion of a Settling State’s Subdivision Fund set forth in Exhibit G that a Subdivision will receive pursuant to Section V if it becomes a Participating Subdivision. The aggregate Subdivision Allocation Percentage of all Subdivisions receiving a Subdivision Allocation Percentage in each Settling State shall equal one hundred percent (100%). Immediately upon the effectiveness of any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section V.D.3 (or upon the effectiveness of an amendment to any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section V.D.3) that addresses allocation from the Subdivision Fund, whether before or after the Initial Participation Date, Exhibit G will automatically be amended to reflect the allocation from the Subdivision Fund pursuant to the State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed

² https://www2.census.gov/programs-surveys/gus/datasets/2017/govt_units_2017.ZIP

³ *E.g.*, U.S. Census Bureau, “Technical Documentation: 2017 Public Use Files for State and Local Government Organization” at 7 (noting that “the Census Bureau recognizes five basic types of local governments,” that three of those are “general purpose governments” (county governments, municipal governments, and township governments), and that the other two are “school district and special district governments”), https://www2.census.gov/programs-surveys/gus/datasets/2017/2017_gov_org_meth_tech_doc.pdf.

⁴ A list of 2017 Government Units provided by the Census Bureau identifies 38,542 Special Districts and categorizes them by “FUNCTION_NAME.” “Govt_Units_2017_Final” spreadsheet, “Special District” sheet, included in “Independent Governments - list of governments with reference information,” https://www2.census.gov/programs-surveys/gus/datasets/2017/govt_units_2017.ZIP. As used herein, “Fire District” corresponds to Special District function name “24 — Local Fire Protection,” “Health District” corresponds to Special District function name “32 — Health,” “Hospital District” corresponds to Special District function name “40 — Hospitals,” and “Library District” corresponds to Special District function name “52 — Libraries.” *See id.*

by Section V.D.3. The Subdivision Allocation Percentages contained in Exhibit G may not change once notice is distributed pursuant to Section VII.A, except upon the effectiveness of any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section V.D.3 (or upon the effectiveness of an amendment to any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section V.D.3) that addresses allocation from the Subdivision Fund. For the avoidance of doubt, no Subdivision not listed on Exhibit G shall receive an allocation from the Subdivision Fund and no provision of this Agreement shall be interpreted to create such an entitlement.

YYY. “*Subdivision Fund.*” The component of the Settlement Fund described in Section V.A.

ZZZ. “*Subdivision Settlement Participation Form.*” The form attached as Exhibit K that Participating Subdivisions must execute and return to the Implementation Administrator or Settlement Fund Administrator, and which shall (1) make such Participating Subdivisions signatories to this Agreement, (2) include a full and complete release of any and all of such Subdivision’s claims, and (3) require the prompt dismissal with prejudice of any Released Claims that have been filed by any such Participating Subdivision.

AAAA. “*Threshold Motion.*” A motion to dismiss or equivalent dispositive motion made at the outset of litigation under applicable procedure. A Threshold Motion must include as potential grounds for dismissal any applicable Bar or the relevant release by a Settling State or Participating Subdivision provided under this Agreement and, where appropriate under applicable law, any applicable limitations defense.

II. Participation by Eligible States and Condition to Preliminary Agreement

A. *Notice to Eligible States.* On May 26, 2025, this Agreement shall be distributed to all Eligible States. The Attorneys General of the Eligible States shall then have until June 25, 2025, to decide whether to become Settling States and notify Mylan of that decision. Eligible States that determine to become Settling States shall so notify Mylan and shall further commit to obtaining any necessary additional state releases prior to the Reference Date. This notice period may be extended by written agreement of Mylan and the Enforcement Committee.

B. *Condition to Preliminary Agreement.* Following the notice period set forth in Section II.A, Mylan shall have fourteen (14) calendar days to determine whether, in its sole discretion, enough Eligible States have agreed to become Settling States to proceed with notice to Subdivisions as set forth in Section VII. This period may be extended by written agreement of Mylan and the Enforcement Committee. If Mylan determines that this condition has been satisfied, and that notice to the Subdivisions should proceed, it will so notify the Settling States by providing notice to the Enforcement Committee. The date of such notice shall be the Preliminary Agreement Date. If Mylan determines that this condition has not been satisfied, this Agreement will have no further effect and all releases and other commitments or obligations contained herein will be void.

C. *Later Joinder by Eligible States.* After the Preliminary Agreement Date, an Eligible State may only become a Settling State with the consent of Mylan and the Enforcement Committee, provided that the Enforcement Committee may not withhold consent to an Eligible State’s later

joinder if the Eligible State agrees to join pursuant to the terms of this Agreement and the allocation set forth on Exhibit F. If an Eligible State becomes a Settling State more than thirty (30) calendar days after the Preliminary Agreement Date, but on or before the Reference Date, the Subdivisions in that Eligible State that become Participating Subdivisions within ninety (90) calendar days of the Eligible State becoming a Settling State shall be considered Initial Participating Subdivisions. An Eligible State may not become a Settling State after the Reference Date.

D. *Litigation Activity.* Following the Preliminary Agreement Date, Eligible States that determine to become Settling States shall make reasonable efforts to cease litigation activity against Mylan, including by jointly seeking stays or, where appropriate, severance of claims against Mylan, where feasible, and otherwise to minimize such activity by means of agreed deadline extensions and agreed postponement of depositions, document productions, and motion practice if a motion to stay or sever is not feasible or is denied.

III. Injunctive Relief

A. *Injunctive Relief.* As part of the Consent Judgment, the Parties agree to the entry of the injunctive relief terms attached in Exhibit P.

IV. Settlement Payments

A. *Settlement Fund.* All payments under this Section IV shall be made into the Settlement Fund, except that, where specified, they shall be made into the Settlement Fund Escrow. The Settlement Fund shall be allocated and used only as specified in Section V.

B. *Annual Remediation Payments*

1. Mylan shall make nine (9) Annual Remediation Payments, each composed of Base Payments and Incentive Payments as provided in this Section IV and as determined by the Settlement Fund Administrator as set forth in this Agreement, *provided that* the Annual Remediation Payment in Payment Year 1 and Payment Year 9 shall consist solely of Base Payments. The payment schedule for the Annual Remediation Payments is attached hereto as Exhibit M-2.

2. In no instance shall Mylan's Annual Remediation Payment obligation exceed the Annual Remediation Maximum, reduced for Non-Settling States, except as specified in the definition of "Annual Remediation Maximum" for Payment Years 3-4. In no instance shall the sum of Mylan's Annual Remediation Payment obligations for Payment Years 1-9 exceed the sum of Mylan's Annual Remediation Maximums for Payment Years 1-9, reduced for Non-Settling States.

C. *Settlement Fund Payment Process*

1. To determine each Annual Remediation Payment for Payment Year 2 and forward, the Settlement Fund Administrator shall use the data as of sixty (60) days prior to the Payment Date for each payment, unless another provision of the Agreement specifies a

different date. Prior to the Effective Date, the Parties will include Exhibit L, which sets forth in detail the process for the Settlement Fund Administrator to obtain relevant data and for distributing funds to the Settling States and their Participating Subdivisions listed on Exhibit G consistent with the terms of this Agreement as quickly as practical.

2. The Settlement Fund Administrator shall determine the Annual Remediation Payment and the Statewide Payment Amount for each Settling State, consistent with the provisions in Exhibit L, by:

- a. Determining, for each Settling State, the Base Payment amount and Incentive Payment amount to which the Settling State is entitled by applying the criteria under Section IV.F, Section IV.G, and Section IV.H;
- b. applying any offsets as specified under Section XII;
- c. determining the total amount owed by Mylan to all Settling States and the Participating Subdivisions listed on Exhibit G; and
- d. the Settlement Fund Administrator shall then allocate, after subtracting the portion of any Settlement Fund Administrator costs and fees owed out of funds from the Settlement Fund pursuant to Section V.C.5, the Annual Remediation Payment pursuant to Section V among the Settling States, among the separate types of funds for each Settling State (if applicable), and among the Participating Subdivisions listed on Exhibit G.

3. If, no later than fifty (50) days prior to the Payment Date, Mylan and the Enforcement Committee inform the Settlement Fund Administrator that they agree on the amount of the Annual Remediation Payment and the Statewide Payment Amount for each Settling State, Mylan shall pay the agreed-upon Annual Remediation Payment amount on the Payment Date and the Settlement Fund Administrator shall treat those amounts as the determination described in Section IV.C.2. If the Settlement Fund Administrator is not so informed, it shall give notice to Mylan, the Settling States, and the Enforcement Committee of the amount of the Annual Remediation Payment, and the Statewide Payment Amount for each Settling State, following the determination described in Section IV.C.2, and the following timeline shall apply:

- a. Within twenty-one (21) calendar days of the notice provided by the Settlement Fund Administrator, Mylan, any Settling State, or the Enforcement Committee may dispute, in writing, the calculation of the Annual Remediation Payment or the Statewide Payment Amount for a Settling State. Such disputing party must provide a written notice of dispute to the Settlement Fund Administrator, the Enforcement Committee, any affected Settling State, and Mylan identifying the nature of the dispute, the amount of money that is disputed, and the Settling State(s) affected.
- b. Within twenty-one (21) calendar days of the sending of a written notice of dispute, any affected party may submit a response, in writing, to the

Settlement Fund Administrator, the Enforcement Committee, any affected Settling State, and Mylan identifying the basis for disagreement with the notice of dispute.

c. If no response is filed, the Settlement Fund Administrator shall adjust the amount calculated consistent with the written notice of dispute, and Mylan shall pay the adjusted amount, collectively totaling that Payment Year's Annual Remediation Payment, on the Payment Date. If a written response to the written notice of dispute is timely sent to the Settlement Fund Administrator, the Settlement Fund Administrator shall notify Mylan of the preliminary amount to be paid, which shall be the greater of the amount originally calculated by the Settlement Fund Administrator or the amount that would be consistent with the notice of dispute, *provided, however*, that in no circumstances shall the preliminary amount to be paid be higher than the Annual Remediation Maximum. For the avoidance of doubt, a transfer of payments from the Settlement Fund Escrow for other Payment Years does not count toward determining whether the amount to be paid is higher than the Annual Remediation Maximum or other relevant maximum payment.

d. The Settlement Fund Administrator shall place any disputed amount of the preliminary amount paid by Mylan into the Settlement Fund Escrow and shall disburse any undisputed amount to each Settling State and its Participating Subdivisions listed on Exhibit G pursuant to Section IV.C.4.

4. If a Settling State informs the Settlement Fund Administrator that it and its Participating Subdivisions listed on Exhibit G have agreed on the amount of its Statewide Payment Amount, determined pursuant to Section IV.C.2 or Section IV.C.3, to be distributed to the Settling State, among its separate types of funds (if applicable), and among its Participating Subdivisions listed on Exhibit G, the Settlement Fund Administrator shall disburse the Statewide Payment Amount pursuant to the consensus distribution amounts provided by the Settling State as quickly as practical. For a Settling State that does not so notify the Settlement Fund Administrator, the Settlement Fund Administrator shall allocate the Settling State's Statewide Payment Amount, pursuant to Section V, among the separate types of funds for the Settling State (if applicable), and among its Participating Subdivisions listed on Exhibit G using the following procedures:

a. As soon as possible for each payment and following the determination described in Section IV.C.2 or Section IV.C.3, the Settlement Fund Administrator shall give notice to the relevant Settling States and their Participating Subdivisions listed on Exhibit G of the amount to be received by each Settling State, the amount to be received by the separate types of funds for each Settling State (if applicable), and the amount to be received by each Participating Subdivision listed on Exhibit G for each Settling State.

b. Within twenty-one (21) days of the notice provided by the Settlement Fund Administrator, any Settling State or Participating Subdivision listed on Exhibit G may dispute, in writing, the calculation of the amount to be received by the relevant Settling State and/or its Participating Subdivision listed on

Exhibit G. A dispute will be deemed invalid and disregarded if it challenges the allocations adopted by a State-Subdivision Agreement approved pursuant to the provisions of Exhibit O or by statute. Such disputing party must provide a written notice of dispute to the Settlement Fund Administrator, any affected Settling State, and any affected Participating Subdivision identifying the nature of the dispute, the amount of money that is disputed, and the Settling State(s) affected.

c. Within twenty-one (21) days of the sending of a written notice of dispute, any affected Settling State or any affected Participating Subdivision may submit a response, in writing, to the Settlement Fund Administrator, any affected Settling State and any affected Participating Subdivision identifying the basis for disagreement with the notice of dispute.

d. If no response is filed, the Settlement Fund Administrator shall adjust the amount calculated consistent with the written notice of dispute.

e. The Settlement Fund Administrator shall place any disputed amount into the Settlement Fund Escrow and shall disburse any undisputed amount to the Settling State and its Participating Subdivisions eligible for payment.

5. Disputes described in this subsection shall be resolved in accordance with the terms of Section VI.F.

6. The Settlement Fund Administrator may combine the disbursements of Annual Remediation Payments with disbursement of funds under other comparable opioid settlements. In determining when disbursements for each Annual Remediation Payment will be made, the Settlement Fund Administrator may take into account the timeline for the availability of disbursements under other comparable opioid settlements.

7. For the avoidance of doubt, a Subdivision not listed on Exhibit G shall not receive an allocation from the Subdivision Fund and no provision of this Agreement shall be interpreted to create such an entitlement.

D. *Procedure for Annual Remediation Payment and Annual Fees Payment in Payment Year 1.* The process described in Section IV.C shall not apply to Payment Year 1. The procedure in lieu of Section IV.C for Payment Year 1 is as set forth below:

1. The Payment Date for Payment Year 1 is July 25, 2025. Mylan shall deposit into a segregated interest-bearing bank account it establishes the “Adjusted Maximum Base Payment” for Payment Year 1 as specified in Exhibit M-2. This amount shall be calculated by multiplying the aggregate State Allocation Percentage attributable to Eligible States that have agreed to become Settling States by the Preliminary Agreement Date by the “Maximum Base Payment” amount specified in Exhibit M-2 for Payment Year 1. Mylan shall also deposit into two (2) separate segregated interest-bearing bank accounts it establishes: (a) the “Maximum Exhibit R Attorney Fee and Cost Funds” for Payment Year 1 as specified in Exhibit M-3; and (b) the “Additional Remediation Amount” for Payment

Year 1 as specified in Exhibit M-3. Mylan shall separately account for the interest earned on each of the three (3) accounts.

2. Mylan shall provide proof to the Enforcement Committee of the deposits required by Section IV.D.1 by July 25, 2025. Mylan shall not remove any money from the segregated bank accounts, except as provided by Sections IV.D.3-5.

3. In the event that, in accordance with the terms of Section VIII.B, Mylan determines not to proceed with the Settlement, or the Settlement does not become effective for any other reason, all funds held in the segregated bank accounts shall immediately revert to Mylan.

4. If the condition set forth in Section VIII.B is met, Mylan shall transfer into the Settlement Fund, no later than five (5) business days after the Reference Date (unless the Enforcement Committee specifies a later date), the amount in the segregated account holding the “*Adjusted Maximum Base Payment*” for Payment Year 1 plus the *total amount of the Base Payment* owed in Payment Year 1 for the Eligible States that newly agreed to become a Settling State between the Preliminary Agreement Date and the Reference Date, which shall be calculated by multiplying those Settling States’ State Allocation Percentage by the amount specified in Exhibit M-2 for Payment Year 1. If the condition set forth in Section VIII.B is met, Mylan also shall transfer into the relevant funds as directed by the Enforcement Committee, no later than five (5) business days after the Reference Date (unless the Enforcement Committee specifies a later date), the amount in the segregated account holding the “*Maximum Exhibit R Attorney Fee and Cost Funds*” for Payment Year 1 (including all interest accrued on that account), and the amount in the segregated account holding the Additional Remediation Amount for Payment Year 1 (including all interest accrued on that account), except that any reductions provided by Section IX.B and Exhibit R shall revert to Mylan. Mylan shall provide an accounting to the Enforcement Committee of the transfers, including Statewide Payment Amount for Payment Year 1 for each Eligible State that newly agreed to become a Settling State between the Preliminary Agreement Date and the Reference Date.

5. The interest earned from the deposit account holding the Adjusted Maximum Base Payment for Payment Year 1 shall be used, first, to pay for the Implementation Administrator, then to pay for the Implementation Administrator in the Alvogen, Amneal, Apotex, Hikma, Indivior, Sun, and Zydus Settlement Agreements, and finally to be transferred to the Settlement Fund to be used to pay for the Settlement Fund Administrator pursuant to Section V.C.5.

6. The Annual Remediation Payment for Payment Year 1 transferred by Mylan into the Settlement Fund pursuant to Section IV.D.4 shall be disbursed by the Settlement Fund Administrator after the Effective Date to each Settling State and to its Initial Participating Subdivisions listed on Exhibit G pursuant to Section IV.C.4 through Section IV.C.7; *provided, however*, that for any Settling State where the Consent Judgment has not been entered as of the Effective Date, the funds allocable to that Settling State and its

Participating Subdivisions listed on Exhibit G shall not be disbursed until ten (10) calendar days after the entry of the Consent Judgment in that Settling State.

E. *Payment Date for Payment Years 2 through 9.* The Payment Date for Payment Year 2 is March 1, 2026. The Payment Date for Payment Years 3 through 9 shall be each successive March 1. The Annual Remediation Payments for those Payment Years shall be made pursuant to the process set forth in Section IV.C.

F. *Offsets to Annual Remediation Payments to the Settlement Fund for Non-Settling States.* An offset equal to \$284,447,916 times the State Allocation Percentage assigned to each Non-Settling State in Exhibit F shall be deducted from the total amount to be paid by Mylan to the Settlement Fund. For the avoidance of doubt, the Adjusted Maximum Remediation Payment is calculated in a way that reflects this offset. The Base Payments and Incentive Payments are also subject to offset as provided in Section XII.

G. *Base Payments.*

1. Subject to the offset provisions set forth in Section XII, Mylan shall make Base Payments into the Settlement Fund in an amount equal to 48.4373968835% of the Adjusted Maximum Remediation Payment. The maximum total for Base Payments is \$137,779,166. The Base Payments shall be due in installments consistent with Exhibit M-2 over the nine (9) Payment Years.

2. The Base Payment for any Settling State in each Payment Year shall be the Base Payment for that Payment Year specified in Exhibit M-2 times the Settling State's State Allocation Percentage specified in Exhibit F.

H. *Incentive Payments.*

1. Subject to the offset provisions set forth in Section XII, Mylan shall make potential additional incentive payments totaling up to a maximum of 51.5626031165% of the Adjusted Maximum Remediation Payment, with the Incentive Payment amount depending on whether and the extent to which the criteria set forth below are met in each Settling State. The maximum total for Incentive Payments is \$146,668,750.

2. A Settling State qualifies to receive Incentive Payments in addition to Base Payments if it meets the incentive eligibility requirements specified below. The maximum total Incentive Payment for any Settling State shall be no more than the maximum total for Incentive Payments listed in Section IV.H.1 times the Settling State's State Allocation Percentage specified in Exhibit F. Incentive Payments are state-specific, with the actual amount depending on whether and the extent to which the criteria set forth below are met in such Settling State.

3. The incentive payments shall be divided among three (3) categories, referred to as Incentive Payments A, BC, and D. Incentive Payments A and BC will be due in installments

over the seven (7) Payment Years beginning with Payment Year 2 and ending with Payment Year 8, while Incentive D will be due in installments over four (4) Payment Years beginning with Payment Year 5, as shown on Exhibit M-2. The total amount of incentive payments in an Annual Remediation Payment shall be the sum of the incentive payments for which the individual Settling States are eligible for that Payment Year under the criteria set forth below. The incentive payments shall be made with respect to a specific Settling State based on its eligibility for that Payment Year under the criteria set forth below. For the avoidance of doubt, eligibility for Incentive Payments A, BC, and D shall be determined on a Settling State-by-Settling State basis.

4. Incentive Payment A.

a. Incentive Payment A is mutually exclusive with Incentive Payments BC and D; if a Settling State receives Incentive Payment A in an Annual Remediation Payment, such Settling State is not eligible for Incentive Payment BC or D in that Annual Remediation Payment.

b. Incentive Payment A shall be equal to 51.5626031165% of the Adjusted Maximum Remediation Payment, provided all Settling States satisfy the requirements of Incentive Payment A. Incentive Payment A will be due to a Settling State as part of the Annual Remediation Payment over seven (7) Payment Years, starting in Payment Year 2, and shall equal a total potential maximum of \$146,668,750 if all Eligible States qualify for Incentive Payment A. Each Settling State's share of Incentive Payment A in a given year, *provided* that Settling State qualifies, shall equal the total maximum amount available for Incentive Payment A for that year as reflected in Exhibit M-2 times the Settling State's State Allocation Percentage.

c. Qualification for Incentive Payment A is as follows: A Settling State qualifies for Incentive Payment A if, as of two (2) years of the Effective Date: (i) there is a Bar in that Settling State in full force and effect, (ii) the Released Claims of all of the following entities are released through the execution of Subdivision Settlement Participation Forms, or there is a Case-Specific Resolution against such entities: all Primary Subdivisions, Litigating Subdivisions, School Districts with a K-12 student enrollment of at least 25,000 or .10% of a Settling State's population, whichever is greater, Hospital Districts that have at least one hundred twenty-five (125) hospital beds in one or more hospitals rendering services in that district, and Primary Fire Districts; or (iii) a combination of the actions in clauses (i) and (ii) has achieved the same level of resolution of Claims by Subdivisions (*e.g.*, a Bar against future litigation combined with full joinder by Litigating Subdivisions). For the avoidance of doubt, subsection (iii) cannot be satisfied unless all Litigating Subdivisions are Participating Subdivisions or there is a Case-Specific Resolution against any such Subdivisions that are not Participating Subdivisions. Mylan and the Enforcement Committee shall meet and confer in order to agree on data sources for purposes of this Section prior to the Initial Participation Date.

d. A Settling State that does not qualify for Incentive Payment A as of two (2) years after the Effective Date shall not be eligible for Incentive Payment A for that Payment Year or any subsequent Payment Years.

e. To the extent a Settling State asserts that existing legislation qualifies as a Bar, the Settling State shall provide notice to Mylan no later than thirty (30) days before the Initial Participation Date. Mylan shall indicate before the Initial Participation Date whether existing legislation in a Settling State is sufficient to qualify as a Bar.

f. If a Settling State does not qualify for Incentive Payment A as of the Payment Date for Payment Year 2 and becomes eligible for Incentive Payment A as of Payment Date for Payment Year 3, it shall receive the payment that it would have received for Incentive Payment A for Payment Year 2 (the “Incentive Payment A Catch-up Payment”) on the Payment Date for Payment Year 3. If a Settling State is not eligible for Incentive Payment A as of the Payment Date for Payment Year 3 and becomes eligible for Incentive Payment A as of two (2) years after the Effective Date, it shall receive the payment that it would have received for Incentive Payment A for Payment Years 2 and 3 (also an “Incentive Payment A Catch-up Payment”) on the Payment Date for Payment Year 4. The Incentive Payment A Catch-up Payment shall be reduced by any amounts paid to the Settling State under Incentive Payment BC prior to the Settling State’s eligibility for Incentive Payment A.

g. If Mylan made a payment under Incentive Payment A solely on the basis of a Bar in a Settling State and that Bar is subsequently removed, revoked, rescinded, reversed, overruled, interpreted in a manner to limit the scope of the release, or otherwise deprived of force or effect in any material respect, that Settling State shall not be eligible for Incentive Payment A thereafter, unless the Settling State requalifies for Incentive Payment A through any method pursuant to Section IV.H.4.c, in which case the Settling State shall be eligible for Incentive Payment A less any litigation fees and costs incurred by Mylan in the interim, except that, if the re-imposition occurs after the completion of opening statements in a trial involving a Released Claim, the Settling State shall not be eligible for Incentive Payment A (unless this exception is waived by Mylan).

5. Incentive Payment BC.

a. Incentive Payment BC shall be available to Settling States that do not qualify for Incentive Payment A.

b. Incentive Payment BC shall be up to a maximum of 48.9844727848% of the Settling State’s State Allocation. Incentive Payment BC will be due to a Settling State as part of the Annual Remediation Payment over seven (7) Payment Years, starting in Annual Remediation Payment 2. Subject to Section IV.F, Incentive Payment BC shall equal a total potential maximum of \$139,335,312 if all Eligible States qualify for Incentive Payment BC (and do not qualify for Incentive Payment A).

c. A Settling State may earn Incentive Payment BC in Annual Remediation Payments 2 through 8 and may receive, when combined with the Settling State's Base Payment, up to 97.4218696683% of the Settling State's State Allocation. The maximum Incentive Payment BC for any Settling State in a given Payment Year shall be the maximum potential Incentive Payment BC for that Payment Year specified in Exhibit M-2 times the Settling State's State Allocation Percentage specified in Exhibit F, provided such Settling State becomes eligible for Incentive Payment BC by sixty (60) days before the Payment Date for Payment Year 5.

d. The amount of Incentive Payment BC for which a Settling State is eligible shall be determined based on the aggregate population of the Settling State's Incentive BC Subdivisions that are Participating Subdivisions or have had their claims resolved through a Case-Specific Resolution, divided by the aggregate population of all the Settling State's Incentive BC Subdivisions. The Settling State's Incentive BC Subdivisions are (i) all Litigating Subdivisions (including School Districts and Special Districts) and (ii) all Primary Subdivisions that have not sued Mylan as of the Initial Participation Date (collectively, "*Incentive BC Subdivisions*").

e. The percentage of the Settling State's maximum Incentive Payment BC for the Payment Year provided by Section IV.H.5.c to which the Settling State is entitled shall be determined according to the table of Incentive BC payment levels below:

Participation Percentage of Incentive BC Eligible Subdivision Population ⁵	Incentive Payment BC Percentage for the Relevant Payment Year
Less than 85%	0%
85% or more but less than 86%	3.57%
86% or more but less than 87%	8.93%

⁵ The "Participation Percentage of Incentive BC Eligible Subdivision Population" shall be determined by the aggregate population of the Settling State's Incentive BC Subdivisions that are Participating Subdivisions or have had their claims resolved through a Case-Specific Resolution, divided by the aggregate population of the Settling State's Incentive BC Subdivisions. None of the population figures shall include Prior Litigating Subdivisions. In calculating the Settling State's population that resides in Incentive BC Subdivisions, the population of the Settling State's Incentive BC Subdivisions shall be the sum of the population of all Incentive BC Subdivisions in the Settling State, notwithstanding that persons may be included within the population of more than one Incentive BC Subdivision. An individual Subdivision shall not be included more than once in the numerator, and shall not be included more than once in the denominator, of the calculation regardless if it (or any of its officials) is named as multiple plaintiffs in the same lawsuit; provided, however, that for the avoidance of doubt, no Subdivision will be excluded from the numerator or denominator under this sentence unless a Subdivision otherwise counted in the denominator has the authority to release the Claims (consistent with Section X) of the Subdivision to be excluded.

87% or more but less than 88%	14.29%
88% or more but less than 89%	19.64%
89% or more but less than 90%	25%
90% or more but less than 91%	30.36%
91% or more but less than 92%	35.71%
92% or more but less than 93%	41.07%
93% or more but less than 94%	46.43%
94% or more but less than 95%	51.79%
95% or more but less than 96%	60.71%
96% or more but less than 97%	68.75%
97% or more but less than 98%	76.79%
98% or more but less than 99%	84.82%
99% or more but less than 100%	92.86%
100%	100%

f. For Payment Years 2-5, the percentage of the available Incentive Payment BC amount for which a Settling State is eligible will be based on the Participation Percentage of Incentive BC Eligible Subdivision Population as of sixty (60) days before the Payment Date. For Payment Years 6-8, the percentage of the available Incentive Payment BC amount for which a Settling State is eligible will be based on the Participation Percentage of Incentive BC Eligible Subdivision Population as of sixty (60) days before the Payment Date for Payment Year 5. If Incentive BC Eligible Subdivisions that have become Participating Subdivisions, or achieved Case-Specific Resolution status, collectively represent less than eighty-five percent (85%) of a Settling State's Incentive BC Eligible Subdivision population by sixty (60) days before the Payment Date for Payment Year 5, the Settling State shall not receive any Incentive Payment BC.

g. If there are no Incentive BC Eligible Subdivisions in a Settling State, and that Settling State is otherwise eligible for Incentive Payment BC because it is not eligible for Incentive Payment A, that Settling State will receive its maximum Incentive Payment BC for that Annual Remediation Payment provided by Section IV.H.5.c.

6. Incentive Payment D.

a. Incentive Payment D shall be available to Settling States that do not qualify for Incentive Payment A.

b. Incentive Payment D shall be equal to up to a maximum of 8.5937673033% of the Adjusted Maximum Remediation Payment, with the actual amount depending whether and the extent to which the criteria set forth below are met in each Settling State. The maximum total for Incentive Payment D is \$24,444,792.⁶

c. Incentive Payment D shall be paid starting at Payment Year 5 and the amount of Incentive Payment D in Payment Years 5-8 will depend on (i) the Settling State meeting the qualifications set out in Section IV.H.6.d and (ii) the Participation Percentage of Incentive BC Eligible Subdivision Population achieved by the Settling State as of sixty (60) days prior to the Payment Date for Payment Year 5.

d. A Settling State qualifies for Incentive Payment D if no Later Litigating Subdivision (for purposes of Incentive Payment D, Later Litigating Subdivisions are limited to (i) a Primary Subdivision; (ii) a school district with a K-12 student enrollment of at least 25,000 or 0.10% of the Settling State's population, whichever is greater; (iii) a health district or hospital district that has at least one hundred twenty-five (125) hospital beds in one or more hospitals rendering services in that district; and (iv) Primary Fire Districts) in that Settling State has a lawsuit against a Released Entity survive more than six (6) months after denial in whole or in part of a Threshold Motion.

e. A Settling State's qualification for Incentive Payment D shall be determined as of sixty (60) calendar days prior to the Payment Date ("*Incentive Payment D Look-Back Date*"). If a Later Litigating Subdivision's lawsuit in that Settling State survives more than six (6) months after denial in whole or in part a Threshold Motion after that date, that Settling State shall not be eligible for Incentive Payment D for the Payment Year in which that occurs and any subsequent Payment Year.

f. The Incentive Payment D for any Settling State qualifying for Incentive Payment D in Payment Years 5-8 shall be equal to between 2.5781301910% and 8.5937673033% of the State Remediation Payment times the Settling State's Overall Allocation Percentage specified in Exhibit F. The applicable percentage shall be determined based on the Participation Percentage of

⁶ The Incentive Payment BC table specified in Section IV.H.5.e and Incentive Payment D table specified in Section IV.H.6.f operate so that the combined amount of Incentive Payment BC and Incentive Payment D cannot exceed 51.5626031165% of the Adjusted Maximum Remediation Payment over the term of the Agreement. Mylan will have no obligation to pay more than \$146,668,750 for the combined amounts of Incentive Payment BC and Incentive Payment D minus any offsets for Non-Settling States specified in Section IV.F.

Incentive BC Eligible Subdivision Population achieved by the Incentive Payment D Look-Back Date for Payment Year 5 as shown in the table below:

Participation Percentage of Incentive BC Eligible Subdivision Population as of sixty (60) days prior to the Payment Date for Payment Year 5	Each Eligible Settling State's Applicable Incentive Payment D Percentage
Participation of less than 95%	8.5937673033% of State Allocation
Participation of 95% but less than 96%	7.7343905729% of State Allocation
Participation of 96% but less than 97%	6.8750138426% of State Allocation
Participation of 97% but less than 98%	6.0156371123% of State Allocation
Participation of 98% but less than 99%	5.1562603820% of State Allocation
Participation of 99% but less than 100%	4.2968836516% of State Allocation
Participation of 100%	2.5781301910% of State Allocation

g. Incentive Payment D shall be paid in four equal installments. Prior to making the Annual Remediation Payment for Payment Years 5-8, the Settlement Fund Administrator shall determine a Settling State's qualification for Incentive Payment D as of the Incentive Payment D Look-Back Date for that Payment Year. Prior to the Incentive Payment D Look-Back Date for each Payment Year, Mylan may provide the Settlement Fund Administrator and the Enforcement Committee with notice identifying any Settling State(s) it believes do not qualify for Incentive Payment D and information supporting its belief.

h. Notwithstanding Section IV.H.6.d and Section IV.H.6.e, a Settling State can become re-eligible for Incentive Payment D if the lawsuit that survived a Threshold Motion is dismissed pursuant to a later motion on grounds included in the Threshold Motion, in which case the Settling State shall be eligible for Incentive Payment D less any litigation fees and costs incurred by Mylan in the interim, except that if the dismissal motion occurs after the completion of opening statements in such action, the Settling State shall not be eligible for Incentive Payment D.

7. In no event shall any Settling State receive Base Payments and Incentive Payments A, BC, and D totaling more than one hundred percent (100%) of its respective Overall State Allocation Percentage specified in Exhibit F times the Maximum Remediation Payment.

V. Allocation and Use of Settlement Payments

A. *Components of Settlement Fund.* The Settlement Fund shall be funded by the Annual Remediation Payments and comprised of a Remediation Accounts Fund, a State Fund, and a Subdivision Fund for each Settling State. The payments made under Section IV into the Settlement Fund shall be initially allocated among those three (3) sub-funds and distributed and used as provided below. Payments placed into the Settlement Fund do not revert back to Mylan.

B. *Use of Settlement Payments.*

1. It is the intent of the Parties that the payments disbursed from the Settlement Fund to Settling States and Participating Subdivisions be for Opioid Remediation, subject to exceptions that must be documented in accordance with Section V.B.2. In no event may less than ninety-five percent (95%) of Mylan's maximum amount of payments pursuant to Section IV as set forth on Exhibit M-2 over the entirety of all Payment Years (but not any single Payment Year) be spent on Opioid Remediation.

2. While disfavored by the Parties, a Settling State or a Participating Subdivision set forth on Exhibit G may use monies from the Settlement Fund (that have not been restricted by this Agreement solely to future Opioid Remediation) for purposes that do not qualify as Opioid Remediation. If, at any time, a Settling State or a Participating Subdivision set forth on Exhibit G uses any monies from the Settlement Fund for a purpose that does not qualify as Opioid Remediation, such Settling State or Participating Subdivision set forth on Exhibit G shall identify such amounts and report to the Settlement Fund Administrator and Mylan how such funds were used, including if used to pay attorneys' fees, investigation costs, litigation costs, or costs related to the operation and enforcement of this Agreement, respectively. It is the intent of the Parties that the reporting under this Section V.B.2 shall be available to the public. For the avoidance of doubt, (a) any amounts not identified under this Section V.B.2 as used to pay attorneys' fees, investigation costs, or litigation costs shall be included in the Compensatory Restitution Amount for purposes of Section V.F and (b) Participating Subdivisions not listed on Exhibit G may only use monies from the Settlement Fund for purposes that qualify as Opioid Remediation.

C. *Allocation of Settlement Fund.* The allocation of the Settlement Fund allows for different approaches to be taken in different states, such as through a State-Subdivision Agreement. Given the uniqueness of Settling States and their Subdivisions, Settling States and their Subdivisions are encouraged to enter into State-Subdivision Agreements in order to direct the allocation of their portion of the Settlement Fund. As set out below, the Settlement Fund Administrator will make an initial allocation to three (3) state-level sub-funds. The Settlement Fund Administrator will then, for each Settling State and its Participating Subdivisions, apply the terms of this Agreement and any relevant State-Subdivision Agreement, Statutory Trust, Allocation Statute, or voluntary redistribution of funds as set out below before disbursing the funds.

1. Base Payments. The Settlement Fund Administrator will allocate Base Payments under Section IV.G among the Settling States pursuant to Section IV.G.2. Base payments for each Settling State will then be allocated fifteen percent (15%) to its State Fund, seventy percent (70%) to its Remediation Accounts Fund, and fifteen percent (15%) to its

Subdivision Fund. Amounts may be reallocated and will be distributed as provided in Section V.D.

2. Incentive Payments. The Settlement Fund Administrator will treat Incentive Payments under Section IV.H on a state-specific basis. Incentive Payments for which a Settling State is eligible will be allocated fifteen percent (15%) to its State Fund, seventy percent (70%) to its Remediation Accounts Fund, and fifteen percent (15%) to its Subdivision Fund. Amounts may be reallocated and will be distributed as provided in Section V.D.

3. Application of Adjustments. If an offset under Section XII applies with respect to a Settling State, the offset shall be applied proportionally to all amounts that would otherwise be apportioned and distributed to the State Fund, the Remediation Accounts Fund, and the Subdivision Fund for that Settling State.

4. Settlement Fund Administrator. Prior to the Effective Date, Mylan and the Enforcement Committee will agree to a detailed mechanism consistent with the foregoing for the Settlement Fund Administrator to follow in allocating, apportioning, and distributing payments, which shall then be appended hereto as Exhibit L.

5. Settlement Fund Administrator Costs. Any costs and fees associated with or arising out of the duties of the Settlement Fund Administrator as described in Exhibit L shall be paid from the interest accrued in the Settlement Fund Escrow and the Settlement Fund; *provided, however*, that if such accrued interest is insufficient to pay the entirety of any such costs and fees, the additional amount shall be paid out of the Settlement Fund. For the avoidance of doubt, nothing in this provision shall require Mylan to pay any costs, fees, or other amounts in excess of the Global Settlement Amount.

D. *Settlement Fund Reallocation and Distribution.* As set forth below, within a particular Settling State's account, amounts contained in the Settlement Fund sub-funds may be reallocated and distributed per a State-Subdivision Agreement or other means. If the apportionment of amounts is not addressed and controlled under Section V.D.1 and Section V.D.2, then the default provisions of Section V.D.4 apply. It is not necessary that a State-Subdivision Agreement or other means of allocating funds pursuant to Section V.D.1 and Section V.D.2 address all of the Settlement Fund sub-funds. For example, a Statutory Trust might only address disbursements from a Settling State's Remediation Accounts Fund.

1. Distribution by State-Subdivision Agreement. If a Settling State has a State-Subdivision Agreement, amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section V.C shall be reallocated and distributed as provided by that agreement. Any State-Subdivision Agreement entered into after the Preliminary Agreement Date shall be applied only if it requires: (a) that all amounts be used for Opioid Remediation, except as allowed by Section V.B.2, and (b) that

at least seventy percent (70%) of amounts be used solely for future Opioid Remediation.⁷ For a State-Subdivision Agreement to be applied to the relevant portion of an Annual Payment, notice must be provided to Mylan and the Settlement Fund Administrator at least sixty (60) calendar days prior to the Payment Date.

2. Distribution by Allocation Statute. If a Settling State has an Allocation Statute and/or a Statutory Trust that addresses allocation or distribution of amounts apportioned to such Settling State's State Fund, Remediation Accounts Fund, and/or Subdivision Fund and that, to the extent any or all such sub-funds are addressed, requires (1) all amounts to be used for Opioid Remediation, except as allowed by Section V.B.2, and (2) at least seventy percent (70%) of all amounts to be used solely for future Opioid Remediation then, to the extent allocation or distribution is addressed, the amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section V.C shall be allocated and distributed as addressed and provided by the applicable Allocation Statute or Statutory Trust. For the avoidance of doubt, an Allocation Statute or Statutory Trust need not address all three (3) sub-funds that comprise the Settlement Fund, and if the applicable Allocation Statute or Statutory Trust does not address distribution of all or some of these three (3) sub-funds, the applicable Allocation Statute or Statutory Trust does not replace the default provisions described in Section V of any such unaddressed fund. For example, if an Allocation Statute or Statutory Trust that meets the requirements of this Section V.D.2 only addresses funds restricted to remediation, then the default provisions of this Agreement concerning allocation among the three (3) sub-funds comprising the Settlement Fund and the distribution of the State Fund and Subdivision Fund for that Settling State would still apply, while the distribution of the applicable State's Remediation Accounts Fund would be governed by the qualifying Allocation Statute or Statutory Trust.

3. Voluntary Redistribution. A Settling State may choose to reallocate all or a portion of its State Fund to its Remediation Accounts Fund. A Participating Subdivision included on Exhibit G may choose to reallocate all or a portion of its allocation from the Subdivision Fund to the Settling State's Remediation Accounts Fund or to another Participating Subdivision. The Settlement Fund Administrator is not required to honor a voluntary redistribution for which notice is provided to it less than sixty (60) calendar days prior to the applicable Payment Date.

4. Distribution in the Absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust. If Section V.D.1 and Section V.D.2 do not apply, amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section V.C shall be distributed as follows:

- a. Amounts apportioned to that Settling State's State Fund shall be distributed to that Settling State.

⁷ Future Opioid Remediation includes amounts paid to satisfy any future demand by another governmental entity to make a required reimbursement in connection with the past care and treatment of a person related to the Alleged Harms.

b. Amounts apportioned to that Settling State's Remediation Accounts Fund shall be distributed consistent with Section V.E. Each Settling State shall submit to the Settlement Fund Administrator a designation of a lead state agency or other entity to serve as the single point of contact for that Settling State's funding requests from the Remediation Accounts Fund and other communications with the Settlement Fund Administrator. The designation of an individual entity is for administrative purposes only and such designation shall not limit funding to such entity or even require that such entity receive funds from this Agreement. The designated entity shall be the only entity authorized to request funds from the Settlement Fund Administrator to be disbursed from that Settling State's Remediation Accounts Fund. If a Settling State has established a Statutory Trust, then that Settling State's single point of contact may direct the Settlement Fund Administrator to release the Settling State's Remediation Accounts Fund to the Statutory Trust.

c. Amounts apportioned to that Settling State's Subdivision Fund shall be distributed to Participating Subdivisions in that Settling State included on Exhibit G per the Subdivision Allocation Percentage listed in Exhibit G. Section VII.H shall govern amounts that would otherwise be distributed to Non-Participating Subdivisions listed in Exhibit G. For the avoidance of doubt and notwithstanding any other provision in this Agreement, no Non-Participating Subdivision will directly receive any amount from the Settlement Fund, regardless of whether such Subdivision is included on Exhibit G.

d. Special Districts shall not be allocated funds from the Subdivision Fund, except through a voluntary redistribution allowed by Section V.D.3 to Special Districts that are Participating Subdivisions. A Settling State may allocate funds from its State Fund or Remediation Accounts Fund for Special Districts that are Participating Subdivisions.

5. Restrictions on Distribution. No amounts may be distributed from the Subdivision Fund contrary to Section VII, i.e., no amounts may be distributed directly to Non-Participating Subdivisions or to Later Participating Subdivisions to the extent such a distribution would violate Section VII.E through Section VII.H. Amounts allocated to the Subdivision Fund that cannot be distributed by virtue of the preceding sentence shall be distributed into the sub-account in the Remediation Accounts Fund for the Settling State in which the Subdivision is located, unless those payments are redirected elsewhere by a State-Subdivision Agreement described in Section V.D.1 or by an Allocation Statute or a Statutory Trust described in Section V.D.2.

E. *Provisions Regarding the Remediation Accounts Fund.*

1. State-Subdivision Agreement, Allocation Statute, and Statutory Trust Fund Provisions. A State-Subdivision Agreement, Allocation Statute, or Statutory Trust may govern the operation and use of amounts in that Settling State's Remediation Accounts Fund so long as it complies with the requirements of Section V.D.1 or Section V.D.2, as

applicable, and all direct payments to Subdivisions comply with Section VII.E through Section VII.H.

2. Absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust. In the absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust that addresses distribution, the Remediation Accounts Fund will be used solely for future Opioid Remediation and the following shall apply with respect to a Settling State:

a. Regional Remediation.

(i) At least fifty percent (50%) of distributions for remediation from a Settling State's Remediation Accounts Fund shall be annually allocated and tracked to the regional level. A Settling State may allow the Advisory Committee established pursuant to Section V.E.2.d to define its regions and assign regional allocations percentages. Otherwise, the Settling State shall (A) define its initial regions, which shall consist of one (1) or more General Purpose Subdivisions and which shall be designated by the state agency with primary responsibility for substance abuse disorder services employing, to the maximum extent practical, existing regions established in that Settling State for opioid abuse treatment or other public health purposes; (B) assign initial regional allocation percentages to the regions based on the Subdivision Allocation Percentages in Exhibit G and an assumption that all Subdivisions included on Exhibit G will become Participating Subdivisions.

(ii) This minimum regional expenditure percentage is calculated on the Settling State's initial Remediation Accounts Fund allocation and does not include any additional amounts a Settling State has directed to its Remediation Accounts Fund from its State Fund, or any other amounts directed to the fund. A Settling State may dedicate more than fifty percent (50%) of its Remediation Accounts Fund to the regional expenditure and may annually adjust the percentage of its Remediation Accounts Fund dedicated to regional expenditures as long as the percentage remains above the minimum amount.

(iii) The Settling State (A) has the authority to adjust the definition of the regions, and (B) may annually revise the percentages allocated to each region to reflect the number of General Purpose Subdivisions in each region that are Non-Participating Subdivisions.

b. *Subdivision Block Grants.* Certain Subdivisions shall be eligible to receive regional allocation funds in the form of a block grant for future Opioid Remediation. A Participating Subdivision eligible for block grants is a county or parish (or in the case of Settling States that do not have counties or parishes that function as political subdivisions, a city) that (1) does not contain a Litigating Subdivision or a Later Litigating Subdivision for which it has the authority to end the litigation through a release, bar or other action; (2) either (i) has a population

of 400,000 or more or (ii) in the case of California has a population of 750,000 or more; and (3) has funded or otherwise managed an established health care or treatment infrastructure (e.g., health department or similar agency). Each Subdivision eligible to receive block grants shall be assigned its own region.

c. *Small Settling States.* Notwithstanding the provisions of Section V.E.2.a, Settling States with populations under four (4) million that do not have existing regions described in Section V.E.2.a shall not be required to establish regions. However, such a Settling State that contains one (1) or more Subdivisions eligible for block grants under Section V.E.2.b shall be divided regionally so that each block-grant eligible Subdivision is a region, and the remainder of the state is a region.

d. *Advisory Committee.* The Settling State shall designate an Opioid Settlement Remediation Advisory Committee (the “*Advisory Committee*”) to provide input and recommendations regarding remediation spending from that Settling State’s Remediation Accounts Fund. A Settling State may elect to use an existing advisory committee or similar entity (created outside of a State-Subdivision Agreement or Allocation Statute); *provided, however*, the Advisory Committee or similar entity shall meet the following requirements:

(i) Written guidelines that establish the formation and composition of the Advisory Committee, terms of service for members, contingency for removal or resignation of members, a schedule of meetings, and any other administrative details;

(ii) Composition that includes at least an equal number of local representatives as state representatives;

(iii) A process for receiving input from Subdivisions and other communities regarding how the opioid crisis is affecting their communities, their remediation needs, and proposals for remediation strategies and responses; and

(iv) A process by which Advisory Committee recommendations for expenditures for Opioid Remediation will be made to and considered by the appropriate state agencies.

3. Remediation Accounts Fund Reporting. The Settlement Fund Administrator shall track and assist in the report of remediation disbursements as agreed to between Mylan and the Enforcement Committee

F. *Nature of Payment.* Mylan, the Settling States, and the Participating Subdivisions each acknowledge and agree that notwithstanding anything to the contrary in this Agreement, including, but not limited to, the scope of the Released Claims:

1. They have entered into this Agreement to avoid the delay, expense, inconvenience, and uncertainty of further litigation;

2. (a) The Settling States and Participating Subdivisions sought compensatory restitution and remediation for alleged damage or harm caused by the potential violation of a law (within the meaning of 26 U.S.C. § 162(f)(2)(A) and 26 C.F.R. § 1.162-21(e)(4)(i)) as damages for the Alleged Harms allegedly suffered by the Settling States and Participating Subdivisions; (b) the Compensatory Restitution Amount is less than or equal to the amount, in the aggregate, of the Alleged Harms allegedly suffered by the Settling States and Participating Subdivisions; and (c) the portion of the Compensatory Restitution Amount received by each Settling State or Participating Subdivision is less than or equal to the amount of the Alleged Harms allegedly suffered by such Settling State or Participating Subdivision;

3. The payment of the Compensatory Restitution Amount by Mylan constitutes, and is paid for, compensatory restitution and remediation (within the meaning of 26 U.S.C. § 162(f)(2)(A) and 26 C.F.R. § 1.162-21(e)(4)(i), (ii)) for alleged damage or harm (as compensation for alleged damage or harm arising out of alleged bodily injury) allegedly caused by Mylan in order to restore, in whole or in part, the Settling States, Participating Subdivisions, and persons to the same position or condition that they would be in had the Settling States, Participating Subdivisions, and persons not suffered the Alleged Harms, and constitutes compensatory restitution and remediation for alleged damage or harm allegedly caused by the potential violation of a law; and

4. For the avoidance of doubt: (a) the entire Compensatory Restitution Amount is properly characterized as described in Section V.F, (b) no portion of the Compensatory Restitution Amount represents reimbursement to any Settling State or Participating Subdivision or other person or entity for the fees or costs of any investigation or litigation, including without limitation attorneys' fees, (c) no portion of the Global Settlement Amount constitutes the disgorgement of any allegedly ill-gotten gains, and (d) no portion of the Global Settlement Amount is paid for, is in place of, or is properly characterized as the payment of any fine, penalty, punitive damages, or other punitive assessments.

VI. Enforcement

A. *Enforceability.* This Agreement is enforceable only by the Settling States and Mylan; *provided, however,* that Released Entities may enforce Section X and Participating Subdivisions listed on Exhibit G have the enforcement rights described later in this paragraph and in Section VI.D. Except to the extent allowed by the Injunctive Relief Terms, Settling States and Participating Subdivisions shall not have enforcement rights against Mylan with respect to either the terms of this Agreement that apply only to or in other Settling States or any Consent Judgment entered into by another Settling State. Participating Subdivisions shall not have enforcement rights against Mylan with respect to this Agreement or any Consent Judgment except that Participating Subdivisions listed on Exhibit G shall have enforcement rights as set forth herein as to payments that would be allocated to the Participating Subdivisions or the Remediation Accounts Fund in such Settling State; *provided, however,* that each Settling State shall allow Participating

Subdivisions in such Settling State to notify it of any perceived violations of this Agreement or the applicable Consent Judgment.

B. *Jurisdiction.* Mylan consents to the jurisdiction of the court in which each Settling State files its Consent Judgment, limited to resolution of disputes identified in Section VI.F.2 for resolution in that court.

C. *Specific Terms Dispute Resolution.*

1. Any dispute that is addressed by the provisions set forth in the Injunctive Relief Terms shall be resolved as provided therein.

2. In the event that Mylan believes that the ninety-five percent (95%) threshold established in Section V.B.1 is not being satisfied, any Party may request that Mylan and the Enforcement Committee meet and confer regarding the use of funds to implement Section V.B.1. The completion of such meet-and-confer process is a precondition to further action regarding any such dispute. Further action concerning Section V.B.1 shall: (i) be limited to Mylan seeking to reduce its Annual Remediation Payments by no more than five percent (5%) of the difference between the actual amount of Opioid Remediation and the ninety-five percent (95%) threshold established in Section V.B.1; (ii) only reduce Annual Remediation Payments to those Settling States and their Participating Subdivision(s) that are below the ninety-five percent (95%) threshold established in Section V.B.1; and (iii) not reduce Annual Remediation Payments restricted to future Opioid Remediation.

D. *State-Subdivision Enforcement.*

1. A Subdivision shall not have enforcement rights against a Settling State in which it is located with respect to this Agreement or any Consent Judgment except that a Participating Subdivision listed on Exhibit G shall have enforcement rights (a) as provided for in a State-Subdivision Agreement, Allocation Statute, or Statutory Trust with respect to intrastate allocation or (b) in the absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust, to allegations that (i) the Settling State's use of Remediation Accounts Fund monies were not used for uses similar to or in the nature of those uses contained in Exhibit E; or (ii) a Settling State failed to pay funds directly from the Remediation Accounts Fund to a Participating Subdivision eligible to receive a block grant pursuant to Section V.E.2.b.

2. A Settling State shall have enforcement rights against a Participating Subdivision located in its territory (a) as provided for in a State-Subdivision Agreement, Allocation Statute, or Statutory Trust; or (b) in the absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust, to allegations that the Participating Subdivisions' uses of Remediation Accounts Fund monies were not used for purposes similar to or in the nature of those uses contained in Exhibit E.

3. As between the Settling States and Participating Subdivisions, the above rights are contractual in nature and nothing herein is intended to limit, restrict, change or alter any other existing rights under law.

E. *Subdivision Mylan Payment Enforcement.* A Participating Subdivision listed on Exhibit G shall have the same right as a Settling State to seek resolution regarding the failure by Mylan to make its Annual Remediation Payment in a Payment Year.

F. *Other Terms Regarding Dispute Resolution.*

1. The parties to a dispute shall promptly meet and confer in good faith to resolve any dispute. If the parties cannot resolve the dispute informally, and unless otherwise agreed in writing, they shall follow the remaining provisions in this section to resolve the dispute.

2. Except to the extent provided by Section VI.C or Section VI.F.3, all disputes not resolved informally shall be resolved in either the court that entered the relevant Consent Judgment or, if no such Consent Judgment was entered, a state or territorial court with jurisdiction located wherever the seat of the relevant state government is located.

a. State court proceedings shall be governed by the rules and procedures of the relevant forum.

b. For the avoidance of doubt, disputes to be resolved in state court include, but are not limited to, the following:

(i) disputes concerning whether expenditures qualify as Opioid Remediation;

(ii) disputes between a Settling State and its Participating Subdivisions as provided by Section VI.D, except to the extent the State-Subdivision Agreement provides for other dispute resolution mechanisms. For the avoidance of doubt, disputes between a Settling State and any Participating Subdivision shall not be considered National Disputes;

(iii) whether this Agreement and relevant Consent Judgment are binding under state law;

(iv) the extent of the Attorney General's or other participating entity's authority under state law, including the extent of the authority to release claims; and

(v) whether the definition of a Bar, a Case-Specific Resolution, Final Order, lead state agency as described in Section V.D.4.b, Later Litigating Subdivision, Litigating Subdivision, or Threshold Motion have been met; and

(vi) all other disputes not specifically identified in Section VI.C or Section VI.F.3.

c. Any Party may request that the National Arbitration Panel provide an interpretation of any provision of the settlement that is relevant to the state court determination, and the National Arbitration Panel shall make reasonable best efforts to supply such interpretation within the earlier of thirty (30) calendar days or the time period required by the state court proceedings. Any Party may submit that interpretation to the state court to the extent permitted by, and for such weight provided by, the state court's rules and procedures. If requested by a Party, the National Arbitration Panel shall request that its interpretation be accepted in the form of an *amicus curiae* brief, and any attorneys' fees and costs for preparing any such filing shall be paid for by the requesting Party.

3. National Disputes involving a Settling State, a Participating Subdivision that has enforcement rights pursuant to Section VI.A, and/or Mylan shall be resolved by the National Arbitration Panel.

a. National Disputes are disputes that are not addressed by Section VI.C, and which are exceptions to Section VI.F.2's presumption of resolution in state courts because they involve issues of interpretation of terms contained in this Agreement applicable to all Settling States without reference to a particular state's law. Disputes between a Settling State and any Participating Subdivision shall not be considered National Disputes. National Disputes are limited to the following:

(i) the amount of offset and/or credit attributable to Non-Settling States;

(ii) issues involving the scope and definition of Product;

(iii) interpretation and application of the terms "Covered Conduct," "Released Entities," and "Released Claims;"

(iv) the failure by Mylan to pay the Annual Remediation Payment or the Additional Remediation Amount in a Payment Year, but for the avoidance of doubt, disputes between Mylan and a Settling State over the amounts owed only to that state that do not affect any other Settling State shall not be considered National Disputes;

(v) questions regarding the performance and/or removal of the Settlement Fund Administrator;

(vi) disputes involving liability of successor entities;

(vii) disputes that require a determination of the sufficiency of participation in order to qualify for Incentive Payments A, BC, or D;

(viii) disputes involving a Releasor's compliance with, and the appropriate remedy under, Section X.B.5.c;

(ix) disputes requiring the interpretation of Agreement terms that are national in scope or impact, which shall mean disputes requiring the interpretation of Agreement terms that (i) concretely affect four (4) or more Settling States; and (ii) do not turn on unique definitions and interpretations under state law; and

(x) any dispute subject to resolution under Section VI.F.2 but for which all parties to the dispute agree to arbitration before the National Arbitration Panel under the provisions of this Section VI.F.3.

b. The National Arbitration Panel shall be comprised of three (3) arbitrators. One (1) arbitrator shall be chosen by Mylan, one (1) arbitrator shall be chosen by the Enforcement Committee with due input from Participating Subdivisions listed on Exhibit G, and the third arbitrator shall be agreed upon by the first two (2) arbitrators. The membership of the National Arbitration Panel is intended to remain constant throughout the term of this Agreement, but in the event that replacements are required, the retiring arbitrator shall be replaced by the party that selected him/her.

c. The National Arbitration Panel shall make reasonable best efforts to decide all matters within one hundred eighty (180) calendar days of filing, and in no event shall it take longer than one (1) year.

d. The National Arbitration Panel shall conduct all proceedings in a reasonably streamlined process consistent with an opportunity for the parties to be heard. Issues shall be resolved without the need for live witnesses where feasible and with a presumption in favor of remote participation to minimize the burdens on the parties.

e. To the extent allowed under state law, a Settling State, a Participating Subdivision that has enforcement rights pursuant to Section VI.A, and (at any party's request) the National Arbitration Panel may certify to an appropriate state court any question of state law. The National Arbitration Panel shall be bound by a final state court determination of such a certified question. The time period for the arbitration shall be tolled during the course of the certification process.

f. The arbitrators will give due deference to any authoritative interpretation of state law, including any declaratory judgment or similar relief obtained by a Settling State, a Participating Subdivision that has enforcement rights pursuant to Section VI.A, or Mylan on a state law issue.

g. The decisions of the National Arbitration Panel shall be binding on Settling States, Participating Subdivisions, Mylan, and the Settlement Fund Administrator. In any proceeding before the National Arbitration Panel involving a dispute between a Settling State and Mylan whose resolution could prejudice the

rights of a Participating Subdivision(s) in that Settling State, such Participating Subdivision(s) shall be allowed to file a statement of view in the proceeding.

h. Nothing herein shall be construed so as to limit or otherwise restrict a Settling State from seeking injunctive or other equitable relief in state court to protect the health, safety, or welfare of its citizens.

i. Each party shall bear its own costs in any arbitration or court proceeding arising under this Section VI. The costs for the arbitrators on the National Arbitration Panel shall be divided and paid equally by the disputing sides for each individual dispute, e.g., a dispute between Mylan and Settling States/Participating Subdivisions shall be split fifty percent (50%) by Mylan and fifty percent (50%) by the Settling States/Participating Subdivisions that are parties to the dispute; a dispute between a Settling State and a Participating Subdivision shall be split fifty percent (50%) by the Settling State that is party to the dispute and fifty percent (50%) by any Participating Subdivisions that are parties to the dispute. For the avoidance of doubt, Mylan shall not be responsible for the National Arbitration Panel costs in disputes that do not concern Mylan.

4. Prior to initiating an action to enforce pursuant to this Section VI.F, the complaining party must:

a. Provide written notice to the Enforcement Committee and/or Mylan of its complaint, including the provision of the Consent Judgment and/or Agreement that the practice appears to violate, as well as the basis for its interpretation of the disputed provision. The Enforcement Committee shall establish a reasonable process and timeline for obtaining additional information from the involved parties; *provided, however*, that the date the Enforcement Committee establishes for obtaining additional information from the parties shall not be more than forty-five (45) calendar days following the notice. The Enforcement Committee may advise the involved parties of its views on the complaint and/or seek to resolve the complaint informally.

b. Wait to commence any enforcement action until thirty (30) calendar days after the date that the Enforcement Committee establishes for obtaining additional information from the involved parties.

5. If the parties to a dispute cannot agree on the proper forum for resolution of the dispute under the provisions of Section VI.F.2 or Section VI.F.3, a committee comprising the Enforcement Committee and sufficient representatives of Mylan such that the members of the Enforcement Committee have a majority of one (1) member will determine the forum where the dispute will be initiated within twenty-eight (28) calendar days of receiving notification of the dispute relating to the proper forum. The forum identified by such committee shall be the sole forum for litigating the issue of which forum will hear the substantive dispute, and the committee's identification of such forum in the first instance shall not be entitled to deference by the forum selected.

G. *Lien or Encumbrance.* To the extent allowed by applicable law, this Settlement Agreement shall not be deemed to create a lien or encumbrance against any real property owned by Mylan or its affiliates, unless in the event of a default or breach of the payment provisions by Mylan. Nothing in this Section shall be construed to limit any remedy of any Settling State or Participating Subdivision in the event of a default or breach of this Agreement by Mylan.

H. *No Effect.* Nothing in this Agreement shall be interpreted to limit the Settling States' Civil Investigative Demand ("*CID*") or investigative subpoena authority, to the extent such authority exists under applicable state law and the *CID* or investigative subpoena is issued pursuant to such authority, and Mylan reserves all of its rights in connection with a *CID* or investigative subpoena issued pursuant to such authority.

VII. Participation by Subdivisions

A. *Notice.* No later than fifteen (15) calendar days after the Preliminary Agreement Date, the Implementation Administrator shall send individual written notice (which may be delivered via e-mail or other electronic means and may be combined with distribution of the Subdivision Settlement Participation Form) of the opportunity to participate in this Agreement and the requirements of participation to all Subdivisions in the Settling States that are (1) Litigating Subdivisions or (2) Non-Litigating Subdivisions listed on Exhibit G. To the extent a Special District is entitled to an allocation for a direct payment through its inclusion in Exhibit G pursuant to a State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution, the Implementation Administrator, with the cooperation of the Settling States shall also send individual written notice (which may be delivered via e-mail or other electronic means) of the opportunity to participate in this Agreement and the requirements of participation to such Special Districts. Unless otherwise agreed by the Parties, the version of Exhibit G used for notice shall be the one in place as of the Preliminary Agreement Date. Notice (which may be delivered via e-mail or other electronic means) shall also be provided simultaneously to counsel of record for Litigating Subdivisions and known counsel for Non-Litigating Subdivisions and Special Districts listed on Exhibit G. The costs of the Implementation Administrator shall be paid for by the interest earned from the deposit accounts holding the Adjusted Maximum Base Payment for Payment Year 1 for Mylan and nothing in this provision shall require Mylan to pay any costs, fees or other amounts in excess of the Global Settlement Amount. The Settling States, with the cooperation of Mylan, may also provide general notice reasonably calculated to alert Non-Litigating Subdivisions in the Settling States to this Agreement, the opportunity to participate in it, and the requirements for participation. Such notice may include publication and other standard forms of notification, as well as notice to state and county organizations such as the National Association of Counties and the National League of Cities. The notice will include that the deadline for becoming an Initial Participating Subdivision is the Initial Participation Date. Nothing contained herein shall preclude a Settling State from providing further notice to or otherwise contacting any of its Subdivisions about becoming a Participating Subdivision, including beginning any of the activities described in this paragraph prior to the Preliminary Agreement Date.

B. *Requirements for Becoming a Participating Subdivision—Non-Litigating Subdivisions.* A Non-Litigating Subdivision in a Settling State may become a Participating Subdivision by returning an executed Subdivision Settlement Participation Form to the Implementation Administrator or Settlement Fund Administrator (which may be executed and

returned by electronic means established by the Implementation Administrator or Settlement Fund Administrator) specifying (1) that the Subdivision agrees to the terms of this Agreement pertaining to Subdivisions, (2) that the Subdivision releases all Released Claims against all Released Entities, (3) that the Subdivision agrees to use monies it receives, if any, from the Settlement Fund pursuant to the applicable requirements of Section V; *provided, however*, that Non-Litigating Subdivisions may only use monies originating from the Settlement Fund for purposes that qualify as Opioid Remediation, and (4) that the Subdivision submits to the jurisdiction of the court where the applicable Consent Judgment is filed for purposes limited to that court's role under this Agreement. The required Subdivision Settlement Participation Form is attached as Exhibit K.

C. *Requirements for Becoming a Participating Subdivision—Litigating Subdivisions/Later Litigating Subdivisions.* A Litigating Subdivision or Later Litigating Subdivision in a Settling State may become a Participating Subdivision by returning an executed Subdivision Settlement Participation Form to the Implementation Administrator or Settlement Fund Administrator (which may be executed and returned by electronic means established by the Implementation Administrator or Settlement Fund Administrator) and upon prompt dismissal with prejudice of its lawsuit following the Reference Date or the date on which the conditions for effectiveness in Section VIII.B have been met, whichever is later. A Settling State may require each Litigating Subdivision in that Settling State to specify on the Subdivision Settlement Participation Form whether its counsel has waived any contingency fee contract with that Participating Subdivision and whether, if eligible, it intends to seek fees pursuant to Exhibit R. The Settlement Fund Administrator shall provide reports of this information to the parties upon request. A Litigating Subdivision or Later Litigating Subdivision may not become a Participating Subdivision after the completion of opening statements in a trial of the lawsuit it brought that includes a Released Claim against a Released Entity.

D. *Initial Participating Subdivisions.* A Subdivision qualifies as an Initial Participating Subdivision if it meets the applicable requirements for becoming a Participating Subdivision set forth in Section VII.B or Section VII.C by the Initial Participation Date. All Subdivision Settlement Participation Forms shall be held in escrow by the Implementation Administrator until the Reference Date. If, for any reason, the Agreement does not become effective, all obligations created by such forms and releases in them shall be void *ab initio* and all Subdivision Participation Agreements shall be returned to Counsel for Litigating Subdivisions or to the Subdivisions not represented by counsel or destroyed to the extent that such destruction is not prohibited by then existing document preservation obligations.

E. *Later Participating Subdivisions.* A Subdivision that is not an Initial Participating Subdivision may become a Later Participating Subdivision by meeting the applicable requirements for becoming a Participating Subdivision set forth in Section VII.B or Section VII.C after the Initial Participation Date and by agreeing to be subject to the terms of a State-Subdivision Agreement (if any) or any other structure adopted or applicable pursuant to Section V.D or Section V.E. Unless waived by Mylan, the following provisions govern what a Later Participating Subdivision can receive (but do not apply to Initial Participating Subdivisions):

1. A Later Participating Subdivision shall not receive any share of any Annual Remediation Payment due before it became a Participating Subdivision.

2. A Later Participating Subdivision that becomes a Participating Subdivision after December 15, 2026, shall receive seventy-five percent (75%) of the share of future Base Payments or Incentive Payments that it would have received had it become a Later Participating Subdivision prior to that date (unless the Later Participating Subdivision is subject to Section VII.E.3 or Section VII.E.4).

3. A Later Participating Subdivision that, after the Initial Participation Date, maintains a lawsuit for a Released Claim(s) against a Released Entity and has judgment entered against it on every such Claim before it became a Participating Subdivision (other than a consensual dismissal with prejudice) shall receive fifty percent (50%) of the share of future Base Payments or Incentive Payments that it would have received had it become a Later Participating Subdivision prior to such judgment; *provided, however*, that if the Subdivision appeals the judgment and the judgment is affirmed with finality before the Subdivision becomes a Participating Subdivision, the Subdivision shall not receive any share of any Base Payment or Incentive Payments.

4. A Later Participating Subdivision that becomes a Participating Subdivision while a Bar or Case-Specific Resolution involving a different Subdivision exists in its state shall receive twenty-five percent (25%) of the share of future Base Payments or Incentive Payments that it would have received had it become a Later Participating Subdivision without such Bar or Case-Specific Resolution.

F. *No Increase in Payments.* Amounts to be received by Later Participating Subdivisions shall not increase the payments due from Mylan.

G. *Non-Participating Subdivisions.* Non-Participating Subdivisions shall not directly receive any portion of any Annual Remediation Payment, including from the State Fund and direct distributions from the Remediation Accounts Fund; however, a Settling State may choose to fund future Opioid Remediation that indirectly benefits Non-Participating Subdivisions.

H. *Unpaid Allocations to Later Participating Subdivisions and Non-Participating Subdivisions.* Any Base Payment and Incentive Payments allocated pursuant to Section V.D to a Later Participating Subdivision or Non-Participating Subdivision that cannot be paid pursuant to this Section VII, including the amounts that remain unpaid after the reductions required by Section VII.E.2 through Section VII.E.4, will be allocated to the Remediation Accounts Fund for the Settling State in which the Subdivision is located, unless those payments are redirected elsewhere by a State-Subdivision Agreement or by a Statutory Trust.

I. *Ineligible Subdivisions.* Subdivisions in Non-Settling States and Prior Litigating Subdivisions are not eligible to be Participating Subdivisions.

VIII. Condition to Effectiveness of Agreement and Filing of Consent Judgment

A. *Determination to Proceed with Settlement—Settling States.* Following the Initial Subdivision Participation Date, the Enforcement Committee shall determine whether to proceed with the Agreement on behalf of the Settling States, and the Settling States shall be bound by the determination of the Enforcement Committee. No later than fifteen (15) calendar days prior to the

Reference Date, the Enforcement Committee shall provide notice to Mylan of its decision. If the Enforcement Committee elects not to proceed, this Agreement will have no further effect, and all releases (including those contained in Subdivision Settlement Participation Forms and other commitments or obligations contained herein or in Subdivision Settlement Participation Forms) will be void. Within seven (7) calendar days of informing Mylan that there is sufficient participation to proceed, the Enforcement Committee will deliver all signatures and releases required by the Agreement to be provided by the Settling States to Mylan.

B. *Determination to Proceed with Settlement—Mylan.* If the Settling States elect to proceed, Mylan will then determine on or before the Reference Date whether there is sufficient Eligible State participation, sufficient Subdivision participation, and sufficient resolution of the Claims of the Litigating Subdivisions in the Settling States (through participation under Section VIII, Case-Specific Resolution(s) and Bar(s)) to proceed with this Agreement. The determination shall be in the sole discretion of Mylan and may be based on any criteria or factors deemed relevant by Mylan.

C. *Notice by Mylan.* On or before the Reference Date, Mylan shall inform the Settling States of its determination pursuant to Section VIII.B. If Mylan determines to proceed, the Parties will proceed to file the Consent Judgments and the obligations in the Subdivision Settlement Participation Forms will be effective and binding as of the Reference Date. If Mylan determines not to proceed, this Agreement will have no further effect, any amounts deposited for Payment Year 1, including funds referenced in Section IV.D.1 and Exhibit M, shall revert to Mylan, and all releases (including those contained in Subdivision Settlement Participation Forms) and other commitments or obligations contained herein or in Subdivision Settlement Participation Forms will be void.

IX. Participating Subdivision Attorneys' Fees and Costs and Additional Remediation Amount

A. The Agreement on Subdivision Attorneys' Fees, Expenses and Costs is set forth in Exhibit R and incorporated herein by reference.

B. *Additional Remediation Amount.*

1. Subject to and without exceeding the maximum payment amounts set forth in the "Additional Remediation Amount" column of Exhibit M-3 and subject to the reduction specified in Section IX.B.2, Mylan shall pay an Additional Remediation Amount to the Settling States listed in Exhibit N. Such funds shall be paid, on the schedule set forth in Exhibit M-3, as allocated by the Settlement Fund Administrator pursuant to Exhibit N.

2. *Reduction of Additional Remediation Amount.* The amounts owed by Mylan pursuant to this Section IX.B shall be reduced by the allocations set forth on Exhibit N for Non-Settling States.

3. For the avoidance of doubt, (1) a Settling State that retained outside counsel in connection with the investigation of Mylan that receives an Additional Remediation

Amount may choose to have the Additional Remediation Amount designated to pay the Settling State's outside counsel, and may instruct the Settlement Fund Administrator to pay those funds directly to the Settling State's outside counsel, and (2) Additional Remediation Amount funds, including funds designated by a Settling State to pay its outside counsel under this paragraph, shall not be subject to allocation as provided in Section V.C through Section V.E.

C. All payments addressed by this Section IX will be made no later than the Payment Date for the Payment Year in which they are due, pursuant to Exhibit M-3.

X. Release

A. *Scope.* As of the Effective Date, the Released Entities are hereby released and forever discharged from all of the Releasors' Released Claims. Each Settling State (for itself and its Releasors) and Participating Subdivision hereby absolutely, unconditionally, and irrevocably covenants not to bring, file, or claim, or to cause, assist or permit to be brought, filed, or claimed, or to otherwise seek to establish liability for any Released Claims against any Released Entity in any forum whatsoever. The releases provided for in this Agreement are intended by the Parties to be broad and shall be interpreted so as to give the Released Entities the broadest possible bar against any liability relating in any way to Released Claims and extend to the full extent of the power of each Settling State and its Attorney General to release claims. This Agreement shall be a complete bar to any Released Claim.

B. *Claim-Over and Non-Party Settlement.*

1. It is the intent of the Parties that:

a. Released Entities should not seek contribution or indemnification (other than pursuant to an insurance contract), from other parties for their payment obligations under this Agreement;

b. the payments made under this Agreement shall be the sole payments made by the Released Entities to the Releasors involving, arising out of, or related to Covered Conduct (or conduct that would be Covered Conduct if engaged in by a Released Entity);

c. Claims by Releasors against non-Parties should not result in additional payments by Released Entities, whether through contribution, indemnification or any other means; and

d. the Agreement meets the requirements of the Uniform Contribution Among Joint Tortfeasors Act and any similar state law or doctrine that reduces or discharges a released party's liability to any other parties.

2. The provisions of this Section X.B are intended to be implemented consistent with these principles. This Agreement and the releases and dismissals provided for herein are made in good faith.

3. No Released Entity shall seek to recover for amounts paid under this Agreement based on indemnification, contribution, or any other theory from a manufacturer, pharmacy, hospital, pharmacy benefit manager, health insurer, third-party vendor, trade association, distributor, or health care practitioner; *provided* that a Released Entity shall be relieved of this prohibition with respect to any entity that asserts a Claim-Over against it. For the avoidance of doubt, nothing herein shall prohibit a Released Entity from recovering amounts owed pursuant to insurance contracts.

4. To the extent that, on or after the Reference Date, any Releasor enters into a Non-Party Settlement, including in any bankruptcy case or through any plan of reorganization, the Releasor will include (or in the case of a Non-Party Settlement made in connection with a bankruptcy case, will cause the debtor to include), unless prohibited from doing so under applicable law, in the Non-Party Settlement a prohibition on contribution or indemnity of any kind substantially equivalent to that required from Mylan in Section X.B.3, or a release from such Non-Released Entity in favor of the Released Entities (in a form equivalent to the releases contained in this Agreement) of any Claim-Over. The obligation to obtain the prohibition and/or release required by this subsection is a material term of this Agreement.

5. In the event that any Releasor obtains a judgment with respect to Non-Party Covered Conduct against a Non-Released Entity that does not contain a prohibition like that described in Section X.B.3 or any Releasor files a Non-Party Covered Conduct Claim against a Non-Released Entity in bankruptcy or a Releasor is prevented for any reason from obtaining a prohibition/release in a Non-Party Settlement as provided in Section X.B.3, and such Non-Released Entity asserts a Claim-Over against a Released Entity, the Released Entity shall be relieved of the prohibition in Section X.B.3 with respect to that Non-Released Entity and that Releasor and Mylan shall take the following actions to ensure that the Released Entities do not pay more with respect to Covered Conduct to the Releasor or to Non-Released Entities than the amounts owed under this Settlement Agreement by Mylan:

a. Mylan shall notify that Releasor of the Claim-Over within sixty (60) calendar days of the assertion of the Claim-Over or sixty (60) calendar days of the Effective Date of this Settlement Agreement, whichever is later;

b. Mylan and that Releasor shall meet and confer concerning the means to hold Released Entities harmless and ensure that they are not required to pay more with respect to Covered Conduct than the amounts owed by Mylan to the Releasor under this Agreement;

c. That Releasor and Mylan shall take steps sufficient and permissible under the law of the state of the Releasor to hold Released Entities harmless from the Claim-Over and ensure Released Entities are not required to pay more with respect to Covered Conduct than the amounts owed by Mylan under this Agreement. Such steps may include, where permissible:

(i) Filing of motions to dismiss or such other appropriate motion by Mylan or Released Entities, and supported by Releasor, in response to any claim filed in litigation or arbitration;

(ii) Reduction of that Releasor's Claim and any judgment it has obtained or may obtain against such Non-Released Entity by whatever amount or percentage is necessary to extinguish such Claim-Over under applicable law, up to the amount the Releasor has obtained, may obtain, or has authority to control from such Non-Released Entity;

(iii) Placement into escrow of funds paid by the Non-Released Entities such that those funds are available to satisfy the Claim-Over;

(iv) Return of monies paid by Mylan to the Releasor under this Settlement Agreement to permit satisfaction of a judgment against or settlement with the Non-Released Entity to satisfy the Claim-Over;

(v) Payment of monies to Mylan by the Releasor to ensure it is held harmless from such Claim-Over, up to the amount that Releasor has obtained, may obtain, or has authority to control from such Non-Released Entity;

(vi) Credit to Mylan under this Agreement to reduce the overall amounts to be paid under the Agreement such that it is held harmless from the Claim-Over; and

(vii) Such other actions as that Releasor and Mylan may devise to hold Mylan harmless from the Claim-Over.

d. The actions of that Releasor and Mylan taken pursuant to paragraph (c) must, in combination, ensure Mylan is not required to pay more with respect to Covered Conduct than the amounts owed by Mylan to the Releasor under this Agreement.

e. In the event of any dispute over the sufficiency of the actions taken pursuant to paragraph (c), the Releasor and Mylan may seek review by the National Arbitration Panel, provided that, if the parties agree, such dispute may be heard by the state court where the relevant Consent Judgment was filed. The National Arbitration Panel shall have authority to require Releasor to implement a remedy that includes one or more of the actions specified in paragraph (c) sufficient to hold Released Entities fully harmless. In the event that the Panel's actions do not result in Released Entities being held fully harmless, Mylan shall have a claim for breach of this Agreement by Releasor, with the remedy being payment of sufficient funds to hold Mylan harmless from the Claim-Over up to the amount the Releasor has obtained, may obtain, or has authority to control from such Non-Released Entity. For the avoidance of doubt, the prior sentence does not limit or eliminate any other remedy that Mylan may have.

6. To the extent that the Claim-Over is based on a contractual indemnity, the obligations under Section X.B.4 shall extend solely to a Non-Party Covered Conduct Claim against a clinic, hospital or other purchaser, distributor or dispenser of Products, a manufacturer that sold Products, a consultant, and/or a pharmacy benefit manager or other third-party payor. Mylan shall notify the Settling States, to the extent permitted by applicable law, in the event that any of these types of Non-Released Entity asserts a Claim-Over arising out of contractual indemnity against it.

C. *Indemnification and Contribution Prohibited.* No Released Entity shall seek to recover for amounts paid under this Agreement based on indemnification, contribution, or any other theory, from a manufacturer, pharmacy, hospital, pharmacy benefit manager, health insurer, third-party vendor, trade association, distributor, or health care practitioner. For the avoidance of doubt, nothing herein shall prohibit a Released Entity from recovering amounts owed pursuant to insurance contracts.

D. *General Release.* In connection with the releases provided for in this Agreement, each Settling State (for itself and its Releasers) and Participating Subdivision expressly waives, releases, and forever discharges any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States or other jurisdiction, or principle of common law, which is similar, comparable, or equivalent to § 1542 of the California Civil Code, which reads:

General Release; extent. A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that if known by him or her, would have materially affected his or her settlement with the debtor or released party.

A Releaser may hereafter discover facts other than or different from those which it knows, believes, or assumes to be true with respect to the Released Claims, but each Settling State (for itself and its Releasers) and Participating Subdivision hereby expressly waives and fully, finally, and forever settles, releases and discharges, upon the Effective Date, any and all Released Claims that may exist as of such date but which Releasers do not know or suspect to exist, whether through ignorance, oversight, error, negligence or through no fault whatsoever, and which, if known, would materially affect the Settling States' decision to enter into this Agreement or the Participating Subdivisions' decision to participate in this Agreement.

E. *Assigned Interest Waiver.* To the extent that any Settling State has any direct or indirect interest in any rights of a third-party that is a debtor under the Bankruptcy Code as a result of a claim arising out of Covered Conduct by way of assignment or otherwise, including as a result of being the beneficiary of a trust or other distribution entity, to assert claims against Mylan (whether derivatively or otherwise), under any legal or equitable theory, including for indemnification, contribution, or subrogation, the Settling State waives the right to assert any such claim, or to receive a distribution or any benefit on account of such claim and such claim, distribution, or benefit shall be deemed assigned to Mylan.

F. *Res Judicata.* Nothing in this Agreement shall be deemed to reduce the scope of the res judicata or claim preclusive effect that the settlement memorialized in this Agreement,

and/or any Consent Judgment or other judgment entered on this Agreement, gives rise to under applicable law.

G. *Representation and Warranty.* The signatories hereto on behalf of their respective Settling States and its Participating Subdivisions expressly represent and warrant that they will obtain on or before the Effective Date (or have obtained) the authority to settle and release, to the maximum extent of the State's power, all Released Claims of (1) their respective Settling States; (2) any of the respective Settling State's past and present executive departments, state agencies, divisions, boards, commissions and instrumentalities with the regulatory authority to enforce state and federal controlled substances acts; (3) any of their respective Settling State's past and present executive departments, agencies, divisions, boards, commissions and instrumentalities that have the authority to bring Claims related to Covered Conduct seeking money (including abatement and/or remediation) or revocation of a pharmaceutical distribution license; and (4) any Participating Subdivisions. For the purposes of clause (3) above, executive departments, agencies, divisions, boards, commission, and instrumentalities are those that are under the executive authority or direct control of the State's Governor. Also, for the purposes of clause (3), a release from a State's Governor as set forth in Exhibit X is sufficient to demonstrate that the appropriate releases have been obtained.

H. *Effectiveness.* The releases set forth in this Agreement shall not be impacted in any way by any dispute that exists, has existed, or may later exist between or among the Releasors. Nor shall such releases be impacted in any way by any current or future law, regulation, ordinance, or court or agency order limiting, seizing, or controlling the distribution or use of the Settlement Fund or any portion thereof, or by the enactment of future laws, or by any seizure of the Settlement Fund or any portion thereof.

I. *Cooperation.* Releasors (1) will not encourage any person or entity to bring or maintain any Released Claim against any Released Entity and (2) will reasonably cooperate with and not oppose any effort by a Released Entity to secure the prompt dismissal of any and all Released Claims, including suits brought by non-Releasors based on Released Claims. Releasors will meet and confer and make reasonable efforts to resolve any action that is filed by a Subdivision against Mylan on or after the date the Preliminary Agreement Date. This provision shall not require a Settling State to make any monetary payment or adjustment to allocation or incur other obligation.

J. *Non-Released Claims.* Notwithstanding the foregoing or anything in the definition of Released Claims, the Agreement does not waive, release or limit any criminal liability, Claims for any outstanding liability under any tax or securities law, Claims against parties who are not Released Entities, Claims by private individuals, Claims for Medicaid rebates, Claims asserted, or that could be asserted, by any State or Subdivision, related to the causes of action in *In re: Generic Pharmaceuticals Pricing Antitrust Litigation*, in the United States District court for the District of Pennsylvania, MDL No. 2724; *Connecticut et al v. Aurobindo Pharma USA, Inc. et al.*, in the United States District Court for the District of Connecticut, Case No. 3:16-cv-2056-NPS; *Connecticut et al. v. Teva Pharmaceuticals USA, Inc.*, in the United States District Court for the District of Connecticut, Case No. 3:19-cv-710-NPS; *Connecticut et al v. Sandoz, Inc. et al.*, in the United States District Court for the District of Connecticut, Case No. 3:20-cv-802-NPS; and any related action (such excluded claims include, but are not limited to, all antitrust claims and any

claims related to any non-opioid generic drugs), and any claims arising under the Agreement for enforcement of the Agreement.

XI. Later Litigating Subdivisions

A. *Released Claims against Released Entities.* If a Later Litigating Subdivision in a Settling State maintains a lawsuit for a Released Claim against a Released Entity after the Reference Date, the following shall apply subject to Section XI.B:

1. The Released Entity shall take ordinary and reasonable measures to defend the action, including filing a Threshold Motion with respect to the Released Claim. The Released Entity shall further notify the Settling State and Settlement Fund Administrator immediately upon notice of a Later Litigating Subdivision bringing a lawsuit for a Released Claim and shall not oppose a Settling State's submission in support of the Threshold Motion. Mylan shall give the relevant Settling State a reasonable opportunity to extinguish the Released Claims without any payment or any other obligations being imposed upon any Released Entities (apart from the Global Settlement Amount payable by Mylan under the Agreement or the Injunctive Relief Terms incurred by it). The relevant Settling State and Mylan shall confer and use reasonable efforts to promptly resolve the lawsuit so that it is dismissed with prejudice. Nothing in this subsection creates an obligation for a Settling State to make a monetary payment or incur any other obligation to an entity filing a lawsuit.

2. If the lawsuit asserting a Released Claim is resolved with finality on terms requiring payment by the Released Entity, Mylan shall receive a dollar-for-dollar offset against Incentive Payment D for the amount paid. The offset shall be applied against the relevant portion of the Annual Remediation Payments starting in Payment Year 9 and working backwards.

3. For the avoidance of doubt, any offset pursuant to this Section XI in a Settling State that at the time is not eligible for Incentive Payment A shall continue to apply even if the Settling State at issue subsequently becomes eligible for Incentive Payment A.

4. "*Terms requiring payment*" shall mean (i) a final monetary judgment or (ii) a settlement; provided that the Released Entity sought the applicable State Attorney General's consent to the settlement and such consent was either obtained or unreasonably withheld. Should the judgment or settlement resolve claims that are not Released Claims, the offset shall be for the Released Claims portion only, which shall be distinguishable in the judgment or settlement.

B. Exceptions

1. Section XI.A shall not apply where the Settling State at issue meets the eligibility criteria for and is entitled to Incentive Payment A for the Payment Year at issue, except as expressly provided therein.

2. Section XI.A shall not apply where the Later Litigating Subdivision seeks less than \$10 million, or so long as its total claim is reduced to less than \$10 million, in the lawsuit for a Released Claim at issue.

C. *No Effect on Other Provisions.* An offset under Section XI.A shall not affect the Injunctive Relief Terms or the Consent Judgment.

D. *No Effect on Other States.* An offset under Section XI.A applicable to one State shall not affect the allocation or payment of the Annual Remediation Payment to other Settling States.

E. *Litigating Subdivisions in Non-Eligible States.* The Settling States will not encourage, facilitate, or assist in any manner whatsoever claims for Covered Conduct against Mylan in any Settling, Non-Settling, or Non-Eligible State, regardless of whether those claims were filed against Mylan prior to, on, or after the Effective Date.

XII. Offset

A. *Revoked Bar or Case-Specific Resolution.* If Mylan made any Annual Remediation Payments that included any incentive payments earned as a result of the existence of a Bar or Case-Specific Resolution in a Settling State, and there is subsequently a Revocation Event with respect to that Bar or Case-Specific Resolution after the determination of the amount of such Annual Remediation Payment, Mylan shall receive a dollar-for-dollar offset against the portion of remaining Annual Remediation Payments that would be allocated to that Settling State and its Participating Subdivisions. This offset will be calculated as the dollar amount difference between (1) the total amount of incentive payments paid by Mylan by virtue of the Bar or Case-Specific Resolution subject to the Revocation Event and (2) the total amount of incentive payments that would have been due from Mylan during that time had the Bar or Case-Specific Resolution subject to the Revocation Event not been in effect. The amount of incentive payments that would have been due, referenced in clause (2) above, will be calculated one hundred eighty (180) calendar days after the Revocation Event; for purposes of calculating the amount of incentive payments that would have been due, any relevant Subdivision shall be included as a Participating Subdivision if: (1) its Released Claims are extinguished by any subsequent Bar or Case-Specific Resolution in effect as of the date of such calculation, or (2) it becomes a Participating Subdivision (in addition to all other Participating Subdivisions) prior to the date of such calculation.

XIII. Miscellaneous

A. *Population of General Purpose Governments.* The population figures for General Purpose Governments shall be the published U.S. Census Bureau's population estimates for July 1, 2019, released May 2020. These population figures shall remain unchanged during the term of this Agreement.

B. *Population of Special Districts.* For any purpose in this Agreement in which the population of a Special District is used other than Section IV.H.4.c: (a) School Districts' population will be measured by the number of students enrolled who are eligible under the Individuals with Disabilities Education Act ("*IDEA*") or Section 504 of the Rehabilitation Act of 1973; (b) Health Districts' and Hospital Districts' population will be measured at twenty-five percent (25%) of

discharges; and (c) all other Special Districts' (including Fire Districts' and Library Districts') population will be measured at ten percent (10%) of the population served.⁸ For the avoidance of doubt, this means that California healthcare districts will be measured at ten percent (10%) of their membership. Mylan and the Enforcement Committee shall meet and confer in order to agree on data sources for purposes of this Section prior to the Preliminary Agreement Date.

C. *Population Associated with Sheriffs.* For any purpose in this Agreement in which the population associated with a lawsuit by a sheriff is used, the population will be measured at twenty percent (20%) of the capacity of the jail(s) operated by the sheriff.

D. *No Admission.* Mylan does not admit liability or wrongdoing. Neither this Agreement nor the Consent Judgments shall be considered, construed or represented to be (1) an admission, concession or evidence of liability or wrongdoing or (2) a waiver or any limitation of any defense otherwise available to Mylan.

E. *Tax Cooperation and Reporting.*

1. Upon request by Mylan, the Settling States and Participating Subdivisions agree to perform such further acts and to execute and deliver such further documents as may be reasonably necessary for Mylan to establish the statements set forth in Section V.F to the satisfaction of their tax advisors, their independent financial auditors, the Internal Revenue Service, or any other governmental authority, including as contemplated by 26 C.F.R. § 1.162-21(b)(3)(ii) and any subsequently proposed or finalized relevant regulations or administrative guidance.

2. Without limiting the generality of Section XIII.E.1, each Settling State and Participating Subdivision shall cooperate in good faith with Mylan with respect to any tax claim, dispute, investigation, audit, examination, contest, litigation, or other proceeding relating to this Agreement.

3. Pursuant to 26 C.F.R. § 1.6050X-1(a) and (b), the Designated State, on behalf of all Settling States and Participating Subdivisions, shall designate one of its officers or employees to act as the "appropriate official" within the meaning of 26 C.F.R. § 1.6050X-1(f)(1)(ii)(B) (the "Appropriate Official"). The Designated State shall direct and ensure that the Appropriate Official timely (a) files (i) at the time this Agreement becomes binding on the Parties, an IRS Form 1098-F in the form attached as Exhibit U with respect to Mylan and (ii) any legally required forms, returns or amended returns with any applicable governmental authority, or any returns requested by Mylan, and (b) provides to Mylan a copy of (i) the IRS Form 1098-F filed with respect to Mylan and (ii) any legally required written statement pursuant to any applicable law and any other document referred to in

⁸ The estimates for counties and parishes were accessed at <https://www.census.gov/data/datasets/time-series/demo/popest/2010s-counties-total.html>. The estimates for cities and towns can currently be found at <https://www.census.gov/data/datasets/time-series/demo/popest/2010s-total-cities-and-towns.html>.

clause (a)(ii) above. Any such forms, returns, or statements shall be prepared and filed in a manner fully consistent with Section V.F. and as set forth in Section XIII.E.4.

4. Any form, return, amended return, or written statement filed or provided pursuant to Section XIII.E.3, and any similar document, shall be prepared and filed in a manner consistent with reporting the Global Settlement Amount as the “Total amount to be paid” pursuant to this Agreement in Box 1 of IRS Form 1098-F and the Compensatory Restitution Amount as “Restitution/remediation amount” in Box 3 of IRS Form 1098-F, as reflected in the attached Exhibit U. If the Designated State or Appropriate Official shall be required to file any form, return, amended return, or written statement contemplated by this Section XIII.E other than an IRS Form 1098-F in the form attached as Exhibit U, the Designated State shall direct and ensure that the Appropriate Official provides to Mylan a draft of such form, return, amended return, or written statement no later than sixty (60) calendar days prior to the due date thereof, and shall accept any reasonable revisions from Mylan on the return, amended return, or written statement.

5. For the avoidance of doubt, neither Mylan nor the Settling States and Participating Subdivisions make any warranty or representation to any Settling State, Participating Subdivision, or Releasor as to the tax consequences of the payment of the Compensatory Restitution Amount (or any portion thereof).

F. *No Third-Party Beneficiaries.* Except as expressly provided in this Agreement, no portion of this Agreement shall provide any rights to, or be enforceable by, any person or entity that is not the Settling State or Released Entity. Settling States may not assign or otherwise convey any right to enforce any provision of this Agreement.

G. *Calculation.* Any figure or percentage referred to in this Agreement shall be carried to seven decimal places.

H. *Construction.* None of the Parties and no Participating Subdivision shall be considered to be the drafter of this Agreement or of any of its provisions for the purpose of any statute, case law, or rule of interpretation or construction that would or might cause any provision to be construed against the drafter of this Agreement. The headings of the provisions of this Agreement are not binding and are for reference only and do not limit, expand, or otherwise affect the contents or meaning of this Agreement.

I. *Cooperation.* Each Party and each Participating Subdivision agrees to use its best efforts and to cooperate with the other Parties and Participating Subdivisions to cause this Agreement and the Consent Judgments to become effective, to obtain all necessary approvals, consents and authorizations, if any, and to execute all documents and to take such other action as may be appropriate in connection herewith. Consistent with the foregoing, each Party and each Participating Subdivision agrees that it will not directly or indirectly assist or encourage any challenge to this Agreement or any Consent Judgment by any other person and will support the integrity and enforcement of the terms of this Agreement and the Consent Judgments.

J. *Entire Agreement.* This Agreement, including its exhibits and any other attachments, embodies the entire agreement and understanding between and among the Parties and

Participating Subdivisions relating to the subject matter hereof and supersedes (1) all prior agreements and understandings relating to such subject matter, whether written or oral and (2) all purportedly contemporaneous oral agreements and understandings relating to such subject matter.

K. *Execution.* This Agreement may be executed in counterparts and by different signatories on separate counterparts, each of which shall be deemed an original, but all of which shall together be one and the same Agreement. One or more counterparts of this Agreement may be delivered by facsimile or electronic transmission with the intent that it or they shall constitute an original counterpart hereof. One or more counterparts of this Agreement may be signed by electronic signature.

L. *Good Faith and Voluntary Entry.* Each Party warrants and represents that it negotiated the terms of this Agreement in good faith. Each of the Parties and Participating Subdivisions warrants and represents that it freely and voluntarily entered into this Agreement without any degree of duress or compulsion. The Parties and Participating Subdivisions state that no promise of any kind or nature whatsoever (other than the written terms of this Agreement) was made to them to induce them to enter into this Agreement.

M. *Legal Obligations.* Nothing in this Agreement shall be construed as relieving Mylan of the obligation to comply with all state and federal laws, regulations or rules, nor shall any of the provisions herein be deemed to be permission to engage in any acts or practices prohibited by such laws, regulations, or rules.

N. *No Prevailing Party.* The Parties and Participating Subdivisions each agree that they are not the prevailing party in this action, for purposes of any claim for fees, costs, or expenses as prevailing parties arising under common law or under the terms of any statute, because the Parties and Participating Subdivisions have reached a good faith settlement.

O. *Waive Challenge.* The Parties and Participating Subdivisions each further waive any right to challenge or contest the validity of this Agreement on any ground, including, without limitation, that any term is unconstitutional or is preempted by, or in conflict with, any current or future law. Nothing in the previous sentence shall modify, or be construed to conflict with, Section XIII.M.

P. *Non-Admissibility.* The settlement negotiations resulting in this Agreement have been undertaken by the Parties and by certain representatives of the Participating Subdivisions in good faith and for settlement purposes only, and no evidence of negotiations or discussions underlying this Agreement shall be offered or received in evidence in any action or proceeding for any purpose. This Agreement shall not be offered or received in evidence in any action or proceeding for any purpose other than in an action or proceeding arising under or relating to this Agreement.

Q. *Notices.* All notices or other communications under this Agreement shall be in writing (including, but not limited to, electronic communications) and shall be given to the recipients indicated below:

For the Attorney(s) General:

Jeff Jackson, Attorney General
North Carolina Department of Justice
Attn: Daniel Mosteller, Associate Deputy Attorney General
PO Box 629
Raleigh, NC 27602
Dmosteller@ncdoj.gov

Jonathan Skrmetti, Attorney General
Tennessee Attorney General's Office
Attn: Michael Leftwich, Senior Deputy Attorney General
Hamilton Millwee, Assistant Attorney General
P.O. Box 20207
Nashville, TN 37202
Michael.Leftwich@ag.tn.gov
Hamilton.Millwee@ag.tn.gov

Letitia James, Attorney General
New York State Attorney General
Attn: Jennifer Levy, First Deputy Attorney General
Monica Hanna, Special Counsel
Matthew Conrad, Assistant Attorney General
28 Liberty Street, New York, NY 10005
Jennifer.Levy@ag.ny.gov
Monica.Hanna@ag.ny.gov
Matthew.Conrad@ag.ny.gov

For the Plaintiffs' Executive Committee:

Co-leads
Jayne Conroy
Simmons Hanly Conroy LLC
112 Madison Avenue
7th Floor
New York, NY 10016-7416
JConroy@simmonsfirm.com

Joseph F. Rice
Motley Rice LLC
28 Bridgeside Blvd.
Mount Pleasant, SC 29464
jrice@motleyrice.com

For Mylan:

Adam K. Levin

HOGAN LOVELLS US LLP
Columbia Square
555 Thirteenth Street, NW
Washington, DC 20004
adam.levin@hoganlovells.com

Rebecca C. Mandel
HOGAN LOVELLS US LLP
Columbia Square
555 Thirteenth Street, NW
Washington, DC 20004
rebecca.mandel@hoganlovells.com

Douglas Miner
Viatris Inc.
General Counsel, North America
1000 Mylan Boulevard
Canonsburg, PA 15317
douglas.miner@viatris.com

Any Party or the Plaintiffs' Executive Committee may change or add the contact information of the persons designated to receive notice on its behalf by notice given (effective upon the giving of such notice) as provided in this Section XIII.Q.

R. *No Waiver.* The waiver of any rights conferred hereunder shall be effective only if made by written instrument executed by the waiving Party or Parties. The waiver by any Party of any breach of this Agreement shall not be deemed to be or construed as a waiver of any other breach, whether prior, subsequent, or contemporaneous, nor shall such waiver be deemed to be or construed as a waiver by any other Party.

S. *Preservation of Privilege.* Nothing contained in this Agreement or any Consent Judgment, and no act required to be performed pursuant to this Agreement or any Consent Judgment, is intended to constitute, cause, or effect any waiver (in whole or in part) of any attorney-client privilege, work product protection, or common interest/joint defense privilege, and each Party and Participating Subdivision agrees that it shall not make or cause to be made in any forum any assertion to the contrary.

T. *Successors.*

1. This Agreement shall be binding upon, and inure to the benefit of, Mylan and its respective successors and assigns.

2. Mylan shall not, in one (1) transaction or a series of related transactions, sell or transfer U.S. assets having a fair market value equal to twenty-five percent (25%) or more of the consolidated assets of Mylan (other than sales or transfers of inventories, or sales or transfers to an entity owned directly or indirectly by Mylan) where the sale or transfer is

announced after the Reference Date, is not for fair consideration, and would foreseeably and unreasonably jeopardize Mylan's ability to make the payments under this Agreement following the close of a sale or transfer transaction, unless Mylan obtains the acquiror's agreement that it will be either a guarantor of or successor to the percentage of Mylan's remaining payment obligations under this Agreement equal to the percentage of Mylan's consolidated assets being sold or transferred in such transaction. Percentages under this section shall be determined in accordance with United States generally accepted accounting principles and as of the date of Mylan most recent publicly filed consolidated balance sheet prior to the date of entry into the sale or transfer agreement at issue. This Section XIII.T shall be enforceable solely by the Settling States, and any objection under this Section XIII.T not raised within sixty (60) calendar days of the announcement of the relevant transaction is waived.

U. *Modification, Amendment, Alteration.* In the event the Plaintiffs' Executive Committee, the Executive Committee of the State Attorneys General, or Mylan concludes prior to the Reference Date that technical corrections are required to this Agreement, the Plaintiffs' Executive Committee, the Executive Committee of the State Attorneys General, and Mylan shall meet and confer in good faith and make such amendments as they agree are appropriate. After the Reference Date, any modification, amendment, or alteration of this Agreement by the Parties shall be binding only if evidenced in writing signed by Mylan, along with the signature of at least two-thirds of those then serving as Attorney General of the Settling States along with a representation from each Attorney General that either: (1) the advisory committee or similar entity established or recognized by that Settling State (either pursuant to Section V.E.2.d, by a State-Subdivision Agreement, or by statute) voted in favor of the modification, amendment or alteration of this Agreement including at least one member appointed by the Participating Subdivisions listed on Exhibit G; or (2) in Settling States without any advisory committee, that 50.1% (by population) of the Participating Subdivisions listed on Exhibit G expressed approval of the modification, amendment, or alteration of this Agreement in a writing.

V. *Termination.*

1. Unless otherwise agreed to by each of Mylan and the Settling States, this Agreement and all of its terms (except Section XIII.P and any other non-admissibility provisions, which shall continue in full force and effect) shall be canceled and terminated with respect to the Settling State, and the Agreement and all orders issued by the courts in the Settling State pursuant to the Agreement shall become null and void and of no effect if one or more of the following conditions applies:

a. a Consent Judgment approving this Agreement without modification of any of the Agreement's terms has not been entered as to a Settling State by a court of competent jurisdiction on or before one hundred eighty (180) calendar days after the Effective Date;

b. this Agreement or the Consent Judgment as to that Settling State has been disapproved by a court of competent jurisdiction to which it was presented for approval and/or entry (or, in the event of an appeal from or review of a decision of such a court to approve this Agreement and the Consent Judgment, by the court

hearing such appeal or conducting such review), and the time to appeal from such disapproval has expired, or, in the event of an appeal from such disapproval, the appeal has been dismissed or the disapproval has been affirmed by the court of last resort to which such appeal has been taken and such dismissal or disapproval has become no longer subject to further appeal (including, without limitation, review by the United States Supreme Court); or

2. If this Agreement is terminated with respect to a Settling State for whatever reason pursuant to Section XIII.V.1, then:

a. an applicable statute of limitation or any similar time requirement (excluding any statute of repose) shall be tolled from the date the Settling State signed this Agreement until the later of the time permitted by applicable law or for one year from the date of such termination, with the effect that Mylan and the Settling State shall be in the same position with respect to the statute of limitation as they were at the time the Settling State filed its action; and

b. Mylan and the Settling State shall jointly move the relevant court of competent jurisdiction for an order reinstating the actions and claims dismissed pursuant to the terms of this Agreement governing dismissal, with the effect that Mylan and the Settling State shall be in the same position with respect to those actions and claims as they were at the time the action or claim was stayed or dismissed.

3. Unless Mylan and the Enforcement Committee agree otherwise, this Agreement, with the exception of the Injunctive Relief Terms that have their own provisions on duration, shall terminate as of the Payment Date for Payment Year 9, *provided* that Mylan has performed its payment obligations under the Agreement as of that date. Notwithstanding any other provision in this Section XIII.V.3 or in this Agreement, all releases under this Agreement will remain effective despite any termination under this Section XIII.V.3.

W. *Governing Law.* Except as (1) otherwise provided in this Agreement or (2) as necessary, in the sole judgment of the National Arbitration Panel, to promote uniformity of interpretation for matters within the scope of the National Arbitration Panel's authority, this Agreement shall be governed by and interpreted in accordance with the respective laws of the Settling State, without regard to the conflict of law rules of such Settling State, that is seeking to enforce the Agreement against Mylan or against which Mylan is seeking enforcement. Notwithstanding any other provision in this subsection on governing law, any disputes relating to the Settlement Fund Escrow shall be governed by and interpreted in accordance with the law of the state where the escrow agent has its primary place of business.

X. *Bankruptcy.* The following provisions shall apply if Mylan enters bankruptcy and (i) the Mylan bankruptcy estate recovers, pursuant to 11 U.S.C. § 550, any payments made under this Agreement, or (ii) this Agreement is deemed executory and is rejected by Mylan pursuant to 11 U.S.C. § 365:

1. In the event that the both a number of Settling States equal to at least seventy-five percent (75%) of the total number of Settling States and Settling States having aggregate State Allocation Percentages as set forth on Exhibit F equal to at least seventy-five percent (75%) of the total aggregate State Allocation Percentages assigned to all Settling States deem (by written notice to Mylan) that the financial obligations of this Agreement have been terminated and rendered null and void (except as provided in Section XIII.X.1.a) due to a material breach by Mylan, whereupon:

a. all agreements, all concessions, all reductions of Releasing Parties' Claims, and all releases and covenants not to sue, contained in this Agreement shall immediately and automatically be deemed null and void as to Mylan; the Settling States shall be deemed immediately and automatically restored to the same position they were in immediately prior to their entry into this Settlement Agreement in respect to Mylan and the Settling States shall have the right to assert any and all claims against Mylan in the bankruptcy or otherwise without regard to any limits or agreements as to the amount of the settlement otherwise provided in this Agreement; *provided, however*, that notwithstanding the foregoing sentence, (i) all reductions of Releasing Parties' Claims, and all releases and covenants not to sue, contained in this Agreement shall remain in full force and effect as to all persons or entities other than Mylan itself; and (ii) in the event the Settling State asserts any Released Claim against Mylan after the rejection and/or termination of this Agreement as described in this Section XIII.X.1.a and receives a judgment, settlement or distribution arising from such Released Claim, then the amount of any payments the Settling State has previously received from Mylan under this Agreement shall be applied to reduce the amount of any such judgment, settlement or distribution (provided that no credit shall be given against any such judgment, settlement or distribution for any payment that the Settling State is required to disgorge or repay to Mylan's bankruptcy estate); and

b. the Settling States may exercise all rights provided under the federal Bankruptcy Code (or other applicable bankruptcy or non-bankruptcy law) with respect to their Claims against Mylan subject to all defenses and rights of the Mylan.

Y. *Waiver.* Mylan, for good and valuable consideration the receipt of which is acknowledged, hereby (a) waives, foregoes and relinquishes all rights to utilize and/or seek relief under any of the following laws of the State of Texas for the restructuring of its debts or liabilities related to Released Claims, Claims that would have been Released Claims if they had been brought by a Releasor against a Released Entity before the Effective Date, or this Agreement: Tex. Bus. Orgs. Code § 10.003 (Contents of Plan of Merger: More Than One Successor) or any other statute of Subchapter A of Chapter 10 of Tex. Bus. Orgs. Code to the extent such statute relates to multi-successor mergers (and/or any other similar laws or statutes in any other state or territory); Tex. Bus. Orgs. Code §§ 11.01–11.414 (Winding Up and Termination of Domestic Entity); or Tex. Bus. & Com. Code §§ 23.01–23.33 (Assignments for the Benefit of Creditors) (collectively, the “Texas Statutes”), and (b) agrees, warrants and represents that it will not file, request or petition for relief under the Texas Statutes related to its debts or liabilities related to Released Claims, Claims that would have been Released Claims if they had been brought by a Releasor against a Released Entity

before the Effective Date, or this Agreement, in each case until such time as all of Mylan's payment obligations incurred hereunder are satisfied in full. The foregoing waiver and relinquishment includes, without limitation, until such time as all of Mylan's payment obligations incurred hereunder are satisfied in full, Mylan's rights to execute a divisional merger or equivalent transaction or restructuring related to its debts or liabilities related to Released Claims, Claims that would have been Released Claims if they had been brought by a Releasor against a Released Entity before the Effective Date, or this Agreement that in each case has the intent or foreseeable effect of (i) separating material assets from material liabilities and (ii) assigning or allocating all or a substantial portion of those liabilities to any subsidiary or affiliate that files for relief under chapter 11 of the Bankruptcy Code, or pursuant to which such subsidiary or affiliate that files for relief under chapter 11 of the Bankruptcy Code would be assuming or retaining all or a substantial portion of those liabilities.

SANDOZ SETTLEMENT AGREEMENT

This Sandoz Settlement Agreement dated as of August 31, 2023 (“*Agreement*”) sets forth the terms of settlement between and among Participating Subdivisions and Participating Tribes, and Sandoz (in each case as defined below), to take effect as of the Effective Date (as defined below).

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Whereas, Participating Subdivisions and Participating Tribes by and through the Participating Subdivision Designees and Participating Tribe Designees (as defined below), and Sandoz, share a common desire to resolve disputes between Participating Subdivisions and Participating Tribes, and Sandoz, relating to opioid medications according to the terms set out in this Agreement;

Whereas, the Parties agree and understand that upon satisfaction of the conditions set forth herein, this Agreement will be binding on the Participating Subdivisions and Participating Tribes;

Whereas, the Parties to this Agreement now desire to avoid further expense and proceedings and to settle their disputes under the terms and conditions of this Agreement as set forth below;

NOW, THEREFORE, IT IS HEREBY AGREED by and between the Parties as follows:

I. Definitions

Unless otherwise specified, the following definitions apply:

1. “*Agreement*” means this Agreement between Participating Subdivisions and Participating Tribes and Sandoz, inclusive of all exhibits.
2. “*Alleged Harms*” means the alleged past, present, and future financial, societal, and related harms and expenditures arising out of the alleged misuse and abuse of opioid products, including those expenditures that have allegedly arisen as a result of the physical and bodily injuries sustained by individuals suffering from opioid-related addiction, abuse, death, and other related diseases and disorders, and that have allegedly been caused by Sandoz.
3. “*Claim*” means any past, present or future cause of action, claim for relief, cross-claim or counterclaim, theory of liability, demand, derivative claim, request, assessment, charge, covenant, damage, debt, lien, loss, penalty, judgment, right, obligation, dispute, suit, contract, controversy, agreement, parens patriae claim (but only with respect to each Participating Subdivision or Participating Tribe), promise, performance, warranty, omission, or grievance of any nature whatsoever, whether legal, equitable, statutory, regulatory or administrative, whether arising under federal, state or local common law, statute, regulation, guidance, ordinance or principles of equity, whether filed or unfiled, whether asserted or unasserted, whether known or unknown, whether accrued or unaccrued, whether foreseen, unforeseen or unforeseeable, whether discovered or undiscovered, whether suspected or unsuspected, whether fixed or contingent, and whether existing or hereafter arising, in all such cases, including but not limited to any request for declaratory, injunctive, or equitable relief, compensatory, punitive, or statutory damages, absolute liability, strict liability, restitution, abatement, subrogation, contribution, indemnity, apportionment,

disgorgement, reimbursement, attorney fees, expert fees, consultant fees, fines, penalties, expenses, costs or any other legal, equitable, civil, administrative, or regulatory remedy whatsoever. Claim does not include any individuals' personal injury or wrongful death cause of action.

4. "*Claim-Over*" means a Claim asserted by a Non-Released Entity against a Released Entity on the basis of contribution, indemnity, or other claim-over on any theory relating to a Non-Party Covered Conduct Claim asserted by a Releasor.
5. "*Covered Conduct*" means any actual or alleged act, failure to act, negligence, statement, error, omission, breach of any duty, conduct, event, transaction, agreement, misstatement, misleading statement or other activity of any kind whatsoever from the beginning of time through the Effective Date (and any past, present, or future consequence of any such act, failure to act, negligence, statement, error, omission, breach of duty, conduct, event, transaction, agreement, misstatement, misleading statement or other activity) relating in any way to any Product, including without limitation (a) the distribution, dispensing, delivery, monitoring, reporting, supply, sale, prescribing, physical security, warehousing, coverage, purchases, reimbursement, discovery, development, manufacture, packaging, repackaging, marketing, promotion, advertising, labeling, recall, withdrawal, or use or abuse of any Product; orders, prescriptions, formularies, guidelines, payments or rebates for any Product; policies, practices and/or operating procedures, statements, contracts, commercial arrangements, insurance, claim or benefit administration, claim adjudication, plan design, data and sales thereof, and any other act or failure to act relating to, any Product; and any system, plan, policy or advocacy relating to any Product, including, but not limited to, any unbranded promotion, marketing, programs, or campaigns relating to any Product; (b) the characteristics, properties, risks, or benefits of any Product; (c) the reporting, disclosure, non-reporting or nondisclosure to federal, state or other regulators of orders, prescriptions, or conduct related to any Product; (d) the purchasing, selling, acquiring, disposing of, importing, exporting, handling, processing, packaging, supplying, distributing, converting, or otherwise engaging in any activity relating to any Product; or (e) controls against diversion, corresponding responsibility, and suspicious order monitoring related to any Product.
6. "*Effective Date*" means the date that the Participating Subdivisions and Participating Tribes execute and deliver (or cause to be delivered) to the Participating Subdivision Designees and the Participating Tribe Designees, as appropriate, and to Sandoz, in accordance with Section V.A., the Subdivision Participation Forms and Tribe Participation Forms, signed by 85% (as measured by number of cases and allocation of the Settlement Fund) of Litigating Subdivisions and Litigating Tribes, which are set forth

on **Exhibit A** of this Agreement. The Effective Date shall be no later than January 31, 2024, provided, however, that: (1) the Participating Subdivision Designees and the Participating Tribe Designees shall have the one-time unilateral right to extend the deadline by 90 days; and (2) Sandoz shall have the unilateral right in its sole discretion to further extend that deadline to a date of its choosing and/or to proceed with the Agreement even if the 85% threshold has not been satisfied.

7. “*Eligible Entities*” has the meaning set forth in Section V.C., and includes those Litigating Subdivisions and Litigating Tribes identified in **Exhibit A** attached hereto.
8. “*Litigating Subdivision*” means a Subdivision (or Subdivision official asserting the right of or for the Subdivision to recover for Alleged Harms to the Subdivision and/or its members thereof) that has pending Released Claims against Sandoz as of August 25, 2023, as identified on **Exhibit A** hereto.
9. “*Litigating Tribe*” means a Tribe that has pending any Released Claims against Sandoz as of August 25, 2023, as identified on **Exhibit A** hereto.
10. “*MDL*” means *In re National Prescription Opiate Litigation*, Case No. 1:17-md-2804.
11. “*MDL Court*” means the United States District Court for the Northern District of Ohio, Eastern Division, presiding over the MDL.
12. “*Non-Participating Subdivision*” means any Subdivision that does not execute a Subdivision Participation Form prior to or within 14 days after the Effective Date of this Agreement or any Subdivision that, prior to the Effective Date of this Agreement, affirmatively opts out of this settlement by providing written notice to the Participating Subdivision Designees and Sandoz of its intent to litigate its Claims against Sandoz.
13. “*Non-Participating Tribe*” means any Tribe that does not execute a Tribe Participation Form prior to or within 14 days after the Effective Date of this Agreement or any Tribe that, prior to the Effective Date of this Agreement, affirmatively opts out of this settlement by providing written notice to the Participating Tribe Designees and Sandoz of its intent to litigate its Claims against Sandoz.
14. “*Non-Party Covered Conduct Claim*” means a Claim against any Non-Released Entity involving, arising out of, or related to Covered Conduct (or conduct that would be Covered Conduct if engaged in by a Released Entity).
15. “*Non-Party Settlement*” means a settlement by any Releasor that settles any

Non-Party Covered Conduct Claim and includes a release of any Non-Released Entity.

16. “*Non-Released Entity*” means an entity that is not a Released Entity.
17. “*Ongoing Common Benefit Order (Dkt. #4428)*” means the Ongoing Common Benefit Order (Dkt. #4428) entered by the MDL Court in the MDL.
18. “*Opioid Remediation*” means care, treatment, and other programs and expenditures (including reimbursement for past such programs or expenditures except where this Agreement restricts the use of funds solely to future Opioid Remediation) designed to remediate Alleged Harms, including to (1) address the misuse and abuse of opioid products, (2) treat or mitigate opioid use or related disorders, or (3) mitigate other alleged effects of the opioid abuse crisis, including on those injured as a result of the opioid abuse crisis. Qualifying expenditures may include reasonable related administrative expenses.
19. “*Participating Subdivision*” means any Litigating Subdivision identified in **Exhibit A** that executes a Subdivision Participation Form prior to or within 14 days after the Effective Date.
20. “*Participating Tribe*” means any Litigating Tribe identified in **Exhibit A** that executes a Tribe Participation Form prior to or within 14 days after the Effective Date.
21. “*Participating Subdivision Designees*” means Jayne Conroy and Michael Angelides of Simmons Hanly Conroy (see Section IX.J. below for their contact information).
22. “*Participating Tribe Designees*” means Steve Skikos and Mark Crawford of Skikos, Crawford, Skikos & Joseph (see Section IX.J. below for their contact information).
23. “*Parties*” means Sandoz, Participating Subdivisions, and Participating Tribes (each, a “*Party*”).
24. “*Post-Settlement Claim*” means any Claim commenced against Sandoz by any Subdivision or Tribe after the date of this Agreement, whether in the MDL Court or any federal, state, district, territorial, or other court, or any other judicial, quasi-judicial, or arbitral body, alleging any Covered Conduct as the basis or partial basis for the Claim.
25. “*Product*” means any chemical substance, whether used for medicinal or non-medicinal purposes, and whether natural, synthetic, or semi-synthetic, or any finished pharmaceutical product made from or with such substance,

that is (1) an opioid or opiate, as well as any product containing any such substance; (2) a benzodiazepine, a muscle relaxer, carisoprodol, zolpidem, or gabapentin; or (3) a combination or “cocktail” of any stimulant or other chemical substance prescribed, sold, bought, or dispensed to be used together that includes opioids or opiates. “Product” shall include, but is not limited to, any substance consisting of or containing buprenorphine, codeine, fentanyl, hydrocodone, hydromorphone, meperidine, methadone, morphine, naloxone, naltrexone, oxycodone, oxymorphone, tapentadol, tramadol, opium, heroin, carfentanil, diazepam, estazolam, quazepam, alprazolam, clonazepam, oxazepam, flurazepam, triazolam, temazepam, midazolam, carisoprodol, gabapentin, or any variant of these substances or any similar substance.

26. *“Released Claims”* means any and all Claims that directly or indirectly are based on, arise out of, or in any way relate to or concern the Covered Conduct occurring prior to the Effective Date. Without limiting the foregoing, “Released Claims” include any Claims that have been asserted against the Released Entities by any Participating Subdivision or Participating Tribe in any federal, state, or local action or proceeding (whether judicial, arbitral, or administrative) based on, arising out of or relating to, in whole or in part, the Covered Conduct, or any such Claims that could be or could have been asserted now or in the future in those actions or in any comparable action or proceeding brought by a Participating Subdivision, Participating Tribe or any Releasors (whether or not such Participating Subdivision, Participating Tribe or Releasor has brought such action or proceeding). Released Claims also include all Claims asserted in any proceeding to be dismissed pursuant to the Agreement, whether or not such claims relate to Covered Conduct. The Parties intend that “Released Claims” be interpreted broadly. This Agreement does not release Claims by private individuals for any of their own damages for alleged personal injuries arising out of their use of any Product. But in any action arising from or relating to such Claims or the Covered Conduct, the Released Entities may assert as a defense or otherwise argue that the payments required herein serve as a measure of compensation for personal injuries or for other legal or equitable claims or demands asserted by private individuals or others. It is the intent of the Parties that Claims by private individuals be treated in accordance with applicable law.
27. *“Released Entities”* has the meaning set forth in Section VI.A.
28. *“Releasors”* means (1) each Participating Subdivision and Participating Tribe, and (2) without limitation and to the maximum extent of the power of each Participating Subdivision and Participating Tribe to release Claims, (a) the Participating Subdivision’s and Participating Tribe’s departments, agencies, divisions, boards, commissions, subdivisions, instrumentalities of any kind and attorneys, and any person in their official capacity whether

elected or appointed to serve any of the foregoing and any agency, person, or other entity claiming by or through any of the foregoing, and (b) any person or entity acting in a *parens patriae*, sovereign, quasi-sovereign, private attorney general, *qui tam*, taxpayer, or other capacity seeking relief on behalf of or generally applicable to the general public but only with respect to each Participating Subdivision or Participating Tribe.

29. “*Sandoz*” means Sandoz Inc. and all of its respective past and present direct or indirect parents, subsidiaries, divisions, affiliates, joint ventures, predecessors, successors, or assigns, including but not limited to Sandoz International GmbH, Novartis Pharmaceuticals Corporation, and Novartis AG and its subsidiaries and affiliates, including but not limited to Novartis Manufacturing LLC, Novartis Institutes for Biomedical Research, Inc., Novartis Corporation, and Novartis Consumer Health. For the avoidance of doubt, this definition of “Sandoz” shall survive any spin-off, separation, or other corporate change-of-control transaction that results in Sandoz Inc. separating from or no longer being a direct or indirect subsidiary of one or more other Sandoz or Novartis entities.
30. “*Sandoz Settlement Fund*” or “*Settlement Fund*” means the interest-bearing fund to be established by the MDL Court in the MDL into which all payments by Sandoz will be made, which shall be administered by the Settlement Referee, and which is intended to qualify as a “qualified settlement fund” within the meaning of Section 1.468B-1 *et seq.* of the Treasury Regulations promulgated under Section 468B of the Internal Revenue Code of 1986, as amended.
31. “*Settlement Referee*” means David R. Cohen, who will perform the duties set forth in this Agreement, including setting forth the procedures by which the Subdivision and Tribe allocation will be completed and to jointly determine each Subdivision’s and Tribe’s final allocation resulting from application of the Subdivision and Tribe Allocation Distribution Percentage.
32. “*State*” means the States of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, and the Northern Mariana Islands.
33. “*Subdivision*,” “*Subdivisions*,” “*Tribe*” or “*Tribes*” includes the Eligible Entities set forth on **Exhibit A** of this Agreement. “Subdivision” further means (1) a formal and legally recognized sub-entity of a State that provides general governance for a defined area, including a municipality, county, parish, city, town, village, special district or any other entities that provide municipal-type government within a State, and (2) any person, official, or entity thereof acting in an official capacity. Unless otherwise specified, “Subdivision” includes all functional counties and parishes and other functional levels of sub-entities of a State that provide general governance for a defined area. Historic, non-functioning sub-entities of a State (such as

Connecticut counties) are not Subdivisions, unless the entity has filed a lawsuit that includes a Released Claim against a Released Entity in a direct, parens patriae, or any other capacity. "Tribe" further means any Indian or Alaska Native tribe, band, nation, pueblo, village or community that the United States acknowledges to exist as an Indian tribe, including but not limited to the list of recognized tribes published by the United States Secretary of the Interior.

- 34. *"Subdivision and Tribe Allocation Distribution Percentage"* means a Subdivision's or Tribe's percentage as determined by the Settlement Referee pursuant to Section IV.B. The aggregate Subdivision and Tribe Allocation Distribution Percentage of all Subdivisions and Tribes shall equal 100%.
- 35. *"Subdivision Participation Form"* and *"Tribe Participation Form"* mean the forms attached hereto as **Exhibits C (Subdivisions) and D (Tribes)**.
- 36. *"Total Remediation Amount"* has the meaning set forth in Section IV.A.

II. Release

- A. *Scope.* As of the Effective Date, the Released Entities will be released and forever discharged from all of the Releasors' Released Claims. Each Participating Subdivision and Participating Tribe (for itself and its Releasors) will absolutely, unconditionally, and irrevocably covenant not to bring, file, or claim, or to cause, assist in bringing, or permit to be brought, filed, or claimed, or to otherwise seek to establish liability for any Released Claims against any Released Entity in any forum whatsoever. The releases provided for in this Agreement are intended by the Parties to be broad and shall be interpreted so as to give the Released Entities the broadest possible bar against any liability relating in any way to Released Claims and extend to the full extent of the power of each Releasor to release claims. The releases shall be a complete bar to any Released Claim.
- B. *Claim-Over and Non-Party Settlement.*
 - 1. *Statement of Intent.* It is the intent of the Parties that:
 - a. Released Entities should not seek contribution or indemnification (other than pursuant to an insurance contract) from other parties for their payment obligations under this Agreement;
 - b. The payments made under this Agreement shall be the sole payments made by the Released Entities to the Releasors involving, arising out of, or related to Covered Conduct (or conduct that would be Covered Conduct if engaged in by a Released Entity);

- c. Claims by Releasors against non-Parties should not and will not result in additional payments by Released Entities, whether through contribution, indemnification or any other means;
 - d. The amount of each payment made to each Participating Subdivision or Participating Tribe under this Agreement is intended to reduce any indemnification obligation the Released Entities might have to non-Parties with regard to each such Participating Subdivision or Participating Tribe;
 - e. Releasors covenant not to sue Released Entities for Covered Conduct;
 - f. The Agreement meets the requirements of the Uniform Contribution Among Joint Tortfeasors Act and any similar state law or doctrine that reduces or discharges a released party's liability to any other parties; and
 - g. The provisions of this Section II.B. are intended to be implemented consistent with these principles. This Agreement and the releases and dismissals provided for herein are made in good faith.
2. *Contribution/Indemnity Prohibited.* No Released Entity shall seek to recover for amounts paid under this Agreement based on indemnification, contribution, or any other theory from a manufacturer, pharmacy, hospital, pharmacy benefit manager, health insurer, third-party vendor, trade association, distributor, or health care practitioner, provided that a Released Entity shall be relieved of this prohibition with respect to any entity that asserts a Claim-Over against it or with respect to any person or entity that brings any other form of action against Sandoz arising out of or related to Covered Conduct. For the avoidance of doubt, nothing herein shall prohibit a Released Entity from recovering amounts owed pursuant to insurance contracts.
3. *Non-Party Settlement.* To the extent that, on or after the Effective Date, any Releasor enters into a Non-Party Settlement, including in any bankruptcy case or through any plan of reorganization (whether individually or as a class of creditors), the Releasor will include (or in the case of a Non-Party Settlement made in connection with a bankruptcy case, will cause the debtor to include), unless prohibited from doing so under applicable law, in the Non-Party Settlement a prohibition on contribution or indemnity of any kind substantially equivalent to that required from Sandoz in Section II.B.2, or a release from such Non- Released Entity in favor of the Released Entities (in a form equivalent to the releases contained in this Agreement) of any Claim-Over. Sandoz shall be deemed and is designated as an intended third-party beneficiary of the prohibition on contribution or indemnity required

under this section in such Non-Party Settlement. The obligation to obtain the prohibition and/or release required by this subsection is a material term of this Agreement.

4. *Claim-Over.* In the event that any Non-Released Entity asserts a Claim-Over against a Released Entity, then Releasor and Sandoz shall take steps sufficient and permissible under applicable law to hold Released Entities harmless from the Claim-Over and ensure Released Entities are not required to pay more with respect to Covered Conduct than the amounts owed by Sandoz under this Agreement.
5. *Preservation of All Rights and Defenses Arising from Payments.* This Agreement further expressly preserves, to the full extent permitted by law, the right and ability of Released Entities to assert the payments made under this Agreement as a defense, set-off, satisfaction, or reduction against any amounts asserted as damages against any Released Entity by any non-Party or Non-Released Entity involving, arising out of, or related to Covered Conduct (or conduct that would be Covered Conduct if engaged in by a Released Entity).

If the Claim-Over is based on a contractual indemnity claim by a Non-Released Entity against any Released Entity, these Claim-Over provisions shall not apply to the extent the contractual indemnity claim is based on the conduct of the Non-Released Entity and not the conduct of Released Entities.

- C. *General Release.* In connection with the releases provided for in the Agreement, each Participating Subdivision and Participating Tribe (for itself and its Releasors) expressly waives, releases, and forever discharges any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States or other jurisdiction, or principle of common law, which is similar, comparable, or equivalent to § 1542 of the California Civil Code, which reads:

General Release; extent. A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

A Releasor may thereafter discover facts other than or different from those which it knows, believes, or assumes to be true with respect to the Released Claims, but each Participating Subdivision and Participating Tribe (for itself and its Releasors) hereby expressly waives and fully, finally, and forever settles, releases, and discharges, upon the Effective Date, any and all Released Claims that may exist as of such date but which Releasors do not know or suspect to exist, whether through ignorance, oversight, error, negligence or through no fault whatsoever, and which, if known, would materially affect the Participating Subdivisions' or Participating Tribes' decision to enter into the Agreement or the Participating Subdivisions' or

Participating Tribes' decision to participate in the Agreement.

- D. *Res Judicata.* Nothing in the Agreement shall be deemed to reduce the scope of the res judicata or claim preclusive effect that the settlement memorialized in the Agreement, and/or any stipulation of dismissal with prejudice or judgment entered on the Agreement, gives rise to under applicable law.
- E. *Representation and Warranty of Authority.* The Participating Subdivision Designees and Participating Tribe Designees signing hereto on behalf of the Participating Subdivisions and Participating Tribes expressly represent and warrant that they have authority to enter into this Agreement conditionally on behalf of the Participating Subdivisions and Participating Tribes, subject to each Participating Subdivision and Participating Tribe executing a Subdivision Participation Form or Tribe Participation Form as provided in Section V of this Agreement.
- F. *Representation and Warranty of No Other Case(s).* The signatories hereto on behalf of the Participating Subdivisions and Participating Tribes expressly represent and warrant that, as of the date of this Agreement, they are not aware, other than the cases arising from Covered Conduct, of any other case(s) against Sandoz on behalf of any Subdivision or Tribe, beyond those listed on **Exhibit A**.
- G. *Effectiveness.* The releases set forth in the Agreement shall not be impacted in any way by any dispute that exists, has existed, or may later exist between or among the Releasers. Nor shall such releases be impacted in any way by any current or future law, regulation, ordinance, or court or agency order limiting, seizing, or controlling the distribution or use of the Sandoz Settlement Fund or any portion thereof, or by the enactment of future laws, or by any seizure of the Sandoz Settlement Fund or any portion thereof.
- H. *Cooperation.* Releasers (i) will not encourage any person or entity to bring or maintain any Released Claim against any Released Entity and (ii) will reasonably cooperate with and not oppose any effort by a Released Entity to secure the prompt dismissal of any and all Released Claims.
- I. *Non-Released Claims.* Notwithstanding the foregoing or anything in the definition of Released Claims, the Agreement does not waive, release or limit any criminal liability, Claims that may be brought by a State or by any State Attorney General against Released Entities for Covered Conduct to the extent not released herein specifically with respect to Participating Subdivisions or Participating Tribes, Claims for any outstanding liability under any tax or securities law, Claims against parties who are not Released Entities, Claims by private individuals, and any claims arising under this Agreement for enforcement of this Agreement.

III. Monetary Relief and Payments

- A. *Structure of Payments.*

1. All payments under this Section III shall be made into the Sandoz Settlement Fund. The payments in the Sandoz Settlement Fund shall be allocated and used only as specified in Section IV of this Agreement. In the event that this Agreement is not completed for any reason or is terminated in accordance with its terms, all payments made under this Section III into the Sandoz Settlement Fund shall be returned to Sandoz.
2. On the thirtieth day after the Effective Date, Sandoz shall pay into the Sandoz Settlement Fund the sum of Ninety-Nine Million Five Hundred Thousand Dollars (\$99,500,000.00), under the terms and conditions of this Agreement, subject to the reductions described in Section IV.B.4.
3. Sandoz's payment into the Sandoz Settlement Fund includes the amount necessary to comply with the Ongoing Common Benefit Order (Dkt. #4428). The Settlement Referee shall hold the amount necessary to ensure compliance with the Ongoing Common Benefit Order until further order by the MDL Court. It is expressly understood that Sandoz's payment into the Sandoz Settlement Fund under Section III.A.2 fulfills its obligations under the Ongoing Common Benefit Order.
4. If Eighty-Five Percent (85%) of Litigating Subdivisions and Litigating Tribes set forth on **Exhibit A** of this Agreement (as measured by number of cases and allocation of the Settlement Fund) do not sign the Subdivision and Tribe Participation Form by January 31, 2024 (or such extended date as may be set in accordance with Section I.6.), and Sandoz does not otherwise agree to move forward with the Settlement Agreement, such that the Effective Date does not occur, then Sandoz shall make no payment, this Agreement will have no further effect, and all releases and other commitments or obligations contained herein will be void, provided, however, that Sandoz shall have the unilateral right in its sole discretion to extend that deadline to a date of its choosing and/or to proceed with the Agreement even if the 85% threshold has not been satisfied.

IV. Allocation and Use of Settlement Funds

- A. *Settlement Fund.* Subject to Sections IV.B.3 and 4, the Sandoz Settlement Fund shall be comprised of funds earmarked for Opioid Remediation (the "Total Remediation Amount").
- B. *Allocation, Administration and Use of Settlement Payments.*
 1. David R. Cohen, in his capacity as Settlement Referee, shall determine the basis for the distributions to Participating Subdivisions and Participating Tribes in accordance with this Section IV. Once the final Subdivision and Tribe Allocation Distribution Percentage is determined, it shall be attached

as **Exhibit B** to this Agreement. Determination of the Subdivision and Tribe Allocation Distribution Percentage shall be determined in the following manner:

- a. Allocation Distribution percentages may be determined by referring to and incorporating allocation percentages, formulas and manners of calculations utilized in prior Subdivision settlement agreements and prior Tribe settlement agreements reached with other Defendants in the opioid litigation. The Settlement Referee shall consider all non-general purpose government sub-entities of a Subdivision county, city or Tribe, or person or entity included in an action or bringing an action on the Subdivision county, city or Tribe's behalf, to be a single Subdivision county, city or Tribe claimant for purposes of allocation. Further, any allocation between and amongst the recovering Subdivision county, city or Tribe and any of its non-general purpose government sub-entities shall be determined by those entities and sub-entities themselves.
 - b. Each Participating Subdivision and Participating Tribe shall have had the right to be heard prior to entry of the final allocation order specific to this opioid crisis with regard to the calculation of the allocation amount set forth in Section IV.B.1.a. For the avoidance of doubt, the Participating Subdivisions and Participating Tribes shall not have any other basis to challenge the allocation amounts.
 - c. Sandoz acknowledges and expressly agrees that it has no role whatsoever in the Subdivision and Tribe allocation process.
2. The Settlement Referee shall set aside and hold back the funds allocable to each of the Litigating Subdivisions and Litigating Tribes proportionate to the Litigating Subdivision's and Litigating Tribe's Subdivision Allocation Distribution Percentage to the extent such Litigating Subdivision or Litigating Tribe has not become a Participating Subdivision or Participating Tribe, and the provisions of Section IV.B.4 shall apply with respect to such Non-Participating Subdivision or Non-Participating Tribe.
 3. The Settlement Referee shall deduct the costs and expenses incurred in the administration of the Sandoz Settlement Fund, including any expenses, costs and fees arising out of the duties of David R. Cohen in his capacity as Settlement Referee, out of the interest accrued on the Sandoz Settlement Fund and thereafter from the principal of the Sandoz Settlement Fund.
 4. Litigating Subdivisions and Litigating Tribes. Any Litigating Subdivision or Litigating Tribe that does not execute a Subdivision Participation Form or Tribe Participation Form prior to or within 14 days after the Effective Date of this Agreement or any Litigating Subdivision or Litigating Tribe

that affirmatively opts out of this Agreement and provides written notice to the Participating Subdivision Designees and/or Participating Tribe Designees, and Sandoz of its intent to litigate its Claims against Sandoz shall forego its right to participate in distributions contemplated by this Agreement, in which case the amount (including accumulated holdback amounts) allocable to such Litigating Subdivision or Litigating Tribe pursuant to its Subdivision and Tribe Allocation Distribution Percentage shall revert to Sandoz, to be paid to Sandoz within sixty (60) days after the 14-day time period after the Effective Date.

C. *Provisions Regarding Abatement Fund.*

1. The funds distributed from the Sandoz Settlement Fund to each Participating Subdivision and Participating Tribe shall be used solely for Opioid Remediation.
2. The Participating Subdivision Designees and Participating Tribe Designees shall provide a Participating Subdivision and Participating Tribe Opioid Abatement Report to Sandoz once all funds are disbursed to the Participating Subdivisions and Participating Tribes.

D. *Nature of Payment.*

1. Sandoz and the Participating Subdivisions and Participating Tribes acknowledge and agree that notwithstanding anything to the contrary in this Agreement, including, but not limited to, the scope of the Released Claims:
 - a. Sandoz has entered into this Agreement to avoid the delay, expense, inconvenience, and uncertainty of further litigation;
 - b. Participating Subdivisions and Participating Tribes sought restitution and remediation (within the meaning of 26 U.S.C. § 162(f)(2)(A)) as damages for the Alleged Harms allegedly suffered by the Participating Subdivisions and Participating Tribes as a result of the Covered Conduct;
 - c. By executing the Subdivision Participation Form or Tribe Participation Form, the Participating Subdivisions and Participating Tribes acknowledge that: (a) the Total Remediation Amount is no greater than the amount, in the aggregate, of the Alleged Harms allegedly suffered by the Participating Subdivisions and Participating Tribes; and (b) the portion of the Total Remediation Amount received by each Participating Subdivision or Participating Tribe is no greater than the amount of the Alleged Harms allegedly suffered by such Participating Subdivision or Participating Tribe;

- d. The payment of the Total Remediation Amount by Sandoz constitutes, and is paid for, restitution and remediation (within the meaning of 26 U.S.C. § 162(f)(2)(A)) for alleged damage or harm (as compensation for alleged damage or harm arising out of alleged bodily injury) allegedly caused by Sandoz;
- e. The Total Remediation Amount is being paid as restitution and remediation (within the meaning of 26 U.S.C. § 162(f)(2)(A)) in order to restore, in whole or in part, the Participating Subdivisions, Participating Tribes and persons to the same position or condition that they would be in had the Participating Subdivisions, Participating Tribes and persons not suffered the Alleged Harms and constitutes restitution and remediation for damage or harm allegedly caused by the potential violation of a law and/or is an amount paid to come into compliance with the law;
- f. For the avoidance of doubt: (a) no portion of the Total Remediation Amount represents reimbursement to any Participating Subdivision or Participating Tribe, or other person or entity, for the costs of any investigation or litigation, including without limitation attorneys' fees, (b) the entire Total Remediation Amount is properly characterized as described in Section IV.D.1.e, and (c) none of the amounts paid by Sandoz under Section III constitutes disgorgement or is paid for or in place of any fine, penalty, punitive damages, or other punitive assessments; and
- g. For the further avoidance of doubt, the Parties estimate that Fifteen Percent (15%) of the payments made by Sandoz into the Sandoz Settlement Fund will be allocated to payments in accordance with the Ongoing Common Benefit Order (Dkt. #4428) and/or the MDL fee cap order (Dkt. #3814), and the remaining Eighty-Five Percent (85%) of the payments made by Sandoz into the Sandoz Settlement Fund will be allocated to the Total Remediation Amount and paid as restitution and remediation (within the meaning of 26 U.S.C. § 162(f)(2)(A)).

2. Tax Reporting and Cooperation

- a. Each Participating Subdivision and Participating Tribe shall cooperate in good faith with Sandoz with respect to any tax claim, dispute, investigation, audit, examination, contest, litigation, or other proceeding relating to this Agreement.
- b. For the avoidance of doubt, except as explicitly set forth in this Agreement, neither Sandoz, any Participating Subdivision or Participating Tribe, or counsel to any of the foregoing make any warranty or representation as to the tax consequences of the payment

of the Total Remediation Amount (or any portion thereof).

V. Participation by Subdivisions and Tribes

- A. *Subdivision Participation Form and Tribe Participation Form.* Attached hereto as **Exhibits C (Subdivisions)** and **D (Tribes)** are the Subdivision Participation Form and Tribe Participation Form, which may be subject to later modification and substitution as the participation process is worked out. A Subdivision's or Tribe's executed Participation Form is evidence of its status as a Party to this Agreement, and the executed Participation Forms and their terms are incorporated herein by reference. In order to become a Participating Subdivision or Participating Tribe, each Litigating Subdivision or Litigating Tribe shall provide a properly executed Participation Form to the Participating Subdivision Designees or to the Participating Tribe Designees and to Sandoz, or to any proxy specified by them, by electronic mail as set forth in the Participation Forms at **Exhibits C and D** hereto, and in accordance with the time limitations and terms of this Agreement.
- B. *Dismissal of Claims.* Each Participating Subdivision or Participating Tribe, either directly or through its counsel, shall request to dismiss with prejudice all Released Claims by that Subdivision or Tribe against Released Entities, including all Released Claims pending in the MDL Court and all Released Claims pending in any State court. Dismissal of a Litigating Subdivision's or Litigating Tribe's complaint against Released Entities shall be filed only upon the occurrence of the Effective Date. The Parties will coordinate a streamlined dismissal process with the MDL Court that will allow for a bulk filing of the agreed dismissals with respect to MDL-filed cases.
- C. *Eligible Entities.* **Exhibit A** sets forth all Litigating Subdivisions and Litigating Tribes eligible to participate in this Agreement ("*Eligible Entities*"):
1. Each entity listed on **Exhibit A** has filed an opioid case against Sandoz in the MDL or in a case pending in State court.
 2. **Exhibit A** includes the filing docket number and counsel of record for the listed entity. Each entity listed on **Exhibit A** is entitled to participate in the settlement.
 3. Only Eligible Entities listed in **Exhibit A** are eligible to participate in the settlement, except as may be further agreed between Sandoz and the Participating Subdivision Designees or the Participating Tribe Designees.

VI. Defendants to be Released Upon Meeting Threshold Requirements

- A. The following are to be Released Entities and shall be released and claims against them to be dismissed with prejudice upon the Effective Date: (i) Sandoz ("*Sandoz*" as defined in Section I.29 of the Definitions); (ii) all of its past and present, direct or indirect: parents, subsidiaries, divisions, affiliates, joint ventures, predecessors,

successors, assigns and insurers (in their capacity as such); and (iii) the past and present officers, directors, members, shareholders (solely in their capacity as shareholders of the foregoing entities), partners, trustees, employees, agents, attorneys and insurers of each of the foregoing entities and persons referenced in clauses (i) through (ii) above for actions or omissions that occurred during and related to their work for, or employment with, any of the foregoing entities with respect to the Released Claims. An illustrative, non-exhaustive list of Released Entities is annexed to this Agreement as **Exhibit E**.

VII. Plaintiffs' Attorneys' Fees and Costs

- A. Contingency attorneys' fees and costs shall be paid out in accordance with the MDL fee cap order (Dkt #3814), which the Parties agree to extend to the provisions of this Agreement, as well as any other Orders that may be entered by the MDL Court concerning attorneys' fees and costs.
- B. Common Benefit amounts shall be held by the Settlement Referee in order to ensure compliance with the Ongoing Common Benefit Order (Dkt. #4428), as set forth in Section III.A.3 above.

VIII. Dispute Resolution

- A. Any disputes arising out of this Agreement shall be heard before Settlement Referee David R. Cohen as the arbitrator designated by the Parties to resolve disputes through binding arbitration.

IX. Miscellaneous

- A. *No Admission.* Sandoz does not admit liability or wrongdoing. This Agreement shall not be considered, construed, or represented to be (1) an admission, concession, or evidence of liability or wrongdoing or (2) a waiver or any limitation of any defense otherwise available to Sandoz.
- B. *Third-Party Beneficiaries.* Except as expressly provided in this Agreement, no portion of this Agreement shall provide any rights to, or be enforceable by, any person or entity that is not a Participating Subdivision or Participating Tribe or Released Entity. No Participating Subdivision or Participating Tribe may assign or otherwise convey any right to enforce any provision of this Agreement and no entity except the Participating Subdivision Designees or Participating Tribe Designees shall have the right to enforce any provision of this Agreement on behalf of all Participating Subdivisions and Participating Tribes.
- C. *Construction.* None of the Parties and no Participating Subdivision or Participating Tribe shall be considered to be the drafter of this Agreement or of any of its provisions for the purpose of any statute, case law, or rule of interpretation or construction that would or might cause any provision to be construed against the

drafter of this Agreement. The headings of the provisions of this Agreement are not binding and are for reference only and do not limit, expand, or otherwise affect the contents or meaning of this Agreement.

- D. *Cooperation.* Each Party agrees to use its best efforts and to cooperate with the other Parties to cause this Agreement to become effective, to obtain all necessary approvals, consents and authorizations, if any, and to execute all documents and to take such other action as may be appropriate in connection herewith. Consistent with the foregoing, each Party agrees that it will not directly or indirectly assist or encourage any challenge to this Agreement by any other person, and will support the integrity and enforcement of the terms of this Agreement.
- E. *Entire Agreement.* This Agreement, its Exhibits and any other attachments, embodies the entire agreement and understanding between and among the Parties relating to the subject matter hereof and supersedes (1) all prior agreements and understandings relating to such subject matter, whether written or oral and (2) all purportedly contemporaneous oral agreements and understandings relating to such subject matter.
- F. *Execution.* This Agreement may be executed in counterparts and by different signatories on separate counterparts, each of which shall be deemed an original, but all of which shall together be one and the same Agreement. One or more counterparts of this Agreement may be delivered by facsimile or electronic transmission with the intent that it or they shall constitute an original counterpart thereof. One or more counterparts of this Agreement may be signed by electronic signature.
- G. *Good Faith and Voluntary Entry.* Each Party warrants and represents that it negotiated the terms of this Agreement in good faith. Each of the Parties and signatories to this Agreement warrants and represents that it freely and voluntarily entered into this Agreement without any degree of duress or compulsion. The Parties state that no promise of any kind or nature whatsoever (other than the written terms of this Agreement) was made to them to induce them to enter into this Agreement.
- H. *No Prevailing Party.* The Parties each agree that they are not the prevailing party in this action, for purposes of any claim for fees, costs, or expenses as prevailing parties arising under common law or under the terms of any statute, because the Parties have reached a good faith settlement. The Parties each further waive any right to challenge or contest the validity of this Agreement on any ground, including, without limitation, that any term is unconstitutional or is preempted by, or in conflict with, any current or future law.
- I. *Non-Admissibility.* The settlement negotiations resulting in this Agreement have been undertaken by the Parties in good faith and for settlement purposes only, and no evidence of negotiations or discussions underlying this Agreement shall be

offered or received in evidence in any action or proceeding for any purpose. This Agreement shall not be offered or received in evidence in any action or proceeding for any purpose other than in an action or proceeding arising under or relating to this Agreement, except that Released Entities may file or use this Agreement in any action (1) involving a determination regarding insurance coverage; (2) involving a determination of the taxable income or tax liability of any Released Entities; (3) to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, release, good-faith settlement, judgment bar or reduction or on any other theory of claim preclusion or issue preclusion or similar defense or counterclaim; (4) to support a claim for contribution and/or indemnification; or (5) to support any other argument or defense by a Released Entity that the Total Remediation Amount provides a measure of compensation for asserted harms or otherwise satisfies the relief sought.

- J. *Notices.* All notices or other communications under this Agreement shall be in writing (including but not limited to electronic communications) and shall be given to the recipients indicated below:

For Participating Subdivisions:

Jayne Conroy
Michael Angelides
Simmons Hanly Conroy
112 Madison Avenue, 7th Floor
New York, NY 10016-7416
(212) 257-8482
jconroy@simmonsfirm.com
mangelides@simmonsfirm.com

Peter Mougey
Levin, Papantonio, Rafferty, Proctor, Buchanan,
O'Brien, Barr, and Mougey P.A.
316 S. Baylen Street, Suite 600
Pensacola, FL 32502-5996
(850) 435-7193
pmougey@levinlaw.com

Paul Geller
Robbins Geller Rudman & Dowd LLP
225 NE Mizner Blvd., Suite 720
Boca Raton, FL 33432
(561) 750-3000
pgeller@rgrdlaw.com

For Participating Tribes:

Steve Skikos
Mark Crawford
One Sansome Street, Suite 2830
San Francisco, CA 94104
(415) 546-7300
sskikos@skikos.com
mcrawford@skikos.com

For Sandoz:

Gordon Hwang
Sandoz Inc.
100 College Rd. W
Princeton, NJ 08540
gordon.hwang@sandoz.com

Gregory E. Ostfeld
Sara K. Thompson
Greenberg Traurig LLP
77 West Wacker Dr., Suite 3100
Chicago, IL 60601
(312) 476-5056
ostfeldg@gtlaw.com
sara.thompson@gtlaw.com

Any Party or Participating Subdivision Designees or Participating Tribe Designees may change or add to the contact information of the persons designated to receive notice on its behalf by notice given (effective upon the giving of such notice) as provided in this subsection.

- K. *No Waiver.* The waiver of any rights conferred hereunder shall be effective only if made by written instrument executed by the waiving Party or Parties. The waiver by any Party of any breach of this Agreement shall not be deemed to be or construed as a waiver of any other breach, whether prior, subsequent, or contemporaneous, nor shall such waiver be deemed to be or construed as a waiver by any other Party.
- L. *Preservation of Privilege.* Nothing contained in this Agreement, and no act required to be performed pursuant to this Agreement, is intended to constitute, cause, or effect any waiver (in whole or in part) of any attorney-client privilege, work product protection, or common interest/joint defense privilege, and each Party agrees that it shall not make or cause to be made in any forum any assertion to the contrary.
- M. *Successors.* This Agreement shall be binding upon, and inure to the benefit of, Sandoz and its respective successors and assigns. Sandoz shall not sell the majority

of its voting stock or substantially all its assets without obtaining the acquiror's agreement that it will constitute a successor with respect to Sandoz's obligations under this Agreement.

- N. *Modification, Amendment, Alteration.* After the Effective Date, any modification, amendment, or alteration of this Agreement by the Parties shall be binding only if evidenced in writing signed by Sandoz along with the signatures of Participating Subdivision Designees and Participating Tribe Designees.
- O. *Governing Law.* Except (1) as otherwise provided in the Agreement or (2) as necessary, in the sole judgment of Settlement Referee David R. Cohen, to promote uniformity of interpretation for matters, this Agreement shall be governed by and interpreted in accordance with the respective laws of the State of Ohio without regard to the conflict of law rules of such State. Notwithstanding any other provision in this subsection on governing law, the United States District Court for the Northern District of Ohio shall retain jurisdiction to enforce this Agreement.
- P. *Severability.* In the event any one or more immaterial provisions of this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement.

Date: August 31, 2023

For Participating Subdivisions:

Jayne Conroy
Simmons Hanly Conroy

Peter Mougey
Levin, Papantonio, Rafferty, Proctor, Buchanan,
O'Brien, Barr, and Mougey P.A.
316 S. Baylen Street, Suite 600
Pensacola, FL 32502-5996

Paul Geller
Robbins Geller Rudman & Dowd LLP
225 NE Mizner Blvd., Suite 720
Boca Raton, FL 33432

For Participating Tribes:

Steve Skikos
Skikos, Crawford, Skikos & Joseph LLP
One Sansome Street, Suite 2830
San Francisco, CA 94104

Date: August 31, 2023

For Sandoz:

Karen McDonnell
VP & General Counsel, NA, Sandoz
Sandoz Corporate Representative

Gregory E. Ostfeld
Greenberg Traurig LLP

Date: August 31, 2023

EXHIBIT A

Litigating Subdivisions and Litigating Tribes

Litigating Subdivision or Litigating Tribe	Law Firm	Case No.

EXHIBIT B

ELIGIBLE ENTITIES' ALLOCATION DISTRIBUTION PERCENTAGES

[Reserved - to be added post-Effective Date pursuant to Section IV.B.1]

EXHIBIT C

Subdivision Participation Form

<u>Eligible Subdivision Name:</u>
<u>Case No.:</u>
<u>Authorized Signatory Name:</u>
<u>Authorized Signatory Title:</u>
<u>Address 1:</u>
<u>Address 2:</u>
<u>City, State, Zip:</u>
<u>Phone:</u>
<u>Email:</u>

The Eligible Subdivision identified above (“Subdivision”), in order to obtain and in consideration for the benefits provided to the Subdivision pursuant to the Settlement Agreement dated August 31, 2023 (“Sandoz Settlement”), and acting through the undersigned authorized official, is an “Eligible Entity” as defined in the Sandoz Settlement, and hereby elects to participate in the Sandoz Settlement, release all Released Claims against all Released Entities, and agrees as follows.

1. The Subdivision is aware of and has reviewed the Sandoz Settlement, understands that all terms in this Subdivision Participation Form (“Form”) have the meanings defined therein, and agrees that by this Form, the Subdivision elects to participate in the Sandoz Settlement and become a Participating Subdivision as provided therein.
2. The Subdivision agrees to the terms, representations, and warranties of the Sandoz Settlement pertaining to Participating Subdivisions as defined therein.
3. By agreeing to the terms of the Sandoz Settlement and becoming a Releasor, the Subdivision is entitled to the benefits provided therein, including, if applicable, monetary payments beginning after the Effective Date.
4. The Subdivision agrees to use any monies it receives through the Sandoz Settlement solely for the purposes provided therein.
5. By signing this Participation Form, the Subdivision agrees that, pursuant to the Sandoz Settlement, Settlement Referee David R. Cohen will set the procedures by which the allocation will be completed for this settlement and will determine the final allocation between the Participating Subdivisions pursuant to the terms of the Sandoz Settlement.
6. The Subdivision agrees that any disputes arising out of this Agreement shall be heard before Settlement Referee David R. Cohen as the arbitrator designated by the

parties in the Sandoz Settlement to resolve disputes through binding arbitration.

7. The Subdivision has the right to enforce the Sandoz Settlement as provided therein.
8. The Subdivision, as a Participating Subdivision, hereby becomes a Releasor for all purposes in the Sandoz Settlement, including but not limited to all provisions of Section II (Release), and along with all departments, agencies, divisions, boards, commissions, districts, instrumentalities of any kind and attorneys, and any person in their official capacity elected or appointed to serve any of the foregoing and any agency, person, or other entity claiming by or through any of the foregoing, and any other entity identified in the definition of Releasor, provides for a release to the fullest extent of its authority. As a Releasor, the Subdivision hereby absolutely, unconditionally, and irrevocably covenants not to bring, file, or claim, or to cause, assist in bringing, or permit to be brought, filed, or claimed, or to otherwise seek to establish liability for any Released Claims against any Released Entity in any forum whatsoever. The releases provided for in the Sandoz Settlement are intended by the Parties to be broad and shall be interpreted so as to give the Released Entities the broadest possible bar against any liability relating in any way to Released Claims and extend to the full extent of the power of each Releasor to release claims. The releases shall be a complete bar to any Released Claim.
9. In connection with the releases provided for in the Sandoz Settlement, each Subdivision expressly waives, releases, and forever discharges any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States or other jurisdiction, or principle of common law, which is similar, comparable, or equivalent to § 1542 of the California Civil Code, which reads:

General Release; extent. A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.
10. A Releasor may hereafter discover facts other than or different from those which it knows, believes, or assumes to be true with respect to the Released Claims, but each Participating Subdivision (for itself and its Releasors) hereby expressly waives and fully, finally, and forever settles, releases, and discharges, upon the Effective Date, any and all Released Claims that may exist as of such date but which Releasors do not know or suspect to exist, whether through ignorance, oversight, error, negligence or through no fault whatsoever, and which, if known, would materially affect the Participating Subdivision's decision to enter into the Sandoz Settlement or the Participating Subdivision's decision to participate in the Sandoz Settlement.
11. The Participating Subdivision, or their attorneys, shall provide a properly executed Participation Form to the Participating Subdivision Designees and to Sandoz by electronic mail to _____ in accordance with the time

limitations and terms of the Sandoz Settlement.

12. Within 21 days after the Effective Date set forth in the Sandoz Settlement, the Subdivision shall file a request to dismiss with prejudice any Released Claims that it has filed. With respect to any Released Claims pending in *In re National Prescription Opiate Litigation*, MDL No. 2804, the Subdivision hereby authorizes the Participating Subdivision Designees to execute and file on behalf of the Subdivision a Stipulation of Dismissal With Prejudice.
13. Nothing herein is intended to modify in any way the terms of the Sandoz Settlement, to which Subdivision hereby agrees. To the extent this Form is interpreted differently from the Sandoz Settlement in any respect, the Sandoz Settlement controls.

I have all necessary power and authorization to execute this Form on behalf of the Subdivision.

Signature:

Name:

Title:

Date:

EXHIBIT D

Tribe Participation Form

<u>Eligible Tribe Name:</u>
<u>Case No.:</u>
<u>Authorized Signatory Name:</u>
<u>Authorized Signatory Title:</u>
<u>Address 1:</u>
<u>Address 2:</u>
<u>City, State, Zip:</u>
<u>Phone:</u>
<u>Email:</u>

The Eligible Tribe identified above (“Tribe”), in order to obtain and in consideration for the benefits provided to the Tribe pursuant to the Settlement Agreement dated August 31, 2023 (“Sandoz Settlement”), and acting through the undersigned authorized official, is an “Eligible Entity” as defined in the Sandoz Settlement, and hereby elects to participate in the Sandoz Settlement, release all Released Claims against all Released Entities, and agrees as follows.

1. The Tribe is aware of and has reviewed the Sandoz Settlement, understands that all terms in this Tribe Participation Form (“Form”) have the meanings defined therein, and agrees that by this Form, the Tribe elects to participate in the Sandoz Settlement and become a Participating Tribe as provided therein.
2. The Tribe agrees to the terms, representations, and warranties of the Sandoz Settlement pertaining to Participating Tribes as defined therein.
3. By agreeing to the terms of the Sandoz Settlement and becoming a Releasor, the Tribe is entitled to the benefits provided therein, including, if applicable, monetary payments beginning after the Effective Date.
4. The Tribe agrees to use any monies it receives through the Sandoz Settlement solely for the purposes provided therein.
5. By signing this Participation Form, the Tribe agrees that, pursuant to the Sandoz Settlement, Settlement Referee David R. Cohen will set the procedures by which the allocation will be completed for this settlement and will determine the final allocation between the Participating Tribes pursuant to the terms of the Sandoz Settlement.
6. The Tribe agrees that any disputes arising out of this Agreement shall be heard before Settlement Referee David R. Cohen as the arbitrator designated by the parties in the Sandoz Settlement to resolve disputes through binding arbitration.

7. The Tribe has the right to enforce the Sandoz Settlement as provided therein.
8. The Tribe, as a Participating Tribe, hereby becomes a Releasor for all purposes in the Sandoz Settlement, including but not limited to all provisions of Section II (Release), and along with all departments, agencies, divisions, boards, commissions, instrumentalities of any kind and attorneys, and any person in their official capacity elected or appointed to serve any of the foregoing and any agency, person, or other entity claiming by or through any of the foregoing, and any other entity identified in the definition of Releasor, provides for a release to the fullest extent of its authority. As a Releasor, the Tribe hereby absolutely, unconditionally, and irrevocably covenants not to bring, file, or claim, or to cause, assist in bringing, or permit to be brought, filed, or claimed, or to otherwise seek to establish liability for any Released Claims against any Released Entity in any forum whatsoever. The releases provided for in the Sandoz Settlement are intended by the Parties to be broad and shall be interpreted so as to give the Released Entities the broadest possible bar against any liability relating in any way to Released Claims and extend to the full extent of the power of each Releasor to release claims. The releases shall be a complete bar to any Released Claim.
9. In connection with the releases provided for in the Sandoz Settlement, each Tribe expressly waives, releases, and forever discharges any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States or other jurisdiction, or principle of common law, which is similar, comparable, or equivalent to § 1542 of the California Civil Code, which reads:

General Release; extent. A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.
10. A Releasor may hereafter discover facts other than or different from those which it knows, believes, or assumes to be true with respect to the Released Claims, but each Participating Tribe (for itself and its Releasors) hereby expressly waives and fully, finally, and forever settles, releases, and discharges, upon the Effective Date, any and all Released Claims that may exist as of such date but which Releasors do not know or suspect to exist, whether through ignorance, oversight, error, negligence or through no fault whatsoever, and which, if known, would materially affect the Participating Tribe's decision to enter into the Sandoz Settlement or the Participating Tribe's decision to participate in the Sandoz Settlement.
11. The Participating Tribe, or its attorneys, shall provide a properly executed Participation Form to the Participating Tribe Designees and to Sandoz by electronic mail to _____ in accordance with the time limitations and terms of the Sandoz Settlement.

12. Within 21 days after the Effective Date set forth in the Sandoz Settlement, the Tribe shall file a request to dismiss with prejudice any Released Claims that it has filed. With respect to any Released Claims pending in *In re National Prescription Opiate Litigation*, MDL No. 2804, the Tribe hereby authorizes the Participating Tribe Designees to execute and file on behalf of the Tribe a Stipulation of Dismissal With Prejudice.
13. Nothing herein is intended to modify in any way the terms of the Sandoz Settlement, to which Tribe hereby agrees. To the extent this Form is interpreted differently from the Sandoz Settlement in any respect, the Sandoz Settlement controls.

I have all necessary power and authorization to execute this Form on behalf of the Tribe.

Signature:

Name:

Title:

Date:

EXHIBIT E

Illustrative List of Released Entities

Sandoz Inc.
Novartis Pharmaceuticals Corporation
Novartis AG
Sandoz International GmbH
Novartis Manufacturing LLC
Novartis Institutes for Biomedical Research, Inc.
Novartis Corporation
Novartis Consumer Health

EXHIBIT C

Subdivision Participation Form

<u>Eligible Subdivision Name:</u> City of Ormond Beach	
<u>Case No.:</u>	
<u>Authorized Signatory Name:</u> Jason Leslie	Joyce Shanahan
<u>Authorized Signatory Title:</u> Mayor	City Manager
<u>Address 1:</u> 22 S. Beach Street	
<u>Address 2:</u>	
<u>City, State, Zip:</u> Ormond Beach, FL 32174	
<u>Phone:</u>	386-676-3200
<u>Email:</u>	

The Eligible Subdivision identified above ("Subdivision"), in order to obtain and in consideration for the benefits provided to the Subdivision pursuant to the Settlement Agreement dated August 31, 2023 ("Sandoz Settlement"), and acting through the undersigned authorized official, is an "Eligible Entity" as defined in the Sandoz Settlement, and hereby elects to participate in the Sandoz Settlement, release all Released Claims against all Released Entities, and agrees as follows.

1. The Subdivision is aware of and has reviewed the Sandoz Settlement, understands that all terms in this Subdivision Participation Form ("Form") have the meanings defined therein, and agrees that by this Form, the Subdivision elects to participate in the Sandoz Settlement and become a Participating Subdivision as provided therein.
2. The Subdivision agrees to the terms, representations, and warranties of the Sandoz Settlement pertaining to Participating Subdivisions as defined therein.
3. By agreeing to the terms of the Sandoz Settlement and becoming a Releasor, the Subdivision is entitled to the benefits provided therein, including, if applicable, monetary payments beginning after the Effective Date.
4. The Subdivision agrees to use any monies it receives through the Sandoz Settlement solely for the purposes provided therein.
5. By signing this Participation Form, the Subdivision agrees that, pursuant to the Sandoz Settlement, Settlement Referee David R. Cohen will set the procedures by which the allocation will be completed for this settlement and will determine the final allocation between the Participating Subdivisions pursuant to the terms of the Sandoz Settlement.
6. The Subdivision agrees that any disputes arising out of this Agreement shall be heard before Settlement Referee David R. Cohen as the arbitrator designated by the

parties in the Sandoz Settlement to resolve disputes through binding arbitration.

7. The Subdivision has the right to enforce the Sandoz Settlement as provided therein.
8. The Subdivision, as a Participating Subdivision, hereby becomes a Releasor for all purposes in the Sandoz Settlement, including but not limited to all provisions of Section II (Release), and along with all departments, agencies, divisions, boards, commissions, districts, instrumentalities of any kind and attorneys, and any person in their official capacity elected or appointed to serve any of the foregoing and any agency, person, or other entity claiming by or through any of the foregoing, and any other entity identified in the definition of Releasor, provides for a release to the fullest extent of its authority. As a Releasor, the Subdivision hereby absolutely, unconditionally, and irrevocably covenants not to bring, file, or claim, or to cause, assist in bringing, or permit to be brought, filed, or claimed, or to otherwise seek to establish liability for any Released Claims against any Released Entity in any forum whatsoever. The releases provided for in the Sandoz Settlement are intended by the Parties to be broad and shall be interpreted so as to give the Released Entities the broadest possible bar against any liability relating in any way to Released Claims and extend to the full extent of the power of each Releasor to release claims. The releases shall be a complete bar to any Released Claim.
9. In connection with the releases provided for in the Sandoz Settlement, each Subdivision expressly waives, releases, and forever discharges any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States or other jurisdiction, or principle of common law, which is similar, comparable, or equivalent to § 1542 of the California Civil Code, which reads:

General Release; extent. A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.
10. A Releasor may hereafter discover facts other than or different from those which it knows, believes, or assumes to be true with respect to the Released Claims, but each Participating Subdivision (for itself and its Releasors) hereby expressly waives and fully, finally, and forever settles, releases, and discharges, upon the Effective Date, any and all Released Claims that may exist as of such date but which Releasors do not know or suspect to exist, whether through ignorance, oversight, error, negligence or through no fault whatsoever, and which, if known, would materially affect the Participating Subdivision's decision to enter into the Sandoz Settlement or the Participating Subdivision's decision to participate in the Sandoz Settlement.
11. The Participating Subdivision, or their attorneys, shall provide a properly executed Participation Form to the Participating Subdivision Designees and to Sandoz by electronic mail to ParticipationandDismissals@NationalOpioidOfficialSettlement.com in accordance with the time limitations and terms of the Sandoz Settlement.
12. Within 21 days after the Effective Date set forth in the Sandoz Settlement, the Subdivision shall file a request to dismiss with prejudice any Released Claims that

it has filed. With respect to any Released Claims pending in *In re National Prescription Opiate Litigation*, MDL No. 2804, the Subdivision hereby authorizes the Participating Subdivision Designees to execute and file on behalf of the Subdivision a Stipulation of Dismissal With Prejudice.

13. Nothing herein is intended to modify in any way the terms of the Sandoz Settlement, to which Subdivision hereby agrees. To the extent this Form is interpreted differently from the Sandoz Settlement in any respect, the Sandoz Settlement controls.

I have all necessary power and authorization to execute this Form on behalf of the Subdivision.

Signature:

Name:

Title:

Date:

Signature:

Name:

Title:

Date:

EXHIBIT K

Subdivision Participation and Release Form

Governmental Entity: City of Ormond Beach	State: FL
Authorized Official: Jason Leslie, Mayor	Joyce Shanahan, City Manager
Address 1: 22 S. Beach Street	
Address 2:	
City, State, Zip: Ormond Beach, FL 32174	
Phone: 386-676-3200	
Email:	

The governmental entity identified above ("*Governmental Entity*"), in order to obtain and in consideration for the benefits provided to the Governmental Entity pursuant to the Settlement Agreement dated April 4, 2025 ("*Sun Settlement*"), and acting through the undersigned authorized official, hereby elects to participate in the Sun Settlement, release all Released Claims against all Released Entities, and agrees as follows.

1. The Governmental Entity is aware of and has reviewed the Sun Settlement, understands that all terms in this Participation and Release Form have the meanings defined therein, and agrees that by executing this Participation and Release Form, the Governmental Entity elects to participate in the Sun Settlement and become a Participating Subdivision as provided therein.
2. The Governmental Entity shall promptly, and in any event no later than 14 days after the Reference Date and prior to the filing of the Consent Judgment, dismiss with prejudice any Released Claims that it has filed. With respect to any Released Claims pending in *In re National Prescription Opiate Litigation*, MDL No. 2804, the Governmental Entity authorizes the Plaintiffs' Executive Committee to execute and file on behalf of the Governmental Entity a Stipulation of Dismissal with Prejudice substantially in the form found at <https://nationalopioidsettlement.com/additional-settlements/>.
3. The Governmental Entity agrees to the terms of the Sun Settlement pertaining to Participating Subdivisions as defined therein.
4. By agreeing to the terms of the Sun Settlement and becoming a Releasor, the Governmental Entity is entitled to the benefits provided therein, including, if applicable, monetary payments beginning after the Effective Date.
5. The Governmental Entity agrees to use any monies it receives through the Sun Settlement solely for the purposes provided therein.
6. The Governmental Entity submits to the jurisdiction of the court in the Governmental Entity's state where the Consent Judgment is filed for purposes limited to that court's role as provided in, and for resolving disputes to the extent provided in, the Sun Settlement.

The Governmental Entity likewise agrees to arbitrate before the National Arbitration Panel as provided in, and for resolving disputes to the extent otherwise provided in, the Sun Settlement.

7. The Governmental Entity has the right to enforce the Sun Settlement as provided therein.
8. The Governmental Entity, as a Participating Subdivision, hereby becomes a Releasor for all purposes in the Sun Settlement, including without limitation all provisions of Section X (Release), and along with all departments, agencies, divisions, boards, commissions, districts, instrumentalities of any kind and attorneys, and any person in his or her official capacity whether elected or appointed to serve any of the foregoing and any agency, person, or other entity claiming by or through any of the foregoing, and any other entity identified in the definition of Releasor, provides for a release to the fullest extent of its authority. As a Releasor, the Governmental Entity hereby absolutely, unconditionally, and irrevocably covenants not to bring, file, or claim, or to cause, assist or permit to be brought, filed, or claimed, or to otherwise seek to establish liability for any Released Claims against any Released Entity in any forum whatsoever. The releases provided for in the Sun Settlement are intended by the Parties to be broad and shall be interpreted so as to give the Released Entities the broadest possible bar against any liability relating in any way to Released Claims and extend to the full extent of the power of the Governmental Entity to release claims. The Sun Settlement shall be a complete bar to any Released Claim.
9. The Governmental Entity hereby takes on all rights and obligations of a Participating Subdivision as set forth in the Sun Settlement.
10. In connection with the releases provided for in the Sun Settlement, each Governmental Entity expressly waives, releases, and forever discharges any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States or other jurisdiction, or principle of common law, which is similar, comparable, or equivalent to § 1542 of the California Civil Code, which reads:

General Release; extent. A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release that, if known by him or her would have materially affected his or her settlement with the debtor or released party.

A Releasor may hereafter discover facts other than or different from those which it knows, believes, or assumes to be true with respect to the Released Claims, but each Governmental Entity hereby expressly waives and fully, finally, and forever settles, releases and discharges, upon the Effective Date, any and all Released Claims that may exist as of such date but which Releasors do not know or suspect to exist, whether through ignorance, oversight, error, negligence or through no fault whatsoever, and which, if known, would materially affect the Governmental Entities' decision to participate in the Sun Settlement.

11. Nothing herein is intended to modify in any way the terms of the Sun Settlement, to which Governmental Entity hereby agrees. To the extent this Participation and Release Form is interpreted differently from the Sun Settlement in any respect, the Sun Settlement controls.

I have all necessary power and authorization to execute this Participation and Release Form on behalf of the Governmental Entity.

Signature: _____

Name: Jason Leslie

Title: Mayor

Date: _____

Signature: _____

Name: Joyce Shanahan

Title: City Manager

Date: _____

SUN SETTLEMENT **AGREEMENT**

SUN SETTLEMENT AGREEMENT

This Settlement Agreement, dated as of April 4, 2025 (the “*Agreement*”), sets forth the terms of settlement between and among the Settling States, the Participating Subdivisions, and Sun (as those terms are defined below). Upon satisfaction of the conditions set forth in Sections II and VIII, this Agreement will be binding on the Settling States, Sun, and the Participating Subdivisions. This Agreement will then be filed as part of a Consent Judgment in the respective courts of each of the Settling States, pursuant to the terms set forth in Section IX.

I. Definitions

Unless otherwise specified, the following definitions apply:

A. “*Additional Remediation Amount.*” The amount available to the Settling States listed in Exhibit M totaling up to \$619,842.

B. “*Adjusted Maximum Remediation Payment.*” The Maximum Remediation Payment reduced by the State Allocation Percentage specified in Exhibit F for each Non-Settling State.

C. “*Agreement.*” The Sun Settlement Agreement, as set forth above. For the avoidance of doubt, this Agreement is inclusive of all exhibits.

D. “*Alleged Harms.*” The alleged past, present, and future damages, harms, losses, and related expenditures allegedly incurred by the Settling States and Participating Subdivisions arising out of the use of Products, non-exclusive examples of which are described in the documents listed on Exhibit A, that have allegedly arisen as a result of the physical and bodily injuries sustained by individuals suffering from opioid-related addiction, death, and other related diseases and disorders, and that have allegedly been caused by Released Entities.

E. “*Allocation Statute.*” A state law that governs allocation, distribution, and/or use of some or all of the Settlement Fund amounts allocated to that Settling State and/or its Subdivisions. An Allocation Statute may, without limitation, contain a Statutory Trust, further restrict expenditures of funds, form an advisory committee, establish oversight and reporting requirements, or address other default provisions and other matters related to the funds. An Allocation Statute is not required to address all three (3) types of funds comprising the Settlement Fund or all default provisions.

F. “*Appropriate Official.*” As defined in Section XIII.E.3.

G. “*Bankruptcy Code.*” Title 11 of the United States Code, 11 U.S.C. § 101, et seq.

H. “*Bar.*” Either: (1) a law barring Subdivisions in a Settling State from maintaining or asserting Released Claims against Released Entities (either through a direct

bar or through a grant of authority to release claims and the exercise of such authority in full); or (2) a ruling by the highest court of the Settling State (or, in a Settling State with a single intermediate court of appeals, the intermediate court of appeals) when setting forth the general principle that Subdivisions in the Settling State may not maintain or assert any Released Claims against Released Entities, whether on the ground of this Agreement (or the release in it) or otherwise. For the avoidance of doubt, a law or ruling that is conditioned or predicated upon payment by a Released Entity (apart from the Remediation Payment by Sun under this Agreement) shall not constitute a Bar.

I. “*Base Payment.*” As defined in Section V.D.

J. “*Case-Specific Resolution.*” Either: (1) a law barring the Subdivision at issue from maintaining any Released Claims against any Released Entities (either through a direct Bar or through a grant of authority to release claims and the exercise of such authority in full); or (2) a ruling by a court of competent jurisdiction over the Subdivision at issue that the Subdivision may not maintain any Released Claims at issue against any Released Entities, whether on the ground of this Agreement (or the release in it) or otherwise. For the avoidance of doubt, a law or ruling that is conditioned or predicated upon payment by a Released Entity (apart from the payment by Sun under this Agreement) shall not constitute a Case-Specific Resolution.

K. “*Claim.*” Any past, present or future cause of action, claim for relief, cross-claim or counterclaim, theory of liability, demand, derivative claim, request, assessment, charge, covenant, damage, debt, lien, loss, fine, penalty, restitution, reimbursement, disgorgement, expenses, remediation, judgment, right, obligation, dispute, suit, contract, controversy, agreement, *parens patriae* claim, promise, performance, warranty, omission, or grievance of any nature whatsoever, whether legal, equitable, statutory, regulatory or administrative, whether arising under federal, state or local common law, statute, regulation, guidance, ordinance or principles of equity, whether filed or unfiled, whether asserted or unasserted, whether known or unknown, whether accrued or unaccrued, whether foreseen, unforeseen or unforeseeable, whether discovered or undiscovered, whether suspected or unsuspected, whether fixed or contingent, and whether existing or hereafter arising, in all such cases, including, but not limited to, any request for declaratory, injunctive, or equitable relief, compensatory, punitive, or statutory damages, absolute liability, strict liability, restitution, remediation, subrogation, contribution, indemnity, apportionment, disgorgement, reimbursement, attorney fees, expert fees, consultant fees, fines, penalties, expenses, costs or any other legal, equitable, civil, administrative, or regulatory remedy whatsoever.

L. “*Claim-Over.*” A Claim asserted by a Non-Released Entity against a Released Entity on the basis of contribution, indemnity, or other claim-over on any theory relating to a Non-Party Covered Conduct Claim asserted by a Releasor.

M. “*Compensatory Restitution Amount.*” The aggregate amount paid or incurred by Sun hereunder for Opioid Remediation, which includes the aggregate Base and Incentive Payments earned by Settling Sates and does not include amounts paid as attorneys’ fees and costs or identified pursuant to Section VI.B.2 as being used to pay

attorneys' fees, investigation costs or litigation costs, which shall be up to the amount of the Adjusted Maximum Remediation Payment.

N. *"Consent Judgment."* A consent judgment in a form to be agreed by the Settling States and Sun prior to the Effective Date that, among other things, (1) approves this Agreement and (2) provides for the release set forth in Section XI.A, including the dismissal with prejudice of any Released Claims that the Settling State has brought against Released Entities.

O. *"Covered Conduct"* means any actual or alleged act, failure to act, negligence, statement, error, omission, breach of any duty, conduct, event, transaction, agreement, service, work, sale, misstatement, misleading statement, or other activity of any kind whatsoever from the beginning of time through the Reference Date (and any past, present, or future consequence of any such act, failure to act, negligence, statement, error, omission, breach of duty, conduct, event, transaction, agreement, service, work, sale, misstatement, misleading statement, or other activity) arising from or relating in any way to (a) compounding, counseling, and documentation related to any Product or class of Products; (b) the availability, discovery, research, development, manufacture, packaging, repackaging, marketing, promotion, advertising, labeling, relabeling, recall, withdrawal, distribution, delivery, monitoring, reporting, regulatory compliance supply, sale, prescribing, dispensing, physical security, warehousing, use or abuse of, or operating procedures relating to any Product, or any system, plan, policy, procedure, or advocacy relating to any Product or class of Products, including but not limited to any unbranded or branded promotion, marketing, or advertising, information, patient support or assistance, educational programs, consultancy, research, other programs or campaigns, lobbying, grants, sponsorships, charitable donations, or other funding relating to any Product or class of Products; (c) the characteristics, properties, risks, or benefits of any Product or class of Products; (d) the monitoring or non-monitoring of orders placed of any Product; (e), reporting, disclosure, non-monitoring, non-reporting or non-disclosure to federal, state or other regulators of orders for any Product placed with any Released Entity; (f) the selective breeding, harvesting, extracting, purifying, exporting, importing, applying for quota for, procuring quota for, handling, promoting, manufacturing, processing, packaging, supplying, distributing, converting, or selling of, or otherwise engaging in any activity relating to, precursor or component Products, including but not limited to natural, synthetic, semi-synthetic or chemical raw materials, starting materials, finished active pharmaceutical ingredients, drug substances, or any related intermediate Products; or (g) diversion control programs, suspicious order monitoring, or regulatory compliance related to any Product.

P. *"Deposit Date."* July 25, 2025. This Date is the date by which Sun shall deposit the Adjusted Maximum Remediation Payment, Private Attorney Fees, the Additional Remediation Amount, pursuant to Section V.D. This date is after the Preliminary Agreement Date, on which Sun agrees to proceed with the agreement; this date may be changed by written agreement of Sun and the Enforcement Committee.

Q. *"Designated State."* The state of New York.

R. *“Effective Date.”* The date sixty (60) calendar days after the Reference Date.

S. *“Eligible States.”* The states, commonwealths, and territories of the United States of America. The 56 Eligible States are listed in Exhibit F.

T. *“Enforcement Committee.”* A committee consisting of representatives of the Settling States and of the Participating Subdivisions. Exhibit B contains the organizational bylaws of the Enforcement Committee. Notice pursuant to Section XIII.Q shall be provided when there are changes in membership or contact information.

U. *“Fees Payment.”* The amount payable by Sun on the Payment Date comprised of the Additional Remediation Amount payment, and the Private Attorney Fees payment. The Fees Payment does not include the Remediation Payment.

V. *“Final Order.”* An order or judgment of a court of competent jurisdiction with respect to the applicable subject matter (1) which has not been reversed or superseded by a modified or amended order, is not currently stayed, and as to which any right to appeal or seek certiorari, review, reargument, stay, or rehearing has expired, and as to which no appeal or petition for certiorari, review, reargument, stay, or rehearing is pending, or (2) as to which an appeal has been taken or petition for certiorari, review, reargument, stay, or rehearing has been filed and (a) such appeal or petition for certiorari, review, reargument, stay, or rehearing has been resolved by the highest court to which the order or judgment was appealed or from which certiorari, review, reargument, stay, or rehearing was sought, or (b) the time to appeal further or seek certiorari, review, reargument, stay, or rehearing has expired and no such further appeal or petition for certiorari, review, reargument, stay, or rehearing is pending.

W. *“Global Settlement Amount.”* The Global Settlement Amount is \$35,454,947, which is comprised of the Maximum Remediation Payment, Private Attorney Fees, and Additional Remediation Amount. Notwithstanding any other language or provisions in this or any other agreement, the Global Settlement Amount is the maximum dollar amount Sun can pay in connection with the Agreement.

X. *“Implementation Administrator.”* Rubris, Inc., which is the vendor that will be retained by Sun to provide notice pursuant to Section VIII.A and to manage the initial joinder period for Subdivisions, including the issuance and receipt of Subdivision Settlement Participation Forms.

Y. *“Incentive Payment A.”* The incentive payment described in Section V.E.4.

Z. *“Incentive Payment A Catch-Up Date.”* August 1, 2026.

AA. *“Incentive Payment BC.”* The incentive payment described in Section V.E.5.

BB. *“Incentive Payment D.”* The incentive payment described in Section V.E.6.

CC. *“Incentive Payment D Look-Back Dates.”* Sixty days before each Incentive Payment D Release Date.

DD. *“Incentive Payment D Release Dates.”* August 1, 2027, and August 1, 2029. These dates are when the Settlement Fund Administrator is to release Incentive Payment D from the Settlement Fund to Settling States in accordance with Section V.E.6.

EE. *“Initial Participating Subdivision.”* A Subdivision that meets the requirements set forth in Section VIII.D.

FF. *“Initial Participation Date.”* The date ninety (90) calendar days after the Preliminary Agreement Date, unless it is extended by written agreement of Sun and the Enforcement Committee.

GG. *“Injunctive Relief Terms.”* The terms described in Section III and set forth in Exhibit P.

HH. *“Later Litigating Subdivision.”* A Subdivision (or Subdivision official asserting the right of or for the Subdivision to recover for Alleged Harms to the Subdivision and/or the people thereof) that: (1) first files a lawsuit bringing a Released Claim against a Released Entity after the Reference Date; or (2) adds a Released Claim against a Released Entity after the Reference Date to a lawsuit brought before the Reference Date that, prior to the Reference Date, did not include any Released Claims against a Released Entity; or (3) (a) was a Litigating Subdivision whose Released Claims against Released Entities were resolved by a legislative Bar or legislative Case-Specific Resolution as of the Reference Date, (b) such legislative Bar or legislative Case-Specific Resolution is subject to a Revocation Event after the Reference Date, and (c) the earlier of the date of completion of opening statements in a trial in an action brought by a Subdivision in that Settling State that includes a Released Claim against a Released Entity or one hundred eighty (180) days from the Revocation Event passes without a Bar or Case-Specific Resolution being implemented as to that Litigating Subdivision or the Litigating Subdivision's Released Claims being dismissed; or (4) (a) was a Litigating Subdivision whose Released Claims against Released Entities were resolved by a judicial Bar or judicial Case-Specific Resolution as of the Reference Date, (b) such judicial Bar or judicial Case-Specific Resolution is subject to a Revocation Event after the Reference Date, and (c) such Litigating Subdivision takes any action in its lawsuit asserting a Released Claim against a Released Entity other than seeking a stay or dismissal.

II. *“Later Participating Subdivision.”* A Participating Subdivision that is not an Initial Participating Subdivision, but meets the requirements set forth in Section VIII.E.

JJ. *“Litigating Subdivision.”* A Subdivision (or Subdivision official) that brought any Released Claim against any Released Entity prior to the Reference Date; provided, however, that a Subdivision (or Subdivision official) that is a Prior Litigating Subdivision shall not be considered a Litigating Subdivision. Exhibit C is an agreed list of all Litigating Subdivisions. Exhibit C will be updated (including with any corrections) periodically, and a final version of Exhibit C will be attached hereto as of the Reference Date.

KK. *“Maximum Incentive Payment D Amount.”* The maximum amount that may be owed by Sun to Settling States and Subdivisions under Incentive Payment D, section V.E.6, adjusted for Non-Settling States, States that qualify for Incentive Payment A, and the Participation Percentage of Incentive BC Eligible Subdivision Population achieved by the Payment Calculation Date.

LL. *“Maximum Remediation Payment.”* The maximum amount owed by Sun to the Settling States and Subdivisions, exclusive of the Private Attorney Fees, and the Additional Remediation Amount. The amount of the Maximum Remediation Payment is \$30,992,087.

MM. *“National Arbitration Panel.”* The panel comprised as described in Section VII.F.3.b.

NN. *“National Disputes.”* As defined in Section VII.F.3.a.

OO. *“Non-Litigating Subdivision.”* Any Subdivision that is not a Litigating Subdivision.

PP. *“Non-Participating Subdivision.”* Any Subdivision that is not a Participating Subdivision.

QQ. *“Non-Party Covered Conduct Claim.”* A Claim against any Non-Released Entity involving, arising out of, or related to Covered Conduct (or conduct that would be Covered Conduct if engaged in by a Released Entity).

RR. *“Non-Party Settlement.”* A settlement by any Releasor that settles any Non-Party Covered Conduct Claim and includes a release of any Non-Released Entity.

SS. *“Non-Released Entity.”* An entity that is not a Released Entity.

TT. *“Non-Settling State.”* Any Eligible State that is not a Settling State.

UU. *“Opioid Remediation.”* Care, treatment, and other programs and expenditures (including reimbursement for past such programs or expenditures¹ except where this Agreement restricts the use of funds solely to future Opioid Remediation) designed to (1) address the use of opioid products in the Settling States, (2) treat or mitigate opioid use or related disorders in the Settling States, or (3) mitigate other alleged effects

¹ Reimbursement includes amounts paid to any governmental entities for past expenditures or programs

of, including on those injured as a result of, the opioid epidemic in the Settling States. Exhibit E provides a non-exhaustive list of expenditures that qualify as being paid for Opioid Remediation. Qualifying expenditures may include reasonable related administrative expenses in connection with the above.

VV. *“Participating Subdivision.”* Any Subdivision that meets the requirements for becoming a Participating Subdivision under Section VIII.B and Section VIII.C. Participating Subdivisions include both Initial Participating Subdivisions and Later Participating Subdivisions but not Prior Litigating Subdivisions.

WW. *“Participation Percentage of Incentive BC Eligible Subdivision Population.”* As defined in Section V.E.5.e.

XX. *“Parties.”* Sun and the Settling States (each, a *“Party”*).

YY. *“Payment Calculation Date.”* October 20, 2025, which is sixty (60) days before the Payment Date. This date may be changed by written agreement of Sun and the Enforcement Committee.

ZZ. *“Payment Date.”* December 19, 2025, which is the date by which Sun makes the Remediation Payment and the Fees Payment. This date may be changed by written agreement of Sun and the Enforcement Committee.

AAA. *“Preliminary Agreement Date.”* The date Sun informs the Settling States of its determination that the condition in Section II.B has been satisfied. The Preliminary Agreement Date shall be no more than fourteen (14) calendar days after the end of the notice period to Eligible States, unless it is extended by written agreement of Sun and the Enforcement Committee.

BBB. *“Primary Fire District.”* A fire district that covers a population of 25,000, or 0.20% of an Eligible State’s population if an Eligible State’s population is greater than 18 million. If not easily calculable from state data sources and agreed to between the Eligible State and Sun, a fire district’s population is calculated by dividing the population of the county or counties a fire district serves by the number of fire districts in the county or counties. “Primary Fire Districts” shall mean fire districts as identified in connection with the implementation of the July 21, 2021, Janssen Settlement Agreement.

CCC. *“Primary Subdivision.”* A Subdivision that is a General Purpose Government (including, but not limited to, a municipality, county, county subdivision, city, town, township, parish, village, borough, gore, or any other entities that provide municipal-type government) with population over 10,000; provided, however, that as used in connection with Incentive Payment BC, the population threshold is 30,000. Attached as Exhibit I is an agreed list of the Primary Subdivisions in each Eligible State.

DDD. *“Prior Litigating Subdivision.”* A Subdivision (or Subdivision official) that brought any Released Claim against any Released Entity prior to the Reference date and all such Released Claims were separately settled or finally adjudicated prior to the

Reference Date; *provided, however*, that if the final adjudication was pursuant to a Bar, such Subdivision shall not be considered a Prior Litigating Subdivision. Notwithstanding the prior sentence, Sun and the Settling State of the relevant Subdivision may agree in writing that the Subdivision shall not be considered a Prior Litigating Subdivision.

EEE. “*Private Attorney Fees*” are the amount to be paid by Sun for private attorneys’ litigation fees and costs on behalf of Participating Subdivisions. The maximum amount of Private Attorney Fees is \$3,843,018. For avoidance of doubt, Private Attorney Fees do not include the Additional Remediation Amount.

FFF. “*Product*.” Any chemical substance, whether used for medicinal or non-medicinal purposes, and whether natural, synthetic, or semi-synthetic, or any finished pharmaceutical product made from or with such substance, that is: (1) an opioid or opiate, as well as any product containing any such substance; (2) benzodiazepine, carisoprodol, or gabapentin; or (3) a combination or “cocktail” of chemical substances prescribed, sold, bought, or dispensed to be used together that includes opioids or opiates. “Product” shall include, but is not limited to, any substance consisting of or containing buprenorphine, codeine, fentanyl, hydrocodone, hydromorphone, meperidine, methadone, morphine, naloxone, naltrexone, oxycodone, oxymorphone, pentazocine, propoxyphene, tapentadol, tramadol, opium, heroin, carfentanil, diazepam, estazolam, quazepam, alprazolam, clonazepam, oxazepam, flurazepam, triazolam, temazepam, midazolam, carisoprodol, gabapentin, or any variant of these substances or any similar substance. Notwithstanding the foregoing, nothing in this section prohibits a Settling State from taking administrative or regulatory action related to benzodiazepine (including, but not limited to, diazepam, estazolam, quazepam, alprazolam, clonazepam, oxazepam, flurazepam, triazolam, temazepam, and midazolam), carisoprodol, or gabapentin that is wholly independent from the use of such drugs in combination with opioids, *provided* such action does not seek money (including abatement and/or remediation) for conduct prior to the Initial Participation Date. “Product” also includes any natural, synthetic, semi-synthetic or chemical raw materials, starting materials, finished active pharmaceutical ingredients, drug substances, and any intermediate products used or created in the manufacturing process for any of the substances described above.

GGG. “*Reference Date*.” The date on which Sun is to inform the Settling States of its determination whether the condition in Section IX has been satisfied. The Reference Date shall be no later than thirty (30) calendar days after the Initial Participation Date, unless it is extended by written agreement of Sun and the Enforcement Committee.

HHH. “*Released Claims*.” Any and all Claims that directly or indirectly are based on, arise out of, or in any way relate to or concern the Covered Conduct and/or Alleged Harms occurring prior to the Initial Participation Date. Without limiting the foregoing, Released Claims include any Claims that have been asserted against Released Entities by a Settling State or any of its Litigating Subdivisions in any federal, state, or local action or proceeding (whether judicial, arbitral, or administrative) based on, arising out of, or relating to, in whole or in part, the Covered Conduct and/or Alleged Harms, or any such Claims that could be or could have been asserted now or in the future in those actions or in any comparable action or proceeding brought by a Settling State, Subdivision, or Releasor

(whether or not such Settling State, Subdivision, or Releasor has brought such action or proceeding). Released Claims also include all Claims against Released Entities asserted in any proceeding to be dismissed pursuant to the Agreement, whether or not such claims related to Covered Conduct and/or Alleged Harms. The Parties intend that this term, “Released Claims,” be interpreted broadly. This Agreement does not release Claims by private individuals. It is the intent of the Parties that Claims by private individuals be treated in accordance with applicable law. Released Claims is also used herein to describe claims brought by a non-party Subdivision that would have been Released Claims if they had been brought by a Releasor against a Released Entity.

III. “*Released Entities.*” With respect to Released Claims, Sun and (1) all past and present subsidiaries, divisions, affiliates, predecessors, successors, and assigns (in each case, whether direct or indirect) of Sun; (2) all past and present subsidiaries and divisions (in each case, whether direct or indirect) of any entity described in subsection (1); (3) the respective past and present officers, directors, members, trustees, and employees of any of the foregoing (each for actions that occurred during and related to their work for, or employment with, any of Sun or the foregoing entities); (4) all past and present joint ventures (whether direct or indirect) of Sun or its subsidiaries, including in any subsidiary’s capacity as a participating member in such joint venture; (5) all direct or indirect parents and shareholders of Sun (solely in their capacity as parents or shareholders of Sun with respect to Covered Conduct); and (6) any insurer of Sun or any person or entity otherwise described in subsections (1)-(5) (solely in its role as insurer of such person or entity and subject to the last sentence of Section XI.C). A list of Sun’s joint ventures, subsidiaries and affiliates and predecessor entities is set forth in Exhibit J. Any person or entity described in subsections (3)-(6) shall be a Released Entity solely in the capacity described in such clause and shall not be a Released Entity with respect to its conduct in any other capacity. Any entity acquired, or joint venture entered into, by Sun after the Initial Participation Date is not a Released Entity. Further and notwithstanding anything else in this paragraph, no entity sued in *In re: National Prescription Opiate Litigation*, No. 1:17-md-2804 (N.D. Ohio) is included as a Released Entity other than the entities listed on Exhibit J.

JJJ. “*Releasors.*” With respect to Released Claims, (1) each Settling State; (2) each Participating Subdivision; and (3) without limitation and to the maximum extent of the power of each Settling State’s Attorney General and/or Participating Subdivision to release Claims, (a) the Settling State’s and Participating Subdivision’s departments, agencies, divisions, boards, commissions, Subdivisions, districts, instrumentalities of any kind and attorneys, including its Attorney General, and any person in his or her official capacity whether elected or appointed to serve any of the foregoing and any agency, person, or other entity claiming by or through any of the foregoing, (b) any public entities, public instrumentalities, public educational institutions, unincorporated districts, fire districts, irrigation districts, water districts, emergency services districts, school districts, healthcare districts, hospital districts, Sheriffs and law enforcement districts, library districts, coroner’s offices, and public transportation authorities, and other Special Districts in a Settling State, including those with the regulatory authority to enforce state and federal controlled substances acts or the authority to bring Claims related to Covered Conduct seeking money (including abatement (or remediation and/or restitution)) or revoke a

pharmaceutical distribution license, and (c) any person or entity acting in a *parens patriae*, sovereign, quasi-sovereign, private attorney general, *qui tam*, taxpayer, or other capacity seeking relief, including but not limited to fines, penalties, or punitive damages, on behalf of or generally applicable to the general public with respect to a Settling State or Subdivision in a Settling State, whether or not any of them participate in this Agreement. The inclusion of a specific reference to a type of entity in this definition shall not be construed as meaning that the entity is not a Subdivision. Each Settling State's Attorney General represents that he or she has or has obtained (or will obtain no later than the Initial Participation Date) the authority set forth in Section XI.G. In addition to being a Releasor as provided herein, a Participating Subdivision shall also provide the Subdivision Settlement Participation Form referenced in Section VIII providing for a release to the fullest extent of the Participating Subdivision's authority.

KKK. "*Remediation Accounts Fund.*" The component of the Settlement Fund described in Section VI.C.

LLL. "*Remediation Payment.*" The amount payable to the Settlement Fund by Sun for Settling States' Base Payments and Incentive Payments on the Payment Date, as calculated by the Settlement Fund Administrator.

MMM. "*Revocation Event.*" With respect to a Bar or Case-Specific Resolution, a legislative amendment, revocation, rescission, reversal, overruling, or interpretation that in any way limits the effect of such Bar or Case-Specific Resolution on Released Claims, or any other action or event that otherwise deprives the Bar, or Case-Specific Resolution of force or effect in any material respect.

NNN. "*Settlement Fund.*" The interest-bearing fund established at [Bank TBD] pursuant to this Agreement into which the Remediation Payment is made under Section V, which is intended to be classified as a "qualified settlement fund" within the meaning of 26 C.F.R. §§ 1.468B-1 *et seq.* and which shall be approved by any Settling State in accordance with the requirements of 26 C.F.R. § 1.468B-1.

OOO. "*Settlement Fund Administrator.*" BrownGreer PLC, which is the entity that determines the Remediation Payment (including calculating offset or reduction and Incentive Payments pursuant to Section V) and Additional Remediation Amount, administers the Settlement Fund, and distributes amounts into the Remediation Accounts Fund, State Fund, and Subdivision Fund pursuant to this Agreement. The duties of the Settlement Fund Administrator shall be governed by this Agreement. Prior to the Effective Date, Sun and the Enforcement Committee shall agree to a detailed description of the Settlement Fund Administrator's duties and responsibilities, including a detailed mechanism for paying the Settlement Fund Administrator's fees and costs, all of which shall be appended to the Agreement as Exhibit L.

PPP. "*Settlement Fund Escrow.*" The interest-bearing escrow fund established pursuant to this Agreement to hold disputed payments made under this Agreement.

QQQ. “*Settling State.*” An Eligible State that has entered into this Agreement and delivers executed releases in accordance with Section IX.A.

RRR. “*State Allocation Percentage.*” A Settling State’s percentage as set forth in Exhibit F.

SSS. “*State Fund.*” The component of the Settlement Fund described in Section VI.C.

TTT. “*State-Subdivision Agreement.*” An agreement that a Settling State reaches with the Subdivisions in that Settling State regarding the allocation, distribution, and/or use of funds allocated to that Settling State and to its Subdivisions. A State-Subdivision Agreement shall be effective if approved pursuant to the provisions of Exhibit O or if adopted by statute. Preexisting agreements addressing funds other than those allocated pursuant to this Agreement shall qualify if the approval requirements of Exhibit O are met. A Settling State and its Subdivisions may revise a State-Subdivision Agreement if approved pursuant to the provisions of Exhibit O, or if such revision is adopted by statute.

UUU. “*Statutory Trust.*” A trust fund established by state law to receive funds allocated to a Settling State’s Remediation Accounts Fund and restrict any expenditures made using funds from the Settling State’s Remediation Accounts Fund to Opioid Remediation, subject to reasonable administrative expenses. A Settling State may give a Statutory Trust authority to allocate one (1) or more of the three (3) types of funds comprising such Settling State’s Settlement Fund, but this is not required.

VVV. “*Statewide Payment Amount.*” The amount from the Remediation Payment to be paid to a Settling State, including its separate types of funds (if applicable) and its Participating Subdivisions listed in Exhibit G, on or as soon as practical after the Payment Date and Incentive Payment D Release Dates.

WWW. “*Subdivision.*” Any (1) General Purpose Government (including, but not limited to, a municipality, county, county subdivision, city, town, township, parish, village, borough, gore, or any other entities that provide municipal-type government), School District, or Special District within a Settling State, and (2) any other subdivision, subdivision official acting in an official capacity on behalf of the subdivision (including, without limitation, district attorneys, county attorneys, city attorneys, sheriffs, and any other official, employee, or representative), or sub-entity of or located within a Settling State (whether political, geographical or otherwise, whether functioning or non-functioning, regardless of population overlap, and including, but not limited to, Nonfunctioning Governmental Units and public institutions) that has filed a lawsuit that includes a Released Claim against a Released Entity in a direct, *parens patriae*, or any other capacity. “General Purpose Government,” “School District,” and “Special District” shall correspond to the “five basic types of local governments” recognized by the U.S. Census Bureau and match the 2017 list of Governmental Units.² The three (3) General

² https://www2.census.gov/programs-surveys/gus/datasets/2017/govt_units_2017.ZIP

Purpose Governments are county, municipal, and township governments; the two (2) special purpose governments are School Districts and Special Districts.³ “Fire District,” “Health District,” “Hospital District,” and “Library District” shall correspond to categories of Special Districts recognized by the U.S. Census Bureau.⁴ References to a Settling State’s Subdivisions or to a Subdivision “in,” “of,” or “within” a Settling State include Subdivisions located within the Settling State even if they are not formally or legally a sub-entity of the Settling State; *provided, however*, that a “Health District” that includes any of the following words or phrases in its name shall not be considered a Subdivision: mosquito, pest, insect, spray, vector, animal, air quality, air pollution, clean air, coastal water, tuberculosis, and sanitary.

XXX. “*Subdivision Allocation Percentage.*” The portion of a Settling State’s Subdivision Fund set forth in Exhibit G that a Subdivision will receive pursuant to Section VI if it becomes a Participating Subdivision. The aggregate Subdivision Allocation Percentage of all Subdivisions receiving a Subdivision Allocation Percentage in each Settling State shall equal one hundred percent (100%). Immediately upon the effectiveness of any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section VI.D.3 (or upon the effectiveness of an amendment to any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section VI.D.3) that addresses allocation from the Subdivision Fund, whether before or after the Initial Participation Date, Exhibit G will automatically be amended to reflect the allocation from the Subdivision Fund pursuant to the State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section VI.D.3. The Subdivision Allocation Percentages contained in Exhibit G may not change once notice is distributed pursuant to Section VIII.A, except upon the effectiveness of any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section VI.D.3 (or upon the effectiveness of an amendment to any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section VI.D.3) that addresses allocation from the Subdivision Fund. For the avoidance of doubt, no Subdivision not listed on Exhibit G shall receive an allocation from the Subdivision Fund and no provision of this Agreement shall be interpreted to create such an entitlement.

³ *E.g.*, U.S. Census Bureau, “Technical Documentation: 2017 Public Use Files for State and Local Government Organization” at 7 (noting that “the Census Bureau recognizes five basic types of local governments,” that three of those are “general purpose governments” (county governments, municipal governments, and township governments), and that the other two are “school district and special district governments”), https://www2.census.gov/programs-surveys/gus/datasets/2017/2017_gov_org_meth_tech_doc.pdf.

⁴ A list of 2017 Government Units provided by the Census Bureau identifies 38,542 Special Districts and categorizes them by “FUNCTION_NAME.” “Govt_Units_2017_Final” spreadsheet, “Special District” sheet, included in “Independent Governments - list of governments with reference information,” https://www2.census.gov/programs-surveys/gus/datasets/2017/govt_units_2017.ZIP. As used herein, “Fire District” corresponds to Special District function name “24 — Local Fire Protection,” “Health District” corresponds to Special District function name “32 — Health,” “Hospital District” corresponds to Special District function name “40 — Hospitals,” and “Library District” corresponds to Special District function name “52 — Libraries.” *See id.*

YYY. “*Subdivision Fund.*” The component of the Settlement Fund described in Section VI.A.

ZZZ. “*Subdivision Settlement Participation Form.*” The form attached as Exhibit K that Participating Subdivisions must execute and return to the Implementation Administrator or Settlement Fund Administrator, and which shall (1) make such Participating Subdivisions signatories to this Agreement, (2) include a full and complete release of any and all of such Participating Subdivisions’ claims, and (3) require the prompt dismissal with prejudice of any Released Claims that have been filed by any such Participating Subdivision.

AAAA. “*Sun.*” Sun Pharmaceutical Industries, Inc.

BBBB. “*Threshold Motion.*” A motion to dismiss or equivalent dispositive motion made at the outset of litigation under applicable procedure. A Threshold Motion must include as potential grounds for dismissal any applicable Bar or the relevant release by a Settling State or Participating Subdivision provided under this Agreement and, where appropriate under applicable law, any applicable limitations defense.

II. Participation by Eligible States and Condition to Preliminary Agreement

A. *Notice to Eligible States.* On May 26, 2025, this Agreement shall be distributed to all Eligible States. The Attorneys General of the Eligible States shall then have until June 25, 2025, to decide whether to become Settling States and notify the Enforcement Committee and Sun of that decision. Eligible States that determine to become Settling States shall so notify Sun and shall further commit to obtaining any necessary additional state releases prior to the Reference Date. This notice period may be extended by written agreement of Sun and the Enforcement Committee.

B. *Condition to Preliminary Agreement.* Following the notice period set forth in Section II.A, Sun shall have fourteen (14) calendar days to determine whether, in its sole discretion (based on any criteria or factors deemed relevant to Sun), enough Eligible States have agreed to become Settling States to proceed with notice to Subdivisions as set forth in Section VIII. This period may be extended by written agreement of Sun and the Enforcement Committee. If Sun determines that this condition has been satisfied, and that notice to the Subdivisions should proceed, it will so notify the Settling States by providing notice to the Enforcement Committee. The date of such notice shall be the Preliminary Agreement Date. If Sun determines that this condition has not been satisfied, this Agreement will have no further effect and all releases and other commitments or obligations contained herein will be void.

C. *Later Joinder by Eligible States.* After the Preliminary Agreement Date, an Eligible State may only become a Settling State with the consent of Sun and the Enforcement Committee, provided that the Enforcement Committee may not withhold consent to an Eligible State’s later joinder if the Eligible State agrees to join pursuant to the terms of this Agreement and the allocation set forth on Exhibit F. If an Eligible State

becomes a Settling State more than thirty (30) calendar days after the Preliminary Agreement Date, but on or before the Reference Date, the Subdivisions in that Eligible State that become Participating Subdivisions within ninety (90) calendar days of the Eligible State becoming a Settling State shall be considered Initial Participating Subdivisions. An Eligible State may not become a Settling State after the Reference Date.

D. *Litigation Activity.* Following the Preliminary Agreement Date, Eligible States that determine to become Settling States shall make reasonable efforts to cease litigation activity against Sun, including by jointly seeking stays or, where appropriate, severance of claim against Sun, where feasible, and otherwise to minimize such activity by means of agreed deadline extensions and agreed postponement of depositions, document productions, and motion practice if a motion to stay or sever is not feasible or is denied.

III. Injunctive Relief

A. *Injunctive Relief.* As part of the Consent Judgment, the Parties agree to the injunctive relief terms attached in Exhibit P.

IV. Procedure for Segregated Account Deposits and Payments

A. By the Deposit Date, Sun shall deposit into a segregated interest-bearing bank account it establishes the Adjusted Maximum Remediation Payment amount. Sun shall also deposit into two (2) separate segregated interest-bearing bank accounts it establishes: (a) the Private Attorney Fees amount; and (b) the Additional Remediation Amount. Sun shall separately account for the interest earned on each of the three (3) accounts.

B. Sun shall provide proof to the Enforcement Committee of the deposits required by Section IV.D.1 by the Deposit Date. Sun shall not remove any money from the segregated bank accounts, except as provided by Section IV.F and Section IV.H.

C. If an Eligible State joins the agreement pursuant to Section II.C and that joinder is after the Deposit Date, Sun shall deposit that Settling State's maximum Statewide Payment Amount, which is the Maximum Remediation Payment multiplied by the Settling State's State Allocation Percentage. Such deposit shall be within fifteen (15) days of the Settling State's joinder.

D. If the condition set forth in Section IX.B is met, Sun shall:

1. Transfer into the Settlement Fund on the Payment Date (unless the Enforcement Committee specifies a later date) the Remediation Payment amount calculated by the Settlement Fund Administrator pursuant to Section V.C.2 from the segregated account. For the avoidance of doubt, this transfer includes the Maximum Incentive Payment D Amount and includes any amounts that the Settlement Fund Administrator will place into the Settlement Fund Escrow pursuant to Section V.C.4.e.

a. The interest earned from the deposit account holding the Remediation Amount shall be used, first, to pay for the Implementation Administrator, then to pay for the Implementation Administrator in the Alvogen, Amneal, Apotex, Hikma, Indivior, Mylan, and Zydus Settlement Agreements, and finally to be transferred to the Settlement Fund to be used to pay for the Settlement Fund Administrator pursuant to Section VI.C.4.

2. Transfer into the relevant funds as directed by the Enforcement Committee, no later than the Payment Date (unless the Enforcement Committee specifies a later date) the amount in the segregated account holding the Private Attorney Fees (including all interest accrued on that account), minus any amounts not payable pursuant to the terms of Exhibit R, and the amount in the segregated account holding the Additional Remediation Amount (including all interest accrued on that account), minus the Additional Remediation Amount that would have been owed to Non-Settling States as calculated by multiplying the Additional Remediation Amount by the sum of allocations on Exhibit N for Non-Settling States.

E. The Remediation Payment transferred by Sun into the Settlement Fund pursuant to Section IV.D.1 shall be disbursed by the Settlement Fund Administrator to each Settling State and to its Participating Subdivisions listed on Exhibit G pursuant to Section V.C.5 through Section V.C.8; provided, however, that for any Settling State where the Consent Judgment has not been entered as of the Effective Date, the funds allocable to that Settling State and its Participating Subdivisions listed on Exhibit G shall not be disbursed until ten (10) calendar days after the entry of the Consent Judgment in that Settling State.

F. Any amounts in the segregated accounts not subject to transfer pursuant to Section IV.D shall immediately revert to Sun after Sun makes the transfers required by Section IV.D.

G. Except for the interest earned on the payment amounts, any unearned Incentive Payment A amount in the Settlement Fund shall immediately revert to Sun after the Incentive Payment A Catch-Up Date. This excess reflects Settling States who sought, but did not achieve, a Bar by the Incentive Payment A Catch-Up Date. Any amount in the Settlement Fund exceeding the payments described in Section V.C.3 shall immediately revert to Sun after the last Incentive Payment D Release Date. This excess is Settling States' unearned Maximum Incentive Payment D amounts.

H. In the event that, in accordance with the terms of Section IX.B, Sun determines not to proceed with the Settlement, or the Settlement does not become effective for any other reason, the funds held in the segregated bank accounts shall immediately revert to Sun.

V. Settlement Payment Calculation Process

A. *Settlement Fund.* All payments under this Section V shall be made into the Settlement Fund, except that, where specified, they shall be made into the Settlement Fund Escrow. The Settlement Fund shall be allocated and used only as specified in Section VI.

B. *Remediation Payment*

1. Sun shall make one Remediation Payment comprised of both Base Payments and Incentive Payments as provided in Section IV.D.1.

2. In no instance shall Sun's Remediation Payment obligations exceed the Adjusted Maximum Remediation Amount.

C. *Settlement Fund Payment Process*

1. To determine the Remediation Payment, the Settlement Fund Administrator shall use the data as of the Payment Calculation Date. Prior to the Effective Date, the Parties will include Exhibit L, which sets forth in detail the process for the Settlement Fund Administrator to obtain relevant data and for distributing funds to the Settling States and their Participating Subdivisions listed on Exhibit G consistent with the terms of this Agreement as quickly as practical.

2. On the Payment Calculation Date, the Settlement Fund Administrator shall determine the Remediation Payment, consistent with the provisions in Exhibit L, by determining the sum, for all Settling States, of the Base Payment amount, Incentive Payments A or BC amount to which each Settling State is entitled (or could in the future be entitled for states who notify Defendants of an intent to obtain a Bar by the Incentive Payment A Catch-Up Date), and Incentive Payment D each Settling State could in the future be entitled (e.g. the Maximum Incentive Payment D Amount) by applying the criteria under Section V.D and Section V.E;

3. On the Payment Calculation Date, Incentive Payment A Catch-Up Date, and each subsequent Incentive D Look-Back Date, the Settlement Fund Administrator shall determine the Statewide Payment Amount for each Settling State, consistent with the provisions in Exhibit L, by determining, for each Settling State, the Base Payment amount (only on the Payment Calculation Date) and Incentive Payment amount to which the Settling State is entitled on that date by applying the criteria under Section V.D and Section V.E, after subtracting the portion of any Settlement Fund Administrator costs and fees owed out of funds from the Settlement Fund pursuant to Section VI.C.4.

4. No later than fifty (50) days prior to the Payment Date and Incentive Payment D Release Dates, the Settlement Fund Administrator shall give notice to Sun, the Settling States, and the Enforcement Committee of the amount of the Remediation Payment, and/or the Statewide Payment Amount for each Settling State, following the determination described in Section V.C.2 and V.C.3, and the following timeline shall apply:

a. Within twenty-one (21) calendar days of the notice provided by the Settlement Fund Administrator, Sun, any Settling State or the Enforcement Committee may dispute, in writing, the calculation of the Remediation Payment and/or the Statewide Payment Amount for a Settling

State. Such disputing party must provide a written notice of dispute to the Settlement Fund Administrator, the Enforcement Committee, any affected Settling State, and Sun identifying the nature of the dispute, the amount of money that is disputed, and the Settling State(s) affected.

b. Within twenty-one (21) calendar days of the sending of a written notice of dispute, any affected party may submit a response, in writing, to the Settlement Fund Administrator, the Enforcement Committee, any affected Settling State, and Sun identifying the basis for disagreement with the notice of dispute.

c. If no response is filed, the Settlement Fund Administrator shall adjust the amount calculated consistent with the written notice of dispute. In the case of the Remediation Payment, Sun shall pay the adjusted amount, collectively totaling the Remediation Payment, on the Payment Date.

d. If a written response to the written notice of dispute is timely sent to the Settlement Fund Administrator, the Settlement Fund Administrator shall notify Sun, the Enforcement Committee, and any affected Settling State of the preliminary amount, which shall be the greater of the amount originally calculated by the Settlement Fund Administrator or the amount that would be consistent with the notice of dispute. In the case of the Remediation Payment, Sun shall pay this preliminary amount, *provided, however*, that in no circumstances shall the preliminary amount to be paid be higher than the Maximum Remediation Payment.

e. The Settlement Fund Administrator shall place any disputed amount of the preliminary amount paid by Sun into the Settlement Fund Escrow and shall disburse any undisputed amount to each Settling State and its Participating Subdivisions listed on Exhibit G pursuant to Section V.C.5.

5. If a Settling State informs the Settlement Fund Administrator that it and its Participating Subdivisions listed on Exhibit G have agreed on the amount of its Statewide Payment Amount, determined pursuant to Section V.C.3, to be distributed to the Settling State, among its separate types of funds (if applicable), and among its Participating Subdivisions listed on Exhibit G, the Settlement Fund Administrator shall disburse the Statewide Payment Amount pursuant to the consensus distribution amounts provided by the Settling State as quickly as practical. For a Settling State that does not so notify the Settlement Fund Administrator, the Settlement Fund Administrator shall allocate the Settling State's Statewide Payment Amount, pursuant to Section VI, among the separate types of funds for the Settling State (if applicable), and among its Participating Subdivisions listed on Exhibit G using the following procedures:

a. As soon as possible for each payment and following the determination described in Section V.C.3, the Settlement Fund

Administrator shall give notice to the relevant Settling States and their Participating Subdivisions listed on Exhibit G of the amount to be received by each Settling State, the amount to be received by the separate types of funds for each Settling State (if applicable), and the amount to be received by each Participating Subdivision listed on Exhibit G for each Settling State.

b. Within twenty-one (21) days of the notice provided by the Settlement Fund Administrator, any Settling State or Participating Subdivision listed on Exhibit G may dispute, in writing, the calculation of the amount to be received by the relevant Settling State and/or its Participating Subdivision listed on Exhibit G. A dispute will be deemed invalid and disregarded if it challenges the allocations adopted by a State-Subdivision Agreement approved pursuant to the provisions of Exhibit O or by statute. Such disputing party must provide a written notice of dispute to the Settlement Fund Administrator, any affected Settling State, and any affected Participating Subdivision identifying the nature of the dispute, the amount of money that is disputed, and the Settling State(s) affected.

c. Within twenty-one (21) days of the sending of a written notice of dispute, any affected Settling State or any affected Participating Subdivision may submit a response, in writing, to the Settlement Fund Administrator, any affected Settling State, and any affected Participating Subdivision identifying the basis for disagreement with the notice of dispute.

d. If no response is filed, the Settlement Fund Administrator shall adjust the amount calculated consistent with the written notice of dispute.

e. The Settlement Fund Administrator shall place any disputed amount into the Settlement Fund Escrow and shall disburse any undisputed amount to the Settling State and its Participating Subdivisions eligible for payment.

6. Disputes described in this subsection (other than those for which no response is filed under Sections V.C.4.c or V.C.5.d) shall be resolved in accordance with the terms of Section VII.F.

7. The Settlement Fund Administrator may combine the disbursements of the Remediation Payment with the disbursement of funds under other comparable opioid settlements. In determining when disbursements of the Remediation Payment will be made, the Settlement Fund Administrator may take into account the timeline for the availability of disbursements under other comparable opioid settlements.

8. For the avoidance of doubt, Subdivisions not listed on Exhibit G shall not receive an allocation from the Subdivision Fund and no provision of this Agreement shall be interpreted to create such an entitlement.

D. *Base Payments.*

1. Sun shall make Base Payments into the Settlement Fund in an amount equal to forty percent (40%) of the Adjusted Maximum Remediation Payment. The maximum total for Base Payments is \$12,396,835.

2. The Base Payment for any Settling State shall be the maximum total for Base Payments, \$12,396,835, times the Settling State's State Allocation Percentage specified in Exhibit F.

E. *Incentive Payments.*

1. Sun shall make potential additional Incentive Payments totaling up to a maximum of sixty percent (60%) of the Adjusted Maximum Remediation Payment, with the Incentive Payment amount depending on whether and the extent to which the criteria set forth below are met in each Settling State. The maximum total for Incentive Payments is \$18,595,252.

2. A Settling State qualifies to receive an Incentive Payment in addition to its Base Payment if it meets the incentive eligibility requirements specified below. The maximum total Incentive Payment for any Settling State shall be no more than the maximum total for Incentive Payments, \$18,595,252, times the Settling State's State Allocation Percentage specified in Exhibit F. Incentive Payments are state-specific, with the actual amount depending on whether and the extent to which the criteria set forth below are met in such Settling State.

3. The Incentive Payments shall be divided among three (3) categories, referred to as Incentive Payments A, BC, and D. Incentive Payments A and BC will be due to Settling States on the Payment Date. Incentive Payment D will be paid to Settling States in two equal installments on the Incentive Payment Release Dates. The total amount of Incentive Payments due to Settling States shall be the sum of the Incentive Payments for which the individual Settling States are eligible under the criteria set forth below. The Incentive Payments shall be made with respect to a specific Settling State based on its eligibility under the criteria set forth below. For the avoidance of doubt, eligibility for Incentive Payments A, BC, and D shall be determined on a Settling State-by-Settling State basis.

4. Incentive Payment A.

a. Incentive Payment A is mutually exclusive with Incentive Payment BC and D; if a Settling State receives Incentive Payment A in the Remediation Payment, such Settling State is not eligible for Incentive Payment BC or D.

b. Incentive Payment A shall be equal to sixty percent (60%) of the Adjusted Maximum Remediation Payment, provided all Settling States satisfy the requirements of Incentive Payment A. Incentive Payment

A will be due to a Settling State as part of the Remediation Payment, and shall equal a total potential maximum of \$18,595,252 if all Eligible States qualify for Incentive Payment A. Each Settling State's share of Incentive Payment A, *provided* that Settling State qualifies, shall equal the total maximum amount available for Incentive Payment A, \$18,595,252, times the Settling State's State Allocation Percentage.

c. Qualification for Incentive Payment A is as follows: A Settling State qualifies for Incentive Payment A if, as of the Payment Calculation Date: (i) there is a Bar in that Settling State in full force and effect, (ii) the Released Claims of all of the following entities are released through the execution of Subdivision Settlement Participation Forms, or there is a Case-Specific Resolution against such entities: all Primary Subdivisions, Litigating Subdivisions, School Districts with a K-12 student enrollment of at least 25,000 or .10% of a Settling State's population, whichever is greater, Hospital Districts that have at least one hundred twenty-five (125) hospital beds in one or more hospitals rendering services in that district, and Primary Fire Districts; or (iii) a combination of the actions in clauses (i) and (ii) has achieved the same level of resolution of Subdivision Claims (*e.g.*, a Bar against future litigation combined with full joinder by Litigating Subdivisions). For the avoidance of doubt, subsection (iii) cannot be satisfied unless all Litigating Subdivisions are Participating Subdivisions or there is a Case-Specific Resolution against any such Subdivisions that are not Participating Subdivisions. Sun and the Enforcement Committee shall meet and confer in order to agree on data sources for purposes of this Section prior to the Initial Participation Date.

d. If a Settling State intends to achieve Incentive A by a Bar in effect after the Payment Calculation date but before the Incentive A Catch-Up Date, the Settling State shall notify Sun no later than 30 days before the Initial Participation Date. A Settling State who so notifies Sun and does not qualify for Incentive Payment A as of the Payment Date but becomes eligible for Incentive Payment A as of the Incentive Payment A Catch-Up Date shall receive the payment that it would have received for Incentive Payment A (the "Incentive Payment A Catch-up Payment") on the Incentive Payment A Catch-Up Date. The Incentive Payment A Catch-up Payment shall be reduced by any amounts paid to the Settling State under Incentive Payment BC prior to the Settling State's eligibility for Incentive Payment A. A Settling State that does not qualify for Incentive Payment A as of the Incentive Payment A Catch-Up Date shall not be eligible for Incentive Payment A.

e. To the extent a Settling State asserts that existing legislation qualifies as a Bar, the Settling State shall provide notice to Sun no later than 30 days before the Initial Participation Date. Sun shall indicate before the Initial Participation Date whether existing legislation in a Settling State is sufficient to qualify as a Bar.

5. Incentive Payment BC.

a. Incentive Payment BC shall be available to Settling States that do not qualify for Incentive Payment A.

b. Incentive Payment BC shall be up to a maximum of fifty-seven percent (57%) of the Settling State's share of the Remediation Payment. Incentive Payment BC will be due to a Settling State as part of the Remediation Payment. Incentive Payment BC shall equal a total potential maximum of \$17,665,490 if all Eligible States qualify for Incentive Payment BC (and do not qualify for Incentive Payment A).

c. The maximum Incentive Payment BC for any Settling State shall be the maximum potential Incentive Payment BC, \$17,665,490, times the Settling State's State Allocation Percentage specified in Exhibit F, provided such Settling State becomes eligible for Incentive Payment BC by the Payment Calculation Date.

d. The amount of Incentive Payment BC for which a Settling State is eligible shall be determined based on the aggregate population of the Settling State's Incentive BC Subdivisions that are Participating Subdivisions or have had their claims resolved through a Case-Specific Resolution, divided by the aggregate population of all the Settling State's Incentive BC Subdivisions. The Settling State's Incentive BC Subdivisions are (i) all Litigating Subdivisions (including School Districts and Special Districts) and (ii) all Primary Subdivisions that have not sued Sun as of the Initial Participation Date (collectively "*Incentive BC Subdivisions*").

e. The percentage of the Settling State's maximum Incentive Payment BC provided by Section V.E.5.c to which the Settling State is entitled shall be determined according to the table of Incentive BC payment levels below:

Participation Percentage of Incentive BC Eligible Subdivision Population⁵	Incentive Payment BC Percentage
Less than 85%	0%

⁵ The "Participation Percentage of Incentive BC Eligible Subdivision Population" shall be determined by the aggregate population of the Settling State's Incentive BC Subdivisions that are Participating Subdivisions or have had their claims resolved through a Case-Specific Resolution, divided by the aggregate population of the Settling State's Incentive BC Subdivisions. None of the population figures shall include Prior Litigating Subdivisions. In calculating the Settling State's population that resides in Incentive BC Subdivisions, the population of the Settling State's Incentive BC Subdivisions shall be the sum of the population of all Incentive BC Subdivisions in the Settling State, notwithstanding that persons may be included within the population of more than one Incentive BC Subdivision. An individual Subdivision shall not be included more than once in the numerator, and shall not be included more than once in the denominator, of the calculation regardless if it (or any of its officials) is named as multiple plaintiffs in the

85% or more but less than 86%	3.57%
86% or more but less than 87%	8.93%
87% or more but less than 88%	14.29%
88% or more but less than 89%	19.64%
89% or more but less than 90%	25%
90% or more but less than 91%	30.36%
91% or more but less than 92%	35.71%
92% or more but less than 93%	41.07%
93% or more but less than 94%	46.43%
94% or more but less than 95%	51.79%
95% or more but less than 96%	60.71%
96% or more but less than 97%	68.75%
97% or more but less than 98%	76.79%
98% or more but less than 99%	84.82%
99% or more but less than 100%	92.86%
100%	100%

f. The percentage of the available Incentive Payment BC amount for which a Settling State is eligible will be based on the Participation Percentage of Incentive BC Eligible Subdivision Population as of the Payment Calculation Date. If Incentive BC Eligible Subdivisions that have become Participating Subdivisions, or achieved Case-Specific Resolution status, collectively represent less than eighty-five percent (85%) of a Settling State's Incentive BC Eligible Subdivision population by the Payment Calculation Date, the Settling State shall not receive any Incentive Payment BC.

same lawsuit; provided, however, that for the avoidance of doubt, no Subdivision will be excluded from the numerator or denominator under this sentence unless a Subdivision otherwise counted in the denominator has the authority to release the Claims (consistent with Section X) of the Subdivision to be excluded.

g. If there are no Incentive BC Eligible Subdivisions in a Settling State, and that Settling State is otherwise eligible for Incentive Payment BC, that Settling State will receive its maximum Incentive Payment BC provided by Section V.E.5.c.

6. Incentive Payment D.

a. Incentive Payment D shall be available to Settling States that do not qualify for Incentive Payment A.

b. Incentive Payment D shall be equal to up to a maximum of ten percent (10%) of the Adjusted Maximum Remediation Payment, with the actual amount depending whether and the extent to which the criteria set forth below are met in each Settling State. The maximum total for Incentive Payment D is \$3,099,209.⁶

c. Incentive Payment D shall be released in two equal installments—one installment on each Incentive Payment Release Date—and the amount of Incentive Payment D released will depend on (i) the Settling State meeting the qualifications set out in Section V.E.6.d and (ii) the Participation Percentage of Incentive BC Eligible Subdivision Population achieved by the Settling State as of the Payment Calculation Date.

d. A Settling State qualifies for Incentive Payment D if no Later Litigating Subdivision (for purposes of Incentive Payment D, Later Litigating Subdivisions are limited to (i) a Primary Subdivision; (ii) a school district with a K-12 student enrollment of at least 25,000 or 0.10% of the Settling State's population, whichever is greater; (iii) a health district or hospital district that has at least one hundred twenty-five (125) hospital beds in one or more hospitals rendering services in that district; and (iv) Primary Fire Districts) in that Settling State has a lawsuit against a Released Entity survive more than six (6) months after denial in whole or in part of a Threshold Motion.

e. A Settling State's qualification for Incentive Payment D shall be determined on each Incentive Payment D Look-Back Date. If a Later Litigating Subdivision's lawsuit in that Settling State survives more than six (6) months after denial in whole or in part a Threshold Motion after that date, that Settling State shall not be eligible for Incentive Payment D on that or any subsequent Incentive Payment D Release Date.

⁶ The Incentive Payment BC table specified in Section V.E.5.e and Incentive Payment D table specified in Section V.E.6.f operate so that the combined amount of Incentive Payment BC and Incentive Payment D cannot exceed sixty percent (60%) of the Adjusted Maximum Remediation Payment over the term of the Agreement. Sun will have no obligation to pay more than \$18,595,252 for the combined amounts of Incentive Payment BC and Incentive Payment D minus any offsets for Non-Settling States.

f. The Incentive Payment D for any Settling State qualifying for Incentive Payment D shall be equal to between three percent (3%) and ten percent (10%) of the of the Maximum Remediation Payment times the Settling State's Allocation Percentage specified in Exhibit F. The applicable percentage shall be determined based on the Participation Percentage of Incentive BC Eligible Subdivision Population achieved by the Payment Calculation Date as shown in the table below:

Participation Percentage of Incentive BC Eligible Subdivision Population as of the Payment Calculation Date	Each Eligible Settling State's Applicable Incentive Payment D Percentage
Participation of less than 95%	10% of State Allocation
Participation of 95% but less than 96%	9% of State Allocation
Participation of 96% but less than 97%	8% of State Allocation
Participation of 97% but less than 98%	7% of State Allocation
Participation of 98% but less than 99%	6% of State Allocation
Participation of 99% but less than 100%	5% of State Allocation
Participation of 100%	3% of State Allocation

g. Incentive Payment D shall be paid in two equal installments on the Incentive Payment D Release Dates. On each Incentive Payment D Look-Back Date, the Settlement Fund Administrator shall determine a Settling State's qualification for Incentive Payment D. Prior to each Incentive Payment D Look-Back Date, Sun may provide the Settlement Fund Administrator and the Enforcement Committee with notice identifying any Settling State(s) it believes do not qualify for Incentive Payment D and information supporting its belief.

h. Notwithstanding Section V.E.6.d and Section V.E.6.e, a Settling State can become re-eligible for Incentive Payment D if the lawsuit that survived a Threshold Motion is dismissed pursuant to a later motion on grounds included in the Threshold Motion, in which case the Settling State shall be eligible for Incentive Payment D less any litigation fees and costs incurred by Sun in the interim, except that if the dismissal motion occurs after the completion of opening statements in such action, the Settling State shall not be eligible for Incentive Payment D.

F. In no event shall any Settling State receive a Base Payment and Incentive Payment totaling more than one hundred percent (100%) of its respective State Allocation Percentage specified in Exhibit F times the Maximum Remediation Payment.

VI. Allocation and Use of Settlement Payments

A. *Components of Settlement Fund.* The Settlement Fund shall be funded by the Remediation Payment and comprised of a Remediation Accounts Fund, a State Fund, and a Subdivision Fund for each Settling State. The payments made under Section IV into the Settlement Fund shall be initially allocated among those three (3) sub-funds and

distributed and used as provided below. Unless otherwise specified herein, payments placed into the Settlement Fund do not revert back to Sun.

B. Use of Settlement Payments.

1. It is the intent of the Parties that the payments disbursed from the Settlement Fund to Settling States and Participating Subdivisions be for Opioid Remediation, subject to exceptions that must be documented in accordance with Section VI.B.2. In no event may less than ninety-five percent (95%) of Sun's maximum amount of payments pursuant to Section V be spent on Opioid Remediation.

2. While disfavored by the Parties, a Settling State or a Participating Subdivision set forth on Exhibit G may use monies from the Settlement Fund (that have not been restricted by this Agreement solely to future Opioid Remediation) for purposes that do not qualify as Opioid Remediation. If, at any time, a Settling State or a Participating Subdivision set forth on Exhibit G uses any monies from the Settlement Fund for a purpose that does not qualify as Opioid Remediation, such Settling State or Participating Subdivision set forth on Exhibit G shall identify such amounts and report to the Settlement Fund Administrator and Sun how such funds were used, including if used to pay attorneys' fees, investigation costs, litigation costs, or costs related to the operation and enforcement of this Agreement, respectively. It is the intent of the Parties that the reporting under this Section VI.B.2 shall be available to the public. For the avoidance of doubt, (a) any amounts not identified under this Section VI.B.2 as used to pay attorneys' fees, investigation costs, or litigation costs shall be included in the Compensatory Restitution Amount for purposes of Section VI.F and (b) Participating Subdivisions not listed on Exhibit G may only use monies from the Settlement Fund for purposes that qualify as Opioid Remediation.

C. Allocation of Settlement Fund. The allocation of the Settlement Fund allows for different approaches to be taken in different states, such as through a State-Subdivision Agreement. Given the uniqueness of Settling States and their Subdivisions, Settling States and their Subdivisions are encouraged to enter into State-Subdivision Agreements in order to direct the allocation of their portion of the Settlement Fund. As set out below, the Settlement Fund Administrator will make an initial allocation to three (3) state-level sub-funds. The Settlement Fund Administrator will then, for each Settling State and its Participating Subdivisions, apply the terms of this Agreement and any relevant State-Subdivision Agreement, Statutory Trust, Allocation Statute, or voluntary redistribution of funds as set out below before disbursing the funds.

1. Base Payments. The Settlement Fund Administrator will allocate Base Payments under Section V.D among the Settling States pursuant to Section V.D.2. Base payments for each Settling State will then be allocated fifteen percent (15%) to its State Fund, seventy percent (70%) to its Remediation Accounts Fund, and fifteen percent (15%) to its Subdivision Fund. Amounts may be reallocated and will be distributed as provided in Section VI.D.

2. Incentive Payments. The Settlement Fund Administrator will treat Incentive Payments under Section V.E on a state-specific basis. Incentive Payments for which a Settling State is eligible will be allocated fifteen percent (15%) to its State Fund, seventy percent (70%) to its Remediation Accounts Fund, and fifteen percent (15%) to its Subdivision Fund. Amounts may be reallocated and will be distributed as provided in Section VI.D.

3. Settlement Fund Administrator. Prior to the Effective Date, Sun and the Enforcement Committee will agree to a detailed mechanism consistent with the foregoing for the Settlement Fund Administrator to follow in allocating, apportioning, and distributing payments, which shall then be appended hereto as Exhibit L.

4. Settlement Fund Administrator Costs. Any costs and fees associated with or arising out of the duties of the Settlement Fund Administrator as described in Exhibit L shall be paid from the interest accrued in the Settlement Fund Escrow and the Settlement Fund; provided, however, that if such accrued interest is insufficient to pay the entirety of any such costs and fees, the additional amount shall be paid out of the Settlement Fund. For the avoidance of doubt, nothing in this provision shall require Sun to pay any costs, fees or other amounts in excess of the Global Settlement Amount.

D. *Settlement Fund Reallocation and Distribution.* As set forth below, within a particular Settling State's account, amounts contained in the Settlement Fund sub-funds may be reallocated and distributed per a State-Subdivision Agreement or other means. If the apportionment of amounts is not addressed and controlled under Section VI.D.1 and Section VI.D.2, then the default provisions of Section VI.D.4 apply. It is not necessary that a State-Subdivision Agreement or other means of allocating funds pursuant to Section VI.D.1 and Section VI.D.2 address all of the Settlement Fund sub-funds. For example, a Statutory Trust might only address disbursements from a Settling State's Remediation Accounts Fund.

1. Distribution by State-Subdivision Agreement. If a Settling State has a State-Subdivision Agreement, amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section VI.C shall be reallocated and distributed as provided by that agreement. Any State-Subdivision Agreement entered into after the Preliminary Agreement Date shall be applied only if it requires: (a) that all amounts be used for Opioid Remediation, except as allowed by Section VI.B.2, and (b) that at least seventy percent (70%) of amounts be used solely for future Opioid Remediation.⁷ For a State-Subdivision Agreement to be applied to the relevant portion of the Remediation Payment, notice must be provided to Sun and the Settlement Fund Administrator by the Payment Calculation Date.

⁷ Future Opioid Remediation includes amounts paid to satisfy any future demand by another governmental entity to make a required reimbursement in connection with the past care and treatment of a person related to the Alleged Harms

2. Distribution by Allocation Statute. If a Settling State has an Allocation Statute and/or a Statutory Trust that addresses allocation or distribution of amounts apportioned to such Settling State's State Fund, Remediation Accounts Fund, and/or Subdivision Fund and that, to the extent any or all such sub-funds are addressed, requires (1) all amounts to be used for Opioid Remediation, except as allowed by Section VI.B.2, and (2) at least seventy percent (70%) of all amounts to be used solely for future Opioid Remediation then, to the extent allocation or distribution is addressed, the amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section VI.C shall be allocated and distributed as addressed and provided by the applicable Allocation Statute or Statutory Trust. For the avoidance of doubt, an Allocation Statute or Statutory Trust need not address all three (3) sub-funds that comprise the Settlement Fund, and if the applicable Allocation Statute or Statutory Trust does not address distribution of all or some of these three (3) sub-funds, the applicable Allocation Statute or Statutory Trust does not replace the default provisions described in Section VI of any such unaddressed fund. For example, if an Allocation Statute or Statutory Trust that meets the requirements of this Section VI.D.2 only addresses funds restricted to remediation, then the default provisions of this Agreement concerning allocation among the three (3) sub-funds comprising the Settlement Fund and the distribution of the State Fund and Subdivision Fund for that Settling State would still apply, while the distribution of the applicable State's Remediation Accounts Fund would be governed by the qualifying Allocation Statute or Statutory Trust.

3. Voluntary Redistribution. A Settling State may choose to reallocate all or a portion of its State Fund to its Remediation Accounts Fund. A Participating Subdivision included on Exhibit G may choose to reallocate all or a portion of its allocation from the Subdivision Fund to the Settling State's Remediation Accounts Fund or to another Participating Subdivision. The Settlement Fund Administrator is not required to honor a voluntary redistribution for which notice is provided to it after the Payment Calculation Date.

4. Distribution in the Absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust. If Section VI.D.1, Section VI.D.2, and Section VI.D.3 do not apply, amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section VI.C shall be distributed as follows:

a. Amounts apportioned to that Settling State's State Fund shall be distributed to that Settling State.

b. Amounts apportioned to that Settling State's Remediation Accounts Fund shall be distributed consistent with Section VI.E. Each Settling State shall submit to the Settlement Fund Administrator a designation of a lead state agency or other entity to serve as the single point of contact for that Settling State's funding requests from the Remediation Accounts Fund and other communications with the Settlement Fund Administrator. The designation of an individual entity is for administrative

purposes only and such designation shall not limit funding to such entity or even require that such entity receive funds from this Agreement. The designated entity shall be the only entity authorized to request funds from the Settlement Fund Administrator to be disbursed from that Settling State's Remediation Accounts Fund. If a Settling State has established a Statutory Trust then that Settling State's single point of contact may direct the Settlement Fund Administrator to release the Settling State's Remediation Accounts Fund to the Statutory Trust.

c. Amounts apportioned to that Settling State's Subdivision Fund shall be distributed to Participating Subdivisions in that Settling State included on Exhibit G per the Subdivision Allocation Percentage listed in Exhibit G. Section VIII.H shall govern amounts that would otherwise be distributed to Non-Participating Subdivisions listed in Exhibit G. For the avoidance of doubt and notwithstanding any other provision in this Agreement, no Non-Participating Subdivision will directly receive any amount from the Settlement Fund, regardless of whether such Subdivision is included on Exhibit G.

d. Special Districts shall not be allocated funds from the Subdivision Fund, except through a voluntary redistribution allowed by Section VI.D.3 to Special Districts that are Participating Subdivisions. A Settling State may allocate funds from its State Fund or Remediation Accounts Fund for Special Districts that are Participating Subdivisions.

5. Restrictions on Distribution. No amounts may be distributed from the Subdivision Fund contrary to Section VIII, i.e., no amounts may be distributed directly to Non-Participating Subdivisions or to Later Participating Subdivisions to the extent such a distribution would violate Section VIII.E through Section VIII.G. Amounts allocated to the Subdivision Fund that cannot be distributed by virtue of the preceding sentence shall be distributed into the sub-account in the Remediation Accounts Fund for the Settling State in which the Subdivision is located, unless those payments are redirected elsewhere by a State-Subdivision Agreement described in Section VI.D.1 or by an Allocation Statute or a Statutory Trust described in Section VI.D.2.

E. *Provisions Regarding the Remediation Accounts Fund.*

1. State-Subdivision Agreement, Allocation Statute, and Statutory Trust Fund Provisions. A State-Subdivision Agreement, Allocation Statute, or Statutory Trust may govern the operation and use of amounts in that Settling State's Remediation Accounts Fund so long as it complies with the requirements of Section VI.D.1 or Section VI.D.2, as applicable, and all direct payments to Subdivisions comply with Section VIII.E through Section VIII.G.

2. Absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust. In the absence of a State-Subdivision Agreement, Allocation Statute, or

Statutory Trust that addresses distribution, the Remediation Accounts Fund will be used solely for future Opioid Remediation and the following shall apply with respect to a Settling State:

a. Regional Remediation.

(i) At least fifty percent (50%) of distributions for remediation from a Settling State's Remediation Accounts Fund shall be annually allocated and tracked to the regional level. A Settling State may allow the Advisory Committee established pursuant to Section VI.E.2.d to define its regions and assign regional allocations percentages. Otherwise, the Settling State shall (A) define its initial regions, which shall consist of one (1) or more General Purpose Subdivisions and which shall be designated by the state agency with primary responsibility for substance abuse disorder services employing, to the maximum extent practical, existing regions established in that Settling State for opioid abuse treatment or other public health purposes; (B) assign initial regional allocation percentages to the regions based on the Subdivision Allocation Percentages in Exhibit G and an assumption that all Subdivisions included on Exhibit G will become Participating Subdivisions.

(ii) This minimum regional expenditure percentage is calculated on the Settling State's initial Remediation Accounts Fund allocation and does not include any additional amounts a Settling State has directed to its Remediation Accounts Fund from its State Fund, or any other amounts directed to the fund. A Settling State may dedicate more than fifty percent (50%) of its Remediation Accounts Fund to the regional expenditure and may annually adjust the percentage of its Remediation Accounts Fund dedicated to regional expenditures as long as the percentage remains above the minimum amount.

(iii) The Settling State (A) has the authority to adjust the definition of the regions, and (B) may annually revise the percentages allocated to each region to reflect the number of General Purpose Subdivisions in each region that are Non-Participating Subdivisions.

b. *Subdivision Block Grants.* Certain Subdivisions shall be eligible to receive regional allocation funds in the form of a block grant for future Opioid Remediation. A Participating Subdivision eligible for block grants is a county or parish (or in the case of Settling States that do not have counties or parishes that function as political subdivisions, a city) that (1) does not contain a Litigating Subdivision or a Later Litigating Subdivision for which it has the authority to end the litigation through a release, bar or

other action; (2) either (i) has a population of 400,000 or more or (ii) in the case of California has a population of 750,000 or more; and (3) has funded or otherwise managed an established health care or treatment infrastructure (e.g., health department or similar agency). Each Subdivision eligible to receive block grants shall be assigned its own region.

c. *Small Settling States.* Notwithstanding the provisions of Section VI.E.2.a, Settling States with populations under four (4) million that do not have existing regions described in Section VI.E.2.a shall not be required to establish regions. However, such a Settling State that contains one (1) or more Subdivisions eligible for block grants under Section VI.E.2.b shall be divided regionally so that each block-grant eligible Subdivision is a region, and the remainder of the state is a region.

d. *Advisory Committee.* The Settling State shall designate an Opioid Settlement Remediation Advisory Committee (the “*Advisory Committee*”) to provide input and recommendations regarding remediation spending from that Settling State’s Remediation Accounts Fund. A Settling State may elect to use an existing advisory committee or similar entity (created outside of a State-Subdivision Agreement or Allocation Statute); *provided, however*, the Advisory Committee or similar entity shall meet the following requirements:

(i) Written guidelines that establish the formation and composition of the Advisory Committee, terms of service for members, contingency for removal or resignation of members, a schedule of meetings, and any other administrative details;

(ii) Composition that includes at least an equal number of local representatives as state representatives;

(iii) A process for receiving input from Subdivisions and other communities regarding how the opioid crisis is affecting their communities, their remediation needs, and proposals for remediation strategies and responses; and

(iv) A process by which Advisory Committee recommendations for expenditures for Opioid Remediation will be made to and considered by the appropriate state agencies.

3. Remediation Accounts Fund Reporting. The Settlement Fund Administrator shall track and assist in the report of remediation disbursements as agreed to between Sun and the Enforcement Committee

F. *Nature of Payment.* Sun, the Settling States, and the Participating Subdivisions each acknowledge and agree that notwithstanding anything to the contrary in this Agreement, including, but not limited to, the scope of the Released Claims:

1. They have entered into this Agreement to avoid the delay, expense, inconvenience, and uncertainty of further litigation;

2. (a) The Settling States and Participating Subdivisions sought compensatory restitution and remediation (within the meaning of 26 U.S.C. § 162(f)(2)(A) and 26 C.F.R. § 1.162-21(e)(4)(i)) as damages for the Alleged Harms allegedly suffered by the Settling States and Participating Subdivisions; (b) the Compensatory Restitution Amount is less than or equal to the amount, in the aggregate, of the Alleged Harms allegedly suffered by the Settling States and Participating Subdivisions; and (c) the portion of the Compensatory Restitution Amount received by each Settling State or Participating Subdivision is less than or equal to the amount of the Alleged Harms allegedly suffered by such Settling State or Participating Subdivision;

3. The payment of the Compensatory Restitution Amount by Sun constitutes, and is paid for, compensatory restitution and remediation (within the meaning of 26 U.S.C. § 162(f)(2)(A) and 26 C.F.R. § 1.162-21(e)(4)(i), (ii)) for alleged damage or harm (as compensation for alleged damage or harm arising out of alleged bodily injury) allegedly caused by Sun in order to restore, in whole or in part, the Settling States, Participating Subdivisions, and persons to the same position or condition that they would be in had the Settling States, Participating Subdivisions, and persons not suffered the Alleged Harms, and constitutes compensatory restitution and remediation for alleged damage or harm allegedly caused by the potential violation of a law; and

4. For the avoidance of doubt: (a) the entire Compensatory Restitution Amount is properly characterized as described in Section VI.F, (b) no portion of the Compensatory Restitution Amount represents reimbursement to any Settling State or Participating Subdivision or other person or entity for the fees or costs of any investigation or litigation, including without limitation attorneys' fees, (c) no portion of the Global Settlement Amount constitutes the disgorgement of any allegedly ill-gotten gains, and (d) no portion of the Global Settlement Amount is paid for, is in place of, or is properly characterized as the payment of any fine, penalty, punitive damages, or other punitive assessments.

VII. Enforcement

A. *Enforceability.* This Agreement is enforceable only by the Settling States and Sun; *provided, however,* that Released Entities may enforce Section XI and Participating Subdivisions listed on Exhibit G have the enforcement rights described later in this paragraph and in Section VII.D. Except to the extent allowed by the Injunctive Relief Terms, Settling States and Participating Subdivisions shall not have enforcement rights against Sun with respect to either the terms of this Agreement that apply only to or in other Settling States or any Consent Judgment entered into by another Settling State. Participating Subdivisions shall not have enforcement rights against Sun with respect to this Agreement or any Consent Judgment except that Participating Subdivisions listed on Exhibit G shall have enforcement rights as set forth herein as to payments that would be allocated to the Participating Subdivisions or the Remediation Accounts Fund in such

Settling State pursuant to Section V; *provided, however*, that each Settling State shall allow Participating Subdivisions in such Settling State to notify it of any perceived violations of this Agreement or the applicable Consent Judgment.

B. *Jurisdiction.* Sun consents to the jurisdiction of the court in which each Settling State files its Consent Judgment, limited to resolution of disputes identified in Section VII.F.2 for resolution in that court.

C. *Specific Terms Dispute Resolution.*

1. Any dispute that is addressed by the provisions set forth in the Injunctive Relief Terms shall be resolved as provided therein.

D. *State-Subdivision Enforcement.*

1. A Subdivision shall not have enforcement rights against a Settling State in which it is located with respect to this Agreement or any Consent Judgment except that a Participating Subdivision listed on Exhibit G shall have enforcement rights (a) as provided for in a State-Subdivision Agreement, Allocation Statute, or Statutory Trust with respect to intrastate allocation or (b) in the absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust, to allegations that (i) the Settling State's use of Remediation Accounts Fund monies were not used for uses similar to or in the nature of those uses contained in Exhibit E; or (ii) a Settling State failed to pay funds directly from the Remediation Accounts Fund to a Participating Subdivision eligible to receive a block grant pursuant to Section VI.E.2.b.

2. A Settling State shall have enforcement rights against a Participating Subdivision located in its territory (a) as provided for in a State-Subdivision Agreement, Allocation Statute, or Statutory Trust; or (b) in the absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust, to allegations that the Participating Subdivisions' uses of Remediation Accounts Fund monies were not used for purposes similar to or in the nature of those uses contained in Exhibit E.

3. As between the Settling States and Participating Subdivisions, the above rights are contractual in nature and nothing herein is intended to limit, restrict, change or alter any other existing rights under law.

E. *Subdivision Sun Payment Enforcement.* A Participating Subdivision listed on Exhibit G shall have the same right as a Settling State to seek resolution regarding the failure by Sun to make its Remediation Payment.

F. *Other Terms Regarding Dispute Resolution.*

1. The parties to a dispute shall promptly meet and confer in good faith to resolve any dispute. If the parties cannot resolve the dispute informally, and unless

otherwise agreed in writing, they shall follow the remaining provisions of this subsection to resolve the dispute.

2. Except to the extent provided by Section VII.C or Section VII.F.3, disputes not resolved informally shall be resolved in either the court that entered the relevant Consent Judgment or, if no such Consent Judgment was entered, a state or territorial court with jurisdiction located wherever the seat of the relevant state government is located.

a. State court proceedings shall be governed by the rules and procedures of the relevant forum.

b. For the avoidance of doubt, disputes to be resolved in state court include, but are not limited to, the following:

(i) disputes concerning whether expenditures qualify as Opioid Remediation;

(ii) disputes between a Settling State and its Participating Subdivisions as provided by Section VII.D, except to the extent the State-Subdivision Agreement provides for other dispute resolution mechanisms. For the avoidance of doubt, disputes between a Settling State and any Participating Subdivision shall not be considered National Disputes;

(iii) whether this Agreement and relevant Consent Judgment are binding under state law;

(iv) the extent of the Attorney General's or other participating entity's authority under state law, including the extent of the authority to release claims;

(v) whether the definition of a Bar, a Case-Specific Resolution, Final Order, lead state agency as described in Section VI.D.4.b, Later Litigating Subdivision, Litigating Subdivision, or Threshold Motion have been met; and

(vi) all other disputes not specifically identified in Section VII.C or Section VII.F.3.

c. Any Party may request that the National Arbitration Panel provide an interpretation of any provision of the settlement that is relevant to the state court determination, and the National Arbitration Panel shall make reasonable best efforts to supply such interpretation within the earlier of thirty (30) calendar days or the time period required by the state court proceedings. Any Party may submit that interpretation to the state court to the extent permitted by, and for such weight provided by, the state court's

rules and procedures. If requested by a Party, the National Arbitration Panel shall request that its interpretation be accepted in the form of an *amicus curiae* brief, and any attorneys' fees and costs for preparing any such filing shall be paid for by the requesting Party.

3. National Disputes involving a Settling State, a Participating Subdivision that has enforcement rights pursuant to Section VII.A, and/or Sun shall be resolved by the National Arbitration Panel.

a. National Disputes are disputes that are not addressed by Section VII.C, and which are exceptions to Section VII.F.2's presumption of resolution in state courts because they involve issues of interpretation of terms contained in this Agreement applicable to all Settling States without reference to a particular state's law. Disputes between a Settling State and any Participating Subdivision shall not be considered National Disputes. National Disputes are limited to the following:

(i) the amount of offset and/or credit attributable to Non-Settling States;

(ii) issues involving the scope and definition of Product;

(iii) interpretation and application of the terms "Covered Conduct," "Released Entities," and "Released Claims;"

(iv) the failure by Sun to pay the Remediation Payment or the Additional Remediation Amount, but for the avoidance of doubt, disputes between Sun and a Settling State over the amounts owed only to that state that do not affect any other Settling State shall not be considered National Disputes;

(v) questions regarding the performance and/or removal of the Settlement Fund Administrator;

(vi) disputes involving liability of successor entities;

(vii) disputes that require a determination of the sufficiency of participation in order to qualify for Incentive Payments A, BC, or D;

(viii) disputes involving a Releasor's compliance with, and the appropriate remedy under, Section XI.B.5.c;

(ix) disputes requiring the interpretation of Agreement terms that are national in scope or impact, which shall mean disputes requiring the interpretation of Agreement terms that (i) concretely affect four (4) or more Settling States; and (ii) do not turn on unique definitions and interpretations under state law; and

(x) any dispute subject to resolution under Section VII.F.2 but for which all parties to the dispute agree to arbitration before the National Arbitration Panel under the provisions of this Section VII.F.3.

b. The National Arbitration Panel shall be comprised of three (3) neutral arbitrators. One (1) arbitrator shall be chosen by Sun, one (1) arbitrator shall be chosen by the Enforcement Committee with due input from Participating Subdivisions listed on Exhibit G, and the third arbitrator shall be agreed upon by the first two (2) arbitrators. The membership of the National Arbitration Panel is intended to remain constant throughout the term of this Agreement, but in the event that replacements are required, the retiring arbitrator shall be replaced by the party that selected him/her.

c. The National Arbitration Panel shall make reasonable best efforts to decide all matters within one hundred eighty (180) calendar days of filing, and in no event shall it take longer than one (1) year.

d. The National Arbitration Panel shall conduct all proceedings in a reasonably streamlined process consistent with an opportunity for the parties to be heard. Issues shall be resolved without the need for live witnesses where feasible and with a presumption in favor of remote participation to minimize the burdens on the parties.

e. To the extent allowed under state law, a Settling State, a Participating Subdivision that has enforcement rights pursuant to Section VII.A, and (at any party's request) the National Arbitration Panel may certify to an appropriate state court any question of state law. The National Arbitration Panel shall be bound by a final state court determination of such a certified question. The time period for the arbitration shall be tolled during the course of the certification process.

f. The arbitrators will give due deference to any authoritative interpretation of state law, including any declaratory judgment or similar relief obtained by a Settling State, a Participating Subdivision that has enforcement rights pursuant to Section VII.A, or Sun on a state law issue.

g. The decisions of the National Arbitration Panel shall be binding on Settling States, Participating Subdivisions, Sun, and the Settlement Fund Administrator. In any proceeding before the National Arbitration Panel involving a dispute between a Settling State and Sun whose resolution could prejudice the rights of a Participating Subdivision(s) in that Settling State, such Participating Subdivision(s) shall be allowed to file a statement of view in the proceeding.

h. Nothing herein shall be construed so as to limit or otherwise restrict a Settling State from seeking injunctive or other equitable relief in state court to protect the health, safety, or welfare of its citizens.

i. Each party shall bear its own costs in any arbitration or court proceeding arising under this Section VII. The costs for the arbitrators on the National Arbitration Panel shall be divided and paid equally by the disputing sides for each individual dispute, e.g., a dispute between Sun and Settling States/Participating Subdivisions shall be split fifty percent (50%) by Sun and fifty percent (50%) by the Settling States/Participating Subdivisions that are parties to the dispute; a dispute between a Settling State and a Participating Subdivision shall be split fifty percent (50%) by the Settling State that is party to the dispute and fifty percent (50%) by any Participating Subdivisions that are parties to the dispute. For the avoidance of doubt, Sun shall not be responsible for the National Arbitration Panel costs in disputes that do not concern Sun.

4. Prior to initiating an action to enforce pursuant to this Section VII.F, the complaining party must:

a. Provide written notice to the Enforcement Committee and Sun of its complaint, including the provision of the Consent Judgment and/or Agreement that the practice appears to violate, as well as the basis for its interpretation of the disputed provision. The Enforcement Committee shall establish a reasonable process and timeline for obtaining additional information from the involved parties; *provided, however*, that the date the Enforcement Committee establishes for obtaining additional information from the parties shall not be more than forty-five (45) calendar days following the notice. The Enforcement Committee may advise the involved parties of its views on the complaint and/or seek to resolve the complaint informally.

b. Wait to commence any enforcement action until thirty (30) calendar days after the date that the Enforcement Committee establishes for obtaining additional information from the involved parties.

5. If the parties to a dispute cannot agree on the proper forum for resolution of the dispute under the provisions of Section VII.F.2 or Section VII.F.3, a committee comprising the Enforcement Committee and sufficient representatives of Sun such that the members of the Enforcement Committee have a majority of one (1) member will determine the forum where the dispute will be initiated within twenty-eight (28) calendar days of receiving notification of the dispute relating to the proper forum. The forum identified by such committee shall be the sole forum for litigating the issue of which forum will hear the substantive dispute, and the committee's identification of such forum in the first instance shall not be entitled to deference by the forum selected.

G. *Lien or Encumbrance.* To the extent allowed by applicable law, this Settlement Agreement shall not be deemed to create a lien or encumbrance against any real property owned by Sun or its affiliates, unless in the event of a default or breach of the payment provisions by Sun. Nothing in this Section shall be construed to limit any remedy of any Settling State or Participating Subdivision in the event of a default or breach of this Agreement by Sun.

H. *No Effect.* Nothing in this Agreement shall be interpreted to limit the Settling States' Civil Investigative Demand ("CID") or investigative subpoena authority, to the extent such authority exists under applicable state law and the CID or investigative subpoena is issued pursuant to such authority, and Sun reserves all of its rights in connection with a CID or investigative subpoena issued pursuant to such authority.

VIII. Participation by Subdivisions

A. *Notice.* No later than fifteen (15) calendar days after the Preliminary Agreement Date, the Implementation Administrator shall send individual written notice (which may be delivered via e-mail or other electronic means and may be combined with distribution of the Subdivision Settlement Participation Form) of the opportunity to participate in this Agreement and the requirements of participation to all Subdivisions in the Settling States that are (1) Litigating Subdivisions or (2) Non-Litigating Subdivisions listed on Exhibit G. To the extent a Special District is entitled to an allocation for a direct payment through its inclusion in Exhibit G pursuant to a State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution, the Implementation Administrator, with the cooperation of the Settling States shall also send individual written notice (which may be delivered via e-mail or other electronic means) of the opportunity to participate in this Agreement and the requirements of participation to such Special Districts. Unless otherwise agreed by the Parties, the version of Exhibit G used for notice shall be the one in place as of the Preliminary Agreement Date. Notice (which may be delivered via e-mail or other electronic means) shall also be provided simultaneously to counsel of record for Litigating Subdivisions and known counsel for Non-Litigating Subdivisions and Special Districts listed on Exhibit G. The costs of the Implementation Administrator shall be paid for by the interest earned from the deposit accounts holding the Adjusted Maximum Remediation Payment for Sun, and nothing in this provision shall require Sun to pay any costs, fees or other amounts in excess of the Global Settlement Amount. The Settling States, with the cooperation of Sun, may also provide general notice

reasonably calculated to alert Non-Litigating Subdivisions in the Settling States to this Agreement, the opportunity to participate in it, and the requirements for participation. Such notice may include publication and other standard forms of notification, as well as notice to state and county organizations such as the National Association of Counties and the National League of Cities. The notice will include that the deadline for becoming an Initial Participating Subdivision is the Initial Participation Date. Nothing contained herein shall preclude a Settling State from providing further notice to or otherwise contacting any of its Subdivisions about becoming a Participating Subdivision, including beginning any of the activities described in this paragraph prior to the Preliminary Agreement Date.

B. *Requirements for Becoming a Participating Subdivision—Non-Litigating Subdivisions.* A Non-Litigating Subdivision in a Settling State may become a Participating Subdivision by returning an executed Subdivision Settlement Participation Form to the Implementation Administrator or Settlement Fund Administrator (which may be executed and returned by electronic means established by the Implementation Administrator or Settlement Fund Administrator) specifying (1) that the Subdivision agrees to the terms of this Agreement pertaining to Subdivisions, (2) that the Subdivision releases all Released Claims against all Released Entities, (3) that the Subdivision agrees to use monies it receives, if any, from the Settlement Fund pursuant to the applicable requirements of Section VI; *provided, however*, that Non-Litigating Subdivisions may only use monies originating from the Settlement Fund for purposes that qualify as Opioid Remediation, and (4) that the Subdivision submits to the jurisdiction of the court where the applicable Consent Judgment is filed for purposes limited to that court's role under this Agreement. The required Subdivision Settlement Participation Form is attached as Exhibit K.

C. *Requirements for Becoming a Participating Subdivision—Litigating Subdivisions/Later Litigating Subdivisions.* A Later Litigating Subdivision and Litigating Subdivision in a Settling State may become a Participating Subdivision by returning an executed Subdivision Settlement Participation Form to the Implementation Administrator or Settlement Fund Administrator (which may be executed and returned by electronic means established by the Implementation Administrator or Settlement Fund Administrator) and upon prompt dismissal with prejudice of its lawsuit following the Reference Date or the date on which the conditions for effectiveness in Section IX.B have been met, whichever is later. A Settling State may require each Litigating Subdivision in that Settling State to specify on the Subdivision Settlement Participation Form whether its counsel has waived any contingency fee contract with that Participating Subdivision and whether, if eligible, it intends to seek fees pursuant to Exhibit R. The Settlement Fund Administrator shall provide reports of this information to the parties upon request. A Litigating Subdivision or Later Litigating Subdivision may not become a Participating Subdivision after the completion of opening statements in a trial of a lawsuit it brought that includes a Released Claim against a Released Entity.

D. *Initial Participating Subdivisions.* A Subdivision qualifies as an Initial Participating Subdivision if it meets the applicable requirements for becoming a Participating Subdivision set forth in Section VIII.B or Section VIII.C by the Initial Participation Date. All Subdivision Settlement Participation Forms shall be held in escrow by the Implementation Administrator until the Reference Date. If, for any reason, the Agreement does not become effective, all obligations created by such forms and releases in them shall be void *ab initio* and all Subdivision Settlement Participation Forms shall be returned to Counsel for Litigating Subdivisions or to the Subdivisions not represented by counsel or destroyed to the extent that such destruction is not prohibited by then existing document preservation obligations.

E. *Later Participating Subdivisions.* A Subdivision that is not an Initial Participating Subdivision may become a Later Participating Subdivision by meeting the applicable requirements for becoming a Participating Subdivision set forth in Section VIII.B or Section VIII.C after the Initial Participation Date but before the Payment Calculation Date and by agreeing to be subject to the terms of a State-Subdivision Agreement (if any) or any other structure adopted or applicable pursuant to Section VI.D or Section VI.E. Unless waived by Sun, the following provisions govern what a Later Participating Subdivision can receive (but do not apply to Initial Participating Subdivisions):

1. A Later Participating Subdivision shall receive seventy-five percent (75%) of the share of the Base Payment or Incentive Payment that it would have received had it become an Initial Participating Subdivision.

2. A Later Participating Subdivision that had maintained a lawsuit for a Released Claim against a Released Entity and had judgment entered against it on any such Claim before it became a Participating Subdivision (other than consensual dismissal with prejudice) shall receive 50% of the share of future Base Payments and Incentive Payments that it would have received had it become a Participating Subdivision prior to such judgment; provided, however that if the Subdivision appeals the judgment and the judgment is affirmed with finality, the Subdivision shall not receive any share of any Base Payments or Incentive Payments, and shall return to Sun any share of any Base Payments or Incentive Payments such Subdivision had already received.

3. A Later Participating Subdivision that becomes a Participating Subdivision while a Bar or Case-Specific Resolution involving a different Subdivision exists in its state shall receive twenty-five percent (25%) of the share of the Base Payment and Incentive Payment that it would have received if it had become an Initial Participating Subdivision.

F. *No Increase in Payments.* Amounts to be received by Later Participating Subdivisions shall not increase the payments due from Sun.

G. *Non-Participating Subdivisions.* Non-Participating Subdivisions shall not directly receive any portion of the Remediation Payment, including from the State Fund

and direct distributions from the Remediation Accounts Fund; however, a Settling State may choose to fund future Opioid Remediation that indirectly benefits Non-Participating Subdivisions.

H. *Unpaid Allocations to Later Participating Subdivisions and Non-Participating Subdivisions.* Any Base Payment and Incentive Payment allocated pursuant to Section VI.D to a Later Participating Subdivision or Non-Participating Subdivision that cannot be paid pursuant to this Section VIII, including the amounts that remain unpaid after the reductions required by Section VIII.E., will be allocated to the Remediation Accounts Fund for the Settling State in which the Subdivision is located, unless those payments are redirected elsewhere by a State-Subdivision Agreement or by a Statutory Trust.

I. *Ineligible Subdivisions.* Subdivisions in Non-Settling States and Prior Litigating Subdivisions are not eligible to be Participating Subdivisions.

IX. Condition to Effectiveness of Agreement and Filing of Consent Judgment

A. *Determination to Proceed with Settlement. —Settling States.* Following the Initial Subdivision Participation Date, the Enforcement Committee shall determine whether to proceed with the Agreement on behalf of the Settling States, and the Settling States shall be bound by the determination of the Enforcement Committee. No later than fifteen (15) calendar days prior to the Reference Date, the Enforcement Committee shall provide notice to Sun of its decision. If the Enforcement Committee elects not to proceed, this Agreement will have no further effect, and all releases (including those contained in Subdivision Settlement Participation Forms and other commitments or obligations contained herein or in Subdivision Settlement Participation Forms) will be void. Within seven (7) calendar days of informing Sun that there is sufficient participation to proceed, the Enforcement Committee will deliver all signatures and releases required by the Agreement to be provided by the Settling States to Sun.

B. *Determination to Proceed with Settlement—Sun.* If the Settling States elect to proceed, Sun will then determine on or before the Reference Date whether there is sufficient Eligible State participation, sufficient Subdivision participation, and sufficient resolution of the Claims of the Litigating Subdivisions in the Settling States (through participation under Section VIII, Case-Specific Resolution(s) and Bar(s)) to proceed with this Agreement. The determination shall be in the sole discretion of Sun and may be based on any criteria or factors deemed relevant by Sun.

C. *Notice by Sun.* On or before the Reference Date, Sun shall inform the Settling States of its determination pursuant to Section IX.B. If Sun determines to proceed, the Parties will proceed to file the Consent Judgments and the obligations in the Subdivision Settlement Participation Forms will be effective and binding as of the Reference Date. If Sun determines not to proceed, this Agreement will have no further effect, any amounts deposited, including funds referenced in Section IV.D. and Exhibit M, shall revert to Sun, and all releases (including those contained in Subdivision Settlement

Participation Forms) and other commitments or obligations contained herein or in Subdivision Settlement Participation Forms will be void.

X. Settling State and Participating Subdivision Attorneys' Fees and Costs and Additional Remediation Amount

A. The Agreement on Subdivision Attorneys' Fees, Expenses and Costs is set forth in Exhibit R and incorporated herein by reference.

B. *Additional Remediation Amount.*

1. Subject to the reduction specified in Section X.B.2, Sun shall pay an Additional Remediation Amount to the Settling States listed in Exhibit N. Such funds shall be paid as allocated by the Settlement Fund Administrator pursuant to Exhibit N.

2. *Reduction of Additional Remediation Amount.* The amounts owed by Sun pursuant to this Section X.B shall be reduced by the allocations set forth on Exhibit N for Non-Settling States.

3. For the avoidance of doubt, (1) a Settling State that retained outside counsel in connection with the investigation of Sun that receives an Additional Remediation Amount may choose to have the Additional Remediation Amount designated to pay the Settling State's outside counsel, and may instruct the Settlement Fund Administrator to pay those funds directly to the Settling State's outside counsel, and (2) Additional Remediation Amount funds, including funds designated by a Settling State to pay its outside counsel under this paragraph, shall not be subject to allocation as provided in Section VI.C through Section VI.E.

C. All payments addressed by this Section X will be made no later than the Payment Date pursuant to Section V.

XI. Release

A. *Scope.* As of the Effective Date, the Released Entities are hereby released and forever discharged from all of the Releasers' Released Claims. Each Settling State (for itself and its Releasers) and Participating Subdivision (for itself and its Releasers) hereby absolutely, unconditionally, and irrevocably covenants not to bring, file, or claim, or to cause, assist in bringing, or permit to be brought, filed, or claimed, or to otherwise seek to establish liability for any Released Claims against any Released Entity in any forum whatsoever. The releases provided for in this Agreement are intended by the Parties to be broad and shall be interpreted so as to give the Released Entities the broadest possible bar against any liability relating in any way to Released Claims and extend to the full extent of the power of each Settling State and its Attorney General to release claims. This Agreement shall be a complete bar to any Released Claim.

B. *Claim-Over and Non-Party Settlement.*

1. It is the intent of the Parties that:

a. Released Entities should not seek contribution or indemnification (other than pursuant to an insurance contract), from other parties for their payment obligations under this Agreement;

b. the payments made under this Agreement shall be the sole payments made by the Released Entities to the Releasors involving, arising out of, or related to Covered Conduct (or conduct that would be Covered Conduct if engaged in by a Released Entity);

c. Claims by Releasors against non-Parties should not result in additional payments by Released Entities, whether through contribution, indemnification or any other means; and

d. the Agreement meets the requirements of the Uniform Contribution Among Joint Tortfeasors Act and any similar state law or doctrine that reduces or discharges a released party's liability to any other parties.

2. The provisions of Section XI.B are intended to be implemented consistent with these principles. This Agreement and the releases and dismissals provided for herein are made in good faith.

3. No Released Entity shall seek to recover for amounts paid under this Agreement based on indemnification, contribution, or any other theory from a manufacturer, pharmacy, hospital, pharmacy benefit manager, health insurer, third-party vendor, trade association, distributor, or health care practitioner; provided that a Released Entity shall be relieved of this prohibition with respect to any entity that asserts a Claim-Over against it. For the avoidance of doubt, nothing herein shall prohibit a Released Entity from recovering amounts owed pursuant to insurance contracts.

4. To the extent that, on or after the Reference Date, any Releasor enters into a Non-Party Settlement, including in any bankruptcy case or through any plan of reorganization, the Releasor will include (or in the case of a Non-Party Settlement made in connection with a bankruptcy case, will cause the debtor to include), unless prohibited from doing so under applicable law, in the Non-Party Settlement a prohibition on contribution or indemnity of any kind substantially equivalent to that required from Sun in Section XI.B.3, or a release from such Non-Released Entity in favor of the Released Entities (in a form equivalent to the releases contained in this Agreement) of any Claim-Over. The obligation to obtain the prohibition and/or release required by this subsection is a material term of this Agreement.

5. In the event that any Releasor obtains a judgment with respect to Non-Party Covered Conduct against a Non-Released Entity that does not contain a prohibition like that described in Section XI.B.3 or any Releasor files a Non-Party Covered Conduct Claim against a Non-Released Entity in bankruptcy or a Releasor is prevented for any reason from obtaining a prohibition/release in a Non-Party Settlement as provided in Section XI.B.3, and such Non-Released Entity asserts a Claim-Over against a Released Entity, the Released Entity shall be relieved of the prohibition in Section XI.B.3 with respect to that Non-Released Entity and that Releasor and Sun shall take the following actions to ensure that the Released Entities do not pay more with respect to Covered Conduct to the Releasor or to Non-Released Entities than the amount owed under this Settlement Agreement by Sun:

a. Sun shall notify that Releasor of the Claim-Over within sixty (60) calendar days of the assertion of the Claim-Over or sixty (60) calendar days of the Effective Date of this Settlement Agreement, whichever is later;

b. Sun and that Releasor shall meet and confer concerning the means to hold Released Entities harmless and ensure that Sun is not required to pay more with respect to Covered Conduct than the amounts owed by Sun to the Releasor under this Agreement;

c. The Releasor and Sun shall take steps sufficient and permissible under the law of the state of the Releasor to hold Released Entities harmless from the Claim-Over and ensure Released Entities are not required to pay more with respect to Covered Conduct than the amounts owed by Sun under this Agreement. Such steps may include, where permissible:

(i) Filing of motions to dismiss or such other appropriate motion by Sun or Released Entities, and supported by Releasor, in response to any claim filed in litigation or arbitration;

(ii) Reduction of the Releasor's Claim and any judgment it has obtained or may obtain against such Non-Released Entity by whatever amount or percentage is necessary to extinguish such Claim-Over under applicable law, up to the amount the Releasor has obtained, may obtain, or has authority to control from such Non-Released Entity;

(iii) Placement into escrow of funds paid by the Non-Released Entities such that those funds are available to satisfy the Claim-Over;

(iv) Return of monies paid by Sun to the Releasor under this Settlement Agreement to permit satisfaction of a judgment against or settlement with the Non-Released Entity to satisfy the Claim-Over;

(v) Payment of monies to Sun by the Releasor to ensure it is held harmless from such Claim-Over, up to the amount that Releasor has obtained, may obtain, or has authority to control from such Non-Released Entity;

(vi) Credit to Sun under this Agreement to reduce the overall amounts to be paid under the Agreement such that it is held harmless from the Claim-Over; and

(vii) Such other actions as the Releasor and Sun may devise to hold Sun harmless from the Claim-Over.

d. The actions of the Releasor and Sun taken pursuant to paragraph (c) must, in combination, ensure Sun is not required to pay more with respect to Covered Conduct than the amounts owed to the Releasor by Sun under this Agreement.

e. In the event of any dispute over the sufficiency of the actions taken pursuant to paragraph (c), the Releasor and Sun may seek review by the National Arbitration Panel, provided that, if the parties agree, such dispute may be heard by the state court where the relevant Consent Judgment was filed. The National Arbitration Panel shall have authority to require Releasor to implement a remedy that includes one or more of the actions specified in paragraph (c) sufficient to hold Released Entities fully harmless. In the event that the Panel's actions do not result in Released Entities being held fully harmless, Sun shall have a claim for breach of this Agreement by Releasor, with the remedy being payment of sufficient funds to hold Sun harmless from the Claim-Over up to the amount that Releasor has obtained, may obtain, or has authority to control from such Non-Released Entity. For the avoidance of doubt, the prior sentence does not limit or eliminate any other remedy that Sun may have.

6. To the extent that the Claim-Over is based on a contractual indemnity, the obligations under Section XI.B.4 shall extend solely to a Non-Party Covered Conduct Claim against a pharmacy, clinic, hospital or other purchaser, distributor or dispenser of Products, a manufacturer that sold Products, a consultant, and/or a pharmacy benefit manager or other third-party payor. Sun shall notify the Settling States, to the extent permitted by applicable law, in the event that any of these types of Non-Released Entities asserts a Claim-Over arising out of contractual indemnity against it.

C. *Indemnification and Contribution Prohibited.* No Released Entity shall seek to recover for amounts paid under this Agreement based on indemnification, contribution, or any other theory, from a manufacturer, pharmacy, hospital, pharmacy benefit manager, health insurer, third-party vendor, trade association, distributor, or health care practitioner. For the avoidance of doubt, nothing herein shall prohibit a Released Entity from recovering amounts owed pursuant to insurance contracts.

D. *General Release.* In connection with the releases provided for in this Agreement, each Settling State (for itself and its Releasors) and Participating Subdivision expressly waives, releases, and forever discharges any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States or other jurisdiction, or principle of common law, which is similar, comparable, or equivalent to § 1542 of the California Civil Code, which reads:

General Release; extent. A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that if known by him or her, would have materially affected his or her settlement with the debtor or released party.

A Releasor may hereafter discover facts other than or different from those which it knows, believes, or assumes to be true with respect to the Released Claims, but each Settling State (for itself and its Releasors) and Participating Subdivision (for itself and its Releasors) hereby expressly waives and fully, finally, and forever settles, releases and discharges, upon the Effective Date, any and all Released Claims that may exist as of such date but which Releasors do not know or suspect to exist, whether through ignorance, oversight, error, negligence or through no fault whatsoever, and which, if known, would materially affect the Settling States' decision to enter into this Agreement or the Participating Subdivisions' decision to participate in this Agreement.

E. *Assigned Interest Waiver.* To the extent that any Settling State has any direct or indirect interest in any rights of a third-party that is a debtor under the Bankruptcy Code as a result of a claim arising out of Covered Conduct by way of assignment or otherwise, including as a result of being the beneficiary of a trust or other distribution entity, to assert claims against Sun (whether derivatively or otherwise), under any legal or equitable theory, including for indemnification, contribution, or subrogation, the Settling State waives the right to assert any such claim, or to receive a distribution or any benefit on account of such claim and such claim, distribution, or benefit shall be deemed assigned to Sun.

F. *Res Judicata.* Nothing in this Agreement shall be deemed to reduce the scope of the res judicata or claim preclusive effect that the settlement memorialized in this Agreement, and/or any Consent Judgment or other judgment entered on this Agreement, gives rise to under applicable law.

G. *Representation and Warranty.* The signatories hereto on behalf of their respective Settling States and its Participating Subdivisions expressly represent and warrant that they will obtain on or before the Effective Date (or have obtained) the authority to settle and release, to the maximum extent of the State's power, all Released Claims of (1) their respective Settling States; (2) any of the respective Settling State's past and present executive departments, state agencies, divisions, boards, commissions and instrumentalities with the regulatory authority to enforce state and federal controlled substances acts; (3) any of their respective Settling State's past and present executive departments, agencies, divisions, boards, commissions and instrumentalities that have the authority to bring Claims related to Covered Conduct seeking money (including abatement

and/or remediation) or revocation of a pharmaceutical distribution license; and (4) any Participating Subdivisions. For the purposes of clause (3) above, executive departments, agencies, divisions, boards, commission, and instrumentalities are those that are under the executive authority or direct control of the State's Governor. Also, for the purposes of clause (3), a release from a State's Governor as set forth in Exhibit X is sufficient to demonstrate that the appropriate releases have been obtained.

H. *Effectiveness.* The releases set forth in this Agreement shall not be impacted in any way by any dispute that exists, has existed, or may later exist between or among the Releasors. Nor shall such releases be impacted in any way by any current or future law, regulation, ordinance, or court or agency order limiting, seizing, or controlling the distribution or use of the Settlement Fund or any portion thereof, or by the enactment of future laws, or by any seizure of the Settlement Fund or any portion thereof.

I. *Cooperation.* Releasors (1) will not encourage any person or entity to bring or maintain any Released Claim against any Released Entity and (2) will reasonably cooperate with and not oppose any effort by a Released Entity to secure the prompt dismissal of any and all Released Claims, including suits brought by non-Releasors based on Released Claims. Releasors will meet and confer and make reasonable efforts to resolve any action that is filed by a Subdivision against Sun on or after the date the Preliminary Agreement Date. This provision shall not require a Settling State to make any monetary payment or adjustment to allocation or incur other obligation.

J. *Non-Released Claims.* Notwithstanding the foregoing or anything in the definition of Released Claims, the Agreement does not waive, release or limit any criminal liability, Claims for any outstanding liability under any tax or securities law, Claims against parties who are not Released Entities, Claims by private individuals, Claims for Medicaid rebates, Claims asserted, or that could be asserted, by any State or Subdivision, related to the causes of action in *In re: Generic Pharmaceuticals Pricing Antitrust Litigation*, in the United States District court for the District of Pennsylvania, MDL No. 2724; *Connecticut et al v. Aurobindo Pharma USA, Inc. et al.*, in the United States District Court for the District of Connecticut, Case No. 3:16-cv-2056-NPS; *Connecticut et al. v. Teva Pharmaceuticals USA, Inc.*, in the United States District Court for the District of Connecticut, Case No. 3:19-cv-710-NPS; *Connecticut et al v. Sandoz, Inc. et al.*, in the United States District Court for the District of Connecticut, Case No. 3:20-cv-802-NPS; and any related action (such excluded claims include, but are not limited to, all antitrust claims and any claims related to any non-opioid generic drugs), and any claims arising under the Agreement for enforcement of the Agreement.

XII. Later Litigating Subdivisions

A. *Released Claims against Released Entities.* If a Later Litigating Subdivision in a Settling State maintains a lawsuit for a Released Claim against a Released Entity after the Reference Date, the following shall apply subject to Section XII.B:

1. The Released Entity shall take ordinary and reasonable measures to defend the action, including filing a Threshold Motion with respect to the Released Claim. The Released Entity shall further notify the Settling State and Settlement Fund Administrator immediately upon notice of a Later Litigating Subdivision bringing a lawsuit for a Released Claim and shall not oppose a Settling State's submission in support of the Threshold Motion. Sun shall give the relevant Settling State a reasonable opportunity to extinguish the Released Claims without any payment or any other obligations being imposed upon any Released Entities (apart from the Global Settlement Amount payable by Sun under the Agreement or the Injunctive Relief Terms incurred by it). The relevant Settling State and Sun shall confer and use reasonable efforts to promptly resolve the lawsuit so that it is dismissed with prejudice. Nothing in this subsection creates an obligation for a Settling State to make a monetary payment or incur any other obligation to an entity filing a lawsuit.

2. If the lawsuit asserting a Released Claim is resolved with finality on terms requiring payment by the Released Entity, Sun shall receive a dollar-for-dollar offset against Incentive Payment D for the amount paid. The offset shall be applied against the relevant portion of Incentive Payment D to be released on the last Incentive Payment D Release Date and working backwards.

3. "*Terms requiring payment*" shall mean (i) a final monetary judgment or (ii) a settlement; provided that the Released Entity sought the applicable State Attorney General's consent to the settlement and such consent was either obtained or unreasonably withheld. Should the judgment or settlement resolve claims that are not Released Claims, the offset shall be for the Released Claims portion only, which shall be distinguishable in the judgment or settlement.

B. *Exceptions*

1. Section XII.A shall not apply where the Settling State at issue meets the eligibility criteria for and is entitled to Incentive Payment A, except as expressly provided therein.

2. Section XII.A shall not apply where the Later Litigating Subdivision seeks less than \$10 million, or so long as its total claim is reduced to less than \$10 million, in the lawsuit for a Released Claim at issue.

C. *No Effect on Other Provisions.* An offset under Section XII.A shall not affect the Injunctive Relief Terms or the Consent Judgment.

D. *No Effect on Other States.* An offset under Section XII.A applicable to one State shall not affect the allocation or payment of the Remediation Payment to other Settling States.

E. *Litigating Subdivisions in Non-Eligible States.* The Settling States will not encourage, facilitate, or assist in any manner whatsoever claims for Covered Conduct against Sun in any Settling, Non-Settling, or Non-Eligible State, regardless of whether those claims were filed against Sun prior to, on, or after the Effective Date.

XIII. Miscellaneous

A. *Population of General Purpose Governments.* The population figures for General Purpose Governments shall be the published U.S. Census Bureau's population estimates for July 1, 2019, released May 2020. These population figures shall remain unchanged during the term of this Agreement.

B. *Population of Special Districts.* For any purpose in this Agreement in which the population of a Special District is used other than Section V.E.4.b: (a) School Districts' population will be measured by the number of students enrolled who are eligible under the Individuals with Disabilities Education Act ("*IDEA*") or Section 504 of the Rehabilitation Act of 1973; (b) Health Districts' and Hospital Districts' population will be measured at twenty-five percent (25%) of discharges; and (c) all other Special Districts' (including Fire Districts' and Library Districts') population will be measured at ten percent (10%) of the population served.⁸ For the avoidance of doubt, this means that California healthcare districts will be measured at ten percent (10%) of their membership. Sun and the Enforcement Committee shall meet and confer in order to agree on data sources for purposes of this Section prior to the Preliminary Agreement Date.

C. *Population Associated with Sheriffs.* For any purpose in this Agreement in which the population associated with a lawsuit by a sheriff is used, the population will be measured at twenty percent (20%) of the capacity of the jail(s) operated by the sheriff.

D. *No Admission.* Sun does not admit liability or wrongdoing. Neither this Agreement nor the Consent Judgments shall be considered, construed or represented to be (1) an admission, concession or evidence of liability or wrongdoing or (2) a waiver or any limitation of any defense otherwise available to Sun.

E. *Tax Cooperation and Reporting.*

1. Upon request by Sun, the Settling States and Participating Subdivisions agree to perform such further acts and to execute and deliver such further documents as may be reasonably necessary for Sun to establish the statements set forth in Section VI.F to the satisfaction of their tax advisors, their independent financial auditors, the Internal Revenue Service, or any other governmental authority, including as contemplated by 26 C.F.R. § 1.162-21(b)(3)(ii) and any subsequently proposed or finalized relevant regulations or administrative guidance.

⁸ The estimates for counties and parishes were accessed at <https://www.census.gov/data/datasets/time-series/demo/popest/2010s-counties-total.html>. The estimates for cities and towns can currently be found at <https://www.census.gov/data/datasets/time-series/demo/popest/2010s-total-cities-and-towns.html>.

2. Without limiting the generality of Section XIII.E.1, each Settling State and Participating Subdivision shall cooperate in good faith with Sun with respect to any tax claim, dispute, investigation, audit, examination, contest, litigation, or other proceeding relating to this Agreement.

3. Pursuant to 26 C.F.R. § 1.6050X-1(a) and (b), the Designated State, on behalf of all Settling States and Participating Subdivisions, shall designate one of its officers or employees to act as the “appropriate official” within the meaning of 26 C.F.R. § 1.6050X-1(f)(1)(ii)(B) (the “Appropriate Official”). The Designated State shall direct and ensure that the Appropriate Official timely (a) files (i) at the time this Agreement becomes binding on the Parties, an IRS Form 1098-F in the form attached as Exhibit U with respect to Sun and (ii) any legally required forms, returns or amended returns with any applicable governmental authority, or any returns requested by Sun, and (b) provides to Sun a copy of (i) the IRS Form 1098-F filed with respect to Sun and (ii) any legally required written statement pursuant to any applicable law and any other document referred to in clause (a)(ii) above. Any such forms, returns, or statements shall be prepared and filed in a manner fully consistent with Section VI.F. and as set forth in Section XIII.E.4.

4. Any form, return, amended return, or written statement filed or provided pursuant to Section XIII.E.3, and any similar document, shall be prepared and filed in a manner consistent with reporting the Global Settlement Amount as the “Total amount to be paid” pursuant to this Agreement in Box 1 of IRS Form 1098-F and the Compensatory Restitution Amount as “Restitution/remediation amount” in Box 3 of IRS Form 1098-F, as reflected in the attached Exhibit U. If the Designated State or Appropriate Official shall be required to file any form, return, amended return, or written statement contemplated by this Section XIII.E other than an IRS Form 1098-F in the form attached as Exhibit U, the Designated State shall direct and ensure that the Appropriate Official provides to Sun a draft of such form, return, amended return, or written statement no later than sixty (60) calendar days prior to the due date thereof, and shall accept any reasonable revisions from Sun on the return, amended return, or written statement.

5. For the avoidance of doubt, neither Sun nor the Settling States and Participating Subdivisions make any warranty or representation to any Settling State, Participating Subdivision, or Releasor as to the tax consequences of the payment of the Compensatory Restitution Amount (or any portion thereof).

F. *No Third-Party Beneficiaries.* Except as expressly provided in this Agreement, no portion of this Agreement shall provide any rights to, or be enforceable by, any person or entity that is not the Settling State or Released Entity. Settling States may not assign or otherwise convey any right to enforce any provision of this Agreement.

G. *Calculation.* Any figure or percentage referred to in this Agreement shall be carried to seven decimal places.

H. *Construction.* None of the Parties and no Participating Subdivision shall be considered to be the drafter of this Agreement or of any of its provisions for the purpose of any statute, case law, or rule of interpretation or construction that would or might cause any provision to be construed against the drafter of this Agreement. The headings of the provisions of this Agreement are not binding and are for reference only and do not limit, expand, or otherwise affect the contents or meaning of this Agreement.

I. *Cooperation.* Each Party and each Participating Subdivision agrees to use its best efforts and to cooperate with the other Parties and Participating Subdivisions to cause this Agreement and the Consent Judgments to become effective, to obtain all necessary approvals, consents and authorizations, if any, and to execute all documents and to take such other action as may be appropriate in connection herewith. Consistent with the foregoing, each Party and each Participating Subdivision agrees that it will not directly or indirectly assist or encourage any challenge to this Agreement or any Consent Judgment by any other person, and will support the integrity and enforcement of the terms of this Agreement and the Consent Judgments.

J. *Entire Agreement.* This Agreement, including its exhibits and any other attachments, embodies the entire agreement and understanding between and among the Parties and Participating Subdivisions relating to the subject matter hereof and supersedes (1) all prior agreements and understandings relating to such subject matter, whether written or oral and (2) all purportedly contemporaneous oral agreements and understandings relating to such subject matter.

K. *Execution.* This Agreement may be executed in counterparts and by different signatories on separate counterparts, each of which shall be deemed an original, but all of which shall together be one and the same Agreement. One or more counterparts of this Agreement may be delivered by facsimile or electronic transmission with the intent that it or they shall constitute an original counterpart hereof. One or more counterparts of this Agreement may be signed by electronic signature.

L. *Good Faith and Voluntary Entry.* Each Party warrants and represents that it negotiated the terms of this Agreement in good faith. Each of the Parties and Participating Subdivisions warrants and represents that it freely and voluntarily entered into this Agreement without any degree of duress or compulsion. The Parties and Participating Subdivisions state that no promise of any kind or nature whatsoever (other than the written terms of this Agreement) was made to them to induce them to enter into this Agreement.

M. *Legal Obligations.* Nothing in this Agreement shall be construed as relieving Sun of the obligation to comply with all state and federal laws, regulations or rules, nor shall any of the provisions herein be deemed to be permission to engage in any acts or practices prohibited by such laws, regulations, or rules.

N. *No Prevailing Party.* The Parties and Participating Subdivisions each agree that they are not the prevailing party in this action, for purposes of any claim for fees, costs, or expenses as prevailing parties arising under common law or under the terms of any

statute, because the Parties and Participating Subdivisions have reached a good faith settlement.

O. *Waive Challenge.* The Parties and Participating Subdivisions each further waive any right to challenge or contest the validity of this Agreement on any ground, including, without limitation, that any term is unconstitutional or is preempted by, or in conflict with, any current or future law. Nothing in the previous sentence shall modify, or be construed to conflict with, Section XIII.M.

P. *Non-Admissibility.* The settlement negotiations resulting in this Agreement have been undertaken by the Parties and by certain representatives of the Participating Subdivisions in good faith and for settlement purposes only, and no evidence of negotiations or discussions underlying this Agreement shall be offered or received in evidence in any action or proceeding for any purpose. This Agreement shall not be offered or received in evidence in any action or proceeding for any purpose other than in an action or proceeding arising under or relating to this Agreement or in any litigation or arbitration concerning Sun's right to coverage under an insurance contract.

Q. *Notices.* All notices or other communications under this Agreement shall be in writing (including, but not limited to, electronic communications) and shall be given to the recipients indicated below:

For the Attorney(s) General:

Jeff Jackson, Attorney General
North Carolina Department of Justice
Attn: Daniel Mosteller, Associate Deputy Attorney General
PO Box 629
Raleigh, NC 27602
Dmosteller@ncdoj.gov

Jonathan Skrmetti, Attorney General
Tennessee Attorney General's Office
Attn: Michael Leftwich, Senior Deputy Attorney General
Hamilton Millwee, Assistant Attorney General
P.O. Box 20207
Nashville, TN 37202
Michael.Leftwich@ag.tn.gov
Hamilton.Millwee@ag.tn.gov

Letitia James, Attorney General
New York State Attorney General
Attn: Jennifer Levy, First Deputy Attorney General
Monica Hanna, Special Counsel
Matthew Conrad, Assistant Attorney General
28 Liberty Street, New York, NY 10005

Jennifer.Levy@ag.ny.gov
Monica.Hanna@ag.ny.gov
Matthew.Conrad@ag.ny.gov

For the Plaintiffs' Executive Committee:

Co-leads
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112 Madison Avenue
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JConroy@simmonsfirm.com

Joseph F. Rice
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jrice@motleyrice.com

Paul T. Farrell, Jr.
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270 Munzo Rivera Ave, Suite 201
San Juan, Puerto Rico 00918
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For Sun:

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Troutman Pepper Hamilton Sanders LLP
501 Grant Street, Suite 300
Pittsburgh, PA 15219
michael.connelly@troutman.com
hyung.steele@troutman.com

[OTHERS]

Any Party or the Plaintiffs' Executive Committee may change or add the contact information of the persons designated to receive notice on its behalf by notice given (effective upon the giving of such notice) as provided in this Section XIII.Q.

R. *No Waiver.* The waiver of any rights conferred hereunder shall be effective only if made by written instrument executed by the waiving Party or Parties. The waiver by any Party of any breach of this Agreement shall not be deemed to be or construed as a waiver of any other breach, whether prior, subsequent, or contemporaneous, nor shall such waiver be deemed to be or construed as a waiver by any other Party.

S. *Preservation of Privilege.* Nothing contained in this Agreement or any Consent Judgment, and no act required to be performed pursuant to this Agreement or any Consent Judgment, is intended to constitute, cause, or effect any waiver (in whole or in part) of any attorney-client privilege, work product protection, or common interest/joint defense privilege, and each Party and Participating Subdivision agrees that it shall not make or cause to be made in any forum any assertion to the contrary.

T. *Successors.*

1. This Agreement shall be binding upon, and inure to the benefit of, Sun and its respective successors and assigns.

2. Sun shall not, in one (1) transaction or a series of related transactions, sell or transfer U.S. assets having a fair market value equal to twenty-five percent (25%) or more of the consolidated assets of Sun (other than sales or transfers of inventories, or sales or transfers to an entity owned directly or indirectly by Sun) where the sale or transfer is announced after the Reference Date, is not for fair consideration, and would foreseeably and unreasonably jeopardize Sun's ability to make the payments under this Agreement following the close of a sale or transfer transaction, unless Sun obtains the acquiror's agreement that it will be either a guarantor of or successor to the percentage of Sun's remaining Payment Obligations under this Agreement equal to the percentage of Sun's consolidated assets being sold or transferred in such transaction. Percentages under this section shall be determined in accordance with United States generally accepted accounting principles and as of the date of Sun's most recent publicly filed consolidated balance sheet prior to the date of entry into the sale or transfer agreement at issue. This Section XIII.T shall be enforceable solely by the Settling States, and any objection under this Section XIII.T not raised within sixty (60) calendar days of the announcement of the relevant transaction is waived.

U. *Modification, Amendment, Alteration.* In the event the Plaintiffs' Executive Committee, the Executive Committee of the State Attorneys General, or Sun concludes prior to the Reference Date that technical corrections are required to this Agreement, the Plaintiffs' Executive Committee, the Executive Committee of the State Attorneys General, and Sun shall meet and confer and make such amendments as they agree are appropriate. After the Reference Date, any modification, amendment, or alteration of this Agreement by the Parties shall be binding only if evidenced in writing signed by Sun, along with the signature of at least two-thirds of those then serving as Attorneys General of the Settling States along with a representation from each Attorney General that either: (1) the advisory committee or similar entity established or recognized by that Settling State (either pursuant to Section VI.E.2.d, by a State-Subdivision Agreement, or by statute) voted in favor of the modification, amendment or alteration of this Agreement including at least one member appointed by the Participating Subdivisions listed on Exhibit G; or (2) in Settling States without any advisory committee, that 50.1% (by population) of the Participating Subdivisions listed on Exhibit G expressed approval of the modification, amendment, or alteration of this Agreement in a writing.

V. *Termination.*

1. Unless otherwise agreed to by each of Sun and the Settling States, this Agreement and all of its terms (except Section XIII.P and any other non-admissibility provisions, which shall continue in full force and effect) shall be canceled and terminated with respect to the Settling State, and the Agreement and all orders issued by the courts in the Settling State pursuant to the Agreement shall become null and void and of no effect if one or more of the following conditions applies:

a. a Consent Judgment approving this Agreement without modification of any of the Agreement's terms has not been entered as to a Settling State by a court of competent jurisdiction on or before one hundred eighty (180) calendar days after the Effective Date;

b. this Agreement or the Consent Judgment as to that Settling State has been disapproved by a court of competent jurisdiction to which it was presented for approval and/or entry (or, in the event of an appeal from or review of a decision of such a court to approve this Agreement and the Consent Judgment, by the court hearing such appeal or conducting such review), and the time to appeal from such disapproval has expired, or, in the event of an appeal from such disapproval, the appeal has been dismissed or the disapproval has been affirmed by the court of last resort to which such appeal has been taken and such dismissal or disapproval has become no longer subject to further appeal (including, without limitation, review by the United States Supreme Court); or

2. If this Agreement is terminated with respect to a Settling State and its Subdivisions for whatever reason pursuant to Section XIII.V.1, then:

a. an applicable statute of limitation or any similar time requirement (excluding any statute of repose) shall be tolled from the date the Settling State signed this Agreement until the later of the time permitted by applicable law or for one year from the date of such termination, with the effect that Sun and the Settling State shall be in the same position with respect to the statute of limitation as they were at the time the Settling State filed its action; and

b. Sun and the Settling State and its Participating Subdivisions shall jointly move the relevant court of competent jurisdiction for an order reinstating the actions and claims dismissed pursuant to the terms of this Agreement governing dismissal, with the effect that Sun and the Settling State and its Participating Subdivisions shall be in the same position with respect to those actions and claims as they were at the time the action or claim was stayed or dismissed.

3. Unless Sun and the Enforcement Committee agree otherwise, this Agreement, with the exception of the Injunctive Relief Terms that have their own provisions on duration, shall terminate as of May 15, 2027, provided that Sun has performed its payment obligations under the Agreement as of that date. Notwithstanding any other provision in this Section XIII.V.3 or in this Agreement, all releases under this Agreement will remain effective despite any termination under this Section XIII.V.3.

W. *Governing Law.* Except as (1) otherwise provided in this Agreement or (2) as necessary, in the sole judgment of the National Arbitration Panel, to promote uniformity of interpretation for matters within the scope of the National Arbitration Panel's authority, this Agreement shall be governed by and interpreted in accordance with the respective laws of the Settling State, without regard to the conflict of law rules of such Settling State, that is seeking to enforce the Agreement against Sun or against which Sun is seeking enforcement. Notwithstanding any other provision in this subsection on governing law, any disputes relating to the Settlement Fund Escrow shall be governed by and interpreted in accordance with the law of the state where the escrow agent has its primary place of business.

X. *Bankruptcy.* The following provisions shall apply if Sun enters bankruptcy and (i) the Sun bankruptcy estate recovers, pursuant to 11 U.S.C. § 550, any payments made under this Agreement, or (ii) this Agreement is deemed executory and is rejected by Sun pursuant to 11 U.S.C. § 365:

1. In the event that the both a number of Settling States equal to at least seventy-five percent (75%) of the total number of Settling States and Settling States having aggregate State Allocation Percentages as set forth on Exhibit F equal to at least seventy-five percent (75%) of the total aggregate State Allocation Percentages assigned to all Settling States deem (by written notice to Sun) that the financial obligations of this Agreement have been terminated and rendered null and void (except as provided in Section XIII.X.1.a) due to a material breach by Sun, whereupon:

a. all agreements, all concessions, all reductions of Releasing Parties' Claims, and all releases and covenants not to sue, contained in this Agreement shall immediately and automatically be deemed null and void as to Sun; the Settling States shall be deemed immediately and automatically restored to the same position they were in immediately prior to their entry into this Settlement Agreement in respect to Sun and the Settling States shall have the right to assert any and all claims against Sun in the bankruptcy or otherwise without regard to any limits or agreements as to the amount of the settlement otherwise provided in this Agreement; *provided, however*, that notwithstanding the foregoing sentence, (i) all reductions of Releasing Parties' Claims, and all releases and covenants not to sue, contained in this Agreement shall remain in full force and effect as to all persons or entities other than Sun itself; and (ii) in the event the Settling State asserts any Released Claim against Sun after the rejection and/or termination of this

Agreement as described in this Section XIII.X.1.a and receives a judgment, settlement or distribution arising from such Released Claim, then the amount of any payments the Settling State has previously received from Sun under this Agreement shall be applied to reduce the amount of any such judgment, settlement or distribution (provided that no credit shall be given against any such judgment, settlement or distribution for any payment that the Settling State is required to disgorge or repay to Sun's bankruptcy estate); and

b. the Settling States may exercise all rights provided under the federal Bankruptcy Code (or other applicable bankruptcy or non-bankruptcy law) with respect to their Claims against Sun subject to all defenses and rights of the Sun.

Y. *Waiver.* Sun, for good and valuable consideration the receipt of which is acknowledged, hereby (a) waives, foregoes and relinquishes all rights to utilize and/or seek relief under any of the following laws of the State of Texas for the restructuring of its debts or liabilities related to Released Claims, Claims that would have been Released Claims if they had been brought by a Releasor against a Released Entity before the Effective Date, or this Agreement: Tex. Bus. Orgs. Code § 10.003 (Contents of Plan of Merger: More Than One Successor) or any other statute of Subchapter A of Chapter 10 of Tex. Bus. Orgs. Code to the extent such statute relates to multi-successor mergers (and/or any other similar laws or statutes in any other state or territory); Tex. Bus. Orgs. Code §§ 11.01–11.414 (Winding Up and Termination of Domestic Entity); or Tex. Bus. & Com. Code §§ 23.01–23.33 (Assignments for the Benefit of Creditors) (collectively, the “Texas Statutes”), and (b) agrees, warrants and represents that it will not file, request or petition for relief under the Texas Statutes related to its debts or liabilities related to Released Claims, Claims that would have been Released Claims if they had been brought by a Releasor against a Released Entity before the Effective Date, or this Agreement, in each case until such time as all of Sun's payment obligations incurred hereunder are satisfied in full. The foregoing waiver and relinquishment includes, without limitation, until such time as all of Sun's payment obligations incurred hereunder are satisfied in full, Sun's rights to execute a divisional merger or equivalent transaction or restructuring related to its debts or liabilities related to Released Claims, Claims that would have been Released Claims if they had been brought by a Releasor against a Released Entity before the Effective Date, or this Agreement that in each case has the intent or foreseeable effect of (i) separating material assets from material liabilities and (ii) assigning or allocating all or a substantial portion of those liabilities to any subsidiary or affiliate that files for relief under chapter 11 of the Bankruptcy Code, or pursuant to which such subsidiary or affiliate that files for relief under chapter 11 of the Bankruptcy Code would be assuming or retaining all or a substantial portion of those liabilities.

EXHIBIT K

Subdivision Participation and Release Form

Governmental Entity: City of Ormond Beach	State: FL
Authorized Official: Jason Leslie, Mayor	Joyce Shanahan, City Manager
Address 1: 22 S. Beach Street	
Address 2:	
City, State, Zip: Ormond Beach, FL 32174	
Phone: 386-676-3200	
Email:	

The governmental entity identified above ("*Governmental Entity*"), in order to obtain and in consideration for the benefits provided to the Governmental Entity pursuant to the Settlement Agreement dated [date] ("*Zydus Settlement*"), and acting through the undersigned authorized official, hereby elects to participate in the Zydus Settlement, release all Released Claims against all Released Entities, and agrees as follows.

1. The Governmental Entity is aware of and has reviewed the Zydus Settlement, understands that all terms in this Participation and Release Form have the meanings defined therein, and agrees that by executing this Participation and Release Form, the Governmental Entity elects to participate in the Zydus Settlement and become a Participating Subdivision as provided therein.
2. The Governmental Entity shall promptly, and in any event no later than 14 days after the Reference Date and prior to the filing of the Consent Judgment, dismiss with prejudice any Released Claims that it has filed. With respect to any Released Claims pending in *In re National Prescription Opiate Litigation*, MDL No. 2804, the Governmental Entity authorizes the Plaintiffs' Executive Committee to execute and file on behalf of the Governmental Entity a Stipulation of Dismissal with Prejudice substantially in the form found at <https://nationalopioidsettlement.com/additional-settlements/>.
3. The Governmental Entity agrees to the terms of the Zydus Settlement pertaining to Participating Subdivisions as defined therein.
4. By agreeing to the terms of the Zydus Settlement and becoming a Releasor, the Governmental Entity is entitled to the benefits provided therein, including, if applicable, monetary payments beginning after the Effective Date.
5. The Governmental Entity agrees to use any monies it receives through the Zydus Settlement solely for the purposes provided therein.
6. The Governmental Entity submits to the jurisdiction of the court in the Governmental Entity's state where the Consent Judgment is filed for purposes limited to that court's role as provided in, and for resolving disputes to the extent provided in, the Zydus Settlement.

The Governmental Entity likewise agrees to arbitrate before the National Arbitration Panel as provided in, and for resolving disputes to the extent otherwise provided in, the Zydus Settlement.

7. The Governmental Entity has the right to enforce the Zydus Settlement as provided therein.
8. The Governmental Entity, as a Participating Subdivision, hereby becomes a Releasor for all purposes in the Zydus Settlement, including without limitation all provisions of Section X (Release), and along with all departments, agencies, divisions, boards, commissions, districts, instrumentalities of any kind and attorneys, and any person in his or her official capacity whether elected or appointed to serve any of the foregoing and any agency, person, or other entity claiming by or through any of the foregoing, and any other entity identified in the definition of Releasor, provides for a release to the fullest extent of its authority. As a Releasor, the Governmental Entity hereby absolutely, unconditionally, and irrevocably covenants not to bring, file, or claim, or to cause, assist or permit to be brought, filed, or claimed, or to otherwise seek to establish liability for any Released Claims against any Released Entity in any forum whatsoever. The releases provided for in the Zydus Settlement are intended by the Parties to be broad and shall be interpreted so as to give the Released Entities the broadest possible bar against any liability relating in any way to Released Claims and extend to the full extent of the power of the Governmental Entity to release claims. The Zydus Settlement shall be a complete bar to any Released Claim.
9. The Governmental Entity hereby takes on all rights and obligations of a Participating Subdivision as set forth in the Zydus Settlement.
10. In connection with the releases provided for in the Zydus Settlement, each Governmental Entity expressly waives, releases, and forever discharges any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States or other jurisdiction, or principle of common law, which is similar, comparable, or equivalent to § 1542 of the California Civil Code, which reads:

General Release; extent. A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release that, if known by him or her would have materially affected his or her settlement with the debtor or released party.

A Releasor may hereafter discover facts other than or different from those which it knows, believes, or assumes to be true with respect to the Released Claims, but each Governmental Entity hereby expressly waives and fully, finally, and forever settles, releases and discharges, upon the Effective Date, any and all Released Claims that may exist as of such date but which Releasors do not know or suspect to exist, whether through ignorance, oversight, error, negligence or through no fault whatsoever, and which, if known, would materially affect the Governmental Entities' decision to participate in the Zydus Settlement.

11. Nothing herein is intended to modify in any way the terms of the Zydus Settlement, to which Governmental Entity hereby agrees. To the extent this Participation and Release Form is interpreted differently from the Zydus Settlement in any respect, the Zydus Settlement controls.

I have all necessary power and authorization to execute this Participation and Release Form on behalf of the Governmental Entity.

Signature: _____

Name: Jason Leslie

Title: Mayor

Date: _____

Signature: _____

Name: Joyce Shanahan

Title: City Manager

Date: _____

ZYDUS SETTLEMENT **AGREEMENT**

ZYDUS SETTLEMENT AGREEMENT

This Settlement Agreement, dated as of April 4, 2025 (the “*Agreement*”), sets forth the terms of settlement between and among the Settling States, the Participating Subdivisions, and Zydus (as those terms are defined below). Upon satisfaction of the conditions set forth in Sections II and VIII, this Agreement will be binding on the Settling States, Zydus, and the Participating Subdivisions. This Agreement will then be filed as part of a Consent Judgment in the respective courts of each of the Settling States, pursuant to the terms set forth in Section IX.

I. Definitions

Unless otherwise specified, the following definitions apply:

A. “*Additional Remediation Amount.*” The amount available to the Settling States listed in Exhibit M totaling up to \$297,184.39.

B. “*Adjusted Maximum Remediation Payment.*” The Maximum Remediation Payment reduced by the State Allocation Percentage specified in Exhibit F for each Non-Settling State.

C. “*Agreement.*” The Zydus Settlement Agreement, as set forth above. For the avoidance of doubt, this Agreement is inclusive of all exhibits.

D. “*Alleged Harms.*” The alleged past, present, and future damages, harms, losses, and related expenditures allegedly incurred by the Settling States and Participating Subdivisions arising out of the use of Products, non-exclusive examples of which are described in the documents listed on Exhibit A, that have allegedly arisen as a result of the physical and bodily injuries sustained by individuals suffering from opioid-related addiction, death, and other related diseases and disorders, and that have allegedly been caused by Released Entities.

E. “*Allocation Statute.*” A state law that governs allocation, distribution, and/or use of some or all of the Settlement Fund amounts allocated to that Settling State and/or its Subdivisions. An Allocation Statute may, without limitation, contain a Statutory Trust, further restrict expenditures of funds, form an advisory committee, establish oversight and reporting requirements, or address other default provisions and other matters related to the funds. An Allocation Statute is not required to address all three (3) types of funds comprising the Settlement Fund or all default provisions.

F. “*Appropriate Official.*” As defined in Section XIII.E.3.

G. “*Bankruptcy Code.*” Title 11 of the United States Code, 11 U.S.C. § 101, et seq.

H. “*Bar.*” Either: (1) a law barring Subdivisions in a Settling State from maintaining or asserting Released Claims against Released Entities (either through a direct

bar or through a grant of authority to release claims and the exercise of such authority in full); or (2) a ruling by the highest court of the Settling State (or, in a Settling State with a single intermediate court of appeals, the intermediate court of appeals) when setting forth the general principle that Subdivisions in the Settling State may not maintain or assert any Released Claims against Released Entities, whether on the ground of this Agreement (or the release in it) or otherwise. For the avoidance of doubt, a law or ruling that is conditioned or predicated upon payment by a Released Entity (apart from the Remediation Payment by Zydus under this Agreement) shall not constitute a Bar.

I. “*Base Payment.*” As defined in Section V.D.

J. “*Case-Specific Resolution.*” Either: (1) a law barring the Subdivision at issue from maintaining any Released Claims against any Released Entities (either through a direct Bar or through a grant of authority to release claims and the exercise of such authority in full); or (2) a ruling by a court of competent jurisdiction over the Subdivision at issue that the Subdivision may not maintain any Released Claims at issue against any Released Entities, whether on the ground of this Agreement (or the release in it) or otherwise. For the avoidance of doubt, a law or ruling that is conditioned or predicated upon payment by a Released Entity (apart from the payment by Zydus under this Agreement) shall not constitute a Case-Specific Resolution.

K. “*Claim.*” Any past, present or future cause of action, claim for relief, cross-claim or counterclaim, theory of liability, demand, derivative claim, request, assessment, charge, covenant, damage, debt, lien, loss, fine, penalty, restitution, reimbursement, disgorgement, expenses, remediation, judgment, right, obligation, dispute, suit, contract, controversy, agreement, *parens patriae* claim, promise, performance, warranty, omission, or grievance of any nature whatsoever, whether legal, equitable, statutory, regulatory or administrative, whether arising under federal, state or local common law, statute, regulation, guidance, ordinance or principles of equity, whether filed or unfiled, whether asserted or unasserted, whether known or unknown, whether accrued or unaccrued, whether foreseen, unforeseen or unforeseeable, whether discovered or undiscovered, whether suspected or unsuspected, whether fixed or contingent, and whether existing or hereafter arising, in all such cases, including, but not limited to, any request for declaratory, injunctive, or equitable relief, compensatory, punitive, or statutory damages, absolute liability, strict liability, restitution, remediation, subrogation, contribution, indemnity, apportionment, disgorgement, reimbursement, attorney fees, expert fees, consultant fees, fines, penalties, expenses, costs or any other legal, equitable, civil, administrative, or regulatory remedy whatsoever.

L. “*Claim-Over.*” A Claim asserted by a Non-Released Entity against a Released Entity on the basis of contribution, indemnity, or other claim-over on any theory relating to a Non-Party Covered Conduct Claim asserted by a Releasor.

M. “*Compensatory Restitution Amount.*” The aggregate amount paid or incurred by Zydus hereunder for Opioid Remediation, which includes the aggregate Base and Incentive Payments earned by Settling States and does not include amounts paid as attorneys’ fees and costs or identified pursuant to Section VI.B.2 as being used to pay

attorneys' fees, investigation costs or litigation costs, which shall be up to the amount of the Adjusted Maximum Remediation Payment.

N. *"Consent Judgment."* A consent judgment in a form to be agreed by the Settling States and Zydus prior to the Effective Date that, among other things, (1) approves this Agreement and (2) provides for the release set forth in Section XI.A, including the dismissal with prejudice of any Released Claims that the Settling State has brought against Released Entities.

O. *"Covered Conduct"* means any actual or alleged act, failure to act, negligence, statement, error, omission, breach of any duty, conduct, event, transaction, agreement, service, work, sale, misstatement, misleading statement, or other activity of any kind whatsoever from the beginning of time through the Reference Date (and any past, present, or future consequence of any such act, failure to act, negligence, statement, error, omission, breach of duty, conduct, event, transaction, agreement, service, work, sale, misstatement, misleading statement, or other activity) arising from or relating in any way to (a) compounding, counseling, and documentation related to any Product or class of Products; (b) the availability, discovery, research, development, manufacture, packaging, repackaging, marketing, promotion, advertising, labeling, relabeling, recall, withdrawal, distribution, delivery, monitoring, reporting, regulatory compliance supply, sale, prescribing, dispensing, physical security, warehousing, use or abuse of, or operating procedures relating to any Product, or any system, plan, policy, procedure, or advocacy relating to any Product or class of Products, including but not limited to any unbranded or branded promotion, marketing, or advertising, information, patient support or assistance, educational programs, consultancy, research, other programs or campaigns, lobbying, grants, sponsorships, charitable donations, or other funding relating to any Product or class of Products; (c) the characteristics, properties, risks, or benefits of any Product or class of Products; (d) the monitoring or non-monitoring of orders placed of any Product; (e), reporting, disclosure, non-monitoring, non-reporting or non-disclosure to federal, state or other regulators of orders for any Product placed with any Released Entity; (f) the selective breeding, harvesting, extracting, purifying, exporting, importing, applying for quota for, procuring quota for, handling, promoting, manufacturing, processing, packaging, supplying, distributing, converting, or selling of, or otherwise engaging in any activity relating to, precursor or component Products, including but not limited to natural, synthetic, semi-synthetic or chemical raw materials, starting materials, finished active pharmaceutical ingredients, drug substances, or any related intermediate Products; or (g) diversion control programs, suspicious order monitoring, or regulatory compliance related to any Product.

P. *"Deposit Date."* July 25, 2025. This Date is the date by which the Settlement Referee shall transfer the Adjusted Maximum Remediation Payment, Private Attorney Fees, and the Additional Remediation Amount, pursuant to Section IV.D. This date is after the Preliminary Agreement Date, on which Zydus agrees to proceed with the agreement; this date may be changed by written agreement of Zydus and the Enforcement Committee.

Q. *"Designated State."* The state of New York.

R. *“Effective Date.”* The date sixty (60) calendar days after the Reference Date.

S. *“Eligible States.”* The states, commonwealths, and territories of the United States of America. The 56 Eligible States are listed in Exhibit F.

T. *“Enforcement Committee.”* A committee consisting of representatives of the Settling States and of the Participating Subdivisions. Exhibit B contains the organizational bylaws of the Enforcement Committee. Notice pursuant to Section XIII.Q shall be provided when there are changes in membership or contact information.

U. *“Fees Payment.”* The amount payable by Zydus on the Payment Date comprised of the Additional Remediation Amount payment, and the Private Attorney Fees payment. The Fees Payment does not include the Remediation Payment.

V. *“Final Order.”* An order or judgment of a court of competent jurisdiction with respect to the applicable subject matter (1) which has not been reversed or superseded by a modified or amended order, is not currently stayed, and as to which any right to appeal or seek certiorari, review, reargument, stay, or rehearing has expired, and as to which no appeal or petition for certiorari, review, reargument, stay, or rehearing is pending, or (2) as to which an appeal has been taken or petition for certiorari, review, reargument, stay, or rehearing has been filed and (a) such appeal or petition for certiorari, review, reargument, stay, or rehearing has been resolved by the highest court to which the order or judgment was appealed or from which certiorari, review, reargument, stay, or rehearing was sought, or (b) the time to appeal further or seek certiorari, review, reargument, stay, or rehearing has expired and no such further appeal or petition for certiorari, review, reargument, stay, or rehearing is pending.

W. *“Global Settlement Amount.”* The Global Settlement Amount is \$16,998,947.12, which is comprised of the Maximum Remediation Payment, Private Attorney Fees, and Additional Remediation Amount. Notwithstanding any other language or provisions in this or any other agreement, the Global Settlement Amount is the maximum dollar amount Zydus can pay in connection with the Agreement.

X. *“Implementation Administrator.”* Rubris, Inc., which is the vendor that will be retained by Zydus to provide notice pursuant to Section VIII.A and to manage the initial joinder period for Subdivisions, including the issuance and receipt of Subdivision Settlement Participation Forms.

Y. *“Incentive Payment A.”* The incentive payment described in Section V.E.4.

Z. *“Incentive Payment A Catch-Up Date.”* August 1, 2026.

AA. *“Incentive Payment BC.”* The incentive payment described in Section V.E.5.

BB. *“Initial Participating Subdivision.”* A Subdivision that meets the requirements set forth in Section VIII.D.

CC. *“Initial Participation Date.”* The date ninety (90) calendar days after the Preliminary Agreement Date, unless it is extended by written agreement of Zydus and the Enforcement Committee.

DD. *“Injunctive Relief Terms.”* The terms described in Section III and set forth in Exhibit P.

EE. *“Later Litigating Subdivision.”* A Subdivision (or Subdivision official asserting the right of or for the Subdivision to recover for Alleged Harms to the Subdivision and/or the people thereof) that: (1) first files a lawsuit bringing a Released Claim against a Released Entity after the Reference Date; or (2) adds a Released Claim against a Released Entity after the Reference Date to a lawsuit brought before the Reference Date that, prior to the Reference Date, did not include any Released Claims against a Released Entity; or (3) (a) was a Litigating Subdivision whose Released Claims against Released Entities were resolved by a legislative Bar or legislative Case-Specific Resolution as of the Reference Date, (b) such legislative Bar or legislative Case-Specific Resolution is subject to a Revocation Event after the Reference Date, and (c) the earlier of the date of completion of opening statements in a trial in an action brought by a Subdivision in that Settling State that includes a Released Claim against a Released Entity or one hundred eighty (180) days from the Revocation Event passes without a Bar or Case-Specific Resolution being implemented as to that Litigating Subdivision or the Litigating Subdivision's Released Claims being dismissed; or (4) (a) was a Litigating Subdivision whose Released Claims against Released Entities were resolved by a judicial Bar or judicial Case-Specific Resolution as of the Reference Date, (b) such judicial Bar or judicial Case-Specific Resolution is subject to a Revocation Event after the Reference Date, and (c) such Litigating Subdivision takes any action in its lawsuit asserting a Released Claim against a Released Entity other than seeking a stay or dismissal.

FF. *“Later Participating Subdivision.”* A Participating Subdivision that is not an Initial Participating Subdivision, but meets the requirements set forth in Section VIII.E.

GG. *“Litigating Subdivision.”* A Subdivision (or Subdivision official) that brought any Released Claim against any Released Entity prior to the Reference Date. Exhibit C is an agreed list of all Litigating Subdivisions. Exhibit C will be updated (including with any corrections) periodically, and a final version of Exhibit C will be attached hereto as of the Reference Date.

HH. *“Maximum Remediation Payment.”* The maximum amount owed by Zydus to the Settling States and Subdivisions, exclusive of the Private Attorney Fees, and the Additional Remediation Amount. The amount of the Maximum Remediation Payment is \$14,859,219.51.

II. *“National Arbitration Panel.”* The panel comprised as described in Section VII.F.3.b.

JJ. “*National Disputes.*” As defined in Section VII.F.3.a.

KK. “*Non-Litigating Subdivision.*” Any Subdivision that is not a Litigating Subdivision.

LL. “*Non-Participating Subdivision.*” Any Subdivision that is not a Participating Subdivision.

MM. “*Non-Party Covered Conduct Claim.*” A Claim against any Non-Released Entity involving, arising out of, or related to Covered Conduct (or conduct that would be Covered Conduct if engaged in by a Released Entity).

NN. “*Non-Party Settlement.*” A settlement by any Releasor that settles any Non-Party Covered Conduct Claim and includes a release of any Non-Released Entity.

OO. “*Non-Released Entity.*” An entity that is not a Released Entity.

PP. “*Non-Settling State.*” Any Eligible State that is not a Settling State.

QQ. “*Opioid Remediation.*” Care, treatment, and other programs and expenditures (including reimbursement for past such programs or expenditures¹ except where this Agreement restricts the use of funds solely to future Opioid Remediation) designed to (1) address the use of opioid products in the Settling States, (2) treat or mitigate opioid use or related disorders in the Settling States, or (3) mitigate other alleged effects of, including on those injured as a result of, the opioid epidemic in the Settling States. Exhibit E provides a non-exhaustive list of expenditures that qualify as being paid for Opioid Remediation. Qualifying expenditures may include reasonable related administrative expenses in connection with the above.

RR. “*Participating Subdivision.*” Any Subdivision that meets the requirements for becoming a Participating Subdivision under Section VIII.B and Section VIII.C. Participating Subdivisions include both Initial Participating Subdivisions and Later Participating Subdivisions.

SS. “*Participation Percentage of Incentive BC Eligible Subdivision Population.*” As defined in Section V.E.5.e.

TT. “*Parties.*” Zydus and the Settling States (each, a “*Party*”).

UU. “*Payment Calculation Date.*” October 20, 2025, which is sixty (60) days before the Payment Date. This date may be changed by written agreement of Zydus and the Enforcement Committee.

VV. “*Payment Date.*” December 19, 2025, which is the date by which Zydus makes the Remediation Payment and the Fees Payment. This date may be changed by written agreement of Zydus and the Enforcement Committee.

¹ Reimbursement includes amounts paid to any governmental entities for past expenditures or programs.

WW. “*Preliminary Agreement Date.*” The date Zydus informs the Settling States of its determination that the condition in Section II.B has been satisfied. The Preliminary Agreement Date shall be no more than fourteen (14) calendar days after the end of the notice period to Eligible States, unless it is extended by written agreement of Zydus and the Enforcement Committee.

XX. “*Primary Fire District.*” A fire district that covers a population of 25,000, or 0.20% of an Eligible State’s population if an Eligible State’s population is greater than 18 million. If not easily calculable from state data sources and agreed to between the Eligible State and Zydus, a fire district’s population is calculated by dividing the population of the county or counties a fire district serves by the number of fire districts in the county or counties. “Primary Fire Districts” shall mean fire districts as identified in connection with the implementation of the July 21, 2021, Janssen Settlement Agreement.

YY. “*Primary Subdivision.*” A Subdivision that is a General Purpose Government (including, but not limited to, a municipality, county, county subdivision, city, town, township, parish, village, borough, gore, or any other entities that provide municipal-type government) with population over 10,000; provided, however, that as used in connection with Incentive Payment BC, the population threshold is 30,000. Attached as Exhibit I is an agreed list of the Primary Subdivisions in each Eligible State.

ZZ. “*Private Attorney Fees*” are the amount to be paid by Zydus for private attorneys’ litigation fees and costs on behalf of Participating Subdivisions. The maximum amount of Private Attorney Fees is \$1,842,543.22. For avoidance of doubt, Private Attorney Fees do not include the Additional Remediation Amount.

AAA. “*Product.*” Any chemical substance, whether used for medicinal or non-medicinal purposes, and whether natural, synthetic, or semi-synthetic, or any finished pharmaceutical product made from or with such substance, that is: (1) an opioid or opiate, as well as any product containing any such substance; (2) benzodiazepine, carisoprodol, or gabapentin; or (3) a combination or “cocktail” of chemical substances prescribed, sold, bought, or dispensed to be used together that includes opioids or opiates. “Product” shall include, but is not limited to, any substance consisting of or containing buprenorphine, codeine, fentanyl, hydrocodone, hydromorphone, meperidine, methadone, morphine, naloxone, naltrexone, oxycodone, oxymorphone, pentazocine, propoxyphene, tapentadol, tramadol, opium, heroin, carfentanil, diazepam, estazolam, quazepam, alprazolam, clonazepam, oxazepam, flurazepam, triazolam, temazepam, midazolam, carisoprodol, gabapentin, or any variant of these substances or any similar substance. Notwithstanding the foregoing, nothing in this section prohibits a Settling State from taking administrative or regulatory action related to benzodiazepine (including, but not limited to, diazepam, estazolam, quazepam, alprazolam, clonazepam, oxazepam, flurazepam, triazolam, temazepam, and midazolam), carisoprodol, or gabapentin that is wholly independent from the use of such drugs in combination with opioids, *provided* such action does not seek money (including abatement and/or remediation) for conduct prior to the Initial Participation Date. “Product” also includes any natural, synthetic, semi-synthetic or chemical raw materials, starting materials, finished active pharmaceutical ingredients, drug substances, and any

intermediate products used or created in the manufacturing process for any of the substances described above.

BBB. “*Reference Date.*” The date on which Zydus is to inform the Settling States of its determination whether the condition in Section IX has been satisfied. The Reference Date shall be no later than thirty (30) calendar days after the Initial Participation Date, unless it is extended by written agreement of Zydus and the Enforcement Committee.

CCC. “*Released Claims.*” Any and all Claims that directly or indirectly are based on, arise out of, or in any way relate to or concern the Covered Conduct and/or Alleged Harms occurring prior to the Initial Participation Date. Without limiting the foregoing, Released Claims include any Claims that have been asserted against Released Entities by a Settling State or any of its Litigating Subdivisions in any federal, state, or local action or proceeding (whether judicial, arbitral, or administrative) based on, arising out of, or relating to, in whole or in part, the Covered Conduct and/or Alleged Harms, or any such Claims that could be or could have been asserted now or in the future in those actions or in any comparable action or proceeding brought by a Settling State, Subdivision, or Releasor (whether or not such Settling State, Subdivision, or Releasor has brought such action or proceeding). Released Claims also include all Claims against Released Entities asserted in any proceeding to be dismissed pursuant to the Agreement, whether or not such claims relate to Covered Conduct and/or Alleged Harms. The Parties intend that this term, “Released Claims,” be interpreted broadly. This Agreement does not release Claims by private individuals. It is the intent of the Parties that Claims by private individuals be treated in accordance with applicable law. Released Claims is also used herein to describe claims brought by a non-party Subdivision that would have been Released Claims if they had been brought by a Releasor against a Released Entity.

DDD. “*Released Entities.*” With respect to Released Claims, Zydus and (1) all past and present subsidiaries, divisions, affiliates, predecessors, successors, and assigns (in each case, whether direct or indirect) of Zydus; (2) all past and present subsidiaries and divisions (in each case, whether direct or indirect) of any entity described in subsection (1); (3) the respective past and present officers, directors, members, trustees, and employees of any of the foregoing (each for actions that occurred during and related to their work for, or employment with, any of Zydus or the foregoing entities); (4) all past and present joint ventures (whether direct or indirect) of Zydus or its subsidiaries, including in any subsidiary’s capacity as a participating member in such joint venture; (5) all direct or indirect parents and shareholders of Zydus (solely in their capacity as parents or shareholders of Zydus with respect to Covered Conduct); and (6) any insurer of Zydus or any person or entity otherwise described in subsections (1)-(5) (solely in its role as insurer of such person or entity and subject to the last sentence of Section XI.C). A list of Zydus’s joint ventures, subsidiaries and affiliates and predecessor entities is set forth in Exhibit J. Any person or entity described in subsections (3)-(6) shall be a Released Entity solely in the capacity described in such clause and shall not be a Released Entity with respect to its conduct in any other capacity. Any entity acquired, or joint venture entered into, by Zydus after the Initial Participation Date is not a Released Entity. Further and notwithstanding anything else in this paragraph, no entity sued in *In re: National Prescription Opiate*

Litigation, No. 1:17-md-2804 (N.D. Ohio) is included as a Released Entity other than the entities listed on Exhibit J.

EEE. “*Releasors.*” With respect to Released Claims, (1) each Settling State; (2) each Participating Subdivision; and (3) without limitation and to the maximum extent of the power of each Settling State’s Attorney General and/or Participating Subdivision to release Claims, (a) the Settling State’s and Participating Subdivision’s departments, agencies, divisions, boards, commissions, Subdivisions, districts, instrumentalities of any kind and attorneys, including its Attorney General, and any person in his or her official capacity whether elected or appointed to serve any of the foregoing and any agency, person, or other entity claiming by or through any of the foregoing, (b) any public entities, public instrumentalities, public educational institutions, unincorporated districts, fire districts, irrigation districts, water districts, emergency services districts, school districts, healthcare districts, hospital districts, Sheriffs and law enforcement districts, library districts, coroner’s offices, and public transportation authorities, and other Special Districts in a Settling State, including those with the regulatory authority to enforce state and federal controlled substances acts or the authority to bring Claims related to Covered Conduct seeking money (including abatement (or remediation and/or restitution)) or revoke a pharmaceutical distribution license, and (c) any person or entity acting in a *parens patriae*, sovereign, quasi-sovereign, private attorney general, *qui tam*, taxpayer, or other capacity seeking relief, including but not limited to fines, penalties, or punitive damages, on behalf of or generally applicable to the general public with respect to a Settling State or Subdivision in a Settling State, whether or not any of them participate in this Agreement. The inclusion of a specific reference to a type of entity in this definition shall not be construed as meaning that the entity is not a Subdivision. Each Settling State’s Attorney General represents that he or she has obtained (or will obtain no later than the Initial Participation Date) the authority set forth in Section XI.G. In addition to being a Releasor as provided herein, a Participating Subdivision shall also provide the Subdivision Settlement Participation Form referenced in Section VIII providing for a release to the fullest extent of the Participating Subdivision’s authority.

FFF. “*Remediation Accounts Fund.*” The component of the Settlement Fund described in Section VI.C.

GGG. “*Remediation Payment.*” The amount payable to the Settlement Fund by Zydus for Settling States’ Base Payments and Incentive Payments on the Payment Date, as calculated by the Settlement Fund Administrator.

HHH. “*Revocation Event.*” With respect to a Bar or Case-Specific Resolution, a legislative amendment, revocation, rescission, reversal, overruling, or interpretation that in any way limits the effect of such Bar or Case-Specific Resolution on Released Claims, or any other action or event that otherwise deprives the Bar, or Case-Specific Resolution of force or effect in any material respect.

III. “*Settlement Fund.*” The interest-bearing fund established at [Bank TBD] pursuant to this Agreement into which the Remediation Payment is made under Section V, which is intended to be classified as a “qualified settlement fund” within the meaning of

26 C.F.R. §§ 1.468B-1 *et seq.* and which shall be approved by any Settling State in accordance with the requirements of 26 C.F.R. § 1.468B-1.

JJJ. “*Settlement Fund Administrator.*” BrownGreer PLC, which is the entity that determines the Remediation Payment (including calculating offset or reduction and Incentive Payments pursuant to Section V) and Additional Remediation Amount, administers the Settlement Fund, and distributes amounts into the Remediation Accounts Fund, State Fund, and Subdivision Fund pursuant to this Agreement. The duties of the Settlement Fund Administrator shall be governed by this Agreement. Prior to the Effective Date, Zydus and the Enforcement Committee shall agree to a detailed description of the Settlement Fund Administrator’s duties and responsibilities, including a detailed mechanism for paying the Settlement Fund Administrator’s fees and costs, all of which shall be appended to the Agreement as Exhibit L.

KKK. “*Settlement Referee.*” The trustee administrator appointed by the federal district court in the March 11, 2025 Order in *In re: National Prescription Opiate Litigation*, No. 1:17-md-2804 (N.D. Ohio) entitled “Order to Establish Confidential Qualified Settlement Fund and Appoint Settlement Referee for Zydus Settlement Agreement” (Docket #6010) to administer the qualified settlement fund called the Zydus Settlement Fund.

LLL. “*Settlement Fund Escrow.*” The interest-bearing escrow fund established pursuant to this Agreement to hold disputed payments made under this Agreement.

MMM. “*Settling State.*” An Eligible State that has entered into this Agreement and delivers executed releases in accordance with Section IX.A.

NNN. “*State Allocation Percentage.*” A Settling State’s percentage as set forth in Exhibit F.

OOO. “*State Fund.*” The component of the Settlement Fund described in Section VI.C.

PPP. “*State-Subdivision Agreement.*” An agreement that a Settling State reaches with the Subdivisions in that Settling State regarding the allocation, distribution, and/or use of funds allocated to that Settling State and to its Subdivisions. A State-Subdivision Agreement shall be effective if approved pursuant to the provisions of Exhibit O or if adopted by statute. Preexisting agreements addressing funds other than those allocated pursuant to this Agreement shall qualify if the approval requirements of Exhibit O are met. A Settling State and its Subdivisions may revise a State-Subdivision Agreement if approved pursuant to the provisions of Exhibit O, or if such revision is adopted by statute.

QQQ. “*Statutory Trust.*” A trust fund established by state law to receive funds allocated to a Settling State’s Remediation Accounts Fund and restrict any expenditures made using funds from the Settling State’s Remediation Accounts Fund to Opioid Remediation, subject to reasonable administrative expenses. A Settling State may give a

Statutory Trust authority to allocate one (1) or more of the three (3) types of funds comprising such Settling State's Settlement Fund, but this is not required.

RRR. "*Statewide Payment Amount.*" The amount from the Remediation Payment to be paid to a Settling State, including its separate types of funds (if applicable) and its Participating Subdivisions listed in Exhibit G, on or as soon as practical after the Payment Date.

SSS. "*Subdivision.*" Any (1) General Purpose Government (including, but not limited to, a municipality, county, county subdivision, city, town, township, parish, village, borough, gore, or any other entities that provide municipal-type government), School District, or Special District within a Settling State, and (2) any other subdivision, subdivision official acting in an official capacity on behalf of the subdivision (including, without limitation, district attorneys, county attorneys, city attorneys, sheriffs, and any other official, employee, or representative), or sub-entity of or located within a Settling State (whether political, geographical or otherwise, whether functioning or non-functioning, regardless of population overlap, and including, but not limited to, Nonfunctioning Governmental Units and public institutions) that has filed a lawsuit that includes a Released Claim against a Released Entity in a direct, *parens patriae*, or any other capacity. "General Purpose Government," "School District," and "Special District" shall correspond to the "five basic types of local governments" recognized by the U.S. Census Bureau and match the 2017 list of Governmental Units.² The three (3) General Purpose Governments are county, municipal, and township governments; the two (2) special purpose governments are School Districts and Special Districts.³ "Fire District," "Health District," "Hospital District," and "Library District" shall correspond to categories of Special Districts recognized by the U.S. Census Bureau.⁴ References to a Settling State's Subdivisions or to a Subdivision "in," "of," or "within" a Settling State include Subdivisions located within the Settling State even if they are not formally or legally a sub-entity of the Settling State; *provided, however*, that a "Health District" that includes any of the following words or phrases in its name shall not be considered a Subdivision: mosquito, pest, insect, spray, vector, animal, air quality, air pollution, clean air, coastal water, tuberculosis, and sanitary.

² https://www2.census.gov/programs-surveys/gus/datasets/2017/govt_units_2017.ZIP

³ *E.g.*, U.S. Census Bureau, "Technical Documentation: 2017 Public Use Files for State and Local Government Organization" at 7 (noting that "the Census Bureau recognizes five basic types of local governments," that three of those are "general purpose governments" (county governments, municipal governments, and township governments), and that the other two are "school district and special district governments"), https://www2.census.gov/programs-surveys/gus/datasets/2017/2017_govt_org_meth_tech_doc.pdf.

⁴ A list of 2017 Government Units provided by the Census Bureau identifies 38,542 Special Districts and categorizes them by "FUNCTION_NAME." "Govt_Units_2017_Final" spreadsheet, "Special District" sheet, included in "Independent Governments - list of governments with reference information," https://www2.census.gov/programs-surveys/gus/datasets/2017/govt_units_2017.ZIP. As used herein, "Fire District" corresponds to Special District function name "24 — Local Fire Protection," "Health District" corresponds to Special District function name "32 — Health," "Hospital District" corresponds to Special District function name "40 — Hospitals," and "Library District" corresponds to Special District function name "52 — Libraries." *See id.*

TTT. “*Subdivision Allocation Percentage.*” The portion of a Settling State's Subdivision Fund set forth in Exhibit G that a Subdivision will receive pursuant to Section VI if it becomes a Participating Subdivision. The aggregate Subdivision Allocation Percentage of all Subdivisions receiving a Subdivision Allocation Percentage in each Settling State shall equal one hundred percent (100%). Immediately upon the effectiveness of any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section VI.D.3 (or upon the effectiveness of an amendment to any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section VI.D.3) that addresses allocation from the Subdivision Fund, whether before or after the Initial Participation Date, Exhibit G will automatically be amended to reflect the allocation from the Subdivision Fund pursuant to the State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section VI.D.3. The Subdivision Allocation Percentages contained in Exhibit G may not change once notice is distributed pursuant to Section VIII.A, except upon the effectiveness of any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section VI.D.3 (or upon the effectiveness of an amendment to any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section VI.D.3) that addresses allocation from the Subdivision Fund. For the avoidance of doubt, no Subdivision not listed on Exhibit G shall receive an allocation from the Subdivision Fund and no provision of this Agreement shall be interpreted to create such an entitlement.

UUU. “*Subdivision Fund.*” The component of the Settlement Fund described in Section VI.A.

VVV. “*Subdivision Settlement Participation Form.*” The form attached as Exhibit K that Participating Subdivisions must execute and return to the Implementation Administrator or Settlement Fund Administrator, and which shall (1) make such Participating Subdivisions signatories to this Agreement, (2) include a full and complete release of any and all of such Participating Subdivisions' claims, and (3) require the prompt dismissal with prejudice of any Released Claims that have been filed by any such Participating Subdivision.

WWW. “*Threshold Motion.*” A motion to dismiss or equivalent dispositive motion made at the outset of litigation under applicable procedure. A Threshold Motion must include as potential grounds for dismissal any applicable Bar or the relevant release by a Settling State or Participating Subdivision provided under this Agreement and, where appropriate under applicable law, any applicable limitations defense.

XXX. “*Zydus.*” Zydus Pharmaceuticals (USA) Inc.

YYY. “*Zydus Settlement Fund.*” The qualified settlement fund established by the federal district court in *In re: National Prescription Opiate Litigation*, No. 1:17-md-2804 (N.D. Ohio) by its March 11, 2025 Order entitled “Order to Establish Confidential Qualified Settlement Fund and Appoint Settlement Referee for Zydus Settlement Agreement” (Docket #6010) called the “Zydus Settlement Fund” therein within which

Zydus deposited amounts to be used to pay the amounts set forth in this Agreement upon the fulfillment of the conditions precedent set forth in this Agreement.

II. Participation by Eligible States and Condition to Preliminary Agreement

A. *Notice to Eligible States.* On May 26, 2025, this Agreement shall be distributed to all Eligible States. The Attorneys General of the Eligible States shall then have until June 25, 2025, to decide whether to become Settling States and notify the Enforcement Committee and Zydus of that decision. Eligible States that determine to become Settling States shall so notify Zydus and shall further commit to obtaining any necessary additional state releases prior to the Reference Date. This notice period may be extended by written agreement of Zydus and the Enforcement Committee.

B. *Condition to Preliminary Agreement.* Following the notice period set forth in Section II.A, Zydus shall have fourteen (14) calendar days to determine whether, in its sole discretion (based on any criteria or factors deemed relevant to Zydus), enough Eligible States have agreed to become Settling States to proceed with notice to Subdivisions as set forth in Section VIII. This period may be extended by written agreement of Zydus and the Enforcement Committee. If Zydus determines that this condition has been satisfied, and that notice to the Subdivisions should proceed, it will so notify the Settling States by providing notice to the Enforcement Committee. The date of such notice shall be the Preliminary Agreement Date. If Zydus determines that this condition has not been satisfied, this Agreement will have no further effect and all releases and other commitments or obligations contained herein will be void.

C. *Later Joinder by Eligible States.* After the Preliminary Agreement Date, an Eligible State may only become a Settling State with the consent of Zydus and the Enforcement Committee, provided that the Enforcement Committee may not withhold consent to an Eligible State's later joinder if the Eligible State agrees to join pursuant to the terms of this Agreement and the allocation set forth on Exhibit F. If an Eligible State becomes a Settling State more than thirty (30) calendar days after the Preliminary Agreement Date, but on or before the Reference Date, the Subdivisions in that Eligible State that become Participating Subdivisions within ninety (90) calendar days of the Eligible State becoming a Settling State shall be considered Initial Participating Subdivisions. An Eligible State may not become a Settling State after the Reference Date.

D. *Litigation Activity.* Following the Preliminary Agreement Date, Eligible States that determine to become Settling States shall make reasonable efforts to cease litigation activity against Zydus, including by jointly seeking stays or, where appropriate, severance of claim against Zydus, where feasible, and otherwise to minimize such activity by means of agreed deadline extensions and agreed postponement of depositions, document productions, and motion practice if a motion to stay or sever is not feasible or is denied.

III. Injunctive Relief

A. *Injunctive Relief.* As part of the Consent Judgment, the Parties agree to the injunctive relief terms attached in Exhibit P.

IV. Procedure for Segregated Account Deposits and Payments

A. On April 3, 2025, Zydus deposited into the Zydus Settlement Fund the amount of \$16,998,947.12, which is the total amount of funds subject to this Agreement.

1. The interest earned from the deposit account holding the Remediation Amount shall be used, first, to pay for the Implementation Administrator, then to pay for the Implementation Administrator in the Alvogen, Amneal, Apotex, Hikma, Indivior, Mylan, and Sun Settlement Agreements, and finally to be transferred to the Settlement Fund to be used to pay for the Settlement Fund Administrator pursuant to Section VI.C.4.

B. By the Deposit Date, the Settlement Referee shall transfer from the Zydus Settlement Fund into two (2) separate segregated interest-bearing bank accounts it establishes: (a) the Private Attorney Fees amount; and (b) the Additional Remediation Amount. Zydus shall separately account for the interest earned on each of the three (3) accounts.

C. The Settlement Fund Referee shall provide proof to the Enforcement Committee of the deposits required by Section IV.E.1 by the Deposit Date. Zydus shall not remove any money from the segregated bank accounts, except as provided by Section IV.G and Section IV.I.

D. If an Eligible State joins the agreement pursuant to Section II.C and that joinder is after the Deposit Date, the Settlement Fund Referee shall deposit that Settling State's maximum Statewide Payment Amount, which is the Maximum Remediation Payment multiplied by the Settling State's State Allocation Percentage. Such deposit shall be within fifteen (15) days of the Settling State's joinder.

E. If the condition set forth in Section IX.B is met, the Settlement Referee shall:

1. Transfer into the Settlement Fund on the Payment Date (unless the Enforcement Committee specifies a later date) the Remediation Payment amount calculated by the Settlement Fund Administrator pursuant to Section V.C.2 from the segregated account. For the avoidance of doubt, this transfer includes any amounts that the Settlement Fund Administrator will place into the Settlement Fund Escrow pursuant to Section V.C.4.e.

a. The interest earned from the deposit account holding the Remediation Amount shall be used, first, to pay for the Implementation Administrator, then to pay for the Implementation Administrator in the

Alvogen, Amneal, Apotex, Hikma, Indivior, Mylan, and Sun Settlement Agreements, and finally to be transferred to the Settlement Fund to be used to pay for the Settlement Fund Administrator pursuant to Section VI.C.4.

2. Transfer into the relevant funds as directed by the Enforcement Committee, no later than the Payment Date (unless the Enforcement Committee specifies a later date) the amount in the segregated account holding the Private Attorney Fees (including all interest accrued on that account), minus any amounts not payable pursuant to the terms of Exhibit R, and the amount in the segregated account holding the Additional Remediation Amount (including all interest accrued on that account), minus the Additional Remediation Amount that would have been owed to Non-Settling States as calculated by multiplying the Additional Remediation Amount by the sum of allocations on Exhibit N for Non-Settling States.

F. The Remediation Payment transferred by the Settlement Referee into the Settlement Fund pursuant to Section IV.D.1 shall be disbursed by the Settlement Fund Administrator to each Settling State and to its Participating Subdivisions listed on Exhibit G pursuant to Section V.C.5 through Section V.C.8; provided, however, that for any Settling State where the Consent Judgment has not been entered as of the Effective Date, the funds allocable to that Settling State and its Participating Subdivisions listed on Exhibit G shall not be disbursed until ten (10) calendar days after the entry of the Consent Judgment in that Settling State.

G. Any amounts in the segregated accounts not subject to transfer pursuant to Section IV.D shall immediately revert to Zydus after the Settlement Referee makes the transfers required by Section IV.D.

H. Except for the interest earned on the payment amounts, any unearned Incentive Payment A amount in the Settlement Fund shall immediately revert to Zydus after the Incentive Payment A Catch-Up Date. This excess reflects Settling States who sought, but did not achieve, a Bar by the Incentive Payment A Catch-Up Date. Any amount in the Settlement Fund exceeding the payments described in Section V.C.3 shall immediately revert to Zydus after the Payment Date. This excess is Settling States' unearned Maximum Incentive Payment amounts.

I. In the event that, in accordance with the terms of Section IX.B, Zydus determines not to proceed with the Settlement, or the Settlement does not become effective for any other reason, the funds held in the segregated bank accounts shall immediately revert to Zydus.

V. Settlement Payment Calculation Process

A. *Settlement Fund.* All payments under this Section V shall be made into the Settlement Fund, except that, where specified, they shall be made into the Settlement Fund Escrow. The Settlement Fund shall be allocated and used only as specified in Section VI.

B. *Remediation Payment*

1. Zydus shall make one Remediation Payment comprised of both Base Payments and Incentive Payments as provided in Section IV.D.1.

2. In no instance shall Zydus's Remediation Payment obligations exceed the Adjusted Maximum Remediation Amount.

C. *Settlement Fund Payment Process*

1. To determine the Remediation Payment, the Settlement Fund Administrator shall use the data as of the Payment Calculation Date. Prior to the Effective Date, the Parties will include Exhibit L, which sets forth in detail the process for the Settlement Fund Administrator to obtain relevant data and for distributing funds to the Settling States and their Participating Subdivisions listed on Exhibit G consistent with the terms of this Agreement as quickly as practical.

2. On the Payment Calculation Date, the Settlement Fund Administrator shall determine the Remediation Payment, consistent with the provisions in Exhibit L, by determining the sum, for all Settling States, of the Base Payment amount, Incentive Payments A or BC amount to which each Settling State is entitled (or could in the future be entitled for states who notify Defendants of an intent to obtain a Bar by the Incentive Payment A Catch-Up Date) by applying the criteria under Section V.D and Section V.E;

3. On the Payment Calculation Date and Incentive Payment A Catch-Up Date, the Settlement Fund Administrator shall determine the Statewide Payment Amount for each Settling State, consistent with the provisions in Exhibit L, by determining, for each Settling State, the Base Payment amount (only on the Payment Calculation Date) and Incentive Payment amount to which the Settling State is entitled on that date by applying the criteria under Section V.D and Section V.E, after subtracting the portion of any Settlement Fund Administrator costs and fees owed out of funds from the Settlement Fund pursuant to Section VI.C.4.

4. No later than fifty (50) days prior to the Payment Date, the Settlement Fund Administrator shall give notice to Zydus, the Settling States, and the Enforcement Committee of the amount of the Remediation Payment, and/or the Statewide Payment Amount for each Settling State, following the determination described in Section V.C.2 and V.C.3, and the following timeline shall apply:

a. Within twenty-one (21) calendar days of the notice provided by the Settlement Fund Administrator, Zydus, any Settling State or the Enforcement Committee may dispute, in writing, the calculation of the Remediation Payment and/or the Statewide Payment Amount for a Settling State. Such disputing party must provide a written notice of dispute to the Settlement Fund Administrator, the Enforcement Committee, any affected Settling State, and Zydus identifying the nature of the dispute, the amount of money that is disputed, and the Settling State(s) affected.

b. Within twenty-one (21) calendar days of the sending of a written notice of dispute, any affected party may submit a response, in writing, to the Settlement Fund Administrator, the Enforcement Committee, any affected Settling State, and Zydus identifying the basis for disagreement with the notice of dispute.

c. If no response is filed, the Settlement Fund Administrator shall adjust the amount calculated consistent with the written notice of dispute. In the case of the Remediation Payment, Zydus shall pay the adjusted amount, collectively totaling the Remediation Payment, on the Payment Date.

d. If a written response to the written notice of dispute is timely sent to the Settlement Fund Administrator, the Settlement Fund Administrator shall notify Zydus, the Enforcement Committee, and any affected Settling State of the preliminary amount, which shall be the greater of the amount originally calculated by the Settlement Fund Administrator or the amount that would be consistent with the notice of dispute. In the case of the Remediation Payment, Zydus shall pay this preliminary amount, *provided, however*, that in no circumstances shall the preliminary amount to be paid be higher than the Maximum Remediation Payment.

e. The Settlement Fund Administrator shall place any disputed amount of the preliminary amount paid by Zydus into the Settlement Fund Escrow and shall disburse any undisputed amount to each Settling State and its Participating Subdivisions listed on Exhibit G pursuant to Section V.C.5.

5. If a Settling State informs the Settlement Fund Administrator that it and its Participating Subdivisions listed on Exhibit G have agreed on the amount of its Statewide Payment Amount, determined pursuant to Section V.C.3, to be distributed to the Settling State, among its separate types of funds (if applicable), and among its Participating Subdivisions listed on Exhibit G, the Settlement Fund Administrator shall disburse the Statewide Payment Amount pursuant to the consensus distribution amounts provided by the Settling State as quickly as practical. For a Settling State that does not so notify the Settlement Fund Administrator, the Settlement Fund Administrator shall allocate the Settling State's Statewide Payment Amount, pursuant to Section VI, among the separate types of funds for the Settling State (if applicable), and among its Participating Subdivisions listed on Exhibit G using the following procedures:

a. As soon as possible for each payment and following the determination described in Section V.C.3, the Settlement Fund Administrator shall give notice to the relevant Settling States and their Participating Subdivisions listed on Exhibit G of the amount to be received by each Settling State, the amount to be received by the separate types of funds for each Settling State (if applicable), and the amount to be received by each Participating Subdivision listed on Exhibit G for each Settling State.

b. Within twenty-one (21) days of the notice provided by the Settlement Fund Administrator, any Settling State or Participating Subdivision listed on Exhibit G may dispute, in writing, the calculation of the amount to be received by the relevant Settling State and/or its Participating Subdivision listed on Exhibit G. A dispute will be deemed invalid and disregarded if it challenges the allocations adopted by a State-Subdivision Agreement approved pursuant to the provisions of Exhibit O or by statute. Such disputing party must provide a written notice of dispute to the Settlement Fund Administrator, any affected Settling State, and any affected Participating Subdivision identifying the nature of the dispute, the amount of money that is disputed, and the Settling State(s) affected.

c. Within twenty-one (21) days of the sending of a written notice of dispute, any affected Settling State or any affected Participating Subdivision may submit a response, in writing, to the Settlement Fund Administrator, any affected Settling State, and any affected Participating Subdivision identifying the basis for disagreement with the notice of dispute.

d. If no response is filed, the Settlement Fund Administrator shall adjust the amount calculated consistent with the written notice of dispute.

e. The Settlement Fund Administrator shall place any disputed amount into the Settlement Fund Escrow and shall disburse any undisputed amount to the Settling State and its Participating Subdivisions eligible for payment.

6. Disputes described in this subsection (other than those for which no response is filed under Sections V.C.4.c or V.C.5.d) shall be resolved in accordance with the terms of Section VII.F.

7. The Settlement Fund Administrator may combine the disbursements of the Remediation Payment with the disbursement of funds under other comparable opioid settlements. In determining when disbursements of the Remediation Payment will be made, the Settlement Fund Administrator may take into account the timeline for the availability of disbursements under other comparable opioid settlements.

8. For the avoidance of doubt, Subdivisions not listed on Exhibit G shall not receive an allocation from the Subdivision Fund and no provision of this Agreement shall be interpreted to create such an entitlement.

D. *Base Payments.*

1. Zydus shall make Base Payments into the Settlement Fund in an amount equal to forty percent (40%) of the Adjusted Maximum Remediation Payment. The maximum total for Base Payments is \$5,943,687.80.

2. The Base Payment for any Settling State shall be the maximum total for Base Payments, \$5,943,687.80, times the Settling State's State Allocation Percentage specified in Exhibit F.

E. *Incentive Payments.*

1. Settling States may earn Incentive Payments totaling up to a maximum of sixty percent (60%) of the Adjusted Maximum Remediation Payment, with the Incentive Payment amount depending on whether and the extent to which the criteria set forth below are met in each Settling State. The maximum total for Incentive Payments is \$8,915,531.71.

2. A Settling State qualifies to receive an Incentive Payment in addition to its Base Payment if it meets the incentive eligibility requirements specified below. The maximum total Incentive Payment for any Settling State shall be no more than the maximum total for Incentive Payments, \$8,915,531.71, times the Settling State's State Allocation Percentage specified in Exhibit F. Incentive Payments are state-specific, with the actual amount depending on whether and the extent to which the criteria set forth below are met in such Settling State.

3. The Incentive Payments shall be divided among two (2) categories, referred to as Incentive Payments A and BC. Incentive Payments A and BC will be due to Settling States on the Payment Date. The total amount of Incentive Payments due to Settling States shall be the sum of the Incentive Payments for which the individual Settling States are eligible under the criteria set forth below. The Incentive Payments shall be made with respect to a specific Settling State based on its eligibility under the criteria set forth below. For the avoidance of doubt, eligibility for Incentive Payments A and BC shall be determined on a Settling State-by-Settling State basis.

4. Incentive Payment A.

a. Incentive Payment A is mutually exclusive with Incentive Payment BC; if a Settling State receives Incentive Payment A in the Remediation Payment, such Settling State is not eligible for Incentive Payment BC.

b. Incentive Payment A shall be equal to sixty percent (60%) of the Adjusted Maximum Remediation Payment, provided all Settling States satisfy the requirements of Incentive Payment A. Incentive Payment A will be due to a Settling State as part of the Remediation Payment, and shall equal a total potential maximum of \$8,915,531.71 if all Eligible States qualify for Incentive Payment A. Each Settling State's share of Incentive Payment A, *provided* that Settling State qualifies, shall equal the total maximum amount available for Incentive Payment A, \$8,915,531.71, times the Settling State's State Allocation Percentage.

c. Qualification for Incentive Payment A is as follows: A Settling State qualifies for Incentive Payment A if, as of the Payment Calculation Date: (i) there is a Bar in that Settling State in full force and effect, (ii) the Released Claims of all of the following entities are released through the execution of Subdivision Settlement Participation Forms, or there is a Case-Specific Resolution against such entities: all Primary Subdivisions, Litigating Subdivisions, School Districts with a K-12 student enrollment of at least 25,000 or .10% of a Settling State's population, whichever is greater, Hospital Districts that have at least one hundred twenty-five (125) hospital beds in one or more hospitals rendering services in that district, and Primary Fire Districts; or (iii) a combination of the actions in clauses (i) and (ii) has achieved the same level of resolution of Subdivision Claims (*e.g.*, a Bar against future litigation combined with full joinder by Litigating Subdivisions). For the avoidance of doubt, subsection (iii) cannot be satisfied unless all Litigating Subdivisions are Participating Subdivisions or there is a Case-Specific Resolution against any such Subdivisions that are not Participating Subdivisions. Zydus and the Enforcement Committee shall meet and confer in order to agree on data sources for purposes of this Section prior to the Initial Participation Date.

d. If a Settling State intends to achieve Incentive A by a Bar in effect after the Payment Calculation date but before the Incentive A Catch-Up Date, the Settling State shall notify Zydus no later than 30 days before the Initial Participation Date. A Settling State who so notifies Zydus and does not qualify for Incentive Payment A as of the Payment Date but becomes eligible for Incentive Payment A as of the Incentive Payment A Catch-Up Date shall receive the payment that it would have received for Incentive Payment A (the "Incentive Payment A Catch-up Payment") on the Incentive Payment A Catch-Up Date. The Incentive Payment A Catch-up Payment shall be reduced by any amounts paid to the Settling State under Incentive Payment BC prior to the Settling State's eligibility for Incentive Payment A. A Settling State that does not qualify for Incentive Payment A as of the Incentive Payment A Catch-Up Date shall not be eligible for Incentive Payment A.

e. To the extent a Settling State asserts that existing legislation qualifies as a Bar, the Settling State shall provide notice to Zydus no later than 30 days before the Initial Participation Date. Zydus shall indicate before the Initial Participation Date whether existing legislation in a Settling State is sufficient to qualify as a Bar.

5. Incentive Payment BC.

a. Incentive Payment BC shall be available to Settling States that do not qualify for Incentive Payment A.

b. Incentive Payment BC shall be up to a maximum of sixty percent (60%) of the Settling State's share of the Remediation Payment. Incentive Payment BC will be due to a Settling State as part of the Remediation Payment. Incentive Payment BC shall equal a total potential maximum of \$8,915,531.71 if all Eligible States qualify for Incentive Payment BC (and do not qualify for Incentive Payment A).

c. The maximum Incentive Payment BC for any Settling State shall be the maximum potential Incentive Payment BC, \$8,915,531.71, times the Settling State's State Allocation Percentage specified in Exhibit F, provided such Settling State becomes eligible for Incentive Payment BC by the Payment Calculation Date.

d. The amount of Incentive Payment BC for which a Settling State is eligible shall be determined based on the aggregate population of the Settling State's Incentive BC Subdivisions that are Participating Subdivisions or have had their claims resolved through a Case-Specific Resolution, divided by the aggregate population of all the Settling State's Incentive BC Subdivisions. The Settling State's Incentive BC Subdivisions are (i) all Litigating Subdivisions (including School Districts and Special Districts) and (ii) all Primary Subdivisions that have not sued Zydus as of the Initial Participation Date (collectively "*Incentive BC Subdivisions*").

e. The percentage of the Settling State's maximum Incentive Payment BC provided by Section V.E.5.c to which the Settling State is entitled shall be determined according to the table of Incentive BC payment levels below:

Participation Percentage of Incentive BC Eligible Subdivision Population⁵	Incentive Payment BC Percentage
Less than 85%	0%
85% or more but less than 86%	3.57%
86% or more but less than 87%	8.93%

⁵ The "Participation Percentage of Incentive BC Eligible Subdivision Population" shall be determined by the aggregate population of the Settling State's Incentive BC Subdivisions that are Participating Subdivisions or have had their claims resolved through a Case-Specific Resolution, divided by the aggregate population of the Settling State's Incentive BC Subdivisions. In calculating the Settling State's population that resides in Incentive BC Subdivisions, the population of the Settling State's Incentive BC Subdivisions shall be the sum of the population of all Incentive BC Subdivisions in the Settling State, notwithstanding that persons may be included within the population of more than one Incentive BC Subdivision. An individual Subdivision shall not be included more than once in the numerator, and shall not be included more than once in the denominator, of the calculation regardless if it (or any of its officials) is named as multiple plaintiffs in the same lawsuit; provided, however, that for the avoidance of doubt, no Subdivision will be excluded from the numerator or denominator under this sentence unless a Subdivision otherwise counted in the denominator has the authority to release the Claims (consistent with Section X) of the Subdivision to be excluded.

87% or more but less than 88%	14.29%
88% or more but less than 89%	19.64%
89% or more but less than 90%	25%
90% or more but less than 91%	30.36%
91% or more but less than 92%	35.71%
92% or more but less than 93%	41.07%
93% or more but less than 94%	46.43%
94% or more but less than 95%	51.79%
95% or more but less than 96%	60.71%
96% or more but less than 97%	68.75%
97% or more but less than 98%	76.79%
98% or more but less than 99%	84.82%
99% or more but less than 100%	92.86%
100%	100%

f. The percentage of the available Incentive Payment BC amount for which a Settling State is eligible will be based on the Participation Percentage of Incentive BC Eligible Subdivision Population as of the Payment Calculation Date. If Incentive BC Eligible Subdivisions that have become Participating Subdivisions, or achieved Case-Specific Resolution status, collectively represent less than eighty-five percent (85%) of a Settling State's Incentive BC Eligible Subdivision population by the Payment Calculation Date, the Settling State shall not receive any Incentive Payment BC.

g. If there are no Incentive BC Eligible Subdivisions in a Settling State, and that Settling State is otherwise eligible for Incentive Payment BC, that Settling State will receive its maximum Incentive Payment BC provided by Section V.E.5.c.

In no event shall any Settling State receive a Base Payment and Incentive Payment totaling more than one hundred percent (100%) of its respective State Allocation Percentage specified in Exhibit F times the Maximum Remediation Payment.

VI. Allocation and Use of Settlement Payments

A. *Components of Settlement Fund.* The Settlement Fund shall be funded by the Remediation Payment and comprised of a Remediation Accounts Fund, a State Fund, and a Subdivision Fund for each Settling State. The payments made under Section IV into the Settlement Fund shall be initially allocated among those three (3) sub-funds and distributed and used as provided below. Unless otherwise specified herein, payments placed into the Settlement Fund do not revert back to Zydus.

B. Use of Settlement Payments.

1. It is the intent of the Parties that the payments disbursed from the Settlement Fund to Settling States and Participating Subdivisions be for Opioid Remediation, subject to exceptions that must be documented in accordance with Section VI.B.2. In no event may less than ninety-five percent (95%) of Zydus's maximum amount of payments pursuant to Section V be spent on Opioid Remediation.

2. While disfavored by the Parties, a Settling State or a Participating Subdivision set forth on Exhibit G may use monies from the Settlement Fund (that have not been restricted by this Agreement solely to future Opioid Remediation) for purposes that do not qualify as Opioid Remediation. If, at any time, a Settling State or a Participating Subdivision set forth on Exhibit G uses any monies from the Settlement Fund for a purpose that does not qualify as Opioid Remediation, such Settling State or Participating Subdivision set forth on Exhibit G shall identify such amounts and report to the Settlement Fund Administrator and Zydus how such funds were used, including if used to pay attorneys' fees, investigation costs, litigation costs, or costs related to the operation and enforcement of this Agreement, respectively. It is the intent of the Parties that the reporting under this Section VI.B.2 shall be available to the public. For the avoidance of doubt, (a) any amounts not identified under this Section VI.B.2 as used to pay attorneys' fees, investigation costs, or litigation costs shall be included in the Compensatory Restitution Amount for purposes of Section VI.F and (b) Participating Subdivisions not listed on Exhibit G may only use monies from the Settlement Fund for purposes that qualify as Opioid Remediation.

C. *Allocation of Settlement Fund.* The allocation of the Settlement Fund allows for different approaches to be taken in different states, such as through a State-Subdivision Agreement. Given the uniqueness of Settling States and their Subdivisions, Settling States and their Subdivisions are encouraged to enter into State-Subdivision Agreements in order to direct the allocation of their portion of the Settlement Fund. As set out below, the Settlement Fund Administrator will make an initial allocation to three (3) state-level sub-funds. The Settlement Fund Administrator will then, for each Settling State and its Participating Subdivisions, apply the terms of this Agreement and any relevant

State-Subdivision Agreement, Statutory Trust, Allocation Statute, or voluntary redistribution of funds as set out below before disbursing the funds.

1. Base Payments. The Settlement Fund Administrator will allocate Base Payments under Section V.D among the Settling States pursuant to Section V.D.2. Base payments for each Settling State will then be allocated fifteen percent (15%) to its State Fund, seventy percent (70%) to its Remediation Accounts Fund, and fifteen percent (15%) to its Subdivision Fund. Amounts may be reallocated and will be distributed as provided in Section VI.D.

2. Incentive Payments. The Settlement Fund Administrator will treat Incentive Payments under Section V.E on a state-specific basis. Incentive Payments for which a Settling State is eligible will be allocated fifteen percent (15%) to its State Fund, seventy percent (70%) to its Remediation Accounts Fund, and fifteen percent (15%) to its Subdivision Fund. Amounts may be reallocated and will be distributed as provided in Section VI.D.

3. Settlement Fund Administrator. Prior to the Effective Date, Zydus and the Enforcement Committee will agree to a detailed mechanism consistent with the foregoing for the Settlement Fund Administrator to follow in allocating, apportioning, and distributing payments, which shall then be appended hereto as Exhibit L.

4. Settlement Fund Administrator Costs. Any costs and fees associated with or arising out of the duties of the Settlement Fund Administrator as described in Exhibit L shall be paid from the interest accrued in the Settlement Fund Escrow and the Settlement Fund; provided, however, that if such accrued interest is insufficient to pay the entirety of any such costs and fees, the additional amount shall be paid out of the Settlement Fund. For the avoidance of doubt, nothing in this provision shall require Zydus to pay any costs, fees or other amounts in excess of the Global Settlement Amount.

D. *Settlement Fund Reallocation and Distribution.* As set forth below, within a particular Settling State's account, amounts contained in the Settlement Fund sub-funds may be reallocated and distributed per a State-Subdivision Agreement or other means. If the apportionment of amounts is not addressed and controlled under Section VI.D.1 and Section VI.D.2, then the default provisions of Section VI.D.4 apply. It is not necessary that a State-Subdivision Agreement or other means of allocating funds pursuant to Section VI.D.1 and Section VI.D.2 address all of the Settlement Fund sub-funds. For example, a Statutory Trust might only address disbursements from a Settling State's Remediation Accounts Fund.

1. Distribution by State-Subdivision Agreement. If a Settling State has a State-Subdivision Agreement, amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section VI.C shall be reallocated and distributed as provided by that agreement. Any State-Subdivision Agreement entered into after the Preliminary Agreement Date shall be applied only

if it requires: (a) that all amounts be used for Opioid Remediation, except as allowed by Section VI.B.2, and (b) that at least seventy percent (70%) of amounts be used solely for future Opioid Remediation.⁶ For a State-Subdivision Agreement to be applied to the relevant portion of the Remediation Payment, notice must be provided to ZyduS and the Settlement Fund Administrator by the Payment Calculation Date.

2. Distribution by Allocation Statute. If a Settling State has an Allocation Statute and/or a Statutory Trust that addresses allocation or distribution of amounts apportioned to such Settling State's State Fund, Remediation Accounts Fund, and/or Subdivision Fund and that, to the extent any or all such sub-funds are addressed, requires (1) all amounts to be used for Opioid Remediation, except as allowed by Section VI.B.2, and (2) at least seventy percent (70%) of all amounts to be used solely for future Opioid Remediation then, to the extent allocation or distribution is addressed, the amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section VI.C shall be allocated and distributed as addressed and provided by the applicable Allocation Statute or Statutory Trust. For the avoidance of doubt, an Allocation Statute or Statutory Trust need not address all three (3) sub-funds that comprise the Settlement Fund, and if the applicable Allocation Statute or Statutory Trust does not address distribution of all or some of these three (3) sub-funds, the applicable Allocation Statute or Statutory Trust does not replace the default provisions described in Section VI of any such unaddressed fund. For example, if an Allocation Statute or Statutory Trust that meets the requirements of this Section VI.D.2 only addresses funds restricted to remediation, then the default provisions of this Agreement concerning allocation among the three (3) sub-funds comprising the Settlement Fund and the distribution of the State Fund and Subdivision Fund for that Settling State would still apply, while the distribution of the applicable State's Remediation Accounts Fund would be governed by the qualifying Allocation Statute or Statutory Trust.

3. Voluntary Redistribution. A Settling State may choose to reallocate all or a portion of its State Fund to its Remediation Accounts Fund. A Participating Subdivision included on Exhibit G may choose to reallocate all or a portion of its allocation from the Subdivision Fund to the Settling State's Remediation Accounts Fund or to another Participating Subdivision. The Settlement Fund Administrator is not required to honor a voluntary redistribution for which notice is provided to it after the Payment Calculation Date.

4. Distribution in the Absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust. If Section VI.D.1, Section VI.D.2, and Section VI.D.3 do not apply, amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section VI.C shall be distributed as follows:

⁶ Future Opioid Remediation includes amounts paid to satisfy any future demand by another governmental entity to make a required reimbursement in connection with the past care and treatment of a person related to the Alleged Harms

a. Amounts apportioned to that Settling State's State Fund shall be distributed to that Settling State.

b. Amounts apportioned to that Settling State's Remediation Accounts Fund shall be distributed consistent with Section VI.E. Each Settling State shall submit to the Settlement Fund Administrator a designation of a lead state agency or other entity to serve as the single point of contact for that Settling State's funding requests from the Remediation Accounts Fund and other communications with the Settlement Fund Administrator. The designation of an individual entity is for administrative purposes only and such designation shall not limit funding to such entity or even require that such entity receive funds from this Agreement. The designated entity shall be the only entity authorized to request funds from the Settlement Fund Administrator to be disbursed from that Settling State's Remediation Accounts Fund. If a Settling State has established a Statutory Trust then that Settling State's single point of contact may direct the Settlement Fund Administrator to release the Settling State's Remediation Accounts Fund to the Statutory Trust.

c. Amounts apportioned to that Settling State's Subdivision Fund shall be distributed to Participating Subdivisions in that Settling State included on Exhibit G per the Subdivision Allocation Percentage listed in Exhibit G. Section VIII.H shall govern amounts that would otherwise be distributed to Non-Participating Subdivisions listed in Exhibit G. For the avoidance of doubt and notwithstanding any other provision in this Agreement, no Non-Participating Subdivision will directly receive any amount from the Settlement Fund, regardless of whether such Subdivision is included on Exhibit G.

d. Special Districts shall not be allocated funds from the Subdivision Fund, except through a voluntary redistribution allowed by Section VI.D.3 to Special Districts that are Participating Subdivisions. A Settling State may allocate funds from its State Fund or Remediation Accounts Fund for Special Districts that are Participating Subdivisions.

5. Restrictions on Distribution. No amounts may be distributed from the Subdivision Fund contrary to Section VIII, i.e., no amounts may be distributed directly to Non-Participating Subdivisions or to Later Participating Subdivisions to the extent such a distribution would violate Section VIII.E through Section VIII.G. Amounts allocated to the Subdivision Fund that cannot be distributed by virtue of the preceding sentence shall be distributed into the sub-account in the Remediation Accounts Fund for the Settling State in which the Subdivision is located, unless those payments are redirected elsewhere by a State-Subdivision Agreement described in Section VI.D.1 or by an Allocation Statute or a Statutory Trust described in Section VI.D.2.

E. *Provisions Regarding the Remediation Accounts Fund.*

1. State-Subdivision Agreement, Allocation Statute, and Statutory Trust Fund Provisions. A State-Subdivision Agreement, Allocation Statute, or Statutory Trust may govern the operation and use of amounts in that Settling State's Remediation Accounts Fund so long as it complies with the requirements of Section VI.D.1 or Section VI.D.2, as applicable, and all direct payments to Subdivisions comply with Section VIII.E through Section VIII.G.

2. Absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust. In the absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust that addresses distribution, the Remediation Accounts Fund will be used solely for future Opioid Remediation and the following shall apply with respect to a Settling State:

a. Regional Remediation.

(i) At least fifty percent (50%) of distributions for remediation from a Settling State's Remediation Accounts Fund shall be annually allocated and tracked to the regional level. A Settling State may allow the Advisory Committee established pursuant to Section VI.E.2.d to define its regions and assign regional allocations percentages. Otherwise, the Settling State shall (A) define its initial regions, which shall consist of one (1) or more General Purpose Subdivisions and which shall be designated by the state agency with primary responsibility for substance abuse disorder services employing, to the maximum extent practical, existing regions established in that Settling State for opioid abuse treatment or other public health purposes; (B) assign initial regional allocation percentages to the regions based on the Subdivision Allocation Percentages in Exhibit G and an assumption that all Subdivisions included on Exhibit G will become Participating Subdivisions.

(ii) This minimum regional expenditure percentage is calculated on the Settling State's initial Remediation Accounts Fund allocation and does not include any additional amounts a Settling State has directed to its Remediation Accounts Fund from its State Fund, or any other amounts directed to the fund. A Settling State may dedicate more than fifty percent (50%) of its Remediation Accounts Fund to the regional expenditure and may annually adjust the percentage of its Remediation Accounts Fund dedicated to regional expenditures as long as the percentage remains above the minimum amount.

(iii) The Settling State (A) has the authority to adjust the definition of the regions, and (B) may annually revise the percentages allocated to each region to reflect the number of General

Purpose Subdivisions in each region that are Non-Participating Subdivisions.

b. *Subdivision Block Grants.* Certain Subdivisions shall be eligible to receive regional allocation funds in the form of a block grant for future Opioid Remediation. A Participating Subdivision eligible for block grants is a county or parish (or in the case of Settling States that do not have counties or parishes that function as political subdivisions, a city) that (1) does not contain a Litigating Subdivision or a Later Litigating Subdivision for which it has the authority to end the litigation through a release, bar or other action; (2) either (i) has a population of 400,000 or more or (ii) in the case of California has a population of 750,000 or more; and (3) has funded or otherwise managed an established health care or treatment infrastructure (e.g., health department or similar agency). Each Subdivision eligible to receive block grants shall be assigned its own region.

c. *Small Settling States.* Notwithstanding the provisions of Section VI.E.2.a, Settling States with populations under four (4) million that do not have existing regions described in Section VI.E.2.a shall not be required to establish regions. However, such a Settling State that contains one (1) or more Subdivisions eligible for block grants under Section VI.E.2.b shall be divided regionally so that each block-grant eligible Subdivision is a region, and the remainder of the state is a region.

d. *Advisory Committee.* The Settling State shall designate an Opioid Settlement Remediation Advisory Committee (the “*Advisory Committee*”) to provide input and recommendations regarding remediation spending from that Settling State’s Remediation Accounts Fund. A Settling State may elect to use an existing advisory committee or similar entity (created outside of a State-Subdivision Agreement or Allocation Statute); *provided, however*, the Advisory Committee or similar entity shall meet the following requirements:

(i) Written guidelines that establish the formation and composition of the Advisory Committee, terms of service for members, contingency for removal or resignation of members, a schedule of meetings, and any other administrative details;

(ii) Composition that includes at least an equal number of local representatives as state representatives;

(iii) A process for receiving input from Subdivisions and other communities regarding how the opioid crisis is affecting their communities, their remediation needs, and proposals for remediation strategies and responses; and

(iv) A process by which Advisory Committee recommendations for expenditures for Opioid Remediation will be made to and considered by the appropriate state agencies.

3. Remediation Accounts Fund Reporting. The Settlement Fund Administrator shall track and assist in the report of remediation disbursements as agreed to between Zydus and the Enforcement Committee

F. *Nature of Payment.* Zydus, the Settling States, and the Participating Subdivisions each acknowledge and agree that notwithstanding anything to the contrary in this Agreement, including, but not limited to, the scope of the Released Claims:

1. They have entered into this Agreement to avoid the delay, expense, inconvenience, and uncertainty of further litigation;

2. (a) The Settling States and Participating Subdivisions sought compensatory restitution and remediation (within the meaning of 26 U.S.C. § 162(f)(2)(A) and 26 C.F.R. § 1.162-21(e)(4)(i)) as damages for the Alleged Harms allegedly suffered by the Settling States and Participating Subdivisions; (b) the Compensatory Restitution Amount is less than or equal to the amount, in the aggregate, of the Alleged Harms allegedly suffered by the Settling States and Participating Subdivisions; and (c) the portion of the Compensatory Restitution Amount received by each Settling State or Participating Subdivision is less than or equal to the amount of the Alleged Harms allegedly suffered by such Settling State or Participating Subdivision;

3. The payment of the Compensatory Restitution Amount by Zydus constitutes, and is paid for, compensatory restitution and remediation (within the meaning of 26 U.S.C. § 162(f)(2)(A) and 26 C.F.R. § 1.162-21(e)(4)(i), (ii)) for alleged damage or harm (as compensation for alleged damage or harm arising out of alleged bodily injury) allegedly caused by Zydus in order to restore, in whole or in part, the Settling States, Participating Subdivisions, and persons to the same position or condition that they would be in had the Settling States, Participating Subdivisions, and persons not suffered the Alleged Harms, and constitutes compensatory restitution and remediation for alleged damage or harm allegedly caused by the potential violation of a law; and

4. For the avoidance of doubt: (a) the entire Compensatory Restitution Amount is properly characterized as described in Section VI.F, (b) no portion of the Compensatory Restitution Amount represents reimbursement to any Settling State or Participating Subdivision or other person or entity for the fees or costs of any investigation or litigation, including without limitation attorneys' fees, (c) no portion of the Global Settlement Amount constitutes the disgorgement of any allegedly ill-gotten gains, and (d) no portion of the Global Settlement Amount is paid for, is in place of, or is properly characterized as the payment of any fine, penalty, punitive damages, or other punitive assessments.

VII. Enforcement

A. *Enforceability.* This Agreement is enforceable only by the Settling States and Zydus; *provided, however,* that Released Entities may enforce Section XI and Participating Subdivisions listed on Exhibit G have the enforcement rights described later in this paragraph and in Section VII.D. Except to the extent allowed by the Injunctive Relief Terms, Settling States and Participating Subdivisions shall not have enforcement rights against Zydus with respect to either the terms of this Agreement that apply only to or in other Settling States or any Consent Judgment entered into by another Settling State. Participating Subdivisions shall not have enforcement rights against Zydus with respect to this Agreement or any Consent Judgment except that Participating Subdivisions listed on Exhibit G shall have enforcement rights as set forth herein as to payments that would be allocated to the Participating Subdivisions or the Remediation Accounts Fund in such Settling State pursuant to Section V; *provided, however,* that each Settling State shall allow Participating Subdivisions in such Settling State to notify it of any perceived violations of this Agreement or the applicable Consent Judgment.

B. *Jurisdiction.* Zydus consents to the jurisdiction of the court in which each Settling State files its Consent Judgment, limited to resolution of disputes identified in Section VII.F.2 for resolution in that court.

C. *Specific Terms Dispute Resolution.*

1. Any dispute that is addressed by the provisions set forth in the Injunctive Relief Terms shall be resolved as provided therein.

D. *State-Subdivision Enforcement.*

1. A Subdivision shall not have enforcement rights against a Settling State in which it is located with respect to this Agreement or any Consent Judgment except that a Participating Subdivision listed on Exhibit G shall have enforcement rights (a) as provided for in a State-Subdivision Agreement, Allocation Statute, or Statutory Trust with respect to intrastate allocation or (b) in the absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust, to allegations that (i) the Settling State's use of Remediation Accounts Fund monies were not used for uses similar to or in the nature of those uses contained in Exhibit E; or (ii) a Settling State failed to pay funds directly from the Remediation Accounts Fund to a Participating Subdivision eligible to receive a block grant pursuant to Section VI.E.2.b.

2. A Settling State shall have enforcement rights against a Participating Subdivision located in its territory (a) as provided for in a State-Subdivision Agreement, Allocation Statute, or Statutory Trust; or (b) in the absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust, to allegations that the Participating Subdivisions' uses of Remediation Accounts Fund monies were

not used for purposes similar to or in the nature of those uses contained in Exhibit E.

3. As between the Settling States and Participating Subdivisions, the above rights are contractual in nature and nothing herein is intended to limit, restrict, change or alter any other existing rights under law.

E. *Subdivision Zydus Payment Enforcement.* A Participating Subdivision listed on Exhibit G shall have the same right as a Settling State to seek resolution regarding the failure by Zydus to make its Remediation Payment.

F. *Other Terms Regarding Dispute Resolution.*

1. The parties to a dispute shall promptly meet and confer in good faith to resolve any dispute. If the parties cannot resolve the dispute informally, and unless otherwise agreed in writing, they shall follow the remaining provisions of this subsection to resolve the dispute.

2. Except to the extent provided by Section VII.C or Section VII.F.3, disputes not resolved informally shall be resolved in either the court that entered the relevant Consent Judgment or, if no such Consent Judgment was entered, a state or territorial court with jurisdiction located wherever the seat of the relevant state government is located.

a. State court proceedings shall be governed by the rules and procedures of the relevant forum.

b. For the avoidance of doubt, disputes to be resolved in state court include, but are not limited to, the following:

(i) disputes concerning whether expenditures qualify as Opioid Remediation;

(ii) disputes between a Settling State and its Participating Subdivisions as provided by Section VII.D, except to the extent the State-Subdivision Agreement provides for other dispute resolution mechanisms. For the avoidance of doubt, disputes between a Settling State and any Participating Subdivision shall not be considered National Disputes;

(iii) whether this Agreement and relevant Consent Judgment are binding under state law;

(iv) the extent of the Attorney General's or other participating entity's authority under state law, including the extent of the authority to release claims;

(v) whether the definition of a Bar, a Case-Specific Resolution, Final Order, lead state agency as described in Section VI.D.4.b, Later Litigating Subdivision, Litigating Subdivision, or Threshold Motion have been met; and

(vi) all other disputes not specifically identified in Section VII.C or Section VII.F.3.

c. Any Party may request that the National Arbitration Panel provide an interpretation of any provision of the settlement that is relevant to the state court determination, and the National Arbitration Panel shall make reasonable best efforts to supply such interpretation within the earlier of thirty (30) calendar days or the time period required by the state court proceedings. Any Party may submit that interpretation to the state court to the extent permitted by, and for such weight provided by, the state court's rules and procedures. If requested by a Party, the National Arbitration Panel shall request that its interpretation be accepted in the form of an *amicus curiae* brief, and any attorneys' fees and costs for preparing any such filing shall be paid for by the requesting Party.

3. National Disputes involving a Settling State, a Participating Subdivision that has enforcement rights pursuant to Section VII.A, and/or Zydus shall be resolved by the National Arbitration Panel.

a. National Disputes are disputes that are not addressed by Section VII.C, and which are exceptions to Section VII.F.2's presumption of resolution in state courts because they involve issues of interpretation of terms contained in this Agreement applicable to all Settling States without reference to a particular state's law. Disputes between a Settling State and any Participating Subdivision shall not be considered National Disputes. National Disputes are limited to the following:

(i) the amount of offset and/or credit attributable to Non-Settling States;

(ii) issues involving the scope and definition of Product;

(iii) interpretation and application of the terms "Covered Conduct," "Released Entities," and "Released Claims;"

(iv) the failure by Zydus to pay the Remediation Payment or the Additional Remediation Amount, but for the avoidance of doubt, disputes between Zydus and a Settling State over the amounts owed only to that state that do not affect any other Settling State shall not be considered National Disputes;

(v) questions regarding the performance and/or removal of the Settlement Fund Administrator;

(vi) disputes involving liability of successor entities;

(vii) disputes that require a determination of the sufficiency of participation in order to qualify for Incentive Payments A or BC;

(viii) disputes involving a Releasor's compliance with, and the appropriate remedy under, Section XI.B.5.c;

(ix) disputes requiring the interpretation of Agreement terms that are national in scope or impact, which shall mean disputes requiring the interpretation of Agreement terms that (i) concretely affect four (4) or more Settling States; and (ii) do not turn on unique definitions and interpretations under state law; and

(x) any dispute subject to resolution under Section VII.F.2 but for which all parties to the dispute agree to arbitration before the National Arbitration Panel under the provisions of this Section VII.F.3.

b. The National Arbitration Panel shall be comprised of three (3) neutral arbitrators. One (1) arbitrator shall be chosen by Zydus, one (1) arbitrator shall be chosen by the Enforcement Committee with due input from Participating Subdivisions listed on Exhibit G, and the third arbitrator shall be agreed upon by the first two (2) arbitrators. The membership of the National Arbitration Panel is intended to remain constant throughout the term of this Agreement, but in the event that replacements are required, the retiring arbitrator shall be replaced by the party that selected him/her.

c. The National Arbitration Panel shall make reasonable best efforts to decide all matters within one hundred eighty (180) calendar days of filing, and in no event shall it take longer than one (1) year.

d. The National Arbitration Panel shall conduct all proceedings in a reasonably streamlined process consistent with an opportunity for the parties to be heard. Issues shall be resolved without the need for live witnesses where feasible and with a presumption in favor of remote participation to minimize the burdens on the parties.

e. To the extent allowed under state law, a Settling State, a Participating Subdivision that has enforcement rights pursuant to Section VII.A, and (at any party's request) the National Arbitration Panel may certify to an appropriate state court any question of state law. The National Arbitration Panel shall be bound by a final state court determination of such

a certified question. The time period for the arbitration shall be tolled during the course of the certification process.

f. The arbitrators will give due deference to any authoritative interpretation of state law, including any declaratory judgment or similar relief obtained by a Settling State, a Participating Subdivision that has enforcement rights pursuant to Section VII.A, or Zydus on a state law issue.

g. The decisions of the National Arbitration Panel shall be binding on Settling States, Participating Subdivisions, Zydus, and the Settlement Fund Administrator. In any proceeding before the National Arbitration Panel involving a dispute between a Settling State and Zydus whose resolution could prejudice the rights of a Participating Subdivision(s) in that Settling State, such Participating Subdivision(s) shall be allowed to file a statement of view in the proceeding.

h. Nothing herein shall be construed so as to limit or otherwise restrict a Settling State from seeking injunctive or other equitable relief in state court to protect the health, safety, or welfare of its citizens.

i. Each party shall bear its own costs in any arbitration or court proceeding arising under this Section VII. The costs for the arbitrators on the National Arbitration Panel shall be divided and paid equally by the disputing sides for each individual dispute, e.g., a dispute between Zydus and Settling States/Participating Subdivisions shall be split fifty percent (50%) by Zydus and fifty percent (50%) by the Settling States/Participating Subdivisions that are parties to the dispute; a dispute between a Settling State and a Participating Subdivision shall be split fifty percent (50%) by the Settling State that is party to the dispute and fifty percent (50%) by any Participating Subdivisions that are parties to the dispute. For the avoidance of doubt, Zydus shall not be responsible for the National Arbitration Panel costs in disputes that do not concern Zydus.

4. Prior to initiating an action to enforce pursuant to this Section VII.F, the complaining party must:

a. Provide written notice to the Enforcement Committee and Zydus of its complaint, including the provision of the Consent Judgment and/or Agreement that the practice appears to violate, as well as the basis for its interpretation of the disputed provision. The Enforcement Committee shall establish a reasonable process and timeline for obtaining additional information from the involved parties; *provided, however*, that the date the Enforcement Committee establishes for obtaining additional information from the parties shall not be more than forty-five (45) calendar days following the notice. The Enforcement Committee may advise the involved parties of its views on the complaint and/or seek to resolve the complaint informally.

b. Wait to commence any enforcement action until thirty (30) calendar days after the date that the Enforcement Committee establishes for obtaining additional information from the involved parties.

5. If the parties to a dispute cannot agree on the proper forum for resolution of the dispute under the provisions of Section VII.F.2 or Section VII.F.3, a committee comprising the Enforcement Committee and sufficient representatives of Zydus such that the members of the Enforcement Committee have a majority of one (1) member will determine the forum where the dispute will be initiated within twenty-eight (28) calendar days of receiving notification of the dispute relating to the proper forum. The forum identified by such committee shall be the sole forum for litigating the issue of which forum will hear the substantive dispute, and the committee's identification of such forum in the first instance shall not be entitled to deference by the forum selected.

G. *Lien or Encumbrance.* To the extent allowed by applicable law, this Settlement Agreement shall not be deemed to create a lien or encumbrance against any real property owned by Zydus or its affiliates, unless in the event of a default or breach of the payment provisions by Zydus. Nothing in this Section shall be construed to limit any remedy of any Settling State or Participating Subdivision in the event of a default or breach of this Agreement by Zydus.

H. *No Effect.* Nothing in this Agreement shall be interpreted to limit the Settling States' Civil Investigative Demand ("CID") or investigative subpoena authority, to the extent such authority exists under applicable state law and the CID or investigative subpoena is issued pursuant to such authority, and Zydus reserves all of its rights in connection with a CID or investigative subpoena issued pursuant to such authority.

VIII. Participation by Subdivisions

A. *Notice.* No later than fifteen (15) calendar days after the Preliminary Agreement Date, the Implementation Administrator shall send individual written notice (which may be delivered via e-mail or other electronic means and may be combined with distribution of the Subdivision Settlement Participation Form) of the opportunity to participate in this Agreement and the requirements of participation to all Subdivisions in the Settling States that are (1) Litigating Subdivisions or (2) Non-Litigating Subdivisions listed on Exhibit G. To the extent a Special District is entitled to an allocation for a direct payment through its inclusion in Exhibit G pursuant to a State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution, the Implementation Administrator, with the cooperation of the Settling States shall also send individual written notice (which may be delivered via e-mail or other electronic means) of the opportunity to participate in this Agreement and the requirements of participation to such Special Districts. Unless otherwise agreed by the Parties, the version of Exhibit G used for notice shall be the one in place as of the Preliminary Agreement Date. Notice (which may be delivered via e-mail or other electronic means) shall also be provided simultaneously to counsel of record for Litigating Subdivisions and known counsel for Non-Litigating Subdivisions and Special Districts listed on Exhibit G. The costs of the Implementation

Administrator shall be paid for by the interest earned from the deposit accounts holding the Adjusted Maximum Remediation Payment for Zydus, and nothing in this provision shall require Zydus to pay any costs, fees or other amounts in excess of the Global Settlement Amount. The Settling States, with the cooperation of Zydus, may also provide general notice reasonably calculated to alert Non-Litigating Subdivisions in the Settling States to this Agreement, the opportunity to participate in it, and the requirements for participation. Such notice may include publication and other standard forms of notification, as well as notice to state and county organizations such as the National Association of Counties and the National League of Cities. The notice will include that the deadline for becoming an Initial Participating Subdivision is the Initial Participation Date. Nothing contained herein shall preclude a Settling State from providing further notice to or otherwise contacting any of its Subdivisions about becoming a Participating Subdivision, including beginning any of the activities described in this paragraph prior to the Preliminary Agreement Date.

B. *Requirements for Becoming a Participating Subdivision—Non-Litigating Subdivisions.* A Non-Litigating Subdivision in a Settling State may become a Participating Subdivision by returning an executed Subdivision Settlement Participation Form to the Implementation Administrator or Settlement Fund Administrator (which may be executed and returned by electronic means established by the Implementation Administrator or Settlement Fund Administrator) specifying (1) that the Subdivision agrees to the terms of this Agreement pertaining to Subdivisions, (2) that the Subdivision releases all Released Claims against all Released Entities, (3) that the Subdivision agrees to use monies it receives, if any, from the Settlement Fund pursuant to the applicable requirements of Section VI; *provided, however*, that Non-Litigating Subdivisions may only use monies originating from the Settlement Fund for purposes that qualify as Opioid Remediation, and (4) that the Subdivision submits to the jurisdiction of the court where the applicable Consent Judgment is filed for purposes limited to that court's role under this Agreement. The required Subdivision Settlement Participation Form is attached as Exhibit K.

C. *Requirements for Becoming a Participating Subdivision—Litigating Subdivisions.* A Litigating Subdivision in a Settling State may become a Participating Subdivision by returning an executed Subdivision Settlement Participation Form to the Implementation Administrator or Settlement Fund Administrator (which may be executed and returned by electronic means established by the Implementation Administrator or Settlement Fund Administrator) and upon prompt dismissal with prejudice of its lawsuit following the Reference Date or the date on which the conditions for effectiveness in Section IX.B have been met, whichever is later. A Settling State may require each Litigating Subdivision in that Settling State to specify on the Subdivision Settlement Participation Form whether its counsel has waived any contingency fee contract with that Participating Subdivision and whether, if eligible, it intends to seek fees pursuant to Exhibit R. The Settlement Fund Administrator shall provide reports of this information to the parties upon request. A Litigating Subdivision may not become a Participating Subdivision after the completion of opening statements in a trial of a lawsuit it brought that includes a Released Claim against a Released Entity.

D. *Initial Participating Subdivisions.* A Subdivision qualifies as an Initial Participating Subdivision if it meets the applicable requirements for becoming a Participating Subdivision set forth in Section VIII.B or Section VIII.C by the Initial Participation Date. All Subdivision Settlement Participation Forms shall be held in escrow by the Implementation Administrator until the Reference Date. If, for any reason, the Agreement does not become effective, all obligations created by such forms and releases in them shall be void *ab initio* and all Subdivision Settlement Participation Forms shall be returned to Counsel for Litigating Subdivisions or to the Subdivisions not represented by counsel or destroyed to the extent that such destruction is not prohibited by then existing document preservation obligations.

E. *Later Participating Subdivisions.* A Subdivision that is not an Initial Participating Subdivision may become a Later Participating Subdivision by meeting the applicable requirements for becoming a Participating Subdivision set forth in Section VIII.B or Section VIII.C after the Initial Participation Date but before the Payment Calculation Date and by agreeing to be subject to the terms of a State-Subdivision Agreement (if any) or any other structure adopted or applicable pursuant to Section VI.D or Section VI.E. Unless waived by Zydus, the following provisions govern what a Later Participating Subdivision can receive (but do not apply to Initial Participating Subdivisions):

1. A Later Participating Subdivision shall receive seventy-five percent (75%) of the share of the Base Payment or Incentive Payment that it would have received had it become an Initial Participating Subdivision.

2. A Later Participating Subdivision that had maintained a lawsuit for a Released Claim against a Released Entity and had judgment entered against it on any such Claim before it became a Participating Subdivision (other than consensual dismissal with prejudice) shall receive 50% of the share of future Base Payments and Incentive Payments that it would have received had it become a Participating Subdivision prior to such judgment; provided, however that if the Subdivision appeals the judgment and the judgment is affirmed with finality, the Subdivision shall not receive any share of any Base Payments or Incentive Payments, and shall return to Zydus any share of any Base Payments or Incentive Payments such Subdivision had already received.

3. A Later Participating Subdivision that becomes a Participating Subdivision while a Bar or Case-Specific Resolution involving a different Subdivision exists in its state shall receive twenty-five percent (25%) of the share of the Base Payment and Incentive Payment that it would have received if it had become an Initial Participating Subdivision.

F. *No Increase in Payments.* Amounts to be received by Later Participating Subdivisions shall not increase the payments due from Zydus.

G. *Non-Participating Subdivisions.* Non-Participating Subdivisions shall not directly receive any portion of the Remediation Payment, including from the State Fund

and direct distributions from the Remediation Accounts Fund; however, a Settling State may choose to fund future Opioid Remediation that indirectly benefits Non-Participating Subdivisions.

H. *Unpaid Allocations to Later Participating Subdivisions and Non-Participating Subdivisions.* Any Base Payment and Incentive Payment allocated pursuant to Section VI.D to a Later Participating Subdivision or Non-Participating Subdivision that cannot be paid pursuant to this Section VIII, including the amounts that remain unpaid after the reductions required by Section VIII.E., will be allocated to the Remediation Accounts Fund for the Settling State in which the Subdivision is located, unless those payments are redirected elsewhere by a State-Subdivision Agreement or by a Statutory Trust.

IX. Condition to Effectiveness of Agreement and Filing of Consent Judgment

A. *Determination to Proceed with Settlement. —Settling States.* Following the Initial Subdivision Participation Date, the Enforcement Committee shall determine whether to proceed with the Agreement on behalf of the Settling States, and the Settling States shall be bound by the determination of the Enforcement Committee. No later than fifteen (15) calendar days prior to the Reference Date, the Enforcement Committee shall provide notice to Zydus of its decision. If the Enforcement Committee elects not to proceed, this Agreement will have no further effect, and all releases (including those contained in Subdivision Settlement Participation Forms and other commitments or obligations contained herein or in Subdivision Settlement Participation Forms) will be void. Within seven (7) calendar days of informing Zydus that there is sufficient participation to proceed, the Enforcement Committee will deliver all signatures and releases required by the Agreement to be provided by the Settling States to Zydus.

B. *Determination to Proceed with Settlement—Zydus.* If the Settling States elect to proceed, Zydus will then determine on or before the Reference Date whether there is sufficient Eligible State participation, sufficient Subdivision participation, and sufficient resolution of the Claims of the Litigating Subdivisions in the Settling States (through participation under Section VIII, Case-Specific Resolution(s) and Bar(s)) to proceed with this Agreement. The determination shall be in the sole discretion of Zydus and may be based on any criteria or factors deemed relevant by Zydus.

C. *Notice by Zydus.* On or before the Reference Date, Zydus shall inform the Settling States of its determination pursuant to Section IX.B. If Zydus determines to proceed, the Parties will proceed to file the Consent Judgments and the obligations in the Subdivision Settlement Participation Forms will be effective and binding as of the Reference Date. If Zydus determines not to proceed, this Agreement will have no further effect, any amounts deposited, including funds referenced in Section IV.D. and Exhibit M, shall revert to Zydus, and all releases (including those contained in Subdivision Settlement Participation Forms) and other commitments or obligations contained herein or in Subdivision Settlement Participation Forms will be void.

X. Settling State and Participating Subdivision Attorneys' Fees and Costs and Additional Remediation Amount

A. The Agreement on Subdivision Attorneys' Fees, Expenses and Costs is set forth in Exhibit R and incorporated herein by reference.

B. *Additional Remediation Amount.*

1. Subject to the reduction specified in Section X.B.2, Zydus shall pay an Additional Remediation Amount to the Settling States listed in Exhibit N. Such funds shall be paid as allocated by the Settlement Fund Administrator pursuant to Exhibit N.

2. *Reduction of Additional Remediation Amount.* The amounts owed by Zydus pursuant to this Section X.B shall be reduced by the allocations set forth on Exhibit N for Non-Settling States.

3. For the avoidance of doubt, (1) a Settling State that retained outside counsel in connection with the investigation of Zydus that receives an Additional Remediation Amount may choose to have the Additional Remediation Amount designated to pay the Settling State's outside counsel, and may instruct the Settlement Fund Administrator to pay those funds directly to the Settling State's outside counsel, and (2) Additional Remediation Amount funds, including funds designated by a Settling State to pay its outside counsel under this paragraph, shall not be subject to allocation as provided in Section VI.C through Section VI.E.

C. All payments addressed by this Section X will be made no later than the Payment Date pursuant to Section V.

XI. Release

A. *Scope.* As of the Effective Date, the Released Entities are hereby released and forever discharged from all of the Releasers' Released Claims. Each Settling State (for itself and its Releasers) and Participating Subdivision (for itself and its Releasers) hereby absolutely, unconditionally, and irrevocably covenants not to bring, file, or claim, or to cause, assist in bringing, or permit to be brought, filed, or claimed, or to otherwise seek to establish liability for any Released Claims against any Released Entity in any forum whatsoever. The releases provided for in this Agreement are intended by the Parties to be broad and shall be interpreted so as to give the Released Entities the broadest possible bar against any liability relating in any way to Released Claims and extend to the full extent of the power of each Settling State and its Attorney General to release claims. This Agreement shall be a complete bar to any Released Claim.

B. *Claim-Over and Non-Party Settlement.*

1. It is the intent of the Parties that:

a. Released Entities should not seek contribution or indemnification (other than pursuant to an insurance contract), from other parties for their payment obligations under this Agreement;

b. the payments made under this Agreement shall be the sole payments made by the Released Entities to the Releasors involving, arising out of, or related to Covered Conduct (or conduct that would be Covered Conduct if engaged in by a Released Entity);

c. Claims by Releasors against non-Parties should not result in additional payments by Released Entities, whether through contribution, indemnification or any other means; and

d. the Agreement meets the requirements of the Uniform Contribution Among Joint Tortfeasors Act and any similar state law or doctrine that reduces or discharges a released party's liability to any other parties.

2. The provisions of Section XI.B are intended to be implemented consistent with these principles. This Agreement and the releases and dismissals provided for herein are made in good faith.

3. No Released Entity shall seek to recover for amounts paid under this Agreement based on indemnification, contribution, or any other theory from a manufacturer, pharmacy, hospital, pharmacy benefit manager, health insurer, third-party vendor, trade association, distributor, or health care practitioner; provided that a Released Entity shall be relieved of this prohibition with respect to any entity that asserts a Claim-Over against it. For the avoidance of doubt, nothing herein shall prohibit a Released Entity from recovering amounts owed pursuant to insurance contracts.

4. To the extent that, on or after the Reference Date, any Releasor enters into a Non-Party Settlement, including in any bankruptcy case or through any plan of reorganization, the Releasor will include (or in the case of a Non-Party Settlement made in connection with a bankruptcy case, will cause the debtor to include), unless prohibited from doing so under applicable law, in the Non-Party Settlement a prohibition on contribution or indemnity of any kind substantially equivalent to that required from Zydus in Section XI.B.3, or a release from such Non-Released Entity in favor of the Released Entities (in a form equivalent to the releases contained in this Agreement) of any Claim-Over. The obligation to obtain the prohibition and/or release required by this subsection is a material term of this Agreement.

5. In the event that any Releasor obtains a judgment with respect to Non-Party Covered Conduct against a Non-Released Entity that does not contain a prohibition like that described in Section XI.B.3 or any Releasor files a Non-Party Covered Conduct Claim against a Non-Released Entity in bankruptcy or a Releasor is prevented for any reason from obtaining a prohibition/release in a Non-Party Settlement as provided in Section XI.B.3, and such Non-Released Entity asserts a Claim-Over against a Released Entity, the Released Entity shall be relieved of the prohibition in Section XI.B.3 with respect to that Non-Released Entity and that Releasor and Zydus shall take the following actions to ensure that the Released Entities do not pay more with respect to Covered Conduct to the Releasor or to Non-Released Entities than the amount owed under this Settlement Agreement by Zydus:

a. Zydus shall notify that Releasor of the Claim-Over within sixty (60) calendar days of the assertion of the Claim-Over or sixty (60) calendar days of the Effective Date of this Settlement Agreement, whichever is later;

b. Zydus and that Releasor shall meet and confer concerning the means to hold Released Entities harmless and ensure that Zydus is not required to pay more with respect to Covered Conduct than the amounts owed by Zydus to the Releasor under this Agreement;

c. The Releasor and Zydus shall take steps sufficient and permissible under the law of the state of the Releasor to hold Released Entities harmless from the Claim-Over and ensure Released Entities are not required to pay more with respect to Covered Conduct than the amounts owed by Zydus under this Agreement. Such steps may include, where permissible:

(i) Filing of motions to dismiss or such other appropriate motion by Zydus or Released Entities, and supported by Releasor, in response to any claim filed in litigation or arbitration;

(ii) Reduction of the Releasor's Claim and any judgment it has obtained or may obtain against such Non-Released Entity by whatever amount or percentage is necessary to extinguish such Claim-Over under applicable law, up to the amount the Releasor has obtained, may obtain, or has authority to control from such Non-Released Entity;

(iii) Placement into escrow of funds paid by the Non-Released Entities such that those funds are available to satisfy the Claim-Over;

(iv) Return of monies paid by Zydus to the Releasor under this Settlement Agreement to permit satisfaction of a

judgment against or settlement with the Non-Released Entity to satisfy the Claim-Over;

(v) Payment of monies to Zydus by the Releasor to ensure it is held harmless from such Claim-Over, up to the amount that Releasor has obtained, may obtain, or has authority to control from such Non-Released Entity;

(vi) Credit to Zydus under this Agreement to reduce the overall amounts to be paid under the Agreement such that it is held harmless from the Claim-Over; and

(vii) Such other actions as the Releasor and Zydus may devise to hold Zydus harmless from the Claim-Over.

d. The actions of the Releasor and Zydus taken pursuant to paragraph (c) must, in combination, ensure Zydus is not required to pay more with respect to Covered Conduct than the amounts owed to the Releasor by Zydus under this Agreement.

e. In the event of any dispute over the sufficiency of the actions taken pursuant to paragraph (c), the Releasor and Zydus may seek review by the National Arbitration Panel, provided that, if the parties agree, such dispute may be heard by the state court where the relevant Consent Judgment was filed. The National Arbitration Panel shall have authority to require Releasor to implement a remedy that includes one or more of the actions specified in paragraph (c) sufficient to hold Released Entities fully harmless. In the event that the Panel's actions do not result in Released Entities being held fully harmless, Zydus shall have a claim for breach of this Agreement by Releasor, with the remedy being payment of sufficient funds to hold Zydus harmless from the Claim-Over up to the amount that Releasor has obtained, may obtain, or has authority to control from such Non-Released Entity. For the avoidance of doubt, the prior sentence does not limit or eliminate any other remedy that Zydus may have.

6. To the extent that the Claim-Over is based on a contractual indemnity, the obligations under Section XI.B.4 shall extend solely to a Non-Party Covered Conduct Claim against a pharmacy, clinic, hospital or other purchaser, distributor or dispenser of Products, a manufacturer that sold Products, a consultant, and/or a pharmacy benefit manager or other third-party payor. Zydus shall notify the Settling States, to the extent permitted by applicable law, in the event that any of these types of Non-Released Entities asserts a Claim-Over arising out of contractual indemnity against it.

C. *Indemnification and Contribution Prohibited.* No Released Entity shall seek to recover for amounts paid under this Agreement based on indemnification, contribution, or any other theory, from a manufacturer, pharmacy, hospital, pharmacy benefit manager,

health insurer, third-party vendor, trade association, distributor, or health care practitioner. For the avoidance of doubt, nothing herein shall prohibit a Released Entity from recovering amounts owed pursuant to insurance contracts.

D. *General Release.* In connection with the releases provided for in this Agreement, each Settling State (for itself and its Releasors) and Participating Subdivision expressly waives, releases, and forever discharges any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States or other jurisdiction, or principle of common law, which is similar, comparable, or equivalent to § 1542 of the California Civil Code, which reads:

General Release; extent. A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that if known by him or her, would have materially affected his or her settlement with the debtor or released party.

A Releasor may hereafter discover facts other than or different from those which it knows, believes, or assumes to be true with respect to the Released Claims, but each Settling State (for itself and its Releasors) and Participating Subdivision (for itself and its Releasors) hereby expressly waives and fully, finally, and forever settles, releases and discharges, upon the Effective Date, any and all Released Claims that may exist as of such date but which Releasors do not know or suspect to exist, whether through ignorance, oversight, error, negligence or through no fault whatsoever, and which, if known, would materially affect the Settling States' decision to enter into this Agreement or the Participating Subdivisions' decision to participate in this Agreement.

E. *Assigned Interest Waiver.* To the extent that any Settling State has any direct or indirect interest in any rights of a third-party that is a debtor under the Bankruptcy Code as a result of a claim arising out of Covered Conduct by way of assignment or otherwise, including as a result of being the beneficiary of a trust or other distribution entity, to assert claims against Zydus (whether derivatively or otherwise), under any legal or equitable theory, including for indemnification, contribution, or subrogation, the Settling State waives the right to assert any such claim, or to receive a distribution or any benefit on account of such claim and such claim, distribution, or benefit shall be deemed assigned to Zydus.

F. *Res Judicata.* Nothing in this Agreement shall be deemed to reduce the scope of the res judicata or claim preclusive effect that the settlement memorialized in this Agreement, and/or any Consent Judgment or other judgment entered on this Agreement, gives rise to under applicable law.

G. *Representation and Warranty.* The signatories hereto on behalf of their respective Settling States and its Participating Subdivisions expressly represent and warrant that they will obtain on or before the Effective Date (or have obtained) the authority to settle and release, to the maximum extent of the State's power, all Released Claims of (1) their respective Settling States; (2) any of the respective Settling State's past and present

executive departments, state agencies, divisions, boards, commissions and instrumentalities with the regulatory authority to enforce state and federal controlled substances acts; (3) any of their respective Settling State's past and present executive departments, agencies, divisions, boards, commissions and instrumentalities that have the authority to bring Claims related to Covered Conduct seeking money (including abatement and/or remediation) or revocation of a pharmaceutical distribution license; and (4) any Participating Subdivisions. For the purposes of clause (3) above, executive departments, agencies, divisions, boards, commission, and instrumentalities are those that are under the executive authority or direct control of the State's Governor. Also, for the purposes of clause (3), a release from a State's Governor as set forth in Exhibit X is sufficient to demonstrate that the appropriate releases have been obtained.

H. *Effectiveness.* The releases set forth in this Agreement shall not be impacted in any way by any dispute that exists, has existed, or may later exist between or among the Releasors. Nor shall such releases be impacted in any way by any current or future law, regulation, ordinance, or court or agency order limiting, seizing, or controlling the distribution or use of the Settlement Fund or any portion thereof, or by the enactment of future laws, or by any seizure of the Settlement Fund or any portion thereof.

I. *Cooperation.* Releasors (1) will not encourage any person or entity to bring or maintain any Released Claim against any Released Entity and (2) will reasonably cooperate with and not oppose any effort by a Released Entity to secure the prompt dismissal of any and all Released Claims, including suits brought by non-Releasors based on Released Claims. Releasors will meet and confer and make reasonable efforts to resolve any action that is filed by a Subdivision against Zydus on or after the date the Preliminary Agreement Date. This provision shall not require a Settling State to make any monetary payment or adjustment to allocation or incur other obligation.

J. *Non-Released Claims.* Notwithstanding the foregoing or anything in the definition of Released Claims, the Agreement does not waive, release or limit any criminal liability, Claims for any outstanding liability under any tax or securities law, Claims against parties who are not Released Entities, Claims by private individuals, Claims for Medicaid rebates, Claims asserted, or that could be asserted, by any State or Subdivision, related to the causes of action in *In re: Generic Pharmaceuticals Pricing Antitrust Litigation*, in the United States District court for the District of Pennsylvania, MDL No. 2724; *Connecticut et al v. Aurobindo Pharma USA, Inc. et al.*, in the United States District Court for the District of Connecticut, Case No. 3:16-cv-2056-NPS; *Connecticut et al. v. Teva Pharmaceuticals USA, Inc.*, in the United States District Court for the District of Connecticut, Case No. 3:19-cv-710-NPS; *Connecticut et al v. Sandoz, Inc. et al.*, in the United States District Court for the District of Connecticut, Case No. 3:20-cv-802-NPS; and any related action (such excluded claims include, but are not limited to, all antitrust claims and any claims related to any non-opioid generic drugs), State false claim violations; Medicaid fraud or abuse claims (whether common law, statutory or otherwise) and/or kickback violations; and any claims arising under the Agreement for enforcement of the Agreement.

XII. Later Litigating Subdivisions

A. *Released Claims against Released Entities.* If a Later Litigating Subdivision in a Settling State maintains a lawsuit for a Released Claim against a Released Entity after the Reference Date, the following shall apply subject to Section XII.B:

1. The Released Entity shall take ordinary and reasonable measures to defend the action, including filing a Threshold Motion with respect to the Released Claim. The Released Entity shall further notify the Settling State and Settlement Fund Administrator immediately upon notice of a Later Litigating Subdivision bringing a lawsuit for a Released Claim and shall not oppose a Settling State's submission in support of the Threshold Motion. Zydus shall give the relevant Settling State a reasonable opportunity to extinguish the Released Claims without any payment or any other obligations being imposed upon any Released Entities (apart from the Global Settlement Amount payable by Zydus under the Agreement or the Injunctive Relief Terms incurred by it). The relevant Settling State and Zydus shall confer and use reasonable efforts to promptly resolve the lawsuit so that it is dismissed with prejudice. Nothing in this subsection creates an obligation for a Settling State to make a monetary payment or incur any other obligation to an entity filing a lawsuit.

2. "*Terms requiring payment*" shall mean (i) a final monetary judgment or (ii) a settlement; provided that the Released Entity sought the applicable State Attorney General's consent to the settlement and such consent was either obtained or unreasonably withheld. Should the judgment or settlement resolve claims that are not Released Claims, the offset shall be for the Released Claims portion only, which shall be distinguishable in the judgment or settlement.

B. Exceptions

1. Section XII.A shall not apply where the Settling State at issue meets the eligibility criteria for and is entitled to Incentive Payment A, except as expressly provided therein.

2. Section XII.A shall not apply where the Later Litigating Subdivision seeks less than \$10 million, or so long as its total claim is reduced to less than \$10 million, in the lawsuit for a Released Claim at issue.

C. *No Effect on Other Provisions.* An offset under Section XII.A shall not affect the Injunctive Relief Terms or the Consent Judgment.

D. *No Effect on Other States.* An offset under Section XII.A applicable to one State shall not affect the allocation or payment of the Remediation Payment to other Settling States.

E. *Litigating Subdivisions in Non-Eligible States.* The Settling States will not encourage, facilitate, or assist in any manner whatsoever claims for Covered Conduct against Zydus in any Settling, Non-Settling, or Non-Eligible State, regardless of whether those claims were filed against Zydus prior to, on, or after the Effective Date.

XIII. Miscellaneous

A. *Population of General Purpose Governments.* The population figures for General Purpose Governments shall be the published U.S. Census Bureau's population estimates for July 1, 2019, released May 2020. These population figures shall remain unchanged during the term of this Agreement.

B. *Population of Special Districts.* For any purpose in this Agreement in which the population of a Special District is used other than Section V.E.4.b: (a) School Districts' population will be measured by the number of students enrolled who are eligible under the Individuals with Disabilities Education Act ("*IDEA*") or Section 504 of the Rehabilitation Act of 1973; (b) Health Districts' and Hospital Districts' population will be measured at twenty-five percent (25%) of discharges; and (c) all other Special Districts' (including Fire Districts' and Library Districts') population will be measured at ten percent (10%) of the population served.⁷ For the avoidance of doubt, this means that California healthcare districts will be measured at ten percent (10%) of their membership. Zydus and the Enforcement Committee shall meet and confer in order to agree on data sources for purposes of this Section prior to the Preliminary Agreement Date.

C. *Population Associated with Sheriffs.* For any purpose in this Agreement in which the population associated with a lawsuit by a sheriff is used, the population will be measured at twenty percent (20%) of the capacity of the jail(s) operated by the sheriff.

D. *No Admission.* Zydus does not admit liability or wrongdoing. Neither this Agreement nor the Consent Judgments shall be considered, construed or represented to be (1) an admission, concession or evidence of liability or wrongdoing or (2) a waiver or any limitation of any defense otherwise available to Zydus.

E. *Tax Cooperation and Reporting.*

1. Upon request by Zydus, the Settling States and Participating Subdivisions agree to perform such further acts and to execute and deliver such further documents as may be reasonably necessary for Zydus to establish the statements set forth in Section VI.F to the satisfaction of their tax advisors, their independent financial auditors, the Internal Revenue Service, or any other governmental authority, including as contemplated by 26 C.F.R. § 1.162-21(b)(3)(ii) and any subsequently proposed or finalized relevant regulations or administrative guidance.

⁷ The estimates for counties and parishes were accessed at <https://www.census.gov/data/datasets/time-series/demo/popest/2010s-counties-total.html>. The estimates for cities and towns can currently be found at <https://www.census.gov/data/datasets/time-series/demo/popest/2010s-total-cities-and-towns.html>.

2. Without limiting the generality of Section XIII.E.1, each Settling State and Participating Subdivision shall cooperate in good faith with Zydus with respect to any tax claim, dispute, investigation, audit, examination, contest, litigation, or other proceeding relating to this Agreement.

3. Pursuant to 26 C.F.R. § 1.6050X-1(a) and (b), the Designated State, on behalf of all Settling States and Participating Subdivisions, shall designate one of its officers or employees to act as the “appropriate official” within the meaning of 26 C.F.R. § 1.6050X-1(f)(1)(ii)(B) (the “Appropriate Official”). The Designated State shall direct and ensure that the Appropriate Official timely (a) files (i) at the time this Agreement becomes binding on the Parties, an IRS Form 1098-F in the form attached as Exhibit U with respect to Zydus and (ii) any legally required forms, returns or amended returns with any applicable governmental authority, or any returns requested by Zydus, and (b) provides to Zydus a copy of (i) the IRS Form 1098-F filed with respect to Zydus and (ii) any legally required written statement pursuant to any applicable law and any other document referred to in clause (a)(ii) above. Any such forms, returns, or statements shall be prepared and filed in a manner fully consistent with Section VI.F. and as set forth in Section XIII.E.4.

4. Any form, return, amended return, or written statement filed or provided pursuant to Section XIII.E.3, and any similar document, shall be prepared and filed in a manner consistent with reporting the Global Settlement Amount as the “Total amount to be paid” pursuant to this Agreement in Box 1 of IRS Form 1098-F and the Compensatory Restitution Amount as “Restitution/remediation amount” in Box 3 of IRS Form 1098-F, as reflected in the attached Exhibit U. If the Designated State or Appropriate Official shall be required to file any form, return, amended return, or written statement contemplated by this Section XIII.E other than an IRS Form 1098-F in the form attached as Exhibit U, the Designated State shall direct and ensure that the Appropriate Official provides to Zydus a draft of such form, return, amended return, or written statement no later than sixty (60) calendar days prior to the due date thereof, and shall accept any reasonable revisions from Zydus on the return, amended return, or written statement.

5. For the avoidance of doubt, neither Zydus nor the Settling States and Participating Subdivisions make any warranty or representation to any Settling State, Participating Subdivision, or Releasor as to the tax consequences of the payment of the Compensatory Restitution Amount (or any portion thereof).

F. *No Third-Party Beneficiaries.* Except as expressly provided in this Agreement, no portion of this Agreement shall provide any rights to, or be enforceable by, any person or entity that is not the Settling State or Released Entity. Settling States may not assign or otherwise convey any right to enforce any provision of this Agreement.

G. *Calculation.* Any figure or percentage referred to in this Agreement shall be carried to seven decimal places.

H. *Construction.* None of the Parties and no Participating Subdivision shall be considered to be the drafter of this Agreement or of any of its provisions for the purpose of any statute, case law, or rule of interpretation or construction that would or might cause any provision to be construed against the drafter of this Agreement. The headings of the provisions of this Agreement are not binding and are for reference only and do not limit, expand, or otherwise affect the contents or meaning of this Agreement.

I. *Cooperation.* Each Party and each Participating Subdivision agrees to use its best efforts and to cooperate with the other Parties and Participating Subdivisions to cause this Agreement and the Consent Judgments to become effective, to obtain all necessary approvals, consents and authorizations, if any, and to execute all documents and to take such other action as may be appropriate in connection herewith. Consistent with the foregoing, each Party and each Participating Subdivision agrees that it will not directly or indirectly assist or encourage any challenge to this Agreement or any Consent Judgment by any other person, and will support the integrity and enforcement of the terms of this Agreement and the Consent Judgments.

J. *Entire Agreement.* This Agreement, including its exhibits and any other attachments, embodies the entire agreement and understanding between and among the Parties and Participating Subdivisions relating to the subject matter hereof and supersedes (1) all prior agreements and understandings relating to such subject matter, whether written or oral and (2) all purportedly contemporaneous oral agreements and understandings relating to such subject matter.

K. *Execution.* This Agreement may be executed in counterparts and by different signatories on separate counterparts, each of which shall be deemed an original, but all of which shall together be one and the same Agreement. One or more counterparts of this Agreement may be delivered by facsimile or electronic transmission with the intent that it or they shall constitute an original counterpart hereof. One or more counterparts of this Agreement may be signed by electronic signature.

L. *Good Faith and Voluntary Entry.* Each Party warrants and represents that it negotiated the terms of this Agreement in good faith. Each of the Parties and Participating Subdivisions warrants and represents that it freely and voluntarily entered into this Agreement without any degree of duress or compulsion. The Parties and Participating Subdivisions state that no promise of any kind or nature whatsoever (other than the written terms of this Agreement) was made to them to induce them to enter into this Agreement.

M. *Legal Obligations.* Nothing in this Agreement shall be construed as relieving Zydus of the obligation to comply with all state and federal laws, regulations or rules, nor shall any of the provisions herein be deemed to be permission to engage in any acts or practices prohibited by such laws, regulations, or rules.

N. *No Prevailing Party.* The Parties and Participating Subdivisions each agree that they are not the prevailing party in this action, for purposes of any claim for fees, costs, or expenses as prevailing parties arising under common law or under the terms of any

statute, because the Parties and Participating Subdivisions have reached a good faith settlement.

O. *Waive Challenge.* The Parties and Participating Subdivisions each further waive any right to challenge or contest the validity of this Agreement on any ground, including, without limitation, that any term is unconstitutional or is preempted by, or in conflict with, any current or future law. Nothing in the previous sentence shall modify, or be construed to conflict with, Section XIII.M.

P. *Non-Admissibility.* The settlement negotiations resulting in this Agreement have been undertaken by the Parties and by certain representatives of the Participating Subdivisions in good faith and for settlement purposes only, and no evidence of negotiations or discussions underlying this Agreement shall be offered or received in evidence in any action or proceeding for any purpose. This Agreement shall not be offered or received in evidence in any action or proceeding for any purpose other than in an action or proceeding arising under or relating to this Agreement or in any litigation or arbitration concerning Zydus's right to coverage under an insurance contract.

Q. *Notices.* All notices or other communications under this Agreement shall be in writing (including, but not limited to, electronic communications) and shall be given to the recipients indicated below:

For the Attorney(s) General:

Jeff Jackson, Attorney General
North Carolina Department of Justice
Attn: Daniel Mosteller, Associate Deputy Attorney General
PO Box 629
Raleigh, NC 27602
Dmosteller@ncdoj.gov

Jonathan Skrmetti, Attorney General
Tennessee Attorney General's Office
Attn: Michael Leftwich, Senior Deputy Attorney General
Hamilton Millwee, Assistant Attorney General
P.O. Box 20207
Nashville, TN 37202
Michael.Leftwich@ag.tn.gov
Hamilton.Millwee@ag.tn.gov

Letitia James, Attorney General
New York State Attorney General
Attn: Jennifer Levy, First Deputy Attorney General
Monica Hanna, Special Counsel
Matthew Conrad, Assistant Attorney General
28 Liberty Street, New York, NY 10005

Jennifer.Levy@ag.ny.gov
Monica.Hanna@ag.ny.gov
Matthew.Conrad@ag.ny.gov

For the Plaintiffs' Executive Committee:

Co-leads
Jayne Conroy
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112 Madison Avenue
7th Floor
New York, NY 10016-7416
JConroy@simmonsfirm.com

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270 Munzo Rivera Ave, Suite 201
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For Zydus:

Lauren Colton
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100 International Drive
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Baltimore, MD 21202
Lauren.colton@hoganlovells.com
(410) 659-2733

Crystal Fisher
Zydus Pharmaceuticals (USA) Inc.
General Counsel & Compliance Officer
73 Route 31 N.
Pennington, NJ 08534
cfisher@zydususa.com

Any Party or the Plaintiffs' Executive Committee may change or add the contact information of the persons designated to receive notice on its behalf by notice given (effective upon the giving of such notice) as provided in this Section XIII.Q.

R. *No Waiver.* The waiver of any rights conferred hereunder shall be effective only if made by written instrument executed by the waiving Party or Parties. The waiver by any Party of any breach of this Agreement shall not be deemed to be or construed as a waiver of any other breach, whether prior, subsequent, or contemporaneous, nor shall such waiver be deemed to be or construed as a waiver by any other Party.

S. *Preservation of Privilege.* Nothing contained in this Agreement or any Consent Judgment, and no act required to be performed pursuant to this Agreement or any Consent Judgment, is intended to constitute, cause, or effect any waiver (in whole or in part) of any attorney-client privilege, work product protection, or common interest/joint defense privilege, and each Party and Participating Subdivision agrees that it shall not make or cause to be made in any forum any assertion to the contrary.

T. *Successors.*

1. This Agreement shall be binding upon, and inure to the benefit of, Zydus and its respective successors and assigns.

2. Zydus shall not, in one (1) transaction or a series of related transactions, sell or transfer U.S. assets having a fair market value equal to twenty-five percent (25%) or more of the consolidated assets of Zydus (other than sales or transfers of inventories, or sales or transfers to an entity owned directly or indirectly by Zydus) where the sale or transfer is announced after the Reference Date, is not for fair consideration, and would foreseeably and unreasonably jeopardize Zydus's ability to make the payments under this Agreement following the close of a sale or transfer transaction, unless Zydus obtains the acquiror's agreement that it will be either a guarantor of or successor to the percentage of Zydus's remaining Payment Obligations under this Agreement equal to the percentage of Zydus's consolidated assets being sold or transferred in such transaction. Percentages under this section shall be determined in accordance with United States generally accepted accounting principles and as of the date of Zydus's most recent publicly filed consolidated balance sheet prior to the date of entry into the sale or transfer agreement at issue. This Section XIII.T shall be enforceable solely by the Settling States, and any objection under this Section XIII.T not raised within sixty (60) calendar days of the announcement of the relevant transaction is waived.

U. *Modification, Amendment, Alteration.* In the event the Plaintiffs' Executive Committee, the Executive Committee of the State Attorneys General, or Zydus concludes prior to the Reference Date that technical corrections are required to this Agreement, the Plaintiffs' Executive Committee, the Executive Committee of the State Attorneys General, and Zydus shall meet and confer and make such amendments as they agree are appropriate. After the Reference Date, any modification, amendment, or alteration of this Agreement by the Parties shall be binding only if evidenced in writing signed by Zydus, along with

the signature of at least two-thirds of those then serving as Attorneys General of the Settling States along with a representation from each Attorney General that either: (1) the advisory committee or similar entity established or recognized by that Settling State (either pursuant to Section VI.E.2.d, by a State-Subdivision Agreement, or by statute) voted in favor of the modification, amendment or alteration of this Agreement including at least one member appointed by the Participating Subdivisions listed on Exhibit G; or (2) in Settling States without any advisory committee, that 50.1% (by population) of the Participating Subdivisions listed on Exhibit G expressed approval of the modification, amendment, or alteration of this Agreement in a writing.

V. *Termination.*

1. Unless otherwise agreed to by each of Zydus and the Settling States, this Agreement and all of its terms (except Section XIII.P and any other non-admissibility provisions, which shall continue in full force and effect) shall be canceled and terminated with respect to the Settling State, and the Agreement and all orders issued by the courts in the Settling State pursuant to the Agreement shall become null and void and of no effect if one or more of the following conditions applies:

a. a Consent Judgment approving this Agreement without modification of any of the Agreement's terms has not been entered as to a Settling State by a court of competent jurisdiction on or before one hundred eighty (180) calendar days after the Effective Date;

b. this Agreement or the Consent Judgment as to that Settling State has been disapproved by a court of competent jurisdiction to which it was presented for approval and/or entry (or, in the event of an appeal from or review of a decision of such a court to approve this Agreement and the Consent Judgment, by the court hearing such appeal or conducting such review), and the time to appeal from such disapproval has expired, or, in the event of an appeal from such disapproval, the appeal has been dismissed or the disapproval has been affirmed by the court of last resort to which such appeal has been taken and such dismissal or disapproval has become no longer subject to further appeal (including, without limitation, review by the United States Supreme Court); or

2. If this Agreement is terminated with respect to a Settling State and its Subdivisions for whatever reason pursuant to Section XIII.V.1, then:

a. an applicable statute of limitation or any similar time requirement (excluding any statute of repose) shall be tolled from the date the Settling State signed this Agreement until the later of the time permitted by applicable law or for one year from the date of such termination, with the effect that Zydus and the Settling State shall be in the same position with respect to the statute of limitation as they were at the time the Settling State filed its action; and

b. Zydus and the Settling State and its Participating Subdivisions shall jointly move the relevant court of competent jurisdiction for an order reinstating the actions and claims dismissed pursuant to the terms of this Agreement governing dismissal, with the effect that Zydus and the Settling State and its Participating Subdivisions shall be in the same position with respect to those actions and claims as they were at the time the action or claim was stayed or dismissed.

3. Unless Zydus and the Enforcement Committee agree otherwise, this Agreement, with the exception of the Injunctive Relief Terms that have their own provisions on duration, shall terminate as of May 15, 2027, provided that Zydus has performed its payment obligations under the Agreement as of that date. Notwithstanding any other provision in this Section XIII.V.3 or in this Agreement, all releases under this Agreement will remain effective despite any termination under this Section XIII.V.3.

W. *Governing Law.* Except as (1) otherwise provided in this Agreement or (2) as necessary, in the sole judgment of the National Arbitration Panel, to promote uniformity of interpretation for matters within the scope of the National Arbitration Panel's authority, this Agreement shall be governed by and interpreted in accordance with the respective laws of the Settling State, without regard to the conflict of law rules of such Settling State, that is seeking to enforce the Agreement against Zydus or against which Zydus is seeking enforcement. Notwithstanding any other provision in this subsection on governing law, any disputes relating to the Settlement Fund Escrow shall be governed by and interpreted in accordance with the law of the state where the escrow agent has its primary place of business.

X. *Bankruptcy.* The following provisions shall apply if Zydus enters bankruptcy and (i) the Zydus bankruptcy estate recovers, pursuant to 11 U.S.C. § 550, any payments made under this Agreement, or (ii) this Agreement is deemed executory and is rejected by Zydus pursuant to 11 U.S.C. § 365:

1. In the event that the both a number of Settling States equal to at least seventy-five percent (75%) of the total number of Settling States and Settling States having aggregate State Allocation Percentages as set forth on Exhibit F equal to at least seventy-five percent (75%) of the total aggregate State Allocation Percentages assigned to all Settling States deem (by written notice to Zydus) that the financial obligations of this Agreement have been terminated and rendered null and void (except as provided in Section XIII.X.1.a) due to a material breach by Zydus, whereupon:

a. all agreements, all concessions, all reductions of Releasing Parties' Claims, and all releases and covenants not to sue, contained in this Agreement shall immediately and automatically be deemed null and void as to Zydus; the Settling States shall be deemed immediately and automatically restored to the same position they were in immediately prior to their entry into this Settlement Agreement in respect to Zydus and the Settling States

shall have the right to assert any and all claims against Zydus in the bankruptcy or otherwise without regard to any limits or agreements as to the amount of the settlement otherwise provided in this Agreement; *provided, however*, that notwithstanding the foregoing sentence, (i) all reductions of Releasing Parties' Claims, and all releases and covenants not to sue, contained in this Agreement shall remain in full force and effect as to all persons or entities other than Zydus itself; and (ii) in the event the Settling State asserts any Released Claim against Zydus after the rejection and/or termination of this Agreement as described in this Section XIII.X.1.a and receives a judgment, settlement or distribution arising from such Released Claim, then the amount of any payments the Settling State has previously received from Zydus under this Agreement shall be applied to reduce the amount of any such judgment, settlement or distribution (provided that no credit shall be given against any such judgment, settlement or distribution for any payment that the Settling State is required to disgorge or repay to Zydus's bankruptcy estate); and

b. the Settling States may exercise all rights provided under the federal Bankruptcy Code (or other applicable bankruptcy or non-bankruptcy law) with respect to their Claims against Zydus subject to all defenses and rights of the Zydus.

Y. *Waiver.* Zydus, for good and valuable consideration the receipt of which is acknowledged, hereby (a) waives, foregoes and relinquishes all rights to utilize and/or seek relief under any of the following laws of the State of Texas for the restructuring of its debts or liabilities related to Released Claims, Claims that would have been Released Claims if they had been brought by a Releasor against a Released Entity before the Effective Date, or this Agreement: Tex. Bus. Orgs. Code § 10.003 (Contents of Plan of Merger: More Than One Successor) or any other statute of Subchapter A of Chapter 10 of Tex. Bus. Orgs. Code to the extent such statute relates to multi-successor mergers (and/or any other similar laws or statutes in any other state or territory); Tex. Bus. Orgs. Code §§ 11.01–11.414 (Winding Up and Termination of Domestic Entity); or Tex. Bus. & Com. Code §§ 23.01–23.33 (Assignments for the Benefit of Creditors) (collectively, the “Texas Statutes”), and (b) agrees, warrants and represents that it will not file, request or petition for relief under the Texas Statutes related to its debts or liabilities related to Released Claims, Claims that would have been Released Claims if they had been brought by a Releasor against a Released Entity before the Effective Date, or this Agreement, in each case until such time as all of Zydus’s payment obligations incurred hereunder are satisfied in full. The foregoing waiver and relinquishment includes, without limitation, until such time as all of Zydus’s payment obligations incurred hereunder are satisfied in full, Zydus’s rights to execute a divisional merger or equivalent transaction or restructuring related to its debts or liabilities related to Released Claims, Claims that would have been Released Claims if they had been brought by a Releasor against a Released Entity before the Effective Date, or this Agreement that in each case has the intent or foreseeable effect of (i) separating material assets from material liabilities and (ii) assigning or allocating all or a substantial portion of those liabilities to any subsidiary or affiliate that files for relief under chapter 11 of the Bankruptcy Code, or pursuant to which such subsidiary or affiliate that files for relief under chapter 11 of the Bankruptcy Code would be assuming or retaining all or a substantial portion of those liabilities.



**City of Ormond Beach
City Commission Agenda
Staff Report**

Agenda Date	September 3, 2025	Item No	9.A.
Section	PUBLIC HEARINGS	Category	Public Hearing - Ordinances
Subject	Code of Ordinance Amendments, Leisure Services Name Change (Second Reading)		
Recommended Action	Staff recommends APPROVAL of amendments to the below sections of the Code of Ordinances to amend the term leisure services to parks and recreation.		
Strategic Goal	Transportation & Community Development - Other		
Department Staff Contact	Planning & Building Steven Spraker, Planning Director		

Summary

This is an application for an administrative amendment to the following sections of the Code of Ordinances: (1) Section 2-83, Offices, departments/divisions and heads enumerated, of Article V, Departments, of Chapter 2, Administration, (2) Section 2-221, Leisure services advisory board, Division 2, Enumerated, of Article VI, Boards, Commissions, Committees and Other Agencies, of Chapter 2, Administration, (3) Section 2-222, Workplace safety program, of Division 2, Enumerated, of Article VI, Boards, Commissions, Committees and Other Agencies, of Chapter 2, Administration, (4) Section 14-18, Trespass, of Article I, In general, of Chapter 14, Offenses, and (5) Section 15-8, Nuisances, of Article I, Operation of city parks and recreation and cultural areas and facilities, of Chapter 15, Parks and Recreation to amend the term leisure services to parks and recreation. The proposed changes pertain solely to the name of the department and the advisory board, and no regulations are proposed to be amended within the individual sections.

During the process of performing the Evaluation and Appraisal for the Comprehensive Plan (2045 update), there was direction to amend the name of the Leisure Services Department to the Parks and Recreation Department. At the first Community Engagement meeting for the Comprehensive Plan 2045 update, residents submitted comments seeking to amend the name of the Leisure Services Department. The change in the Department name was reviewed and recommended for use by the Leisure Services Advisory Board, Quality of Life Advisory Board, and Planning Board.

On February 4, 2025, the City Commission conducted a workshop on the Comprehensive Plan 2045 update, whereby the Commission provided direction to rename the Leisure Services Department to the Parks and Recreation Department.

Financial Impact

Minimal, other than staff time and over a period of time updating documents, signs and other materials.

Citizen Impact

The department name change arose from the Comprehensive Plan Community Engagement Meeting. The name change may be beneficial to citizens to better describe the services and functions of the department.

Attachments

1. 25-24 COO Park and Rec Name Change (P25-0028G)
2. Ordinance BIE, LDC Amendment, COO Name Change

ORDINANCE NO. 2025-24

AN ORDINANCE AMENDING SECTION 2-83, OFFICES, DEPARTMENTS/DIVISIONS AND HEADS ENUMERATED, OF ARTICLE V, DEPARTMENTS, OF CHAPTER 2, ADMINISTRATION; SECTION 2-221, LEISURE SERVICES ADVISORY BOARD, OF DIVISION 2, ENUMERATED, OF ARTICLE VI, BOARDS, COMMISSIONS, COMMITTEES AND OTHER AGENCIES, OF CHAPTER 2, ADMINISTRATION; SECTION 2-222, WORKPLACE SAFETY PROGRAM, OF DIVISION 2, ENUMERATED, OF ARTICLE VI, BOARDS, COMMISSIONS, COMMITTEES AND OTHER AGENCIES, OF CHAPTER 2, ADMINISTRATION; SECTION 14-18, TRESPASS, OF ARTICLE I, IN GENERAL, OF CHAPTER 14, OFFENSES; SECTION 15-8, NUISANCES, OF ARTICLE I, OPERATION OF CITY PARKS AND RECREATION AND CULTURAL AREAS AND FACILITIES, OF CHAPTER 15, PARKS AND RECREATION; AND SECTION 17-9, PUBLIC USE OF STREETS AND SIDEWALKS, OF CHAPTER 17, STREETS, SIDEWALKS AND OTHER PUBLIC PLACES, OF THE CITY OF ORMOND BEACH *CODE OF ORDINANCES* TO AMEND THE TERM “LEISURE SERVICES” DEPARTMENT TO “PARKS AND RECREATION” DEPARTMENT, AND TO AMEND THE NAME OF THE “LEISURE SERVICES ADVISORY BOARD” TO THE “PARKS AND RECREATION ADVISORY BOARD”; REPEALING ALL INCONSISTENT ORDINANCES OR PARTS THEREOF; AND SETTING FORTH AN EFFECTIVE DATE.

BE IT ENACTED BY THE PEOPLE OF THE CITY OF ORMOND BEACH, FLORIDA, THAT:

SECTION ONE. Section 2-83, Offices, departments/divisions and heads enumerated, of Article V, Departments, of Chapter 2, Administration, of the City of Ormond Beach, Florida, *Code of Ordinances* is hereby amended to read as follows:

Sec. 2-83. Offices, departments/divisions and heads enumerated.

The administrative branch of the city government shall be organized in the following departments and divisions:

(1) *Departments.*

- a. Department of economic development;
- b. Department of finance;
- c. Department of human resources;
- d. Department of ~~leisure services~~ parks and recreation;
- e. Department of planning;
- f. Department of public works;
- g. Department of support services;
- h. Fire department; and
- i. Police department.

(2) *Divisions.* (No change to existing text)

SECTION TWO. Section 2-221, Leisure services advisory board, of Division 2, Enumerated, of Article VI, Boards, Commissions, Committees and Other Agencies, of Chapter 2, Administration, of the City of Ormond Beach, Florida, *Code of Ordinances* is hereby amended to read as follows:

Sec. 2-221. ~~Leisure services~~ Parks and Recreation advisory board.

- (a) *Composition.* The ~~leisure services~~ parks and recreation advisory board shall consist of 10 members who shall be appointed by the city commission. All members shall be residents of the city and shall serve in accordance with section 2-206 of this Code and other applicable requirements.

The mayor and each city commissioner shall nominate a person to serve as members of the board, and shall by consensus nominate one person to serve at-large. In addition, the city commission shall consider nominations provided by each of the following youth sports organizations: Ormond Beach Youth Baseball and Softball Corp.; Ormond Beach Youth Basketball Association, Inc.; Ormond Beach Soccer Club, Inc.; and Ormond Beach Youth Football and Cheerleaders Association, Inc.

All members of the ~~leisure services~~ parks and recreation advisory board shall be approved by majority vote of the city commission. In the event the city commission does not approve a nominee, the city commission member or youth sports organization that made such nomination may make such additional nominations as may be necessary to obtain approval. If the said city commission member or youth sports organization chooses not to make an additional nomination, then one or more of the other city commission members may offer a nomination.

- (b) *Purpose.* The purpose of the board as hereby established is to foster cooperation and to provide assistance and recommendations to the city commission in reference to all facets of ~~leisure~~ parks and recreation services for the city.
- (c) *Meetings.* (No change to existing text)
- (d) *Officers.* (No change to existing text)
- (e) *Terms.* Members shall be appointed or re-appointed to serve two-year terms that shall expire the day prior to the first regularly scheduled city commission meeting in January of each odd-numbered year. Any vacancy in an unexpired term shall be filled in the same manner as the original appointment for the remainder of the term. A member of the ~~leisure services~~ parks and recreation advisory board may be removed by the city commission for cause after being provided a written statement of the charges and a public hearing thereon, if so requested.
- (f) *Quorum; vote requirements.* (No change to existing text)
- (g) *Procedures.* (No change to existing text)

SECTION THREE. Section 2-222, Workplace safety program, of Division 2, Enumerated, of Article VI, Boards, Commissions, Committees and Other Agencies, of Chapter 2, Administration, of the City of Ormond Beach, Florida, *Code of Ordinances* is hereby amended to read as follows:

Sec. 2-222. Workplace safety program.

- (a) *Establishment.* There is hereby established three teams to be known as workplace safety teams. Each team shall be composed of a representative from each division. The police department will have a team, the fire department will have a team, and ~~leisure services~~ parks and recreation and public works will combine to form a team. Employees can volunteer to serve on the team. If there are more volunteers than available memberships on the team or not enough

volunteers for the team, the department head shall select and appoint employees to serve. The employee members shall serve a term of one calendar year.

(b) - (g) (No change to existing text)

SECTION FOUR. Section 14-18, Trespass, of Article I, In General, of Chapter 14, Offenses, of the City of Ormond Beach, Florida, *Code of Ordinances* is hereby amended to read as follows:

Sec. 14-18. Trespass.

(a) *Definitions.* (No change to existing text)

(b) *Prohibited.* It shall be unlawful for any person to trespass on private property, business premises, or public property, as each is hereinabove described and defined, in the city.

(1) (No change to existing text)

(2) A copy of the trespass warning shall be provided by mail or hand-delivery to the individual and to the ~~leisure services~~ parks and recreation director and the chief of police, or their designees.

(3) (No change to existing text)

(4) (No change to existing text)

(c) *Prohibited.* (No change to existing text)

SECTION FIVE. Section 15-8, Nuisances, of Article I, Operation of City Parks and Recreation and Cultural Areas and Facilities, of Chapter 15, Parks and Recreation, of the City of Ormond Beach, Florida, *Code of Ordinances* is hereby amended to read as follows:

Sec. 15-8. Nuisances.

(a) - (d) *Alcoholic beverages.* (No change to existing text)

(e) *Smoking or vaping.*

(1) Except as otherwise provided in this subsection, smoking or vaping is prohibited on any portion of the following municipal properties: Central Park, Fortunato Park, Nova Community Park, Ormond Beach Middle School Park, Osceola School Park, Riviera Park, Sanchez Park, South

Ormond Neighborhood Park, Andy Romano Beachfront Park, Birthplace of Speed Park, or within the boundaries of any other city park. The ~~leisure services~~ parks and recreation director may designate one or more areas within these properties as smoking areas, provided that such smoking area(s) shall not be designated in any common area that is expected to be used by the public.

- (2) Except as otherwise provided in this subsection, smoking or vaping is prohibited on any portion of the following municipal properties when a youth athletic activity occurs: Ormond Beach Sports Complex, Ormond Beach Tennis Center, Nova Community and Gymnastics Center, South Ormond Neighborhood Center, or within the boundaries of any other city sports center. The ~~leisure services~~ parks and recreation director may designate one or more areas within these properties as smoking areas, provided that such smoking area(s) shall not be designated in any common area that is expected to be used by the public.
- (3) (No change to existing text)
- (4) (No change to existing text)

SECTION SIX. Section 17-9, Public use of streets and sidewalks, of Chapter 17, Streets, Sidewalks and Other Public Places, of the City of Ormond Beach, Florida, *Code of Ordinances* is hereby amended to read as follows:

Sec. 17-9. Public use of streets and sidewalks.

- (a) - (i) (No change to existing text)
- (j) *Officials to be notified.* Promptly upon the police chief granting a permit for a parade or motorcade, he shall send a copy thereof to the following:
 - (1) The city commission;
 - (2) The city manager;
 - (3) The fire chief;
 - (4) The public works director; and
 - (5) The ~~leisure services~~ parks and recreation director.
- (k) *Permit revocation.* (No change to existing text)
- (l) *Public assemblages.* (No change to existing text)

SECTION SEVEN. In the event any word, phrase, clause, sentence, paragraph, term, or provision of this Ordinance shall be held to be invalid by a court of competent jurisdiction, such judicial determination shall not affect any other word, clause, phrase, sentence, paragraph, term or provision, of this Ordinance, and the remainder of this Ordinance shall remain in full force and effect.

SECTION EIGHT. All Ordinances or parts of Ordinances in conflict herewith are hereby repealed to the extent of such conflict.

SECTION NINE. This Ordinance shall take effect immediately upon its adoption.

PASSED UPON at the first reading of the City Commission, this 19th day of August, 2025.

PASSED UPON at the second and final reading of the City Commission, this 3rd day of September, 2025.

JASON LESLIE
Mayor

ATTEST:

SUSAN CARROLL DAUDERIS
City Clerk



Ordinance Adoption **Business Impact Estimate**

Proposed ordinance's number and legal title:

2025-24

AN ORDINANCE AMENDING SECTION 2-83, OFFICES, DEPARTMENTS/DIVISIONS AND HEADS ENUMERATED, OF ARTICLE V, DEPARTMENTS, OF CHAPTER 2, ADMINISTRATION, SECTION 2-221, LEISURE SERVICES ADVISORY BOARD, OF DIVISION 2, ENUMERATED, OF ARTICLE VI, BOARDS, COMMISSIONS, COMMITTEES AND OTHER AGENCIES, OF CHAPTER 2, ADMINISTRATION, SECTION 2-222, WORKPLACE SAFETY PROGRAM, OF DIVISION 2, ENUMERATED, OF ARTICLE VI, BOARDS, COMMISSIONS, COMMITTEES AND OTHER AGENCIES, OF CHAPTER 2, ADMINISTRATION, SECTION 14-18, TRESPASS, OF ARTICLE I, IN GENERAL, OF CHAPTER 14, OFFENSES, SECTION 15-8, NUISANCES, OF ARTICLE I, OPERATION OF CITY PARKS AND RECREATION AND CULTURAL AREAS AND FACILITIES, OF CHAPTER 15, PARKS AND RECREATION, SECTION 17-9, PUBLIC USE OF STREETS AND SIDEWALKS, OF CHAPTER 17, STREETS, SIDEWALKS AND OTHER PUBLIC PLACES, OF THE CITY OF ORMOND BEACH CODE OF ORDINANCES TO AMEND THE TERM LEISURE SERVICES TO PARKS AND RECREATION; REPEALING ALL INCONSISTENT ORDINANCES OR PARTS THEREOF; AND SETTING FORTH AN EFFECTIVE DATE.

This Business Impact Estimate is provided in accordance with section 166.041(4), Florida Statutes. If one or more boxes are checked below, this means the City is of the view that a business impact estimate is not required by state law for the proposed ordinance, but the City is, nevertheless, providing this Business Impact Estimate as a courtesy and to avoid any procedural issues that could impact the enactment of the proposed ordinance. This Business Impact Estimate may be revised following its initial posting.

- ☐ The proposed ordinance is required for compliance with Federal or State law or regulation;
- ☐ The proposed ordinance relates to the issuance or refinancing of debt;
- ☐ The proposed ordinance relates to the adoption of budgets or budget amendments, including revenue sources necessary to fund the budget;
- ☐ The proposed ordinance is required to implement a contract or an agreement, including, but not limited to, any Federal, State, local, or private grant or other financial assistance accepted by the municipal government;
- ☐ The proposed ordinance is an emergency ordinance;
- ☐ The ordinance relates to procurement; or
- ☒ The proposed ordinance is enacted to implement the following:
 - a. Part II of Chapter 163, Florida Statutes, relating to growth policy, county and municipal planning, and land development regulation, including zoning, development orders, development agreements and development permits;
 - b. Sections 190.005 and 190.046, Florida Statutes, regarding community development districts;

- c. Section 553.73, Florida Statutes, relating to the Florida Building Code; or
- d. Section 633.202, Florida Statutes, relating to the Florida Fire Prevention Code.

In accordance with the provisions of controlling law, even notwithstanding the fact that an exemption noted above may apply, the City hereby publishes the following information:

1. A summary of the proposed ordinance, including a statement of the public purpose to be served by the proposed ordinance, such as serving the public health, safety, morals, and welfare of the City.

This is an application for an administrative amendment to the following sections of the Code of Ordinances: (1) Section 2-83, Offices, departments/divisions and heads enumerated, of Article V, Departments, of Chapter 2, Administration, (2) Section 2-221, Leisure services advisory board, Division 2, Enumerated, of Article VI, Boards, Commissions, Committees and Other Agencies, of Chapter 2, Administration, (3) Section 2-222, Workplace safety program, of Division 2, Enumerated, of Article VI, Boards, Commissions, Committees and Other Agencies, of Chapter 2, Administration, (4) Section 14-18, Trespass, of Article I, In general, of Chapter 14, Offenses, and (5) Section 15-8, Nuisances, of Article I, Operation of city parks and recreation and cultural areas and facilities, of Chapter 15, Parks and Recreation to amend the term leisure services to parks and recreation.

2. An estimate of the direct economic impact of the proposed ordinance on private, for-profit businesses in the City, including the following, if any:

- a. An estimate of direct compliance costs that businesses may reasonably incur if the ordinance is enacted;

None. This is an application for an administrative amendment to the following sections of the Code of Ordinances: (1) Section 2-83, Offices, departments/divisions and heads enumerated, of Article V, Departments, of Chapter 2, Administration, (2) Section 2-221, Leisure services advisory board, Division 2, Enumerated, of Article VI, Boards, Commissions, Committees and Other Agencies, of Chapter 2, Administration, (3) Section 2-222, Workplace safety program, of Division 2, Enumerated, of Article VI, Boards, Commissions, Committees and Other Agencies, of Chapter 2, Administration, (4) Section 14-18, Trespass, of Article I, In general, of Chapter 14, Offenses, and (5) Section 15-8, Nuisances, of Article I, Operation of city parks and recreation and cultural areas and facilities, of Chapter 15, Parks and Recreation to amend the term leisure services to parks and recreation.

- b. Identification of any new charge or fee on businesses subject to the proposed ordinance, or for which businesses will be financially responsible; and

None. This is an application for an administrative amendment to the following sections of the Code of Ordinances: (1) Section 2-83, Offices, departments/divisions and heads enumerated, of Article V, Departments, of Chapter 2, Administration, (2) Section 2-221, Leisure services advisory board, Division 2, Enumerated, of Article VI, Boards, Commissions, Committees and Other Agencies, of Chapter 2, Administration, (3) Section 2-222, Workplace safety program, of Division 2, Enumerated, of Article VI, Boards, Commissions, Committees and Other Agencies, of Chapter 2, Administration, (4) Section 14-18, Trespass, of Article I, In general, of Chapter 14, Offenses, and (5) Section 15-8, Nuisances, of Article I, Operation of city parks and recreation and cultural areas and facilities, of Chapter 15, Parks and Recreation to amend the term leisure services to parks and recreation.

- c. An estimate of the City's regulatory costs, including an estimate of revenues from any new charges or fees that will be imposed on businesses to cover such costs.

None. This is an application for an administrative amendment to the following sections of the Code of Ordinances: (1) Section 2-83, Offices, departments/divisions and heads enumerated, of Article V, Departments, of Chapter 2, Administration, (2) Section 2-221, Leisure services advisory board, Division 2, Enumerated, of Article VI, Boards, Commissions, Committees and Other Agencies, of Chapter 2, Administration, (3) Section 2-222, Workplace safety program, of Division 2, Enumerated, of Article VI, Boards, Commissions, Committees and Other Agencies, of Chapter 2, Administration, (4) Section 14-18, Trespass, of Article I, In general, of Chapter 14, Offenses, and (5) Section 15-8, Nuisances, of Article I, Operation of city parks and recreation and cultural areas and facilities, of Chapter 15, Parks and Recreation to amend the term leisure services to parks and recreation.

3. A good faith estimates of the number of businesses likely to be impacted by the ordinance.

None. This is an application for an administrative amendment to the following sections of the Code of Ordinances: (1) Section 2-83, Offices, departments/divisions and heads enumerated, of Article V, Departments, of Chapter 2, Administration, (2) Section 2-221, Leisure services advisory board, Division 2, Enumerated, of Article VI, Boards, Commissions, Committees and Other Agencies, of Chapter 2, Administration, (3) Section 2-222, Workplace safety program, of Division 2, Enumerated, of Article VI, Boards, Commissions, Committees and Other Agencies, of Chapter 2, Administration, (4) Section 14-18, Trespass, of Article I, In general, of Chapter 14, Offenses, and (5) Section 15-8, Nuisances, of Article I, Operation of city parks and recreation and cultural areas and facilities, of Chapter 15, Parks and Recreation to amend the term leisure services to parks and recreation.

4. Any additional information the City determines may be useful.

(This section may include: methodology or data used to prepare the Business Impact Estimate, e.g., City staff solicited comments from businesses as to the potential impact of the proposed ordinance by contacting the chamber of commerce, social media posting, direct mail/email, posting on the City's website, public workshop, etc.; efforts made to reduce the potential fiscal impact on businesses; and state the proposed ordinance is a generally applicable ordinance that applies to all persons similarly situated (individuals or businesses) and, therefore, the proposed ordinance does not affect only businesses.)

No business impacts proposed. The item was advertised by newspaper advertisements. Information on the application is also on the city's website.



**City of Ormond Beach
City Commission Agenda
Staff Report**

Agenda Date	September 3, 2025	Item No	9.B.
Section	PUBLIC HEARINGS	Category	Public Hearing - Ordinances
Subject	Land Development Code Amendment, Leisure Services Name Change (Second Reading)		
Recommended Action	The <u>Planning Board</u> recommended APPROVAL of a Land Development Code amendment for Chapter 2, District and General Regulations, Article III, General Regulations, Section 2-50, Accessory uses, subsection (v) Mobile food dispensing vehicles, to amend the term Leisure Services to Parks and Recreation.		
Strategic Goal	Transportation & Community Development - Other		
Department Staff Contact	Planning & Building Steven Spraker, Planning Director		

Summary

This is an application for an administrative amendment to Chapter 2, District and General Regulations, Article III, General Regulations, Section 2-50, Accessory uses, subsection (v) Mobile food dispensing vehicles of the Land Development Code to amend the term leisure services to parks and recreation. The proposed changes pertain solely to the name of the department, and no regulations are proposed to be amended for mobile food dispensing vehicles.

During the process of performing the Evaluation and Appraisal for the Comprehensive Plan (2045 update), there was direction to amend the name of the Leisure Services Department to the Parks and Recreation Department. At the first Community Engagement meeting for the Comprehensive Plan 2045 update, residents submitted comments seeking to amend the name of the Leisure Services Department. The change in the Department name was reviewed and recommended for use by the Leisure Services Advisory Board, Quality of Life Advisory Board, and Planning Board.

On February 4, 2025, the City Commission conducted a workshop on the Comprehensive Plan 2045 update, whereby the Commission provided direction to rename the Leisure Services Department to the Parks and Recreation Department.

The Planning Board reviewed the Land Development Code amendment and recommended approval with a 6-0 vote. No individual spoke for or against the amendment.

Financial Impact

Minimal, other than staff time and over a period of time updating documents, signs and other materials.

Citizen Impact

The department name change arose from the Comprehensive Plan Community Engagement Meeting. The name change may be beneficial to citizens to better describe the services and functions of the department.

Attachments

1. 25-25 LDC Parks and Rec Name Change (P25-0028G)
2. 07.10.2025, P&R Name Change, PB Staff Report
3. 07.10.2025, Draft Planning Board minutes, P&R Name Change
4. Ordinance BIE, LDC Amendment, P&R Name Change

ORDINANCE NO. 2025-25

AN ORDINANCE AMENDING SUBSECTION (V), MOBILE FOOD DISPENSING VEHICLES, OF SECTION 2-50, ACCESSORY USES, OF ARTICLE III, GENERAL REGULATIONS, OF CHAPTER 2, DISTRICT AND GENERAL REGULATIONS, OF THE CITY OF ORMOND BEACH *LAND DEVELOPMENT CODE* TO AMEND THE TERM “LEISURE SERVICES DEPARTMENT” TO “PARKS AND RECREATION DEPARTMENT”; REPEALING ALL INCONSISTENT ORDINANCES OR PARTS THEREOF; PROVIDING FOR SEVERABILITY; AND SETTING FORTH AN EFFECTIVE DATE.

WHEREAS, this is an administrative request to amend Subsection (v), Mobile food dispensing vehicles, of Article III, General Regulations, of Chapter 2, District and General Regulations, of the City of Ormond Beach *Land Development Code* to amend the term “Leisure Services Department” to “Parks and Recreation Department”; and

WHEREAS, the local planning agency, being the Planning Board of the City of Ormond Beach, has conducted a public hearing on July 10, 2025 on the requested amendment and has made recommendations thereon to the City Commission; and

WHEREAS, all applicable notice requirements of Section 166.041(3)(a), *Florida Statutes*, have been complied with; and

WHEREAS, for the purposes of this Ordinance, underlined type constitute additions to the original text and ~~striketrough~~ shall constitute deletions to the original text; and

WHEREAS, the City Commission finds the amendment to be consistent with the provisions of the *Comprehensive Plan* of the City of Ormond Beach, and in the overall best interest of the public health, safety and welfare; now therefore,

BE IT ENACTED BY THE PEOPLE OF THE CITY OF ORMOND BEACH, FLORIDA, THAT:

SECTION ONE. Subsection (v), Mobile food dispensing vehicles, of Section 2-50, Accessory uses, of Article III, General Regulations, of Chapter 2, District and General Regulations, of the City of Ormond Beach *Land Development Code* is hereby amended to read as follows:

Sec. 2-50. - Accessory uses.

(a) – (u) (No change to existing text)

(v) *Mobile food dispensing vehicles.*

(1) – (3): (No change to existing text)

(4) *Locations allowed:*

a. Mobile food dispensing vehicles are allowed as follows:

1. On city property as approved in association with a City sponsored event, or as approved by the ~~leisure services~~ parks and recreation department with a special event permit. Permits are contingent on providing proof of liability insurance required for permittees and other conditions of a special event permit.
2. Houses of worship special events that are designed for over five hundred (500) people with a special event permit.
3. Within the Interlocal Service Boundary Agreement area (ISBA) with recognized itinerant vending during recognized special events per chapter 2, article VII of this Code.
4. Within the B-8 (Commercial) and I-1 (Light Industrial) zoning district with a mobile food dispensing vehicle host permit.

5. Single-family and multi-family developments with residential club houses or community centers with a special event permit. The number of mobile food dispensing vehicle events shall not exceed twelve (12) in a calendar year.
 6. No mobile food dispensing vehicles shall be permitted on vacant land or properties with no principal use. A principal use shall be demonstrated with an active business tax receipt.
- (5) *Operational standards for mobile food dispensing vehicles:* (No change to existing text)
- (w) – (ii) (No change to existing text)

SECTION TWO. All Ordinances or parts of Ordinances in conflict herewith are hereby repealed to the extent of such conflict.

SECTION THREE. In the event any word, phrase, clause, sentence, paragraph, term, or provision of this Ordinance shall be held to be invalid by a court of competent jurisdiction, such judicial determination shall not affect any other word, clause, phrase, sentence, paragraph, term or provision, of this Ordinance, and the remainder of this Ordinance shall remain in full force and effect.

SECTION FOUR. This Ordinance shall take effect immediately upon its adoption.

PASSED UPON at the first reading of the City Commission, this 19th day of August, 2025.

PASSED UPON at the second and final reading of the City Commission, this 3rd
day of September, 2025.

JASON LESLIE
Mayor

ATTEST:

SUSAN CARROLL DAUDERIS
City Clerk



PLANNING BOARD STAFF REPORT

Land Development Code (LDC) Amendment Parks and Recreation Department Name Update

PLANNING BOARD DATE:	July 10, 2025
TENTATIVE CITY COMMISSION DATES:	August 19, 2025 (1 st Reading); September 3, 2025 (2 nd Reading)
APPLICANT:	Administrative
PROJECT NUMBER:	LDC 2025-181
SUBJECT:	LDC amendment: Chapter 2, District and General Regulations, Article III, General Regulations, Section 2-50, Accessory uses, subsection (v) Mobile food dispensing vehicles
PLANNING STAFF RECOMMENDATION:	Approval
STAFF CONTACT:	Steven Spraker, AICP, Planning Director

SECTION 1, INTRODUCTION: This is an application for an administrative amendment to the following section of the Land Development Code: Chapter 2, District and General Regulations, Article III, General Regulations, Section 2-50, Accessory uses, subsection (v) Mobile food dispensing vehicles, to amend the term Leisure Services Department to Parks and Recreation Department. The proposed changes pertain to the name of the Department only, and no regulations are proposed to be amended for mobile food dispensing vehicles.

SECTION 2, BACKGROUND: During the process of performing the Evaluation and Appraisal for the Comprehensive Plan (Comprehensive Plan 2045 update), there was direction to amend the name of Leisure Services Department to the Parks and Recreation Department. At the first Community Engagement meeting for the Comprehensive Plan 2045 update, residents submitted comments seeking to amend the name of the Leisure Services Department. The change in Department name was reviewed and recommended for use by the Leisure Services Advisory Board, Quality of Life Advisory Board, and Planning Board. On February 4, 2025, the City Commission conducted a workshop on the Comprehensive Plan 2045 update. As part of this workshop, the City Commission provided direction to amend the name of the Leisure Services Department to the Parks and Recreation Department.

The change of Department name requires multiple actions. City staff have reviewed the Land Development Code and Code of Ordinances and are seeking to change the Department name in these documents. The Land Development Code contains one reference for the Leisure Services Department, which is the source of this amendment item. Separate actions will be taken to amend the Code of Ordinances and the City's organizational chart. The name change will occur gradually as items are replaced, such as business cards or shirts. Many of the park and recreational facilities contain the name of the facility and not the Department name, requiring no change.

SECTION 3, ANALYSIS: The purpose of this amendment is to amend the Leisure Services Department to the Parks and Recreation Department reference in the Land Development Code. City staff have researched the Land Development Code, and there is one reference for the Leisure Services Department within Section 2-50, Accessory uses, subsection (v) Mobile food dispensing vehicles. The Land Development Code amendment does not seek to amend the standards for mobile food dispensing vehicles. The amendment only seeks to change the name of the Department.

The underlined text is an addition to the original text, and the ~~strike-through~~ text represents the deleted text of the amendment.

Chapter 2, District and General Regulations, Article III, General Regulations, Section 2-50, Accessory uses, subsection (v) Mobile food dispensing vehicles

(1) *Permit Required: ***No change to existing text****

(2) *Permit submittal requirements: ***No change to existing text****

(3) *Permit timeframes: ***No change to existing text****

(4) *Locations allowed:*

a. Mobile food dispensing vehicles are allowed as follows:

1. On city property as approved in association with a City sponsored event, or as approved by the ~~leisure services~~ parks and recreation department with a special event permit. Permits are contingent on providing proof of liability insurance required for permittees and other conditions of a special event permit.
2. Houses of worship special events that are designed for over five hundred (500) people with a special event permit.
3. Within the Interlocal Service Boundary Agreement area (ISBA) with recognized itinerant vending during recognized special events per chapter 2, article VII of this Code.
4. Within the B-8 (Commercial) and I-1 (Light Industrial) zoning district with a mobile food dispensing vehicle host permit.
5. Single-family and multi-family developments with residential club houses or community centers with a special event permit. The number of mobile food dispensing vehicle events shall not exceed twelve (12) in a calendar year.

6. No mobile food dispensing vehicles shall be permitted on vacant land or properties with no principal use. A principal use shall be demonstrated with an active business tax receipt.

(5) *Operational standards for mobile food dispensing vehicles: ***No change to existing text****

SECTION 4, CONCLUSION:

Section 1-15(e) of the Land Development Code requires certain criteria that must be evaluated before the adoption of a Land Development Code amendment when making their recommendation, as follows:

- 1. The proposed development conforms to the standards and requirements of this Code and will not create undue crowding beyond the conditions normally permitted in the zoning district, or adversely affect the public health, safety, welfare or quality of life.**

No development is proposed as part of the proposed amendment. This is an administrative amendment to amend the title of the Leisure Services Department to the Parks and Recreation Department. The amendment will not create undue crowding beyond the conditions normally permitted in the zoning district, nor will it adversely affect public health, safety, welfare, or quality of life.

- 2. The proposed development is consistent with the Comprehensive Plan.**

The proposed Land Development Code amendment is consistent with the Comprehensive Plan. Objective 2.1 of the Future Land Use Element of the Comprehensive Plan discussed the need to update Land Development Code regulations.

- 3. The proposed development will not adversely impact environmentally sensitive lands or natural resources, including but not limited to waterbodies, wetlands, xeric communities, wildlife habitats, endangered or threatened plants and animal species or species of special concern, wellfields, and individual wells.**

The proposed Land Development Code amendment does not approve any site-specific development and will not have an adverse impact on environmentally sensitive lands. This is an administrative amendment to amend the title of the Leisure Services Department to the Parks and Recreation Department.

- 4. The proposed use will not substantially or permanently depreciate the value of surrounding property; create a nuisance; or deprive adjoining properties of adequate light and air; create excessive noise, odor, glare, or visual impacts on the neighborhood and adjoining properties.**

The proposed Land Development Code amendment does not approve any site-specific development and will not have any impacts on surrounding properties.

- 5. There are adequate public facilities to serve the development, including but not limited to roads, sidewalks, bike paths, potable water, wastewater treatment, drainage, fire and police safety, parks and recreation facilities, schools, and playgrounds.**

This is an administrative amendment to amend the title of the Leisure Services Department to the Parks and Recreation Department. The proposed amendment would not have a negative impact on public facilities.

- 6. Ingress and egress to the property and traffic patterns are designed to protect and promote motorized vehicle and pedestrian/bicycle safety and convenience, allow for desirable traffic flow and control, and provide adequate access in case of fire or catastrophe. This finding shall be based on a traffic report where available, prepared by a qualified traffic consultant, engineer or planner which details the anticipated or projected effect of the project on adjacent roads and the impact on public safety.**

There is no development proposed as part of the proposed amendment. The application pertains to a Land Development Code amendment.

- 7. The proposed development is functional in the use of space and aesthetically acceptable.**

There is no development proposed as part of the proposed amendment. This is an administrative amendment to amend the title of the Leisure Services Department to the Parks and Recreation Department.

- 8. The proposed development provides for the safety of occupants and visitors.**

There is no development proposed as part of the proposed amendment. This is an administrative amendment to amend the title of the Leisure Services Department to the Parks and Recreation Department.

- 9. The proposed use of materials and architectural features will not adversely impact the neighborhood and aesthetics of the area.**

There is no development proposed as part of the proposed amendment. This is an administrative amendment to amend the title of the Leisure Services Department to the Parks and Recreation Department.

- 10. The testimony provided at public hearings.**

There has not been a public hearing at this time. The comments from the Planning Board meeting will be incorporated into the City Commission packet.

SECTION 5, RECOMMENDATION: It is recommended that the Planning Board **APPROVE** a Land Development Code amendment for Chapter 2, District and General Regulations, Article III, General Regulations, Section 2-50, Accessory uses, subsection (v) Mobile food dispensing vehicles, to amend the term Leisure Services Department to Parks and Recreation Department as provided below:

Chapter 2, District and General Regulations, Article III, General Regulations, Section 2-50, Accessory uses, subsection (v) Mobile food dispensing vehicles

(1) *Permit Required: ***No change to existing text****

(2) *Permit submittal requirements: ***No change to existing text****

(3) *Permit timeframes: ***No change to existing text****

(4) *Locations allowed:*

a. Mobile food dispensing vehicles are allowed as follows:

1. On city property as approved in association with a City sponsored event, or as approved by the ~~leisure services~~ parks and recreation department with a special event permit. Permits are contingent on providing proof of liability insurance required for permittees and other conditions of a special event permit.
2. Houses of worship special events that are designed for over five hundred (500) people with a special event permit.
3. Within the Interlocal Service Boundary Agreement area (ISBA) with recognized itinerant vending during recognized special events per chapter 2, article VII of this Code.
4. Within the B-8 (Commercial) and I-1 (Light Industrial) zoning district with a mobile food dispensing vehicle host permit.
5. Single-family and multi-family developments with residential club houses or community centers with a special event permit. The number of mobile food dispensing vehicle events shall not exceed twelve (12) in a calendar year.
6. No mobile food dispensing vehicles shall be permitted on vacant land or properties with no principal use. A principal use shall be demonstrated with an active business tax receipt.

(5) *Operational standards for mobile food dispensing vehicles: ***No change to existing text****

Planning Board minutes from July 10, 2025

ITEM:

PZ-2025-181

Land Development Code (LDC)
Amendment

Amending Leisure Services to Parks
and Recreation under the accessory use
for Mobile Food Dispensing Vehicles

Recommended for Approval (6-0)

C. **PZ-2025-181, Land Development Code Amendment, Amending Leisure Services to Parks and Recreation under the accessory use for Mobile Food Dispensing Vehicles**

Mr. Steven Spraker, Planning Director, explained that with the Comprehensive Plan Update there was an administrative request to consider administrative amendments to the following sections of the Land Development Code (LDC), Chapter 2, District and General Regulations, Section 2-50, Accessory uses, subsection (v) Mobile food dispensing vehicles, to amend the term Leisure Services Department to Parks and Recreation Department. No changes to the text of the section or standards are proposed. Mr. Spraker continued that when it goes to City Commission that there will be parallel amendments to the Code of Ordinances and the Organizational Chart, and all will be amended together. Mr. Spraker concluded that staff recommends approval.

Chairman Thomas stated that he was on the Planning Board in the 1970's and that it was the Recreation Advisory Board, and then it went to Leisure Services, and how now it is on to Parks and Recreation, - *"everything comes back around."*

Chairman Thomas brought it back up to the Board for discussion.

Mr. Scudiero motioned to approve PZ-2025-181, Land Development Code Amendment, Amending Leisure Services to Parks and Recreation under the accessory use for Mobile Food Dispensing Vehicles. Mr. Railsback seconded it. Vote was called, and the motion was approved (6-0).

VIII. PUBLIC COMMENTS

Ms. Amber Bobak, 397 Collins Street, reminded the Board that she is checking on the status of putting an amendment in for gas stations up against residential homes.

IX. OTHER BUSINESS

X. MEMBER COMMENTS

Chairman Thomas reiterated that he would like to update the Planning Board calendar in the future to arrange for no meetings in the month of July, similar to that of City Commission's schedule and asked the Boards opinion. There was Board and staff discussion about potential projects, developers, and timelines, and that the adopted and published December calendar would give ample advance notice for all to work around. Mr. Spraker responded that staff have no objections.

XI. ADJOURNMENT

The meeting was adjourned at 7:20 p.m.

Respectfully submitted,

Steven Spraker, Planning Director



Ordinance Adoption **Business Impact Estimate**

Proposed ordinance's number and legal title:

2025-25

AN ORDINANCE AMENDING CHAPTER 2, DISTRICT AND GENERAL REGULATIONS, ARTICLE III, GENERAL REGULATIONS, SECTION 2-50, ACCESSORY USES, SUBSECTION (V), MOBILE FOOD DISPENSING VEHICLES OF THE LAND DEVELOPMENT CODE TO AMEND THE TERM LEISURE SERVICES TO PARKS AND RECREATION; REPEALING ALL INCONSISTENT ORDINANCES OR PARTS THEREOF; PROVIDING FOR SEVERABILITY; AND SETTING FORTH AN EFFECTIVE DATE.

This Business Impact Estimate is provided in accordance with section 166.041(4), Florida Statutes. If one or more boxes are checked below, this means the City is of the view that a business impact estimate is not required by state law for the proposed ordinance, but the City is, nevertheless, providing this Business Impact Estimate as a courtesy and to avoid any procedural issues that could impact the enactment of the proposed ordinance. This Business Impact Estimate may be revised following its initial posting.

- ☐ The proposed ordinance is required for compliance with Federal or State law or regulation;
- ☐ The proposed ordinance relates to the issuance or refinancing of debt;
- ☐ The proposed ordinance relates to the adoption of budgets or budget amendments, including revenue sources necessary to fund the budget;
- ☐ The proposed ordinance is required to implement a contract or an agreement, including, but not limited to, any Federal, State, local, or private grant or other financial assistance accepted by the municipal government;
- ☐ The proposed ordinance is an emergency ordinance;
- ☐ The ordinance relates to procurement; or
- ☒ The proposed ordinance is enacted to implement the following:
 - a. Part II of Chapter 163, Florida Statutes, relating to growth policy, county and municipal planning, and land development regulation, including zoning, development orders, development agreements and development permits;
 - b. Sections 190.005 and 190.046, Florida Statutes, regarding community development districts;
 - c. Section 553.73, Florida Statutes, relating to the Florida Building Code; or
 - d. Section 633.202, Florida Statutes, relating to the Florida Fire Prevention Code.

In accordance with the provisions of controlling law, even notwithstanding the fact that an exemption noted above may apply, the City hereby publishes the following information:

1. A summary of the proposed ordinance, including a statement of the public purpose to be served by the proposed ordinance, such as serving the public health, safety, morals, and welfare of the City.

This is an application for an administrative amendment to Chapter 2, District and General Regulations, Article III, General Regulations, Section 2-50, Accessory uses, subsection (v) Mobile food dispensing vehicles of the Land Development Code to amend the term Leisure Services to Parks and Recreation. The proposed changes pertain to the name of the Department only, and no regulations are proposed to be amended for mobile food dispensing vehicles.

2. An estimate of the direct economic impact of the proposed ordinance on private, for-profit businesses in the City, including the following, if any:

- a. An estimate of direct compliance costs that businesses may reasonably incur if the ordinance is enacted;

None. This is an application for an administrative amendment to Chapter 2, District and General Regulations, Article III, General Regulations, Section 2-50, Accessory uses, subsection (v) Mobile food dispensing vehicles of the Land Development Code to amend the term Leisure Services to Parks and Recreation. The proposed changes pertain to the name of the Department only, and no regulations are proposed to be amended for mobile food dispensing vehicles.

- b. Identification of any new charge or fee on businesses subject to the proposed ordinance, or for which businesses will be financially responsible; and

None. This is an application for an administrative amendment to Chapter 2, District and General Regulations, Article III, General Regulations, Section 2-50, Accessory uses, subsection (v) Mobile food dispensing vehicles of the Land Development Code to amend the term Leisure Services to Parks and Recreation. The proposed changes pertain to the name of the Department only, and no regulations are proposed to be amended for mobile food dispensing vehicles.

- c. An estimate of the City's regulatory costs, including an estimate of revenues from any new charges or fees that will be imposed on businesses to cover such costs.

None. This is an application for an administrative amendment to Chapter 2, District and General Regulations, Article III, General Regulations, Section 2-50, Accessory uses, subsection (v) Mobile food dispensing vehicles of the Land Development Code to amend the term Leisure Services to Parks and Recreation. The proposed changes pertain to the name of the Department only, and no regulations are proposed to be amended for mobile food dispensing vehicles.

3. A good faith estimates of the number of businesses likely to be impacted by the ordinance.

None. This is an application for an administrative amendment to Chapter 2, District and General Regulations, Article III, General Regulations, Section 2-50, Accessory uses, subsection (v) Mobile food dispensing vehicles of the Land Development Code to amend the term Leisure Services to Parks and Recreation. The proposed changes pertain to the name of the Department only, and no regulations are proposed to be amended for mobile food dispensing vehicles.

4. Any additional information the City determines may be useful.

(This section may include: methodology or data used to prepare the Business Impact Estimate, e.g., City staff solicited comments from businesses as to the potential impact of the proposed ordinance by contacting the chamber of commerce, social media posting, direct mail/email, posting on the City's website, public workshop, etc.; efforts made to reduce the potential fiscal impact on businesses; and state the proposed ordinance is a generally applicable ordinance that applies to all persons similarly situated (individuals or businesses) and, therefore, the proposed ordinance does not affect only businesses.)

No business impacts proposed. The item was advertised by newspaper advertisements. Information on the application is also on the city's website.



**City of Ormond Beach
City Commission Agenda
Staff Report**

Agenda Date	September 3, 2025	Item No	9.C.
Section	PUBLIC HEARINGS	Category	Public Hearing - Ordinances
Subject	Land Development Code Amendment, Private Tattoo Studio (Second Reading)		
Recommended Action	The <u>Planning Board</u> recommended APPROVAL of amendments to the Land Development Code as follows: (1) Chapter 1, General Administration, Article III, Definitions and Acronyms, Section 1-22, Definitions of terms and words; (2) Chapter 2, District and General Regulations, Article II, District and General Regulations, Section 2-25, B-4, Central Business Zoning District; and (3) Chapter 2, District and General Regulations, Article IV, Conditional and Special Exception Regulations, Section 2-57, Criteria for review of specific conditional and special exception, to provide a definition, conditional criteria, and to allow private tattoo studio as a conditional use in the B-4, Central Business zoning district.		
Strategic Goal	Transportation & Community Development - Other		
Department Staff Contact	Planning & Building Steven Spraker, Planning Director		

Summary

This is an application for a Land Development Code amendment from Anthony Conforti to amend (1) Chapter 1, General Administration, Article III, Definitions and Acronyms, Section 1-22, Definitions of terms and words; (2) Chapter 2, District and General Regulations, Article II, District and General Regulations, Section 2-25, B-4, Central Business Zoning District; and (3) Chapter 2, District and General Regulations, Article IV, Conditional and Special Exception Regulations, Section 2-57, Criteria for review of specific conditional and special exception, to provide a definition, conditional criteria, and to allow private tattoo studios as a conditional use in the B-4, Central Business zoning district.

As part of the submittal, the applicant has sought to create conditions to limit the areas where the use would be allowed. The applicant has stated that private tattoo studios are an emerging trend that offers a unique experience, prioritizing client privacy, personalized services, artistic creativity, and exclusive access to the tattoo artist.

The amendment has proposed conditions designed to ensure compatibility with other uses within the B-4 zoning districts. Conditions include (a) no exterior windows, (2) no exterior signage, (c) only one tattoo artist, (d) appointments only for clients, (e) tattoo area cannot exceed 160 square feet, and (f) requirements that the use must be located in a structure of two or more stories on East Granada Boulevard.

The Planning Board reviewed the Land Development Code amendment and recommended approval with a 5-1 vote. No individual spoke for or against the amendment.

On August 25, 2025, the Board of Directors of Ormond MainStreet conducted a meeting to provide input on the Land Development Code amendment for the private tattoo studio use. Board members discussed several aspects of the application. Board member comments included:

1. The application checks all the boxes.
2. It is not 1965, and the Land Development Code should adapt to new uses.
3. Everything leads to something else. What happens as a result of this application?
4. There are other areas of the city where tattoo uses can be established.
5. The conditions proposed limit the potential impact of the private tattoo studio use.
6. Board members appreciated the applicant seeking to permit the use correctly.
7. Board members discussed potential locations where the use could be established.
8. The Land Development Code has to grow and expand with current use and the evolution of the times.

The Board of Directors of Ormond MainStreet recommended approval of the Land Development Code amendment with six (6) yes votes, two (2) no votes, and one (1) abstention.

Financial Impact

None

Citizen Impact

No negative citizen impacts are expected. The amendment has proposed conditions designed to ensure compatibility with other uses within the B-4 zoning districts.

Attachments

1. 25-26 LDC Amendment Tattoo Studio (P25-0110G)
2. 07.10.2025, Private Tattoo Studio, PB Staff Report
3. 07.10.2025, Draft Planning Board minutes, PTU
4. Ordinance BIE, LDC Amendment, PTU
5. Main Street - Letter of Support 8.25.25

ORDINANCE NO. 2025-26

AN ORDINANCE AMENDING CHAPTER 1, GENERAL ADMINISTRATION, ARTICLE III, DEFINITIONS AND ACRONYMS, SECTION 1-22, DEFINITION OF TERMS AND WORDS; CHAPTER 2, DISTRICT AND GENERAL REGULATIONS, ARTICLE II, DISTRICT REGULATIONS, SECTION 2-25, B-4, CENTRAL BUSINESS ZONING DISTRICT; AND CHAPTER 2, DISTRICT AND GENERAL REGULATIONS, ARTICLE IV, CONDITIONAL AND SPECIAL EXCEPTION REGULATIONS, SECTION 2-57, CRITERIA FOR REVIEW OF SPECIFIC CONDITIONAL AND SPECIAL EXCEPTION, OF THE CITY OF ORMOND BEACH *LAND DEVELOPMENT CODE* TO CREATE A PRIVATE TATTOO STUDIO USE DEFINITION AND CONDITIONAL USE CRITERIA, AND TO ALLOW THE PRIVATE TATTOO STUDIO USE AS A CONDITIONAL USE IN THE B-4, CENTRAL BUSINESS ZONING DISTRICT; REPEALING ALL INCONSISTENT ORDINANCES OR PARTS THEREOF; PROVIDING FOR SEVERABILITY; AND SETTING FORTH AN EFFECTIVE DATE.

WHEREAS, this is a request by Anthony Conforti to amend Chapter 1, General Administration, Article III, Definitions and Acronyms, Section 1-22, Definitions of terms and words; Chapter 2, District and General Regulations, Article II, District and General Regulations, Section 2-25, B-4, Central Business Zoning District; and Chapter 2, District and General Regulations, Article IV, Conditional and Special Exception Regulations, Section 2-57, Criteria for review of specific conditional and special exception, of the City of Ormond Beach *Land Development Code* to create a private tattoo studio use definition and conditional use criteria, and to allow the private tattoo studio use as a conditional use in the B-4, Central Business Zoning District; and

WHEREAS, the local planning agency, being the Planning Board of the City of Ormond Beach, has conducted a public hearing on July 10, 2025, on the requested amendments and has made recommendations thereon to the City Commission; and

WHEREAS, all applicable notice requirements of Section 166.041(3)(a), *Florida Statutes*, have been complied with; and

WHEREAS, for the purposes of this Ordinance, underlined type constitute additions to the original text and ~~striketrough~~ shall constitute deletions to the original text; and

WHEREAS, the City Commission finds the amendment to be consistent with the provisions of the *Comprehensive Plan* of the City of Ormond Beach, and in the overall best interest of the public health, safety and welfare; now therefore,

BE IT ENACTED BY THE PEOPLE OF THE CITY OF ORMOND BEACH, FLORIDA, THAT:

SECTION ONE. Section 1-22, Definition of terms and words, of Article III, Definitions and Acronyms, of Chapter 1, General Administration, of the City of Ormond Beach *Land Development Code*, is hereby amended by adding the following underlined definition in the appropriate alphabetical order:

Principal use (No change to existing text)

Private tattoo studio means a use that shall operate exclusively by appointment only, limited to one (1) tattoo artist, with no exterior signage or window in the unit.

Product-tight (No change to existing text)

SECTION TWO. Section 2-25, B-4, Central Business Zoning District, of Article II, District Regulations, of Chapter 2, District and General Regulations, of the City of Ormond Beach *Land Development Code*, is hereby amended to read as follows:

D. Conditional Uses

- 1.- 19 (No change to existing text)
20. ~~Public Facilities~~ Private Tattoo Studio
21. ~~Public Utilities~~ Public Facilities
22. ~~Recreational Facilities, Indoor~~ Public Utilities
23. ~~Restaurant, Type "A"~~ Recreational Facilities, Indoor
24. ~~Restaurant, Type "B"~~ Restaurant, Type "A"
25. ~~Restaurant, Type "C"~~ Restaurant, Type "B"
26. ~~Restaurant, Type "D"~~ Restaurant, Type "C"
27. ~~School, Private~~ Restaurant, Type "D"
28. ~~Shopping Center~~ School, Private
29. ~~Theater~~ Shopping Center
30. ~~Vehicle Repair, Type "A"~~ Theater
31. ~~Wind Energy System~~ Vehicle Repair, Type "A"
32. ~~Wine, Beer or Liquor Store~~ Wind Energy System
33. Wine, Beer or Liquor Store

SECTION THREE. Section 2-57, Criteria for review of specific conditional and special exception, of Article IV, Conditional and Special Exception Regulations, of Chapter 2, District and General Regulations of the City of Ormond Beach *Land Development Code* is hereby amended as follows:

- (1) - (63) (No change to existing text)
- (64) ~~Public Facilities/utilities:~~ Private tattoo studio.
 - a. No exterior windows are allowed.

- b. No exterior signage or displays are allowed.
 - c. The use shall be limited to one (1) tattoo artist.
 - d. Clients shall be limited to appointments only.
 - e. The tattoo area shall not exceed 160-square-feet.
 - f. The use shall be located within a structure of two stories or greater, fronting along East Granada Boulevard.
- (65) ~~Recreation facilities, indoor.~~ Public facilities/utilities. (No change to existing text)
- (66) ~~Recreation facilities, outdoor.~~ Recreation facilities, indoor. (No change to existing text)
- (67) ~~Recreational vehicles/boat storage.~~ Recreation facilities, outdoor. (No change to existing text)
- (68) ~~Riding stables, horse.~~ Recreational vehicles/boat storage. (No change to existing text)
- (69) ~~Restaurant types.~~ Riding stables, horse. (No change to existing text)
- (70) ~~Reserved.~~ Restaurant types. (No change to existing text)
- (71) – (96) (No change to existing text)

SECTION FOUR. All Ordinances or parts of Ordinances in conflict herewith are hereby repealed to the extent of such conflict.

SECTION FIVE. In the event any word, phrase, clause, sentence, paragraph, term, or provision of this Ordinance shall be held to be invalid by a court of competent jurisdiction, such judicial determination shall not affect any other word, clause, phrase, sentence, paragraph, term or provision, of this Ordinance, and the remainder of this Ordinance shall remain in full force and effect.

SECTION SIX. This Ordinance shall take effect immediately upon its adoption.

PASSED UPON at the first reading of the City Commission, this 19th day of August, 2025.

PASSED UPON at the second and final reading of the City Commission, this 3rd day of September, 2025.

JASON LESLIE
Mayor

ATTEST:

SUSAN CARROLL DAUDERIS
City Clerk



PLANNING BOARD STAFF REPORT

Land Development Code (LDC) Amendments Private Tattoo Studio

PLANNING BOARD DATE:	July 10, 2025
TENTATIVE CITY COMMISSION DATES:	August 19, 2025 (1 st Reading) and September 3, 2025 (2 nd Reading)
APPLICANT:	Anthony Conforti
PROJECT NUMBER:	LDC 2025-181
SUBJECT:	LDC amendments: Private Tattoo Studio (1) Chapter 1, General Administration, Article III, Definitions and Acronyms, Section 1-22, Definitions of terms and words; (2) Chapter 2, District and General Regulations, Article II, District and General Regulations, Section 2-25, B-4, Central Business Zoning District; and (3) Chapter 2, District and General Regulations, Article IV, Conditional and Special Exception Regulations, Section 2-57, Criteria for review of specific conditional and special exception.
PLANNING STAFF RECOMMENDATION:	Approval
STAFF CONTACT:	Steven Spraker, AICP, Planning Director

SECTION 1, INTRODUCTION: This is an application for a Land Development Code amendment from Anthony Conforti to amend (1) Chapter 1, General Administration, Article III, Definitions and Acronyms, Section 1-22, Definitions of terms and words; (2) Chapter 2, District and General Regulations, Article II, District and General Regulations, Section 2-25, B-4, Central Business Zoning District; and (3) Chapter 2, District and General Regulations, Article IV, Conditional and Special Exception Regulations, Section 2-57, Criteria for review of specific conditional and special exception, to provide definitions and specific conditional criteria to provide a definition and specific conditional criteria to allow private tattoo studios as a conditional use in the B-4, Central Business zoning district.

SECTION 2, BACKGROUND: Business owner Anthony Conforti initiated discussions with Planning staff to permit a limited private tattoo studio for his clients at 100 East Granada Boulevard within the B-4 Central Business zoning district. Within the B-4, Central Business zoning district, the Land Development Code allows cosmetic tattooing as a permitted use. Cosmetic tattooing is defined as the process of piercing and ingrating a pigment, dye, or ink to lips, eyebrows, or eyelids. Cosmetic tattooing is limited to tattooing of the face area. Tattoo establishments are allowed within the B-5, Service Commercial zoning district as a conditional use. Additionally, some developments, such as Destination Daytona have been authorized the tattoo use through a Planned Development process. The concept presented by Mr. Conforti exceeded the scope allowed for permanent cosmetics, and he desires to operate a private tattoo studio at 100 East Granada Boulevard, where he already has an existing business.

There was an application for a Planned Business Development for the private tattoo studio specifically for the property at 100 East Granada Boulevard. The City Attorney's Office determined that an existing development could not add a use through the Planned Development process without proposed construction. An alternative option for the applicant would be to amend the Land Development Code. The purpose of the amendment is to seek the private tattoo studio use in the East Granada Boulevard corridor with certain conditional use standards.

Through the application process, the applicant has described the following characteristics of a private tattoo studio use:

1. The use is appointment only and no walk-ins are allowed. The appointment only allows the business owner to focus attention on each client.
2. The smaller setting allows the business owner to provide better communication with the client and minimizes distractions. The private studio use leads to a more comfortable experience for the client.
3. Since the private tattoo studio is appointment-only, there is no need for exterior advertising.
4. The use must comply with all applicable Florida Statutes and adhere to strict health and safety codes.
5. Private tattoo studios are an emerging trend that offers a unique experience, prioritizing client privacy, personalized services, artistic creativity, and exclusive access to the tattoo artist.

The applicant has provided a letter of request and additional information, which is included in ATTACHMENT 2.

ANALYSIS: The application for a private tattoo studio would require amendments to three (3) sections of the Land Development Code to establish (1) a definition of the use, (2) the use in the B-4, Central Business District, and (3) the conditions of the use. The underlined text is an addition to the original text, and the ~~strike-through~~ text represents the deleted text of the amendment.

Item 1 – Definition

Chapter 1, General Administration, Article III, Definitions and Acronyms, Section 1-22, Definitions of terms and words are proposed to be amended with additional text shown in underlined text and deleted text in ~~striketrough~~ text:

Principal use ...(No change in existing text).....

Private tattoo studio means a use that shall operate exclusively by appointment only, limited to one (1) tattoo artist, and with no exterior signage or window in the unit.

Product-tight...(No change in the balance of existing text)...

Item 2 – Conditional use within the B-4, Central Business zoning district

Chapter 2, District and General Regulations, Article II, District and General Regulations, Section 2-25, B-4, Central Business Zoning District, paragraph D is proposed to be amended with additional text shown in underline text and deleted text in ~~striketrough~~ text:

D. CONDITIONAL USES

- 1.- 19. ...(No change in text)...
20. ~~Public Facilities~~ Private Tattoo Studio
21. ~~Public Utilities~~ Public Facilities
22. ~~Recreational Facilities, Indoor~~ Public Utilities
23. ~~Restaurant, Type "A"~~ Recreational Facilities, Indoor
24. ~~Restaurant, Type "B"~~ Restaurant, Type "A"
25. ~~Restaurant, Type "C"~~ Restaurant, Type "B"
26. ~~Restaurant, Type "D"~~ Restaurant, Type "C"
27. ~~School, Private~~ Restaurant, Type "D"
28. ~~Shopping Center~~ School, Private
29. ~~Theater~~ Shopping Center
30. ~~Vehicle Repair, Type "A"~~ Theater
31. ~~Wind Energy System~~ Vehicle Repair, Type "A"
32. ~~Wine, Beer or Liquor Store~~ Wind Energy System
33. Wine, Beer or Liquor Store

Item 3: – Conditions of the use

Chapter 2, District and General Regulations, Article IV, Conditional and Special Exception Regulations, Section 2-57, Criteria for review of specific conditional and special exception, to provide definitions and specific conditional criteria that would allow the private tattoo studio use is proposed to be amended with additional text shown in underline text and deleted text in ~~strikethrough~~ text:

(63) *Pool halls/billiards*. (No change in existing text)

(64) ~~*Public Facilities/utilities*~~. *Private tattoo studio*.

- a. No exterior windows are allowed.
- b. No exterior signage or displays are allowed.
- c. The use shall be limited to one (1) tattoo artist.
- d. Clients shall be limited to appointments only.
- e. The tattoo area shall not exceed 160 square feet.
- f. The use shall be located within a structure of two stories or greater and fronting along East Granada Boulevard.

(65) ~~*Recreation facilities, indoor*~~. *Public facilities/utilities*.(No change in existing text)

(66) ~~*Recreation facilities, outdoor*~~. *Recreation facilities, indoor*. ...(No change in existing text)

(67) ~~*Recreational vehicles/boat storage*~~. *Recreation facilities, outdoor*. ...(No change in existing text)

(68) ~~*Riding stables, horse*~~. *Recreational vehicles/boat storage*. ...(No change in existing text)

(69) ~~*Restaurant types*~~. *Riding stables, horse*. ...(No change in existing text)

(70) ~~*Reserved*~~. *Restaurant types*. ...(No change in existing text)

(71) *Retail sales and service*. ...(No change in existing text)

In discussions with the applicant, Planning staff expressed concern regarding the expansion of the tattoo use into the B-4, Central Business zoning district. The applicant has acknowledged this concern and sought to establish conditions that would ensure the use is in keeping with the uses allowed within the B-4, Central Business zoning district. The applicant also noted that the zoning district allows cosmetic tattooing (tattoo of the face area) as a permitted use. The applicant has sought to expand his existing business to provide private tattooing, subject to a list of conditions that would limit the impact on the entire zoning district.

During the Planning staff's review of the application, it was noted that the proposed conditions limit the use of the East Granada Boulevard corridor to two-story buildings with interior corridors. Additionally, the uses in the B-4, Central Business zoning district are extensive, unique and broad. The zoning district implements the Downtown Community Redevelopment Area and allows unique uses. Uses allowed include:

- A. Mixed-Use Development
- B. Bar
- C. Farmer's Market
- D. Instructional Artistic Activity
- E. Nightclub
- F. Parking Lot
- G. Restaurant Type "D"
- H. Wine, beer or liquor store

The B-4, Central Business zoning district allows a variety of uses that include uses that are only allowed with this zoning district. The purpose of enabling unique uses is to highlight the Downtown area as a unique centerpiece of the city. The combination of uses, along with the Downtown Master Plan, has led to the redevelopment of the Downtown area.

CONCLUSION:

Section 1-15(e) of the Land Development Code requires certain criteria that must be evaluated before adoption of a Land Development Code amendment when making their recommendation, as follows:

- 1. The proposed development conforms to the standards and requirements of this Code and will not create undue crowding beyond the conditions normally permitted in the zoning district, or adversely affect the public health, safety, welfare or quality of life.**

No development is proposed as part of the proposed amendment. The Land Development Code amendment seeks to allow a private tattoo studio use under specific conditions in the B-4, Central Business zoning district. Staff conclude that the use would not create undue crowding beyond the conditions normally permitted in the zoning district or adversely affect the public health, safety, welfare, or quality of life.

- 2. The proposed development is consistent with the Comprehensive Plan.**

The proposed Land Development Code amendment is consistent with the Comprehensive Plan. Objective 2.1 of the Future Land Use Element of the Comprehensive Plan discussed the need to update Land Development Code regulations.

- 3. The proposed development will not adversely impact environmentally sensitive lands or natural resources, including but not limited to waterbodies, wetlands, xeric communities, wildlife habitats, endangered or threatened plants and animal species or species of special concern, wellfields, and individual wells.**

The proposed Land Development Code amendment does not approve any site-specific development and will not have an adverse impact on environmentally sensitive lands. The Land Development Code amendment seeks to allow the private studio use under specific conditions.

- 4. The proposed use will not substantially or permanently depreciate the value of surrounding property; create a nuisance; or deprive adjoining properties of adequate light and air; create excessive noise, odor, glare, or visual impacts on the neighborhood and adjoining properties.**

The proposed Land Development Code amendment does not approve any site-specific development and will not have any impacts on surrounding properties. The Land Development Code amendment seeks to allow the private tattoo studio use under specific conditions. The use is required to be located in a multi-story building with interior access. The use also prohibits exterior signage, eliminating any visual impact.

- 5. There are adequate public facilities to serve the development, including but not limited to roads, sidewalks, bike paths, potable water, wastewater treatment, drainage, fire and police safety, parks and recreation facilities, schools, and playgrounds.**

The Land Development Code amendment seeks to allow the private tattoo studio use under specific conditions. The proposed amendment would not have a negative impact on public facilities.

- 6. Ingress and egress to the property and traffic patterns are designed to protect and promote motorized vehicle and pedestrian/bicycle safety and convenience, allow for desirable traffic flow and control, and provide adequate access in case of fire or catastrophe. This finding shall be based on a traffic report where available, prepared by a qualified traffic consultant, engineer or planner which details the anticipated or projected effect of the project on adjacent roads and the impact on public safety.**

No development is proposed as part of the proposed amendment. The Land Development Code amendment seeks to allow the private tattoo studio use under specific conditions.

- 7. The proposed development is functional in the use of space and aesthetically acceptable.**

No development is proposed as part of the proposed amendment. The Land Development Code amendment seeks to allow the private tattoo studio use under specific conditions.

- 8. The proposed development provides for the safety of occupants and visitors.**

No development is proposed as part of the proposed amendment. The Land Development Code amendment seeks to allow the private tattoo studio use under specific conditions.

- 9. The proposed use of materials and architectural features will not adversely impact the neighborhood and aesthetics of the area.**

No development is proposed as part of the proposed amendment. The Land Development Code amendment seeks to allow the private tattoo studio use under specific conditions.

10. The testimony provided at public hearings.

There has not been a public hearing at this time. The comments from the Planning Board meeting will be incorporated into the City Commission packet.

RECOMMENDATION: It is recommended that the Planning Board **APPROVE** amendments to the Land Development Code as follows: (1) Chapter 1, General Administration, Article III, Definitions and Acronyms, Section 1-22, Definitions of terms and words; (2) Chapter 2, District and General Regulations, Article II, District and General Regulations, Section 2-25, B-4, Central Business Zoning District; and (3) Chapter 2, District and General Regulations, Article IV, Conditional and Special Exception Regulations, Section 2-57, Criteria for review of specific conditional and special exception, to provide definitions and specific conditional criteria to provide a definition and specific conditional criteria to allow private tattoo studio as a conditional use in the B-4, Central Business zoning district. The proposed amendments are included in ATTACHMENT 1.

If the Planning Board believes that the Land Development Code does not meet the criteria of the Section 1-15(e) of the Land Development Code, then the application should be recommended for denial.

Attachment 1: Proposed Land Development Code

Attachment 2: Applicant Information

ATTACHMENT 1

Proposed Land Development Code Amendment

Item 1: Definition

Chapter 1, General Administration, Article III, Definitions and Acronyms, Section 1-22, Definitions of terms and words is proposed to be amended with additional text shown in underline text and deleted text in ~~strikethrough~~ text:

Principal use ...(No change in existing text).....

Private tattoo studio means a use that shall operate exclusively by appointment only, limited to one (1) tattoo artist, and with no exterior signage or window in the unit.

Product-tight...(No change in balance of existing text)...

Item 2: Conditional use within the B-4, Central Business zoning district

Chapter 2, District and General Regulations, Article II, District and General Regulations, Section 2-25, B-4, Central Business Zoning District, paragraph D is proposed to be amended with additional text shown in underline text and deleted text in ~~strikethrough~~ text:

D. CONDITIONAL USES

- 1.- 19. ...(No change in text)...
20. ~~Public Facilities~~ Private Tattoo Studio
21. ~~Public Utilities~~ Public Facilities
22. ~~Recreational Facilities, Indoor~~ Public Utilities
23. ~~Restaurant, Type "A"~~ Recreational Facilities, Indoor
24. ~~Restaurant, Type "B"~~ Restaurant, Type "A"
25. ~~Restaurant, Type "C"~~ Restaurant, Type "B"
26. ~~Restaurant, Type "D"~~ Restaurant, Type "C"
27. ~~School, Private~~ Restaurant, Type "D"
28. ~~Shopping Center~~ School, Private
29. ~~Theater~~ Shopping Center
30. ~~Vehicle Repair, Type "A"~~ Theater
31. ~~Wind Energy System~~ Vehicle Repair, Type "A"
32. ~~Wine, Beer or Liquor Store~~ Wind Energy System
33. Wine, Beer or Liquor Store

Note: Underline is proposed text and ~~strikethrough~~ is proposed deleted text

Item 3: Conditions of the use

Chapter 2, District and General Regulations, Article IV, Conditional and Special Exception Regulations, Section 2-57, Criteria for review of specific conditional and special exception, to provide definitions and specific conditional criteria that would allow the private tattoo studio use is proposed to be amended with additional text shown in underline text and deleted text in ~~strikethrough~~ text:

(63) *Pool halls/billiards*. (No change in existing text)

(64) ~~*Public Facilities/utilities*~~. *Private tattoo studio*.

- a. No exterior windows are allowed.
- b. No exterior signage or displays are allowed.
- c. The use shall be limited to one (1) tattoo artist.
- d. Clients shall be limited to appointments only.
- e. The tattoo area shall not exceed 160-square-feet.
- f. The use shall be located within a structure of two stories or greater and fronting along East Granada Boulevard.

(65) ~~*Recreation facilities, indoor*~~. *Public facilities/utilities*.(No change in existing text)

(66) ~~*Recreation facilities, outdoor*~~. *Recreation facilities, indoor*. ...(No change in existing text)

(67) ~~*Recreational vehicles/boat storage*~~. *Recreation facilities, outdoor*. ...(No change in existing text)

(68) ~~*Riding stables, horse*~~. *Recreational vehicles/boat storage*. ...(No change in existing text)

(69) ~~*Restaurant types*~~. *Riding stables, horse*. ...(No change in existing text)

(70) ~~*Reserved*~~. *Restaurant types*. ...(No change in existing text)

(71) *Retail sales and service*. ...(No change in existing text)

Note: Underline is proposed text and ~~strikethrough~~ is proposed deleted text

ATTACHMENT 2

Applicant Provided Information

Ormond beach: Land Development Code amendment

1. Definition for the use.

Private tattoo studio shall operate exclusively by Appointment only and limited to one tattoo artist, with no exterior signage or window in the unit.

2. Public benefit proposed

Business model is aimed at Restoring any missing confidence of any person(s), by creatively camouflaging birth marks, scars, blemishes of the sort with appealing artwork. Operating only in the well structured and sterilized space, that retains both parties upmost privacy and integrity alike.

3. Conditions of use:

A: No exterior windows

B: No exterior signage or displays

C: Limited to maximum of 1 artist

D: Property maintains its B-4 zoning

E: Appointment Only operations

G: Tattoo area is limited to 160 sq feet

H. Use shall be within a structure two stories or greater.

i : Limited to buildings fronting East Granada Boulevard only.

Applicant introduction:

My name is Anthony Conforti and I hope this introductory letter finds you well, as I'm very humbled to present it with the upmost integrity and transparency alike.

I currently own an e-commerce company called Poorstar (yes POOR like poverty haha) which operates exclusively online at 100 E. Granada Blvd here in Ormond beach Florida for over 8 Years and counting.

Whether it's the development or delivery of our next textile based product, or designing a tattoo that not only brings a client joy... but most importantly: restores that missing percent of confidence in said individual(s) that so kindly wish to participate in my services.

Having the unique ability to creatively camouflaging a birth mark/ surgical scar/ or any personal reminder that may hold them back from being the best version of themselves, in both confidence or public is what lead me to the city of Ormond Beach. It matches my ability to provide a more refined and uplifting practice that

benefits citizens from more holistic perspective, as mentioned above.

As I've studied the art of tattooing, it has given me a backstage pass to how people not only view tattoos but more importantly why they choose to wear it permanently. To my and maybe your surprise, it's more about restoring or even boosting the confidence in themselves more so then it is the actual artwork itself (Interesting right?).

It was this unique perspective that assigned an even higher value to not only the design process, but more so the applicative process and this why I've chosen the more refined city of Ormond to open my private tattoo studio which will not include any windows or signage. I believe this unique environment will help further respect my current and future clients privacy at the highest level, but also the integrity of city citizens within it as well.

I am confident we can all proceed with complete transparency and professionalism, while most importantly respecting our fellow Ormond Beach business owners along with ensuring its citizens will left un-bothered with complete exclusivity. This unique appointment only tattoo studio will match community presence with the same level of refinement, that you would expect when you visit the beautiful city of Ormond beach with its single operator and appointment only model.

Thank you for reading this introduction letter and I look forward to a progressive public meeting where I will be prepared to answer any and all questions with an educational narrative.

Sources:

Debra Rush (Health and Environmental) for Volusia county.
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SERVICE AND USE THESIS

FOR MODERN DAY TATTOOING AND ITS EXACT SIMILARTY TO THE PERMEANT MAKE UP PROCESS

PREPARED BY ANTHONY V. CONFORTI @POORSTAR INCORPORATED 100 E. GRANADA BLVD STE 222 B&C ORMOND BEACH FL 32176

Q: What is the difference between permanent make up and tattooing?

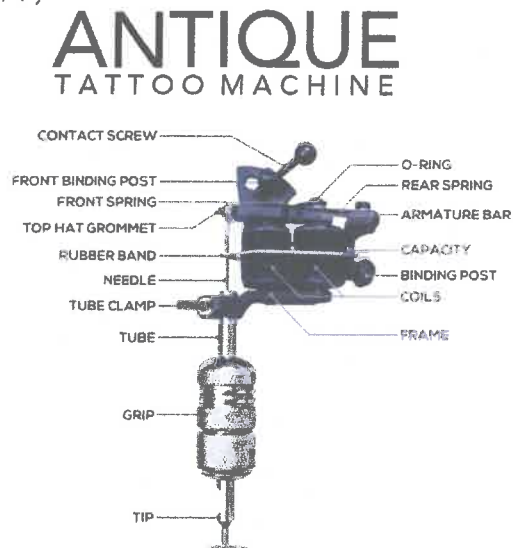
Short answer: one machine **had* exposed parts as you can reference in *Fig: 1* and the new modern machines do not: see *Fig: 2* (please join me as I quickly explain in this brief educational document)

In order to better answer this question, you have to better understand how a tattoo machine “works” and believe or not everyone in this room at one time couldn’t wait to hear the noise it helped once make ...which is the ringing of a bell on your last day of school.

(Who knew) The mechanics that make up a less modern and now antique “tattoo machine” can be found behind most any mechanical bell. (There’s probably one here in this city hall)

Directly behind the lid of said bell: you will find two copper wound coils attached to a frame, that once polarized by the electrical service in the building ...begin to vibrate an armature bar that creates a noise that can even saves lives during an emergency.

(Fig: 1)



Such fail safe mechanicals are very robust, however because of their exposed parts they can collect dust or even rust based on location. Those are two things you definitely don’t ever want around your permeant make up or any tattoo process. Now there are a few extra and also exposed components like the grip tube, and other attachments that make up the silhouette of what most of us would previously identify as a tattoo machine as shown in (Fig: 1) as shown to the left titled ANTIQUE tattoo machine.

The now current and future of modernize tattoo machines, have all internal / completely encapsulated components that operate next to silence exactly the same as permanent make machines.

This new and substantially more sterile apparatus, has been rotated to the very of the front line in the tattoo industry. It’s tremendously more difficult to collect contaminates but most importantly a **highly* more sanitary operations that are again no different than the machines used to perform a permanent make up service. As shown below in (Fig: 2) notice its completely modernized re-design.

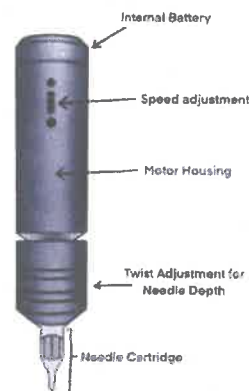
I would bet that these refined and modern machines, with digital displays that show the precise voltage / time on job / and even cycles per second to help ensure the best experience or results both applicatively and most importantly of all Higenically as well.

I hope you find this insight educational as I’m here today, aiming to help refine the narrative of what a tattoo studio once was and contribute to the future perspectives of this creative profession is going. One that can make surgical blemishes more easy on eyes, to artworks that restore one’s security in confidence and digestively in public. I kindly ask you all to look forward with me: into where tattooing is going and allow our community to enjoy a much more refined and modern experience by introducing this private, appointment only, very bespoke structure and strategy that best fits into this district. One that will retain not only the integrity of your city, but also its citizens like myself who want to operate legally, transparently, and respectfully.

Thank you for reading part 2 of my introduction letter and I look foward to a successful public hearing on the beautiful horizon here in Ormond Beach Florida as we combind the understanding of how modern tattoo machines and permanent make up machines have officially merged. For futher veification please reference the 41 page deck from Eviornmental and health inspection specialist: Ms. Debra Rush 386-736-5080

(Fig: 2)

MODERN TATTOO MACHINE



CHAPTER 64E-28 TATTOOING

64E-28.001	Scope of Chapter Rules
64E-28.002	Definitions
64E-28.003	Licensure Requirements for a Tattoo Artists
64E-28.004	Registration Requirements for a Guest Tattoo Artist
64E-28.005	Licensure Requirements for a Tattoo Establishment
64E-28.006	Education Course Requirements
64E-28.007	Operational Requirements for a Tattoo Establishment
64E-28.008	Operational Requirements for a Temporary Tattoo Establishment
64E-28.009	Standards of Practice for a Tattoo Artist or Guest Tattoo Artist
64E-28.011	Fee Schedule

64E-28.001 Scope of Chapter Rules.

These rules provide minimum standards relating to tattoo artists and tattoo establishments, including licensure and registration requirements, operational requirements, standards of practice, and a fee schedule.

Rulemaking Authority 381.00789 FS. Law Implemented 381.00787, 381.00791 FS. History—New 9-5-12.

64E-28.002 Definitions.

- (1) Alcohol-based hand sanitizer – An antimicrobial skin sanitizer which contains a minimum concentration of at least 60% alcohol.
- (2) Aseptic technique – Practices used by a tattoo artist to prevent cross contamination.
- (3) Compromised package – A wet, torn, or stained package.
- (4) Contaminated – means the presence of disease-causing organisms on inanimate objects or surfaces.
- (5) Cross contamination – The act of spreading disease-causing organisms from one surface to another.
- (6) Department – The Department of Health and its representative county health departments.
- (7) Disinfect – The use of a product registered with the United States Environmental Protection Agency (USEPA) as a tuberculocidal disinfectant which results in the reduction in the number of disease-causing organisms on objects or surfaces, thereby rendering them safe for handling and use.
- (8) Equipment – All machinery, including fixtures, containers, vessels, tools, devices, implements, furniture, display and storage areas, sinks and all other apparatus and appurtenances used in connection with the operation of a tattoo establishment.
- (9) Fixed – Incapable of being moved.
- (10) Government-issued photo identification – A document issued by a state, federal, or foreign government containing the photo of the person it is identifying.
- (11) Inactive license – A tattoo establishment or artist license which has not been renewed on or before the date of expiration.
- (12) Instruments – Hand pieces and other tools that may come in contact with a customer's body or be exposed to body fluids during tattooing procedures.
- (13) Minor – An individual who is less than eighteen (18) years of age.
- (14) Person – Any individual, partnership, corporation, association, or public body.
- (15) Registered business name – The name, as registered with the Department of State, under which a tattoo establishment operates.
- (16) Registered agent for service of process – A person, as registered with the Department of State, authorized by a tattoo establishment to receive legal notices for the establishment.
- (17) Single-use – means products or items that are intended for one-time, one-person use and are disposed of after use on each customer, such as cotton swabs or balls, gauze pads, tissues or paper products, sanitary coverings, razors, instruments that pierce the skin, and protective gloves.
- (18) Spore strip – A device used to monitor the sterilization process in a steam autoclave to ensure destruction of *Geobacillus stearothermophilus* spores.
- (19) Sterilization – The use of a steam autoclave to destroy all forms of microbial life, including spores.
- (20) Tattoo artist – A tattoo artist as defined in Section 381.00771, F.S., including an artist who performs cosmetic tattooing.
- (21) Unobstructed access – A situation where an artist can wash their hands and return to the tattooing area without recontaminating their hands by handling an object such as a door knob.

64E-28.003 Licensure Requirements for a Tattoo Artist.

(1) An applicant seeking initial licensure as a tattoo artist shall submit a completed application for licensure to the department on form DH 4147, 8/12, Application for Tattoo Artist License, which is incorporated herein by reference and which can be obtained from the environmental health section of the county health department, which has jurisdiction for the tattooing program in the county where the tattoo artist lives, or from the internet at <https://www.flrules.org/Gateway/reference.asp?No=Ref-01524> or <http://www.myfloridaeh.com/community/Tattoo/index.html>. An application shall be considered complete if all of the information requested on the form is provided, along with the fee specified in Rule 64E-28.011, F.A.C., and the following documentation is attached:

- (a) A copy of a government issued photo identification confirming the applicant is at least 18 years of age.
- (b) A copy of the certificate of training proving completion of a department approved course on blood-borne pathogens and communicable diseases with having achieved a minimum score of seventy percent (70%) on the course examination.
- (2) A tattoo artist's license is valid, throughout the state of Florida, for one year from the date it is issued.
- (3) A tattoo artist seeking licensure renewal shall:
 - (a) Annually, submit a completed application for license renewal on Form DH 4147 before the date of expiration.
 - 1. An application shall be considered complete if all of the information requested on the form is provided, along with the fee specified in Rule 64E-28.011, F.A.C.
 - 2. A license which has not been renewed on or before the date of expiration shall be deemed inactive. If this day falls on a weekend or holiday, a tattoo artist license must be renewed on or before the first working day after the date of expiration.
- (b) Not perform tattooing without an active license.
- (4) A tattoo artist license shall not be transferrable from one person to another.

64E-28.004 Registration Requirements for a Guest Tattoo Artist.

- (1) A guest tattoo artist seeking registration by the department shall:
 - (a) Submit, at least fourteen (14) days prior to practicing tattooing in any licensed tattoo establishment or licensed temporary tattoo establishment, a completed application for registration to the department on Form DH 4150, 7/12, Application for Guest Tattoo Artist Registration, which is incorporated herein by reference and which can be obtained from the environmental health section of the county health department, which has jurisdiction for the tattooing program in the county where the tattoo artist lives, or from the internet at <https://www.flrules.org/Gateway/reference.asp?No=Ref-01525> or <http://www.myfloridaeh.com/community/Tattoo/index.html>. An application shall be considered complete if all of the information requested on the form is provided, along with the fee specified in Rule 64E-28.011, F.A.C., and the following documentation is attached:
 - 1. A copy of a government issued photo identification confirming the applicant is at least 18 years of age.
 - 2. A copy of an active license, registration, or certification in another jurisdiction.
 - 3. A copy of the certificate of training proving completion of a course on blood-borne pathogens and communicable diseases, which meets the requirements specified in paragraph (b).
 - (b) Complete a department approved course on blood-borne pathogens and communicable diseases with having achieved a minimum score of seventy percent (70%) on the course examination.
 - 1. Completion of the educational course mentioned in paragraph (b), shall not be required when a tattoo artist has completed a blood-borne pathogens and communicable diseases course as a requirement for license, registration, or certification in a jurisdiction outside of the state and, as determined by the department, the course requirements met or exceeded those prescribed in Sections 381.00775(2)(b)4. and 5., F.S., and Rule 64E-28.006, F.A.C.
 - 2. A tattoo artist may submit a course curriculum to the department and request the department conduct a review for determination of the requirements specified in subparagraph (1)(b)1. Requests for curriculum review shall be submitted prior to submission of a completed application for registration of a guest artist.
- (2) A guest tattoo artist's registration is valid for up to fourteen (14) consecutive days, throughout the State of Florida.
- (3) A guest tattoo artist shall not perform tattooing without an active guest tattoo artist registration.
- (4) A guest tattoo artist registration shall not be transferrable from one person to another.

64E-28.005 Licensure Requirements for a Tattoo Establishment.

(1) Licensure of a permanent tattoo establishment:

(a) Prior to performing tattooing, a completed application shall be submitted to the county health department on form DH 4151, 8/12, Application for Tattoo Establishment Licensure, which is incorporated herein by reference and which can be obtained from the environmental health section of the county health department, which has jurisdiction for the tattooing program in the county where the establishment is physically located, or from the internet at <https://www.flrules.org/Gateway/reference.asp?No=Ref-01526> or <http://www.myfloridaeh.com/community/Tattoo/index.html>. An application shall be considered complete if all of the information requested on the form is provided, along with the fee specified in Rule 64E-28.011, F.A.C.

(b) A license for a tattoo establishment is valid for one year from the date it is issued.

(c) A license which has not been renewed on or before the date of expiration shall be deemed inactive. If this day falls on a weekend or holiday, a tattoo artist license must be renewed on or before the first working day after the date of expiration.

(2) Licensure of a temporary tattoo establishment:

(a) A completed application to be submitted to the county health department on form DH 4151 at least thirty (30) days prior to performing tattooing. An application shall be considered complete if all of the information requested on the form is provided, along with the fee specified in Rule 64E-28.011, F.A.C.

(b) A license for a temporary tattoo establishment is valid for up to fourteen (14) consecutive days in conjunction with a convention or similar event for which the license is issued.

(3) No tattooing shall be performed at an establishment that does not have an active license.

(4) A tattoo establishment license shall not be transferrable from one location or person to another.

Rulemaking Authority 381.00789 FS. Law Implemented 381.00777 FS. History--New 9-5-12.

64E-28.006 Education Course Requirements.

(1) All educational courses per Section 381.00775(2)(b)4., F.S., shall be approved by the department. Any person seeking approval of an education course shall submit a request for determination of compliance with the requirements of this rule to the Department of Health, Bureau of Community Environmental Health, 4052 Bald Cypress Way, Bin #A08, Tallahassee, FL 32399. All requests for course approval shall be handled in accordance with Section 120.60, F.S. Requests for course approval shall include submission of the following documentation:

(a) A copy of the credentials of trainers and persons compiling the curriculum.

(b) A copy of the curriculum.

(c) Copies of training materials.

(d) A copy of the test to be given.

(e) A copy of the answers to the test questions.

(f) A copy of the certificate of training to be issued.

(2) The course shall meet the following criteria:

(a) Utilize a classroom-based or internet-based delivery method.

(b) Be specific to the tattoo industry.

(c) Be a minimum of three (3) hours in length, excluding the examination.

(d) Include an opportunity for interactive questions and answers with the person conducting the training.

(e) Include, at a minimum, education and training on blood-borne pathogens, such as human immunodeficiency virus and hepatitis B and C viruses, and communicable diseases, such as hepatitis A, staphylococcal including those of methicillin-resistant *Staphylococcus aureus*, tuberculosis, impetigo, scabies, ringworm, molluscum contagiosum, herpes simplex, and herpes zoster, and the prevention of such transmission. This information shall include:

1. Identification of the disease;

2. Identification of the infectious agent;

3. Mode of transmission;

4. Incubation period;

5. Period of communicability; and

6. Prevention of transmission in a tattoo setting.

(f) Be followed by a written examination covering the materials in the course. The examination shall contain a minimum of fifty (50) questions with a passing score of at least seventy percent (70%).

(g) Ensure identity verification and validation for each student taking the internet or classroom course and test.

(3) In addition to that specified in paragraphs (2)(b)-(g) above, internet-based courses shall meet the following criteria:

- (a) Each course section shall have a minimum time to finish that section before it is possible to move on to the next section.
- (b) Identity verification and validation shall occur prior to the initiation of the internet course, using an identity verifying technology that seeks verification through internet databases using information that is specific to the student's identity. Following initial identity verification, validation shall occur at least every hour during the course and prior to completing the test.
- (c) The course shall automatically terminate when a student fails to answer an identity validation question during a 60-second response time period or a student provides more than one incorrect answer to a validation question. Upon termination, a one-hour waiting period is required before the student is allowed to register again.
- (d) At a minimum, the course provider shall include on the internet registration form, initial blocks in which the student indicates agreement with the following information:
1. That the student who registers for the course is the person taking the course.
 2. That the student will be asked time-limited identity validation questions during the internet course. The validation questions will ask the student questions about themselves based on information provided by them and obtained through internet databases as described in paragraph (b), above. Failure by a student to answer an identity validation question during a 60-second response time period or a student providing more than one incorrect answer to an identity validation question will cause the course to automatically terminate. Upon termination, a 1-hour waiting period is required before the student is allowed to register again.
- (e) A student shall be prevented from proceeding with the internet course should they fail to indicate agreement with each stipulation listed in paragraph (d) above.
- (f) A subject matter expert representing the course provider shall be available by telephone or via electronic means during normal business hours to assist students.
- (4) In order to ensure that the requirements of this rule section are met, the department may annually register and take the course, as any interested student would.
- (5) The course provider shall notify the department in writing within 30 days of determining that a student has attempted or acquired certification by committing fraud, deceit, false statements, or perjury. When this is determined, the course provider shall revoke the certificate.
- (6) Any reference to department approval shall state no more than: "This course is approved by the Florida Department of Health for tattoo artist licensure under Section 381.0775, F.S. and Chapter 64E-28, F.A.C."
- (7) Course approval is not transferrable from person to person.

Rulemaking Authority 381.00789 FS. Law Implemented 381.00775 FS. History—New 5-15-12.

64E-28.007 Operational Requirements for a Tattoo Establishment.

- (1) Tattoo establishments shall have walls, a floor, and a ceiling. Floors and walls located in the tattooing area, the area where items are cleaned and sterilized, and in the restrooms shall be constructed of non-absorbent, easily cleanable materials. The entire establishment shall be maintained in clean condition and good repair.
- (2) There shall not be a direct opening between a tattoo establishment and any building or portion of a building used as living or sleeping quarters. This shall be accomplished, at a minimum, by a solid floor to ceiling wall of separation.
- (3) A tattoo establishment shall not be located in an area where food is prepared.
- (4) Eating and drinking, except for the purpose of administering first aid, and smoking are prohibited in areas where tattooing is performed or where instruments and supplies are cleaned and stored.
- (5) Water supplies shall comply with the provisions of Chapter 64E-8 or 62-550, F.A.C.
- (6) Sewage disposal shall comply with the provisions of Chapter 64E-6 or 62-200, F.A.C.
- (7) The establishment shall use effective measures to protect against the entrance, breeding, and presence of vermin, such as insects and rodents. Openings to the outside shall be protected by such means as self-closing doors, closed windows, or screening. If screening is used, it shall not be less than sixteen (16) mesh to the inch.
- (8) Animals shall not be allowed in a tattoo establishment, except as provided under Section 413.08, F.S. Aquariums with fish shall be allowed in waiting rooms and non-procedural areas only.
- (9) Each tattoo establishment shall have an artificial light source equivalent to at least one hundred (100) foot candles in the tattooing area and in the area where items are cleaned and sterilized.
- (10) Restrooms shall be supplied with toilet tissue, a hand sink supplied with running water under pressure, liquid soap, a dispenser with single-use paper towels, and a waste receptacle. Signage shall be posted in the restroom to instruct employees that they must thoroughly wash their hands before returning to work.
- (11) A handsink with unobstructed access shall be located within each tattoo area or centrally located within the overall workroom area, so that each tattoo artist has access to the handsink for handwashing.

(a) The handsink shall be supplied with running water under pressure, liquid soap, a dispenser with single-use paper towels, and a waste receptacle.

(b) A restroom handsink may be used as the handsink provided that it is located within the tattoo establishment and it meets the above stated requirements.

(12) At a minimum, contaminated, reusable items shall be cleaned manually in a sink, separate from the handsink(s), or mechanically in an ultrasonic machine prior to sterilization.

(a) If items are manually cleaned in a sink, the sink shall be deep enough to allow complete submersion of the items. Gloves shall be worn when manual cleaning is performed.

(b) If items are cleaned in an ultrasonic machine, the machine shall be used in accordance with the manufacturer's instructions, which shall be available for review by the department at the time of inspection.

(c) After cleaning, items shall be rinsed and allowed to air dry or shall be dried with single-use paper towels prior to packaging for sterilization.

(d) If only individually packaged, pre-sterilized, single-use items are used in the establishment, the cleaning sink and ultrasonic machine requirements do not apply.

(13) A tattoo establishment shall have a steam autoclave for sterilizing instruments.

(a) The autoclave shall be used in accordance with the manufacturer's instructions for packaging, loading, and processing items.

(b) The autoclave shall be maintained to ensure proper operation.

1. The autoclave shall be cleaned at the frequency recommended by the manufacturer and shall be serviced at least once a year or at the frequency recommended by the manufacturer.

2. A copy of the manufacturer's instructions for operating, cleaning, and servicing the autoclave shall be maintained in the tattoo establishment and shall be available for review by the department at the time of an inspection.

(14) When using an autoclave, sterilization shall be verified through:

(a) A chemical indicator strip placed inside one packet in each load to monitor the sterilization procedure. The strip must indicate exposure to steam and the autoclave operating temperature.

(b) Testing with spore strips at a minimum frequency of every 40 hours of operation of the autoclave, but not less than on a quarterly basis.

1. Test results shall be confirmed by an independent laboratory.

2. In the event of positive results, the autoclave shall be immediately taken out of service and all unused items processed in the autoclave since the most recent negative test results shall be considered non-sterile.

3. While the autoclave remains out of service, tattooing may continue provided either another properly functioning autoclave is placed in service in the establishment or all single-use, pre-sterilized instruments are used.

4. When the improperly functioning autoclave has been restored to proper function, which shall be confirmed by follow-up testing, it may be placed back in service.

(15) Each tattoo establishment shall maintain autoclave sterilization records onsite. The records shall, at a minimum, include the following information:

(a) Autoclave log showing cumulative run time, quantity and types of items sterilized on a given date, and the date spore strip testing was conducted.

(b) Spore strip results provided by an independent laboratory.

(16) If only individually packaged, pre-sterilized, single-use items are used, an autoclave shall not be required nor the requirements specified in subparagraphs 12., 13., 14., and 15. of this section.

(a) Individually packaged, pre-sterilized, single-use items shall be sterilized with ethylene gas or gamma rays and shall be labeled with the expiration date by the manufacturer.

(b) If a package containing pre-sterilized, single-use items has been compromised, the contents shall be discarded.

(17) Packages of sterile items, which are sterilized by the tattoo establishment, shall be labeled with the date of autoclaving. If any package has been compromised, the items shall be re-sterilized.

(18) All packages of sterile items shall be stored in a clean, dry, covered container or in a clean, dry cabinet until just prior to use.

(19) Work chairs, tables, stands, cabinets, and counter tops shall have a smooth, non-porous, easily cleanable surface, and shall be cleaned and disinfected after each customer.

(20) If any liquid product is not in its original container, the container into which the product has been placed shall be labeled with the name of the product.

(21) Each tattoo establishment shall maintain the following records:

(a) Customer records, including parental consent;
(b) Autoclave sterilization records and maintenance records;
(c) Documentation identifying the method of sterilization utilized by the manufacturer if the information is not printed on the packaging of the item.

(d) The records stated in paragraphs (a), (b), and (c) above shall be maintained for two years with those records for the current licensing period maintained onsite in the establishment and available for review by the department at the time of inspection.

(e) Personnel records of each tattoo artist who works in the establishment. The record shall contain the tattoo artist's name, address, date of birth, and the license number issued by the department. Personnel records shall be maintained for at least 2 years after an artist's employment ends.

(22) A tattoo establishment shall allow the department to conduct, at minimum, annual inspections for the purpose of ensuring compliance with Sections 381.00771-.00791, F.S., and these rules. Results of each inspection shall be recorded on DH Form 4153, 7/12, Tattoo Establishment Inspection Report, herein incorporated by reference and which can be obtained at <https://www.flrules.org/Gateway/reference.asp?No=Ref-01527> or from the environmental health section of the county health department having jurisdiction.

(23) Biomedical waste shall be managed in accordance with Section 381.0098, F.S. and Chapter 64E-16, F.A.C. Regular solid waste shall be collected, stored and disposed of in a manner and at a frequency that does not create a sanitary nuisance, as defined in Chapter 386, F.S.

(24) Tattoo establishments, currently operating on the effective date of this rule, which are not in full compliance with the handsink and cleaning sink requirements shall have six months from the effective date of this rule to comply with the requirements.

Rulemaking Authority 381.00789 FS. Law Implemented 381.00779 FS. History--New 9-5-12.

64E-28.008 Operational Requirements for a Temporary Tattoo Establishment.

(1) A licensed temporary establishment shall meet the operational requirements set forth in Rule 64E-28.007, F.A.C., with the following exceptions.

(2) A temporary establishment shall have rigid perimeter walls, a rigid floor, and a rigid ceiling. Floors in the tattooing area and the area where items are cleaned and sterilized shall be constructed of nonabsorbent, easily cleanable materials. The entire establishment shall be maintained in clean condition and good repair.

(3) If any tattoo items are sterilized by an artist prior to a temporary event, spore test results confirmed by an independent laboratory, shall be available for review by the department at the time of inspection.

(4) A temporary establishment shall allow the department to conduct, at minimum, an initial inspection prior to and, if deemed necessary, during the convention or similar event for the purpose ensuring compliance with Sections 381.00771-.00791, F.S., and these rules. Results of each inspection shall be recorded on DH Form 4153, 7/12, Tattoo Establishment Inspection Report.

Rulemaking Authority 381.00789 FS. Law Implemented 381.00779 FS. History--New 9-5-12.

64E-28.009 Standards of Practice for a Tattoo Artist or Guest Tattoo Artist.

(1) A tattoo artist shall ensure that a customer record is completed for each customer. The record shall, at a minimum, include the following:

- (a) Name of tattoo artist.
- (b) Customer's name, age, and birthdate.
- (c) Description and location of tattoo on the customer's body.
- (d) Signature of the customer.
- (e) Signature of the artist.
- (f) Date(s) tattooing procedure is performed.

(2) Pursuant to Section 381.00787, F.S., a tattoo artist shall not tattoo the body of a minor less than sixteen (16) years of age.

(3) If tattooing a minor who is sixteen (16) or seventeen (17) years of age, a tattoo artist shall:

(a) Inspect copies of a government-issued photo identification for both the minor and for the parent or legal guardian of the minor. If the photo identification for the minor does not show a birth date, a copy of the minor's birth certificate shall be provided.

(b) Obtain a signed and notarized consent by the minor's parent or legal guardian on form DH 4146 , 7/12, Written Notarized Consent For Tattooing of a Minor Child, Age 16 through 17 Years Old, which is incorporated herein by reference and which can be obtained from the environmental health section of the county health department, which has jurisdiction for the tattooing program in the county where the tattoo artist lives or the tattoo establishment is physically located, or from the internet at <https://www.flrules.org/Gateway/reference.asp?No=Ref-01528> or <http://www.myfloridaeh.com/community/Tattoo/index.html>.

- (c) Complete the requirements of subsection (1).
- (4) Prior to or after performing a tattoo procedure on a customer, a tattoo artist shall provide information on aftercare to the customer, both verbally and in writing.
- (5) Prior to setup for a tattoo procedure, a tattoo artist shall:
 - (a) Ensure that the skin area where a tattoo is to be applied is visibly healthy.
 - (b) Wash their hands thoroughly using liquid soap, rinse them, and dry them using single-use paper towels.
- (6) Prior to performing a tattoo procedure, a tattoo artist shall cleanse the area of the skin where the tattoo will be placed using a clean, single-use paper towel or pad and a solution labeled as an antiseptic. The antiseptic solution shall be used in accordance with the manufacturer's instructions.
- (7) If hair is to be removed from the area to be tattooed, either a single-use razor shall be used, or clippers which are capable of being disinfected. If hair removal is done after cleansing, the area shall be re-cleansed as specified in subsection (6) above.
- (8) While performing a tattoo procedure, a tattoo artist shall:
 - (a) Use aseptic techniques, including barrier covers on instruments and equipment that may come into contact with the tattoo artist or the customer during the tattoo procedure. Should an artist choose to not use a barrier cover on the tattoo machine, they must disinfect the machine upon completion of the tattoo procedure.
 - (b) Use only sterile needle bars, sterile needle tubes, and single-use, sterile needles.
 - (c) Wear new, disposable examination gloves, which shall be discarded after the completion of each single tattooing session.
 - 1. Should the gloves become torn, punctured, or otherwise contaminated outside the general scope of tattooing, or should the gloves come in contact with any object or surface other than the customer's skin or items being used in the procedure, the gloves shall be removed and discarded and the tattoo artist shall thoroughly wash their hands or apply an alcohol-based hand sanitizer and re-glove before resuming the tattoo session.
 - 2. In the event a tattoo artist must leave the tattooing area, the gloves shall be removed and discarded. The artist shall thoroughly wash their hands or apply an alcohol-based hand sanitizer and re-glove before resuming the tattoo session.
 - (d) Discard any sterile, single-use items that become contaminated and replace them with sterile items before resuming the procedure.
 - (e) Use a stencil that is single-use and clean. The product used to apply the stencil shall be packaged as a single dose or dispensed from a product container as a single customer dose.
 - (f) Any item used for freehand artistry on the customer shall be single-use and discarded after use unless an antiseptic is applied to the skin after marking the skin.
 - (g) Use inks, dyes, and pigments which are intended for tattooing.
 - 1. Inks shall be used in accordance with the manufacturer's instructions.
 - 2. Individual portions of inks, dyes, or pigments shall be dispensed into clean single-use cups for each customer.
- (9) Any item which an artist adds to a tattoo machine to stabilize the needle shall be either single-use or a reusable item that has been disinfected.
- (10) Upon completion of a tattooing procedure, a tattoo artist shall:
 - (a) Remove any excess ink from the customer's skin with a single-use clean paper towel or pad.
 - (b) Use a clean glove, single-use paper towel, or single-use pad to apply a moisturizing ointment or lotion that is packaged as a single dose or is dispensed from a product container as a single customer dose.
 - (c) If needed, cover the tattooed area with a clean nonstick bandage.
 - (d) Remove and discard any barriers used to cover instruments and equipment and disinfect both the tattoo machine and the work area with a tuberculocidal disinfectant registered with the USEPA.
 - (e) Remove any reusable instruments from the tattooing area in preparation for cleaning, rinsing, drying, and sterilization.
 - (f) Discard any unused ink, dye, or pigment.
 - (g) Thoroughly wash and rinse hands and dry them with clean single-use paper towels.

Rulemaking Authority 381.00787, 381.00789 FS. Law Implemented 381.00779 FS. History—New 9-5-12.

64E-28.011 Fee Schedule.

(1) Tattoo Artist License and Renewal	\$ 60.00
(2) Guest tattoo Artist Registration and Re-registration	\$ 35.00
(3) Tattoo Establishment License	\$200.00
(4) Temporary Establishment License	\$200.00
(5) Reactivation of Tattoo Artist License	\$ 25.00

(6) Reactivation of Tattoo Establishment License

\$ 75.00

Rulemaking Authority 381.00789 FS, Law Implemented 381.00781 FS, History--New 9-24-12.

BAMC

Body Art Model Code



March 2024

Background

In 1998, environmental health professionals and industry experts worked together to develop and release the first NEHA Body Art Model Code (BAMC): the only comprehensive model code that addresses current body art issues and public health risks. In the time since the original Code was released, body art has become much more accepted, diverse, and popular. To address the changes in the field, NEHA updated the 1998 BAMC and re-released it in the winter of 2019.

After updating the BAMC in 2019, NEHA's Body Art Committee (BAC) committed to triennial updates to ensure this vital resource remains relevant and scientifically defensible to best protect public health. Following through on that commitment, NEHA BAC members started the arduous process of updating the BAMC in the fall of 2021.

The enormous task of updating the BAMC was accomplished by a dedicated committee of regulators and industry professionals and supported by numerous associations, including the Alliance of Professional Tattooists, Association of Food and Drug Officials Body Art Committee, Association of Professional Piercers, and the Society of Permanent Cosmetic Professionals. NEHA would like to recognize these individuals and associations for their contributions. The BAMC is available for local and state agencies to use as a resource to develop, or update, their own body art codes.



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1. Definitions

The terms used in this Code are defined as follows:

AFTERCARE means suggested instructions given to the client, specific to the body art procedure(s) rendered, about caring for the body art and surrounding area. These instructions will include information about when to seek medical treatment, if necessary.

ANTISEPTIC means a product that is labeled as useful in preventing diseases caused by microorganisms present on the skin and/or mucosal surfaces of humans. This includes products meant to kill germs and/or labeled as “antiseptic,” “antimicrobial,” “antibacterial,” “microbicide,” or “germicide,” or other similar terms.

ASEPTIC TECHNIQUE means a set of specific practices and procedures performed under controlled conditions with the goal of minimizing contamination by pathogens.

AUTHORIZED AGENT means an employee of the designated health department/district charged with the enforcement of this Code.

AUTOCLAVE means a piece of equipment that is intended to sterilize products by means of pressurized steam.

AUTOMATED INSTRUMENT WASHER means a mechanical washer designed specifically for the decontamination of instruments prior to sterilization.

BIOCOMPATIBLE means the ability of an object to be inserted into a person without eliciting any undesirable local or systemic effects in that person.

BIOHAZARDOUS WASTE means any solid or liquid waste that can present a threat of infection to humans, including body tissue, blood and bodily fluids, wastes that contain blood or other potentially infectious material (OPIM). This includes, but is not limited to, absorbent materials with blood, bodily fluids, or excretions/secretions; and other contaminated products used during a body art procedure.

BLOODBORNE PATHOGEN means pathogenic microorganisms that are present in human blood and can cause disease in humans. These pathogens include, but are not limited to, hepatitis B virus (HBV), hepatitis C virus (HCV), and human immunodeficiency virus (HIV).

BODY ART means body piercing, tattooing, branding, scarification, or cosmetic tattooing.

BODY ART ESTABLISHMENT means any place or premise, whether licensed or not, public or private, temporary or permanent, outside or inside, for profit or not, where the practices of body art are performed.

BODY ARTIST means any person performing body art services, whether licensed or not.

BODY PIERCING means any method of piercing the skin or mucosa to place jewelry through the skin or mucosa.

BRANDING means the process in which a mark or marks are burned into human skin tissue with the intention of leaving a permanent mark.

CAS REGISTRY NUMBER also referred to as CASRN or CAS Number, means a unique numerical identifier assigned by the Chemical Abstracts Service (CAS) to every chemical substance described in the open scientific literature.

CHRONIC/REPEAT VIOLATIONS means a violation that has occurred three times within five inspections.

CLIENT means an individual upon whom a body artist performs a body art procedure.

CODE means this document, as amended, and any supporting documents specifically incorporated herein.

COMPLAINT OF INJURY FORM means a document used to file with the Department a notice of injury as a result of a body art procedure.

CONTAMINATED means the presence or the reasonably anticipated presence of blood or OPIM on an item or surface.

COSMETIC TATTOOING see **TATTOOING**

CRITICAL VIOLATIONS means those items that are likely to cause an imminent health hazard to the public and/or body artist.

CYCLE NUMBER means a unique number that corresponds to each individual autoclave cycle. This number is used as an identifier, sometimes known as a lot number. It may include the date as part of the number.

DECONTAMINATION means the use of physical and/or chemical means to remove, inactivate, or destroy pathogens on a surface. A surface/item is decontaminated when there are no infectious particles, and then the surface/item is rendered safe for handling, use, or disposal.

DEPARTMENT means the agency (whether local, state, or federal) or its authorized representatives who have jurisdiction to promulgate, monitor, administer, and enforce regulations.

DISINFECTANT means a product that is tuberculocidal and registered by the U.S. Environmental Protection Agency (EPA), as indicated on the label for use in disinfection.

DISINFECT means to destroy pathogenic and other kinds of microorganisms by physical and/or chemical means.

DIVIDER means a partition used to separate or delineate a workstation from other workstations, such as non-absorbent curtains, knee walls, or other hard partitions.

EAR PIERCING see **BODY PIERCING**

EAR-PIERCING GUN means a stud-and-clasp ear-piercing system.

ENZYMATIC CLEANING SOLUTION means a cleaner that relies on biological catalysts to remove proteins or biofilms from a surface.

EQUIPMENT means all machinery, containers, vessels, implements, storage areas, and sinks that are used in conjunction with the storage or application of body art, by a body artist, or used within the sterilization/decontamination and disinfection processes.

FACILITY see **BODY ART ESTABLISHMENT**

FURNISHINGS means all fixtures, furniture, and other objects within a body art establishment that are not integral to the structure of the physical establishment (e.g., walls, windows, doors) and are not used in the storage of body art equipment and instruments, application of body art, or its sterilization/ decontamination and disinfection processes.

GLOVES means medical grade or exam grade, sterile or nonsterile, disposable, single-use, full-hand coverings worn for protection against disease transmission.

GUARDIAN means a person lawfully invested with the power and charged with the obligation of taking care of managing the property and rights of a person who, because of age, understanding, or self-control, is considered incapable of administering his or her own affairs.

HAND WASHING means the act of cleaning one's hands for the purpose of removing dirt, soil, or microorganisms through the use of soap, warm water, and friction.

HAND WASHING SINK means a sink equipped to provide water at a temperature of at least 38°C (100°F) through a mixing valve or combination faucet, used solely for washing hands, arms, or prosthetics.

IDENTIFICATION means a government-issued ID card with name, photo, and birthdate.

IMMINENT HEALTH HAZARD means a significant threat or danger to health that is considered to exist when there is evidence sufficient to show that a product, practice, circumstance, or event creates a situation that requires immediate correction.

INDICATOR means a test or device designed to validate one or more of the following critical variables of an autoclave cycle: time, temperature, and steam/pressure. The three types of indicators are chemical, biological, and mechanical.

CHEMICAL INDICATOR means a substance that undergoes a distinct observable change when conditions in its solution change while measuring the sterilization process. This could be a color change, precipitate formation, or bubble formation, in order to show a temperature change, or other measurable quality.

BIOLOGICAL INDICATOR (BI) means a test system containing viable microorganisms (spores) providing a defined resistance to a specific sterilization process. A biological indicator provides information on whether necessary conditions were met to kill a specified number of microorganisms for a given sterilization process.

MECHANICAL INDICATOR means a self-recording gauge used to verify the time, pressure and/or temperature obtained during the sterilization process.

INFORMED CONSENT AND RELEASE FORM means a form signed by a client prior to a body art procedure to confirm that they agree to the procedure and are aware of any risks that might be involved.

INITIAL PIERCING means a fresh or new body piercing.

INSPECTION means a careful examination, exploration, or evaluation of the body art establishment and the body artist by the Department in compliance with this Code.

INSTRUMENTS/TOOLS/DEVICES/IMPLEMENTS USED FOR BODY ART means handpieces, needles, needle bars, tattoo machines, forceps, and other tools that could come in contact with a client's body or could be exposed to bodily fluids during body art procedures.

INTEGRATOR also referred to as Type 5 Integrator or an Integrating Indicator, means a device designed to validate all three of the following critical variables of an autoclave cycle: time, temperature, and steam under pressure.

JEWELRY means any biocompatible object that is worn through a body piercing.

LICENSE means written approval by the Department to operate a body art establishment or to perform body art. Approval is given in accordance with this Code and in addition to any other local, state, or federal requirements.

MAINTENANCE means repairs and upkeep of equipment as recommended by the manufacturer.

MATERIAL CERTIFICATE means all documents intended to state the specifics of a material used for body jewelry. Names for these documents include but are not limited to Mill Certificates, Material Certificates, Metal Composition Sheets, Material Safety Data Sheets (MSDS), and Material Certification Sheets.

MICROBLADING see **TATTOOING**

MINOR means an individual under the age of eighteen (18) years.

MOBILE BODY ART ESTABLISHMENT/UNIT means a licensed mobile establishment or unit that is self-propelled or otherwise movable from place to place and operated by a licensed body artist who performs body art procedures.

MUCOSA see **MUCOSAL SURFACE**

MUCOSAL SURFACE means the moisture-secreting membrane lining of all body cavities or passages that communicate with the exterior, including but not limited to the nose, mouth, vulva, and urethra.

MUNICIPAL SOLID WASTE means common trash or garbage that does not meet the definition of regulated waste.

NONCRITICAL VIOLATIONS means those items are not likely to cause an imminent health danger to the public and/or the practitioner.

OPERATOR means any person, whether permitted or not, who controls any interest in, operates, or manages a body art establishment and who is responsible for compliance with this Code, whether or not actually performing body art activities.

OTHER POTENTIALLY INFECTIOUS MATERIAL (OPIM) means:

1. The following human body fluids: semen, vaginal secretions, cerebrospinal fluid, synovial fluid, pleural fluid, pericardial fluid, peritoneal fluid, amniotic fluid, saliva in dental procedures, any body fluid that is visibly contaminated with blood, and all body fluids in situations where it is difficult or impossible to differentiate between body fluids;
2. Any unfixed tissue or organ (other than intact skin) from a human (living or dead); and
3. HIV-containing cell or tissue cultures, organ cultures, HIV- or HBV-containing culture medium or other solutions, blood, organs, or other tissues from experimental animals infected with HIV, HVC, or HBV.

PERMANENT COSMETICS see **TATTOOING**

PERMIT see **LICENSE**

PERSON means an individual, any form of business or social organization, or any other non-governmental legal entity, including but not limited to corporations, partnerships, limited liability companies, associations, trusts, or unincorporated organizations.

PERSONNEL means employees, body artists, contracted body artists, and agents of the body art facility, whether or not actually performing body art activities.

PHYSICIAN means a person licensed by the state to practice medicine in all its branches and may include other areas such as dentistry, osteopathy, or acupuncture, depending on the rules and regulations particular to that state.

PROCEDURE means the act of performing body art.

PROCEDURE AREA means a room, or portion of a room, or any surface of an inanimate object that is designated to be used only to perform body art.

PROCEDURE SITE means the area or location on the client's body selected for the placement of body art.

PROPYLENE GAS means any gas that is labeled with a CAS Registry Number of 115-07-1 (this includes but is not limited to MAPP gas and methyl ethylene gas).

REGULATED WASTE means liquid or semi-liquid blood; items contaminated with blood or OPIM, and which would release these substances if compressed; items that are caked with dried blood or OPIM and are capable of releasing these materials during handling; and contaminated sharps containing blood or OPIM.

REGULATED WASTE OPERATING PLAN means a document detailing policies and procedures regarding the containment, labeling, storage, and transport of biomedical waste, in addition to detailed training for personnel of the body art establishment.

SAFETY DATA SHEET (SDS) means a document for any potentially harmful chemical that includes information such as the properties of each chemical; the physical hazards, health hazards, and environmental health hazards; protective measures; and safety precautions for handling, storing, and transporting the chemical. SDS is the current term for Material Safety Data Sheet (MSDS).

SCALP MICROPIGMENTATION (SMP) see **TATTOOING**

SCARIFICATION means the process in which a mark or marks are cut into human skin tissue with the intention of leaving a permanent mark.

SEMIPERMANENT MAKEUP see **TATTOOING**

SHARPS means any object that can purposely or accidentally cut or penetrate the skin or mucosa, including but not limited to presterilized, single-use needles; scalpel blades; and razor blades.

SHARPS CONTAINER means a closable, puncture-resistant, leakproof (on sides and bottom) container made specifically to be a sharps container that can be closed for handling, storage, transportation, and disposal. A sharps container must be labeled with the international biohazard symbol.

SINGLE-USE means products or items that are intended for one-time, one-person use and are disposed of after use on each client, including but not limited to cotton swabs or cotton balls, tissues or paper products, paper or plastic cups, gauze and sanitary coverings, razors, needles, scalpel blades, stencils, ink cups, and protective gloves.

SPORE TEST see **INDICATOR – BIOLOGICAL INDICATOR**

STANDARD OPERATING PROCEDURE (SOP) means an instructional document that describes all procedures and processes that are to be followed step-by-step, by each worker in a facility, so as to produce the exact same results safely no matter who performs routine operations.

STERILIZATION means a validated process used to render a product free from viable microorganisms.

STERILIZATION AREA or **STERILIZATION ROOM** means a room or enclosed area, set apart and used only to clean, decontaminate, and sterilize instruments.

STERILIZATION LOG means a physical or digital recording of autoclave cycle number, as well as type of sterilizer and cycle used; the load identification number; the load contents; the exposure parameters (e.g., time and temperature); the operator's name or initials; date and time; and the results of mechanical, chemical, and/or biological monitoring.

STRIKE BRANDING means the process by which a mark is burned with heated metal into the tissue of a person.

STERILE GLOVES means a medical-grade or exam-grade disposable, single-use covering for the hands worn for protection against disease transmission. Sterile gloves have been sterilized by the manufacturer or by following the sterilization protocol set forth by the glove manufacturer.

STERILE WATER means water that is purchased from the manufacturer sterile, in a single-use container.

STERILE means a state of being free from viable microorganisms.

TATTOO means the mark resulting from the act of tattooing.

TATTOOING means any act of placing ink or other pigment into or under the skin or mucosa by the use of needles or any other method used to puncture the skin, resulting in permanent or temporary colorization of the skin or mucosa. This includes all forms of cosmetic tattooing performed on the face or body.

TEMPORARY BODY ART ESTABLISHMENT means any place or premise operating at a fixed location where a body artist performs body art procedures but does not have a permanent body art facility license (i.e., educational, trade show, convention, public or private events, performance, product demonstration, or aesthetic shows).

TEMPORARY BODY ARTIST LICENSE see **LICENSE**

THERMAL CAUTERY UNIT (TCU) means electrical equipment that provides direct or alternating current that is passed through a resistant metal wire electrode, generating heat used for branding.

TYPE 5 INDICATOR see **INTEGRATOR**

ULTRASONIC CLEANER or **ULTRASONIC** means equipment that removes debris by a process called cavitation, in which waves of acoustic energy are propagated in aqueous solutions to disrupt the bonds that hold particulate matter to surfaces.

ULTRAVIOLET AIR PURIFIER means a machine designed to use short wave ultraviolet (UV-C) light to inactivate airborne pathogens and microorganisms.

VIOLATION means the act of violating or going against any section or subsection of this Code.

WORKSTATION means the area within a procedure area where a body artist performs body art. The workstation includes but is not limited to the client chair or table, counter, mayo stand, instrument tray, storage drawer, and practitioner's chair.

2. Body Art Operator Requirements and Professional Standards

- 2.1** Persons performing body art procedures or any other task or function in a body art facility must use aseptic techniques.
- 2.2** The body artist must be a minimum of 18 years of age.
- 2.3** It is unlawful for any person to perform body art procedures unless such procedures are performed in a body art establishment with a current applicable state, county, or city license, permit, and/or other regulatory requirements as required by the applicable jurisdiction.
- 2.4** The body artist must maintain hair, skin, and clothes that are free of visible particulate matter and debris. The body artist must keep fingernails short with smooth, filed edges to allow thorough cleaning and prevent glove tears. Body artists must not wear artificial fingernails or extenders and natural nail tips must be less than 1/8 inch long. Nail polish must be intact without chips or cracks and must be removed and/or reapplied every 7 days.
- 2.5** The body artist must be free of any open wound that cannot be covered, any infection, or other visible or communicable diseases that can be transmitted as a result of carrying out the body art procedure.
- 2.6** Wearing jewelry on fingers, hands, and wrists while performing a body art procedure is prohibited.
- 2.7** Before performing body art procedures, body artists must thoroughly wash their hands in a hand washing sink as specified under Section 12.5 and according to the hand washing procedure below. If a surrogate prosthetic device is being worn, manufacturer recommendations for washing shall be followed.
- 1.** Remove all jewelry on fingers, hands, and wrists.
 - 2.** Turn on warm water, wet hands, and apply soap.
 - 3.** Rubbing your hands together, make a soapy lather.
 - 4.** Make sure you include all your fingers, wash between your fingers, thumbs, nails, cuticles, wrists, palm to palm, and the top of your hands per CDC hand washing guidelines.
 - 5.** Rinse your hands with your fingers pointed up toward the faucet and rinse down to your wrists.
 - 6.** Dry with a clean disposable towel.
 - 7.** Use a new clean disposable towel to turn off the handles of the sink.
- 2.8** Any item or instrument used for body art that is anticipated/known to be contaminated, not from the client, during the procedure shall be removed as soon as practical from the procedure area and, if necessary, replaced before the procedure resumes. Any item or instrument no longer necessary for the procedure should be removed as soon as practical.

- 2.9** Eating or drinking by anyone is prohibited in the area where body art preparations or procedures are performed and any location where instruments or supplies are stored or cleaned. Exceptions must be made for the purpose of rendering first aid.
- 2.10** Any injury or complaint of injury, infections that required treatment by a licensed medical practitioner, or any communicable diseases resulting from the body art procedure that become known to the body artist must be reported by the body artist to the Department using a complaint of injury form within three business days of the body artist becoming aware of the complaint or condition.
- 2.11** Body artists shall report all adverse events relating to or suspected of being related to materials used during a body art procedure and its aftercare to the Department and MedWatch, including the name of the artist, client information, description of adverse events, and a complete description of materials involved with lot and/or batch codes if required to seek medical attention. This reporting will help identify outbreaks and identify products with manufacturing defects. A record of this reporting must be maintained with the complaint of injury form in client records.

3. Jewelry Standards

3.1 All jewelry used for initial piercings must meet the following standards:

- 1.** Any and all materials that meet the American Society for Testing and Materials (ASTM) and/or the International Organization for Standardization (ISO) standards for implantation. Examples of these include but are not limited to:
 - 1.** steel that is ASTM F138 compliant or ISO 5832-1 compliant,
 - 2.** steel that is ISO 10993-6, 10993-10, and/or 10993-11 compliant,
 - 3.** unalloyed titanium that is ASTM F67 or ISO 5832-2 compliant,
 - 4.** alloyed titanium (Ti6Al4V ELI) that is ASTM F136 compliant or ISO 5832-3 compliant,
 - 5.** alloyed titanium (Ti6Al7Nb ELI) that is ASTM F1295 compliant or ISO 5832-11 compliant, and
 - 6.** any polymer or plastic material that is ISO 10993-6, 10993-10, and/or 10993-11 compliant and/or meets the U.S. Pharmacopeia (USP) Class VI classification. This includes but is not limited to polytetrafluoroethylene (PTFE) that is ASTM F754 compliant.
- 2.** Solid 14-karat or higher yellow, white, or rose gold that is nickel free and cadmium free. Gold jewelry used for initial piercing may not be:
 - 1.** plated, unless using materials approved by this standard over solid 14-karat or higher yellow, white, or rose gold that is nickel and cadmium free,
 - 2.** gold filled, or
 - 3.** gold overlay/vermeil.
- 3.** Solid unalloyed or alloyed platinum that is nickel free and cadmium free.

4. Unalloyed niobium (Nb) that is ASTM B392 compliant. This includes but is not limited to:
 1. commercial grade 2 niobium and
 2. commercial grade 4 niobium that contains 1% zirconium.
5. Glass that is lead free. This includes but is not limited to:
 1. fused quartz,
 2. borosilicate, and
 3. soda-lime.
6. All threaded or press-fit jewelry must have internal tapping (no threads on exterior of posts and barbells).
7. For body jewelry purposes, surfaces and ends must be smooth, free of nicks, scratches, burrs, stamps, hallmarks, and polishing compounds.
8. Metals must have a consistent mirror finish on surfaces that frequently come in contact with tissue.
9. All jewelry used for initial piercing on people older than 12 years must be ASTM F2999 compliant.
10. All jewelry used for initial piercing on people 12 and younger must be ASTM F2923 compliant.

4. Specific Regulations for Specific Types of Body Art

4.1 Specific regulations for piercing

1. Clarification of other piercing instruments.
 1. Individuals who perform piercings with ear-piercing guns; presterilized single-use, stud-and-clasp ear-piercing systems; or similar devices must adhere to this Code and meet the requirements of a body artist.
 2. Use of ear-piercing guns is limited to the earlobe.
 3. The body artist must wear sterile gloves when coming into contact with sterile instruments and while performing the procedure.
 4. For rationale, see the NEHA policy statement on ear-piercing guns.

4.2 Specific regulations for tattooing/cosmetic tattooing

1. All inks and pigments must be specifically manufactured for performing body art procedures.
2. Only distilled water or sterile water may be used for the dilution of inks or pigments. Diluting with potable water is not acceptable. Such dilution must be single-use for the individual procedure. Immediately before a tattoo is applied, the quantity of the ink or pigment to be used must be transferred from the ink or pigment bottle and placed into single-use plastic cups or caps.
3. Upon completion of a tattoo, all single-use items and their contents must be discarded.

4. For individuals performing microblading or manual procedures, once the needle grouping (blade) is attached to the handpiece it cannot be removed and must be fully disposed of into a sharps container whether or not used.

4.3 Specific regulations for branding

1. The client must be 18 years of age. Parental consent release forms do not apply.
2. The procedure area must have walls that extend to the ceiling and a closable door.
3. The procedure area must be equipped with an ultraviolet air purifier appropriately sized to the room based on the square footage and the manufacturer's recommendations.
4. Any person present during the procedure, including all personnel and the client, must wear a mask rated as N-95 or higher.
5. Body artists must use the process of "strike branding" or use a thermal cautery unit (TCU).
6. Only nongalvanized metal may be used for "strike branding."
7. Body artists should use only propylene gas to heat the metal for "strike branding."

4.4 Specific regulations for scarification

1. The client must be 18 years of age. Parental consent release forms do not apply.
2. The body artist must wear disposable sleeves for personal protective equipment (PPE).
3. The procedure area must have walls that extend to the ceiling and a closable door.
4. The procedure area must be equipped with an ultraviolet air purifier appropriately sized to the room based on the square footage and the manufacturer's recommendations.
5. The body artist must wear sterile gloves when coming into contact with sterile instruments during the procedure.

5. Public Notification Requirements

- 5.1 A current body art establishment license must be posted in a prominent and conspicuous area where it can be readily observed.
- 5.2 All body artist licenses must be posted in a prominent and conspicuous area where they can be readily observed.
- 5.3 Written public educational information and aftercare information that has been approved by the Department must be posted in a prominent and conspicuous area where it can be readily observed by clients. The written instructions must advise the client to consult a licensed physician if deemed necessary by the client and must contain the name, address, and phone number of the establishment.

- 5.4** The facility license holder must publicly display the name, address, and phone number of the Department that has jurisdiction over the facility and the procedure for filing a complaint.
- 5.5** A copy of state body art requirements must be made available to the public upon request.

6. Facility Documentation Requirements

6.1 A body art facility operator must establish a written plan to eliminate or minimize personnel exposure to blood or OPIM; protect customers; safely handle, store, and dispose of regulated waste; disinfect and sterilize reusable tools and equipment; and reduce the risk of cross-contamination in the body art facility.

6.2 A body art facility operator must keep records of the facility's operation and personnel. All records required by this Code must be kept in print or digital form. The requirements outlined in 6.3-6.8 be kept on file on the premises of a body art facility, except as otherwise noted, and be available to the Department upon request.

6.3 Facility Information

- 1.** Current operator's name, address, and phone number
- 2.** Facility name
- 3.** Facility address
- 4.** Facility phone number
- 5.** Hours of operation
- 6.** State, county, and city licenses
- 7.** Aftercare information
- 8.** Current local regulations for type of body art performed in the facility

6.4 Operational Records

- 1.** All operational records required by this Code must be kept in print or digital for three years. All records must be held on the premises for one year but may be stored off the premises afterward.
- 2.** Operational records, at a minimum, shall include:
 - 1.** Disinfection and sterilization instructions for instruments and surfaces
 - 2.** Record of instruments purchased pre-sterilized
 - 3.** Equipment information
 - 1.** Sterilization records
 - 2.** Equipment maintenance records
 - 3.** Procedure for responding to a positive spore test result

4. Regulated Waste Operating Plan
5. Red bag letter
6. Regulated waste pickup receipts
7. Safety Data Sheets (SDS)
8. Exposure Control Plan as required in OSHA 1910.1030(b)
9. Jewelry documentation
 1. Receipts for jewelry purchased for initial piercings
 1. These receipts must list specifications for materials sold as designated in Section 3.
 2. Metal composition sheets for gold
 3. Composition sheets for other materials (glass, polymer, etc.)
 4. Material certificate from jewelry suppliers for jewelry used for initial piercings
 1. These material certificates must be updated from the supplier for each new lot of material.
 2. These material certificates must include the:
 1. name of purchaser of material,
 2. name of seller of material,
 3. date of material sales,
 4. type of material purchased,
 5. composition of material purchased,
 6. quantity of material purchased, and
 7. country of origin

6.5 Client Records

1. Client records required by this Code must be kept in print or digital format for three years and be available to the Department upon request. The files must be stored to prevent access from unauthorized personnel (e.g., a locked file cabinet, locked room, password-protected files). All records must be kept on the premises for one year but may be stored off the premises afterward.
2. Client records, at a minimum, shall include:
 1. Customer informed consent and release form(s)
 2. Risk notification
 3. Any complaint of injury form

6.6 Personnel Records

1. Body art facilities shall keep all personnel records secure and confidential in the facility and be made available to the Department upon request. After one year, files for previous employees, contractors, or agents of the body art facility may be retained off-site for a minimum of three years past employment termination.

2. Personnel records, at a minimum, shall include:

1. full name
2. job title
3. exact duties
4. date of employment
5. date of birth showing at least 18 years of age
6. primary residence address
7. contact phone number(s)
8. e-mail address
9. copy of government-issued photo ID

6.7 Personnel Training records

1. Training records shall be maintained for three years from the date on which the training occurred.
2. Training records, at a minimum, shall include:
 1. trainee's name
 2. date(s) of the training session
 3. contents or summary of persons conducting the training
 4. names and job titles of all persons attending the sessions
 5. trainer qualifications

6.8 Personnel Medical Records

1. Facility operators must maintain records for each worker with occupational exposure as required by 29 CFR 1910.1030 and the Department.
2. All medical records must be stored in a manner that prohibits access from unauthorized personnel (e.g., locked file cabinet, locked room, password-protected files) and must not be disclosed without the person's express written consent to any person within or outside the facility except as may be required by law.
3. Medical records must be maintained for the length of time as dictated by 29 CFR 1910.1020.

7. Informed Consent and Release Form

7.1 In order for the body artist to perform body art on a client, a consent and release form(s) must be completed and stored in accordance with Section 6 of this Code. This may be done with a single form or multiple forms. The consent and release form(s) must be in written and/or digital format. A physical and/or digital copy of this form(s) must be offered to the client. The release form(s) must include at a minimum the following sections:

1. A risk notification section that provides information detailing the risks and possible consequences of a body art procedure and must include (but is not limited to) the following statements:
 1. “Body art can cause swelling, bruising, discomfort, bleeding, and pain.”
 2. “Body art can cause allergic reactions.”
 3. “Body art can cause irreversible changes to the human body.”
 4. “Body art has a risk of infection.”
2. A client evaluation section that asks the following questions to evaluate the client’s condition for receiving body art. This section must include the following statement: Consult a physician prior to the procedure if you have any concerns about any of the questions below:
 1. Have you eaten within the past 4 hours?
 2. Are you under the influence of drugs or alcohol?
 3. Have you ingested anticoagulants, antiplatelet drugs, or NSAIDS (aspirin, ibuprofen, etc.) in the last 24 hours?
 4. Have you ingested any medication that can inhibit the ability to heal a skin wound?
 5. Do you have any allergies or adverse reactions to dyes, pigments, latex, iodine, or other such products?
 6. Do you have hemophilia, epilepsy, a history of seizure, fainting, narcolepsy, or other conditions that could interfere with the body art procedure?
 7. Do you have a history of any diseases, including skin diseases, that might inhibit the healing of the body art procedure?
 8. Do you have any communicable diseases that could be transferred to another person during the procedure?
 9. Do you have diabetes, high blood pressure, heart condition, heart disease, or any other conditions that could interfere with the body art procedure?
 10. Are you or have you been pregnant within the last 3 months?
3. Client information:
 1. name as it appears on government ID,
 2. signature,
 3. birthdate,
 4. permanent address,
 5. phone number, and
 6. a copy of their state or federally issued photo ID with birthdate (i.e., driver’s license, state ID, passport, immigration card, etc.).
 7. Is the client 18 years of age or older?

7.2 Each body artist must record the following information about the body art procedures administered:

1. The following information about the body art procedure must be written down:
 1. type of body art procedure,

2. location on body,
 3. design if applicable,
 4. jewelry styles and sizes if applicable,
 5. expiration date and batch and/or lot number of all sterilized instruments used during the body art procedure that corresponds with the sterilization log for those instruments and/or package/lot number that will be applied to or inserted under the skin,
 6. expiration date, brand, color, batch and/or lot number of all inks, and pigments used in the body art procedure,
 7. date and time of body art procedure, and
 8. any complications that occurred during the body art procedure.
2. The following information from the body artist must be written down:
1. first and last name, and
 2. signature.

7.3 An informed consent statement, including a signature obtained from the customer, must confirm at a minimum that the client:

1. is voluntarily obtaining services of their own free will and volition,
2. has had the opportunity to read and understand the document,
3. has the ability to ask questions about the procedure, and
4. has received and understands written and verbal aftercare.

7.4 Nothing in this section should be construed to require the body artist to perform a body art procedure upon a client.

7.5 The client must be offered a copy of the completed release form in written and/or digital format.

8. Disinfection and Sterilization Procedures

8.1 All surfaces used in the body art procedure must be smooth; free of nicks, cuts, and tears; easily cleanable; and nonporous. Surfaces must be cleaned and then disinfected with an EPA-registered tuberculocidal disinfectant prior to and after the body art procedure.

8.2 All surfaces of equipment and furnishings that come into contact with the body artist during a body art procedure must be covered with a protective, impermeable barrier. Barriers must be single-use and discarded after each client.

- 8.3** All equipment used to clean and sterilize body art materials and reusable instruments must be suitable for their intended use. The equipment and devices must be used, cleaned, and maintained according to the manufacturer's instructions. A copy of the manufacturer's recommended procedures for the operation of the equipment must be available for inspection by the Department when available from the supplier.
- 8.4** When participating in any disinfection or sterilization procedures, individuals must wear personal protective equipment (PPE) that will provide adequate protection to exposure, or potential exposure, to blood and OPIM.
- 8.5** All reusable instruments are to be decontaminated and sterilized after each use in the sterilization room or sterilization area.
- 8.6** After being cleaned, all reusable instruments used for body art must be sterilized by one of the below methods:
- 1.** Contained in sterilization packaging and subsequently sterilized, with the date and cycle number noted on packaging or indicator strips.
 - 1.** This information must match up with the sterilization log.
 - 2.** All sterilization packaging must have a color-changing chemical indicator.
 - 2.** Unwrapped and subsequently sterilized, stored, and sterilized again immediately prior to use.
 - 3.** Afterward, sterilized instruments must be stored in a cabinet, drawer, or tightly covered container reserved for the storage of sterilized instruments.
- 8.7** An autoclave, ultrasonic, and sterilization room or sterilization area is not required if the body art establishment uses only presterilized disposable instruments, presterilized body art materials, and presterilized supplies.
- 8.8** All instruments used for body art procedures must remain stored a) in sterile packages and marked with the cycle number until just prior to a body art procedure, or b) cleanly in containers and ready for sterilization immediately prior to the procedure.
- 8.9** Sterile instruments and body art materials must not be used if the package has been compromised. Sterile instruments and body art materials must not be used after the expiration date without first reprocessing and resterilizing. Body art instruments and materials must be disposed of in an appropriate container.
- 8.10** Each holder of a license to operate a body art establishment must demonstrate that the autoclave used is capable of attaining sterilization by weekly biological monitoring (spore testing). These tests must be verified by an independent laboratory. The license must not be issued or renewed until documentation of the autoclave's ability to destroy spores is received by the Department. These test records should be retained for a minimum of three years. Records must be kept on the premises for a minimum of one year. All three years of records must be available to the Department upon request. The most recent test must be made available to the public upon request.

8.11 The body art facility must follow the procedure outlined in 8.11.1-7 for responding to a positive spore test if the mechanical (e.g., time, temperature, pressure) and chemical (internal or external) indicators suggest that the autoclave is functioning properly. A single positive spore test result probably does not indicate autoclave malfunction. The autoclave should be removed from service, though, and sterilization operating procedures reviewed to determine if operator error could be responsible (CDC, 2016).

1. In the sterilization log, document procedures taken to remedy the situation.
2. Remove the autoclave from service and review sterilization procedures (e.g., work practices and use of mechanical and chemical indicators) to determine whether operator error could be responsible for the positive spore test.
3. Recall, to the extent possible, and reprocess all items processed since the last negative spore test in a separate autoclave that has negative spore test results.
4. Retest the autoclave by using spore tests, mechanical, and chemical indicators after correcting any identified procedural problems.
5. If the repeat spore test is negative, and mechanical and chemical indicators are within normal limits, put the autoclave back in service.
6. The following are required if the repeat spore test is positive:
 1. Do not use the autoclave until it has been inspected or repaired and the exact reason for the positive test has been determined. This work should be done by a factory authorized service professional, who is certified to repair and maintain the specific autoclave that is being worked on.
 2. An autoclave shall pass a spore test before being put back into service after repairing or relocating.
7. Maintain sterilization records (i.e., sterilization cycles, maintenance, and spore tests) in accordance with this Code.

9. Preparation and Care of the Procedure Site

9.1 Any surface of the skin or mucosa to receive a body art procedure must be intact and free from suspected abnormalities of the skin or mucosa such as, but not limited to, suspected rash, visible infection, sunburn, or moles.

9.2 Glove Usage

1. Prior to, during, and after a body art procedure, the body artist must wear gloves and use aseptic technique to ensure that the instruments and gloves are not contaminated. This includes but is not limited to:
 1. when setting up the procedure area. This set up includes touching containers, ink bottles, barrier films, exteriors of sterile packaging, and while assembling tattoo machines and needles.
 2. when prepping skin, applying stencils, or drawing designs on the skin.

3. once the procedure is completed, cleaning, applying aftercare, or bandaging to the procedure site.
 4. when tearing down and disinfecting the procedure area.
2. The body artist shall wear gloves when coming into contact with the client while preparing for or performing the procedure. The gloves shall be immediately discarded and the body artist's hands must be washed after the completion of each procedure, and/or when gloves worn for procedures are torn, punctured, or otherwise compromised, or at any other time when necessary to prevent cross-contamination.
- 9.3 Before a body art procedure is performed, the procedure site must be prepped with an antiseptic in accordance with the manufacturer's instructions.
- 9.4 If shaving is necessary, it must be done before skin prep, and a single-use disposable razor must be used. After use, razors must be placed immediately into a sharps container.
- 9.5 In the event of bleeding, all products used to stop the flow of blood or to absorb blood must be a sterile, single-use item that is disposed of immediately after use in appropriate covered containers.
- 9.6 Any single-use items that contact the client must meet the requirements outlined in Section 10.2.
- 9.7 Any products portioned out for the client must be discarded upon completion of the body art procedure.

10. Requirements for Single-Use Items

- 10.1 Single-use items must not be used on more than one client for any reason. After use, all single-use needles, razors, and other sharps must be immediately disposed of in approved sharps containers. See Section 11 for disposal procedures.
- 10.2 All products applied to the skin, including body art stencils, pens, markers, and any other items that are used to mark the skin, must be single-use and disposable. Products used in the application of stencils must be dispensed and applied on the area to be tattooed with a suitable clean, single-use product and used in a manner to prevent contamination of the original container and its contents. The clean, single-use product must be used only once and then discarded.

11. Regulated Waste

11.1 Facility Policies and Procedures

1. All body art establishments must register as a regulated waste-generating facility.
2. Each body art establishment must implement a written regulated waste operating plan to manage regulated waste in accordance with this Code. This written operating plan must be available for review by the Department and facility personnel. The operating plan must include the following:
 1. description of training for personnel;
 2. procedures for segregating, labeling, packaging, transporting, storing, and treating regulated waste;
 3. procedures for decontaminating regulated waste spills; and
 4. contingency plan for emergencies. Facilities that have multiple specialty services must include procedures specific to each specialty if procedures vary. Plans must be updated when regulations, facility policies, or procedures change.
 1. Each operator or their designee must train new personnel on the operating plan as part of their work responsibilities. This training must be provided prior to commencement of duties. Refresher training must be completed annually by all personnel.
 2. All regulated waste management records must be maintained onsite for three years and must be available for review by the Department.
3. Any waste, including biohazardous waste, mixed with regulated waste must be managed as regulated waste.
4. All surfaces contaminated with spilled or leaked regulated waste must be decontaminated as part of the cleaning process.

11.2 Storage and Containment

1. Bags
 1. Regulated waste (except sharps) must be packaged and sealed at the point of origin in a red biohazard bag. Each biohazard bag must meet the following physical properties:
 1. Impact resistance of 165 grams (g) and tearing resistance of 480 g in both the parallel and perpendicular planes with respect to the length of the bag. Impact resistance must be determined using ASTM D-1709-91, and tearing resistance must be determined using ASTM D-1922-89.
 2. Incidental sum concentrations of lead, mercury, cadmium, and hexavalent chromium must be no greater than 100 ppm for dyes used in the coloration of bags.
 3. A letter from the manufacturer of the biohazard bags used in the establishment must be kept on file on the premises.

2. Sharps containers

1. Sharps must be discarded at the point of origin into single-use or reusable sharps containers. Sharps must not be placed directly into double-walled corrugated containers.
2. Sharps containers must be sealed when full. A sharps container is considered full when materials placed into it reach the designated fill line or, if a fill line is not indicated, when additional materials cannot be placed into the container without cramming.
3. Permanently mounted sharps container holders must bear the phrase and the international biological hazard symbol if this information on the sharps container is concealed by the sharps container holder/mount.
4. Reusable outer containers must be rigid and constructed of smooth, easily cleanable materials. Outer containers must be decontaminated after each use.

3. Storage

1. Storage of regulated waste at the generating facility must not exceed 30 days. The 30-day period commences when the first nonsharps item of regulated waste is placed into a biohazard bag or sharps container, or when a sharps container containing only sharps is sealed and/or full, whichever comes first.
2. Indoor storage areas must have restricted access and be designated in the written operating plan. They must be located away from pedestrian traffic, be vermin- and insect-free, and be maintained in a sanitary condition. They must be constructed of smooth, easily cleanable materials that are impervious to liquids.
3. Outdoor storage areas, including containers and trailers, must (in addition to the above criteria) be secured against vandalism and unauthorized entry.

4. Containment

1. Packages of regulated waste must remain sealed until picked up by a licensed transporter. Ruptured or leaking packages of regulated waste must be placed into larger packaging without disturbing the original seal.
2. All packages containing regulated waste must be visibly identifiable with the international biohazard symbol and one of the following phrases: "biomedical waste," "biohazardous waste," "biohazard," "infectious waste," or "infectious substance." The label must comply with Section 11.3 of this Code.

11.3 Labeling

1. Regulated waste bags and sharps containers must be labeled with the international biohazard symbol and the name and address of the body art facility.
 1. The biohazard label must have a fluorescent-orange or orange-red background with lettering and biohazard symbol in a contrasting color.
 2. The international biological hazard symbol must be at least one inch in diameter on sharps containers and must be visible from the direction it faces.
 3. The international biological hazard symbol must be at least six inches in diameter on outer containers 19 x 14 inches or larger and must be visible from the direction it faces.

4. If a bag or sharps container is placed into a larger bag prior to transport, the label for the exterior bag must comply with the same labeling requirements in this paragraph.
2. Indoor and outdoor storage areas must be conspicuously marked with the international biohazard symbol. The international biohazard symbol on an outdoor storage area must be a minimum of six inches in diameter.

11.4 Transport

1. Prior to transport, outer containers must be labeled with the transporter's name, address, registration number, and 24-hour telephone number.
2. The hazardous waste transporter must maintain a tracking document for the purpose of tracking the regulated waste from the point when the regulated waste leaves the body art facility until it receives final treatment. When the regulated waste is received by the transporter, the transporter must provide the body art facility with a copy of the tracking document.
3. The transporter must provide labels for bags or sharps containers that are generator-specific, such as bar codes or specific container number.

12. Requirements for Premises

- 12.1 As part of the license application process, body art establishments must submit a scale drawing and floor plan of the proposed establishment for a plan review by the Department.
- 12.2 All body art establishments must be completely separated by solid partitions or walls extending from floor to ceiling from any room used for human habitation, any food establishment or room where food is prepared, any nail or hair salon, or any other such activity that could cause potential contamination of work surfaces.
- 12.3 Walls, floors, ceilings, and other furnishings such as lamps, countertops, drawers, and shelves must be maintained in a clean condition. All procedure areas and workstation surfaces used in the performance of body art, including dividers, client chairs and benches, must be of construction that is easily cleaned and disinfected after each client.
- 12.4 No reusable barriers may be employed for body art procedures.
- 12.5 The body art procedure area must be equipped with a separate, readily accessible hand washing sink that is supplied with soap and disposable paper towels in dispensers.
- 12.6 If reusable instruments are used in a body art establishment, a separate sterilization room is required. The sterilization room must meet the following requirements:
 1. The sterilization room must be enclosed and not open to the public.

2. The sterilization room must only be used for cleaning, disinfecting, sterilizing, storage, and related tasks.
3. A sink must be used only for cleaning contaminated instruments. This sink shall not be used for hand washing.
4. A covered ultrasonic cleaner and/or instrument washer must be included.
5. If any items are stored in the room, cabinets or drawers must be made of smooth, nonporous wipeable materials.
6. No other services including but not limited to tattooing, piercing, or retail sales may occur within the sterilization room.
7. The covered ultrasonic unit and the sink used for rinsing and scrubbing contaminated instruments must be separated from the autoclave to prevent contamination. Plexiglass, stainless steel, or other nonporous barriers to prevent cross-contamination are allowed.

12.7 Water supply and wastewater disposal methods must meet all local and/or state regulations.

12.8 All new body art facilities must have access to a mop/utility sink.

12.9 There must be a minimum of one restroom with a hand washing sink accessible to patrons. This sink must not be used for any other purposes.

12.10 The body art procedure area must be equipped with a hand washing sink for personnel with unobstructed access (e.g., no doors), such that the body artists can go to and from their workstations without having to touch anything with their hands.

12.11 There must be a minimum of 80 square feet of floor space for each procedure area in the establishment.

12.12 Ultrasonic cleaners, used for cleaning instruments or other contaminated items, are not allowed in the workstation. Ultrasonic cleaners used only for cleaning non-contaminated jewelry or other non-contaminated items are allowed in the workstation.

12.13 A lined waste receptacle must be provided in every procedure area and restroom. The receptacles must be kept clean. If the waste receptacle is covered, it must have self-closing lids with hands-free controls.

12.14 The establishment must offer an area secluded from public view for clients requesting privacy. If a curtain or partition is used, it must be in compliance with this Code.

12.15 The establishment must have and maintain mechanical ventilation that is in compliance with current local and state building codes, if applicable. The establishment must have an artificial light source equivalent to at least 20 lumens per square foot, three feet off the floor. Where the body art procedure is being performed and where instruments and sharps are assembled, there must be an artificial light source equivalent to at least 100 lumens per square foot.

12.16 No animals of any kind are allowed in a body art establishment except service animals used by persons with disabilities in accordance with ADA regulations. All service animals in compliance with ADA are allowed in procedure areas. Fish aquariums are only allowed in waiting rooms. Fish aquariums must contain only aquatic species that can survive underwater for a minimum of 48 hours.

12.17 The facility must be free of pests, including insects, rodents, and vermin.

12.18 All noncontaminated instruments must be stored in a dry, closed cabinet, drawer, or tightly covered container suitable for protecting the contents from moisture and dust and reserved for the storage of such instruments.

12.19 Smoking and vaping are prohibited in all indoor areas.

13. License Requirements

13.1 Establishments and body artists operating at the time of the enactment of this Code must be given six months to make application to the Department and comply with this Code. Establishments that continue to operate without proper licenses from the Department or operate in violation of this Code will be subject to legal remedial actions and sanctions as provided by law.

13.2 Fixed Body Art Establishment License

1. No person, firm, partnership, joint venture, association, business trust, corporation, or organized group of persons may operate a body art establishment except with a body art establishment license issued annually from the Department.
2. The applicant must pay a fee set by the Department for each body art establishment license.
3. A license for a body art establishment may not be transferable from one place or person to another.
4. It is the responsibility of the facility owner to ensure that all employees, contractors, and agents of the facility understand and adhere to this Code.
5. Any business using an ear-piercing gun or similar instrument must be licensed by the Department and must meet the same requirements as a body piercing facility.
6. Fixed body art establishment licenses must be posted in a prominent and conspicuous area where they can be easily seen.

13.3 Body Artist License

1. No person may practice body art procedures without first obtaining a body artist license from the Department. The Department sets a fee and procedure for obtaining such licenses. All body art procedures shall be performed within a licensed body art facility.
2. The body artist license expires annually on a date identified by the Department.

3. Application for a body artist license must include:

- 1.** name,
 - 2.** date of birth,
 - 3.** photocopy of identification,
 - 4.** address of residence,
 - 5.** mailing address,
 - 6.** phone number,
 - 7.** place(s) of employment as a body artist,
 - 8.** current successful completion of an OSHA bloodborne pathogen training program (or equivalent) given or approved by the Department, and
 - 9.** current successful completion of an OSHA first aid training program (or equivalent) given or approved by the Department.
- 4.** The body artist must demonstrate knowledge of this Code and its intent through the completion of an examination given or approved by the Department with a passing grade of 70% or higher, obtained prior to issuance of the license.
 - 5.** No body artist license must be issued unless the body artist has demonstrated compliance with the provisions of this section and all other provisions of this Code.
 - 6.** Any body artist using an ear-piercing gun or similar instrument must be licensed by the Department and must meet the same requirements as a body artist.
 - 7.** Body artist licenses must be posted in a prominent and conspicuous area where they can be easily seen.
 - 8.** Convicted sex offenders shall not be permitted to practice as a body artist without the supervision of another worker.

13.4 Temporary Body Art Establishment License

- 1.** Unless specified elsewhere in these requirements, temporary establishments must meet the same requirements as body art establishments at fixed locations.
- 2.** Temporary body art establishment licenses may be issued for body art services provided outside the physical site of a licensed facility for the purposes of education, trade shows, conventions, public or private events, performances, product demonstrations, or aesthetic shows.
 - 1.** Temporary body art establishment licenses will not be issued unless:
 - 1.** the applicant is currently affiliated with a body art establishment that, where applicable, is licensed by the Department, and
 - 2.** the temporary site complies with Section 13.2.
 - 2.** Temporary body art establishment licenses expire after 14 days or the conclusion of the special event, whichever is sooner.
 - 3.** A temporary body art establishment license will not be issued unless the applicant has paid a fee as set by the Department.

4. A temporary body art establishment license may not be transferable from one place or person to another.
5. The temporary body art establishment license must be posted in a prominent and conspicuous area where it can be easily seen.
6. While working under a temporary art establishment license, all body artist licenses, and temporary body artist licenses must be posted in a prominent and conspicuous area where the licenses can be easily seen.
7. The facility license holder must publicly display the name, address, and phone number of the Department that has jurisdiction over the facility, as well as the procedure for filing a complaint.
3. Compliance with all the requirements of this Code includes, but is not limited to, the following:
 1. Facilities must properly sterilize instruments and provide evidence of a spore test performed on sterilization equipment no later than 30 days prior to the date of the event; otherwise, only single-use, prepackaged, sterilized instruments marked with an expiration date, lot number, and method of sterilization can be used.
 2. All temporary body art establishments must have the ability to clean and disinfect the body art procedure areas.
 3. Body artists must have a temporary body artist license.
 4. There must be at least 50 square feet of floor space for each body artist.
 5. Flooring must be smooth and non-absorbent that can be cleaned and disinfected or disposed of.
 6. If an area screened from public view is offered for clients requesting privacy, it must be in compliance with Section 12 of this Code.
 7. Provide enough temporary hand washing sinks with running water to adequately service the number of body artists present.
 8. Temporary establishments must supply a municipal solid waste receptacle, biohazardous regulated waste receptacle, and a sharps container within the procedure area, as close as feasible to where the sharps will be used.
 9. Temporary establishments must have a written plan for removal of the regulated waste by a licensed transporter.
 10. Water supply and wastewater disposal methods must meet all local and/or state regulations.
 11. No animals of any kind are allowed in a body art establishment except service animals used by persons with disabilities in accordance with ADA regulations.
4. The facility where the temporary body art facility license is needed must be inspected by the Department and a license issued prior to the performance of any body art procedures.
5. Temporary body art facility licenses issued under the provisions of this Code may be suspended by the Department for failure of the holder to comply with the requirements of this Code.

13.5 Temporary Body Artist License

1. A temporary license for performing body art procedures must be issued by the Department for educational, trade show, convention, public or private events, performance, or product demonstration purposes. The license expires 14 days after issuance.
2. Temporary body artist licenses must be issued by the Department for body art services provided outside of the physical site of a licensed body art facility for educational, trade show, convention, public or private events, performance, or product demonstration purposes. The license expires 14 days after issuance.
 1. This license need not be obtained if the body artist is already licensed by the Department within the licensing jurisdiction.
 2. Temporary body artist licenses will not be issued unless the applicant:
 1. provides proof of compliance with Section 13.3 relating to body artist licenses,
 2. is currently affiliated with a body art establishment which, where applicable, is licensed by the Department, and
 3. has paid a fee as set by the Department.
3. A temporary body artist license may not be transferable from one person to another.
4. Each temporary body artist license must be posted in a prominent and conspicuous area where it may be readily seen.

13.6 Mobile Body Art Establishments

1. In addition to complying with all the requirements of this Code, mobile body art vehicles and operators working from a mobile body art establishment must comply with all the following requirements:
 1. Mobile body art establishments are licensed for use only at special events lasting 14 days or less. Licenses must be obtained at least 14 days prior to the event. No body art procedures are allowed to be performed before a license is issued.
 2. License holders are responsible for ensuring that all other local agency regulations are complied with, including but not limited to zoning and business license requirements.
 3. Body art performed pursuant to this Section must be done only from an enclosed vehicle such as a trailer, mobile home, or mobile vehicle. No body art procedures may be performed outside of the enclosed vehicle.
 4. The mobile body art establishment must be maintained in a clean and sanitary condition at all times. Doors must be self-closing and tight fitting. Openable windows must have tight-fitting screens.
 5. If the mobile body art does not exclusively use single-use disposable equipment and supplies, then it must have approved sterilization equipment available in accordance with all requirements of Section 8.
 6. The mobile body art establishment must be used only for the purpose of performing body art procedures. No habitation or food preparation is licensed inside the vehicle.

7. The mobile body art establishment must be equipped with a hand washing sink that provides water at a temperature of at least 38°C (100°F) through a mixing valve or combination faucet used solely for washing hands, arms, or prosthetics with liquid soap dispensed from a nonreusable container. The establishment must supply paper towels in dispensers. An adequate supply of potable water must be maintained for the mobile body art establishment at all times during operation. An instrument wash sink is not required if soiled reusable instruments are transported in a suitable covered container to a licensed facility for cleaning. Reusable instruments that are cleaned and sterilized in the mobile facility must meet the requirements of Section 8.5.
8. All liquid wastes must be stored in an adequate storage tank with a capacity at least 15% greater than the capacity of the onboard potable water supply. Liquid wastes must be disposed of at a site approved by the Department.
9. Restroom facilities must be available on site for public use. A hand washing sink must be available inside the restroom cubicle. The hand washing sink must be supplied with hot and cold running water under pressure to a mixing-type faucet, liquid soap dispensed from a nonreusable container, and paper towels in a dispenser. Restroom doors must be self-closing and adequate ventilation must be available.
2. All body artists working in a mobile body art establishment must have a body artist license and comply with the body artist requirements of this Code.
3. No animals of any kind are allowed in a body art establishment except service animals used by persons with disabilities in accordance with ADA regulations.
4. Mobile body art establishments must receive an initial inspection at a location specified by the Department prior to use to ensure compliance with structural requirements. Additional inspections will be performed at every event where the mobile body art establishment is scheduled to operate.
5. All mobile body art establishment licenses, body artist licenses, and local regulatory agency contact information must be posted in a prominent and conspicuous area where it can be readily observed.
6. The temporary body art establishment license must be posted in a prominent and conspicuous area where it can be easily seen.
7. The establishment license holder must publicly display the name, address, and phone number of the Department that has jurisdiction over the facility, as well as the procedure for filing a complaint.

14. Prohibitions

- 14.1** Performing a body art procedure is prohibited on any minor without the written consent of that person's parent or legal guardian. That consent is required to be given in person to the body artist by the parent or legal guardian before the body artist may perform the body art procedure. In addition, the parent or legal guardian must present identification to the body artist and the body artist must retain a copy of the identification for their records. The parent or legal guardian must be present in the procedure area at the time of the procedure.
1. Body artists are not allowed to perform genital or nipple piercings on individuals under 18 years of age, even with parental consent.
 2. Videotaping, photographing, or other recording, to include but not limited to live social media streaming, of body art, whether during or after the procedure, is prohibited without the client's consent. If the client is a minor, consent from the parent or legal guardian is also required.
- 14.2** Convicted sex offenders shall not be permitted to practice as body artists without the supervision of another worker.
- 14.3** It is prohibited to perform body art on a person who, at the discretion of the artist, is visibly impaired.
- 14.4** It is prohibited to perform body art while under the influence of alcohol or drugs.
- 14.5** It is prohibited to operate as a body art establishment or body artist without first obtaining all necessary licenses and approvals from the Department.
- 14.6** It is prohibited to obtain or attempt to obtain any body art establishment or body artist license by means of fraud, misrepresentation, or concealment.

15. Enforcement

- 15.1** The Department is responsible for developing and implementing a system of citations, suspension, revocation, reinstatement, and penalties, that may include fines, civil charges, and criminal charges based on the severity of violations of this Code.

16. Inspection

- 16.1** Department personnel must inspect each body art facility to ensure compliance with this Code prior to issuing a license to a body art facility, and then at intervals deemed necessary by the Department. Department personnel must be granted access to the premises of a body art facility during normal hours of operation or by appointment, including access to customer and personnel records.
1. The Department must be allowed entry at will when the facility is occupied, whether for a routine inspection or not, including the need to investigate complaints or compliance.
- 16.2** Body art establishment inspections must be conducted no less than once a year and as often as necessary throughout the year to ensure compliance with this Code and to ensure the health and safety of the general public.
- 16.3** Authorized agents of the Department must properly identify themselves upon entering a body art establishment to make an inspection.
- 16.4** It is a violation of this Code for the operator in a body art facility to knowingly do any of the following:
1. conceal, withhold, or falsify records or evidence;
 2. interfere with the performance of the duties of the Department;
 3. make a false statement, representation, certification, record, report, or otherwise falsify information required to be submitted or maintained pursuant to this Code.
- 16.5** A digital or written copy of the inspection report must be furnished to the license holder or operator of the body art establishment. The Department retains possession of the original.
- 16.6** If, after investigation, the Department should find that an operator is in violation of this Code, the Department must advise the operator in writing of its findings and instruct the operator to take specific steps to correct such violations. Violations that pose an imminent public health threat need to be corrected before operation may resume.
- 16.7** If at any time the Department has reasonable cause to suspect that public health might be at risk, it can place limitations on the license of a body art facility or artist. The Department must notify the establishment license holder and the body artist license holder. Limitations can include the imposition of restrictions or conditions, or both, on the operations of that body art facility. A body art facility must comply with all license limitations until the Department has conducted an inspection, has determined that the license limitations are no longer necessary, and has issued an order allowing the body art facility to resume operations without the license limitations.

17. Suspension

- 17.1** Licenses issued under the provisions of the Code can be suspended temporarily by the Department for failure of the holder to comply with the requirements of this Code.
- 17.2** Whenever a license holder or operator has failed to comply with any notice issued under the provisions of this Code, the operator must be notified in writing that the license is, upon service of this notice, immediately suspended. The notice must also contain a statement informing the license holder or operator that an opportunity for a hearing will be provided if a written request for a hearing is filed with the Department within the time specified by law.
- 17.3** Any person whose license has been suspended can file an application for reinstatement of the license within 10 business days of notice of suspension by:
1. submitting a signed statement that the conditions causing the suspension have been corrected;
 2. providing proof that the conditions have been corrected, including but not limited to photos, receipts, and written documentation; and
 3. submitting the appropriate reinspection fees, after which the Department must reinspect the body art establishment and evaluate documentation provided by an operator. If the applicant is in compliance with the provisions of this Code, the license will be reinstated.

18. Revocation

- 18.1** For repeated violations or repeated critical violations of any of the requirements of this Code, or for interference with Department personnel in the performance of their duties, a license can be permanently revoked after a hearing. Before taking such action, the Department must notify the license holder or operator in person and hand-deliver a notice in writing stating the reasons why the license is subject to revocation and advising the license holder or operator of the requirements for filing a request for a hearing.
- 18.2** The Department can permanently revoke a license after five business days following service of the notice unless a request for a hearing is filed by the license holder to the Department.
- 18.3** The Department must conduct the hearings in accordance with all local laws and regulations.
- 18.4** Once a body art license has been revoked, if the body artist continues to perform body art procedures, the artist and/or establishment will be considered to be operating without a license.

19. Citations

- 19.1** The Department will have the authority to levy citations against a body art establishment and/or body artist for repeat, noncritical, or critical violations.
- 19.2** If a body art establishment license and/or body artist license is suspended or revoked and has existing citations, the citations must be paid prior to reinstating the body art establishment license and/or body artist license.
- 19.3** Within a licensing period:
1. Citations for first-time violations may not exceed \$100 per violation.
 2. Citations for second-time violations of the same violation may not exceed \$250 per violation.
 3. Citations for third-time violations of the same violation may not exceed \$500 per violation.
 4. Citations for the same violation more than three times in a 12-month period may not exceed \$1,000 per violation and will put the body art license in suspended status until such a time that the Department can be sure that all violations are or will be corrected. In such cases, the license holder can submit an application for reinstatement of the license within 10 business days of notice of suspension in accordance with 18.3.
- 19.4** Any citation not paid within six months of receipt by the body art license holder will place the body art license in suspension.
- 19.5** If a body artist and body art establishment continues to operate on a suspended license, the Department may issue a citation no greater than \$250 per day. If the body artist continues to operate on a suspended license for longer than three calendar days, the body art license will be placed in revoked status.

20. Department Personnel Competency Requirements

- 20.1** Department personnel performing environmental health/sanitary evaluations or complaint investigations of body art establishments must hold a bachelor's degree in environmental health, natural science, or a comparable area of study from an accredited university and be a Registered Environmental Health Specialist/Registered Sanitarian (REHS/RS). Prior to assuming responsibilities, personnel must meet the same requirements as body artists specified in Section 13.3.3.8-9 of this Code.

21. Interpretation and Severability

- 21.1** In the interpretation of this Code, the singular may be read as the plural, the masculine gender as the feminine or neutral, and the present tense as the past or future where the context so dictates.
- 21.2** In the event any particular clause or section of this Code should be declared invalid or unconstitutional by any court of competent jurisdiction, the remaining portions remain in full force and effect. Toward that end, the provisions of this Code are declared to be severable.

Planning Board minutes from July 10, 2025

ITEM:

PZ-2025-180

Land Development Code Amendment,
Private Tattoo Studio Use

Recommended for Approval (5-1)

plantings in front of the store and investing a lot of money in the renovation and assured that it will look great.

Mr. Gentry asked about the “unsightly” area between the sidewalk and the chain-link fence. Mr. Spraker replied that staff met with FDOT and that they are putting maintenance resources into the area.

Audience Comments

Ms. Kim Kaszar, Hunters Ridge, introduced herself as an Ormond Beach resident of 25 years and commented that she is happy to see the landscaping plan and brought attention to the ospreys nest on top of the Walmart sign. She suggested that when cleaning up the sign area, installing a live-stream camera that can be viewed on social media to monitor it would be great for the residents and marketing.

Chairman Thomas brought it back up to the Board for questions and entertained a motion.

Mr. Scudiero motioned to approve PZ-2025-134, Planned Business Development (PBD) Amendment, 1521 West Granada Boulevard, Walmart Supercenter, with the absence of a masonry wall requirement within Greenbelt Buffer, and for the portion of the existing buffer along the east side of the parcel, from Williamson Boulevard to Bermuda Estates Drive abutting West Granada Boulevard to be limbed up within 18 months. Mr. Jorczak seconded it. Vote was called, and the motion was approved (6-0).

Mr. Railsback stated that he likes the wall with the grit on it but agrees that it needs to be cleaned up and painted. He commended Chairman Thomas, Troy Kent, and Commissioner Kristin Deaton for all of their efforts with Walmart.

B. PZ-2025-180, Land Development Code Amendment, Private Tattoo Studio Use

Mr. Steven Spraker, Planning Director, explained the application for a Land Development Code (LDC) amendment from Anthony Conforti to amend (1) Chapter 1, General Administration, Article III, Definitions and acronyms, Section 1-22, Definitions of terms and words; (2) Chapter 2, District and General Regulations, Article II, District and General Regulations, Section 2-25, B-4, Central Business Zoning District; and (3) Chapter 2, District and General Regulations, Article IV, Conditional and Special Exception Regulations, Section 2-57, Criteria for review of specific conditional criteria to provide a definition and specific conditional criteria to allow private tattoo studios as a conditional use in the B-4, Central Business Zoning District.

Mr. Spraker detailed the limiting conditional use criteria for the proposed amendment: *a. No exterior windows are allowed; b. No exterior signage or displays are allowed; c. The use shall be limited to one tattoo artist; d. Clients shall be limited to appointments only; e. The tattoo area shall not exceed 160-square-feet; f. The use shall be located within a structure of two stories or greater and fronting along East Granada Boulevard.*

Mr. Spraker continued that tattooing is allowed in the B-5, Service Commercial zoning district, primarily along U.S. Highway 1 and scattered throughout the city. The use is also allowed at Destination Daytona through a Planned Business Development (PBD). He added that the LDC allows cosmetic tattooing in the B-4

zoning district, but the applicants concern was that clients may want to do other tattooing beyond just the face.

Board Questions

The Board had additional questions about the use. It was discussed and determined that it is a tailored existing use, adding a private tattoo studio with certain conditions. The use requires a Business Tax Receipt (BTR) which is required by every business in the city, with tattooing conditions mandated and regulated by the state, which includes state inspections.

Applicant's Presentation

Mr. Anthony Conforti, introduced himself and thanked the Board and staff. He compared his use and its unique applicative process to modern dentistry in its cleanliness process, environment, and mechanics. He explained that permanent makeup (PMU) lays in the same skin layer that a tattoo does and that the apparatus is the same.

Chairman Thomas opened it up to the Board for questions.

Mr. Railsback inquired about the typical customer for Mr. Conforti's business and the desired business location. Mr. Conforti replied that they are between the age of 18-35, and that Mr. Schlossberg, a personal friend of his, has owned the building since it was a bank and he has operated an e-commerce business there and likes the location.

Mr. Jorczak commended Mr. Conforti on the application details and looks at it as a service that is provided that is highly regulated. He remarked that he likes that it is not advertised on the street and is all for expanded business opportunities.

Applicant's Response

Mr. Conforti expressed how good it feels to help people with surgery scars and how it also increases morale overall.

Ms. Shull commented on tattoos popularity in all age groups (other than children), and how it is not much different than people getting botox and fillers at an aesthetician's office, in a private environment.

Mr. Gentry asked Mr. Conforti if he believed there was a market in Ormond Beach for the business. Mr. Conforti replied that he does.

Mr. Scudiero commented that he believes that the conditions are strict enough and feels comfortable with it.

Chairman Thomas brought it back up to the Board for discussion and entertained a motion.

Mr. Jorczak motioned to approve PZ-2025-180, Land Development Code Amendment, Private Tattoo Studio Use. Ms. Shull seconded it. Vote was called, and the motion was approved (5-1), with Chairman Thomas in opposition.

Chairman Thomas explained that he does not have a problem with tattoos but that he does have a problem with it in the B-4, Central Business zoning district.



Ordinance Adoption **Business Impact Estimate**

Proposed ordinance's number and legal title:

2025-26

AN ORDINANCE AMENDING CHAPTER 1, GENERAL ADMINISTRATION, ARTICLE III, DEFINITIONS AND ACRONYMS, SECTION 1-22, DEFINITION OF TERMS AND WORDS; CHAPTER 2, DISTRICT AND GENERAL REGULATIONS, ARTICLE II, DISTRICT REGULATIONS, SECTION 2-25, B-4, CENTRAL BUSINESS ZONING DISTRICT; CHAPTER 2, DISTRICT AND GENERAL REGULATIONS, ARTICLE IV, CONDITIONAL AND SPECIAL EXCEPTION REGULATIONS, SECTION 2-57, CRITERIA FOR REVIEW OF SPECIFIC CONDITIONAL AND SPECIAL EXCEPTION OF THE LAND DEVELOPMENT CODE TO CREATE A PRIVATE TATTOO STUDIO USE DEFINITION, CONDITIONAL USE CRITERIA, AND TO ALLOW THE PRIVATE TATTOO STUDIO USE AS A CONDITIONAL USE IN THE B-4, CENTRAL BUSINESS ZONING DISTRICT; REPEALING ALL INCONSISTENT ORDINANCES OR PARTS THEREOF; PROVIDING FOR SEVERABILITY; AND SETTING FORTH AN EFFECTIVE DATE.

This Business Impact Estimate is provided in accordance with section 166.041(4), Florida Statutes. If one or more boxes are checked below, this means the City is of the view that a business impact estimate is not required by state law for the proposed ordinance, but the City is, nevertheless, providing this Business Impact Estimate as a courtesy and to avoid any procedural issues that could impact the enactment of the proposed ordinance. This Business Impact Estimate may be revised following its initial posting.

- ☐ The proposed ordinance is required for compliance with Federal or State law or regulation;
- ☐ The proposed ordinance relates to the issuance or refinancing of debt;
- ☐ The proposed ordinance relates to the adoption of budgets or budget amendments, including revenue sources necessary to fund the budget;
- ☐ The proposed ordinance is required to implement a contract or an agreement, including, but not limited to, any Federal, State, local, or private grant or other financial assistance accepted by the municipal government;
- ☐ The proposed ordinance is an emergency ordinance;
- ☐ The ordinance relates to procurement; or
- ☒ The proposed ordinance is enacted to implement the following:
 - a. Part II of Chapter 163, Florida Statutes, relating to growth policy, county and municipal planning, and land development regulation, including zoning, development orders, development agreements and development permits;
 - b. Sections 190.005 and 190.046, Florida Statutes, regarding community development districts;
 - c. Section 553.73, Florida Statutes, relating to the Florida Building Code; or
 - d. Section 633.202, Florida Statutes, relating to the Florida Fire Prevention Code.

In accordance with the provisions of controlling law, even notwithstanding the fact that an exemption noted above may apply, the City hereby publishes the following information:

1. A summary of the proposed ordinance, including a statement of the public purpose to be served by the proposed ordinance, such as serving the public health, safety, morals, and welfare of the City.

This is an application for a Land Development Code amendment from Anthony Conforti to amend (1) Chapter 1, General Administration, Article III, Definitions and Acronyms, Section 1-22, Definitions of terms and words; (2) Chapter 2, District and General Regulations, Article II, District and General Regulations, Section 2-25, B-4, Central Business Zoning District; and (3) Chapter 2, District and General Regulations, Article IV, Conditional and Special Exception Regulations, Section 2-57, Criteria for review of specific conditional and special exception, to provide definitions and specific conditional criteria to provide a definition and specific conditional criteria to allow private tattoo studios as a conditional use in the B-4, Central Business zoning district.

2. An estimate of the direct economic impact of the proposed ordinance on private, for-profit businesses in the City, including the following, if any:

- a. An estimate of direct compliance costs that businesses may reasonably incur if the ordinance is enacted;

None. This is an application for a Land Development Code amendment from Anthony Conforti to amend (1) Chapter 1, General Administration, Article III, Definitions and Acronyms, Section 1-22, Definitions of terms and words; (2) Chapter 2, District and General Regulations, Article II, District and General Regulations, Section 2-25, B-4, Central Business Zoning District; and (3) Chapter 2, District and General Regulations, Article IV, Conditional and Special Exception Regulations, Section 2-57, Criteria for review of specific conditional and special exception, to provide definitions and specific conditional criteria to provide a definition and specific conditional criteria to allow private tattoo studios as a conditional use in the B-4, Central Business zoning district.

- b. Identification of any new charge or fee on businesses subject to the proposed ordinance, or for which businesses will be financially responsible; and

None. This is an application for a Land Development Code amendment from Anthony Conforti to amend (1) Chapter 1, General Administration, Article III, Definitions and Acronyms, Section 1-22, Definitions of terms and words; (2) Chapter 2, District and General Regulations, Article II, District and General Regulations, Section 2-25, B-4, Central Business Zoning District; and (3) Chapter 2, District and General Regulations, Article IV, Conditional and Special Exception Regulations, Section 2-57, Criteria for review of specific conditional and special exception, to provide definitions and specific conditional criteria to provide a definition and specific conditional criteria to allow private tattoo studios as a conditional use in the B-4, Central Business zoning district.

- c. An estimate of the City's regulatory costs, including an estimate of revenues from any new charges or fees that will be imposed on businesses to cover such costs.

None. This is an application for a Land Development Code amendment from Anthony Conforti to amend (1) Chapter 1, General Administration, Article III, Definitions and Acronyms, Section 1-22, Definitions of terms and words; (2) Chapter 2, District and General Regulations, Article II, District and General Regulations, Section 2-25, B-4, Central Business Zoning District; and (3) Chapter 2, District and General Regulations,

Article IV, Conditional and Special Exception Regulations, Section 2-57, Criteria for review of specific conditional and special exception, to provide definitions and specific conditional criteria to provide a definition and specific conditional criteria to allow private tattoo studios as a conditional use in the B-4, Central Business zoning district.

3. A good faith estimates of the number of businesses likely to be impacted by the ordinance.

None. This is an application for a Land Development Code amendment from Anthony Conforti to amend (1) Chapter 1, General Administration, Article III, Definitions and Acronyms, Section 1-22, Definitions of terms and words; (2) Chapter 2, District and General Regulations, Article II, District and General Regulations, Section 2-25, B-4, Central Business Zoning District; and (3) Chapter 2, District and General Regulations, Article IV, Conditional and Special Exception Regulations, Section 2-57, Criteria for review of specific conditional and special exception, to provide definitions and specific conditional criteria to provide a definition and specific conditional criteria to allow private tattoo studios as a conditional use in the B-4, Central Business zoning district.

4. Any additional information the City determines may be useful.

(This section may include: methodology or data used to prepare the Business Impact Estimate, e.g., City staff solicited comments from businesses as to the potential impact of the proposed ordinance by contacting the chamber of commerce, social media posting, direct mail/email, posting on the City's website, public workshop, etc.; efforts made to reduce the potential fiscal impact on businesses; and state the proposed ordinance is a generally applicable ordinance that applies to all persons similarly situated (individuals or businesses) and, therefore, the proposed ordinance does not affect only businesses.)

No business impacts proposed. The item was advertised by newspaper advertisements. Information on the application is also on the city's website.

ORMOND BEACH MAINSTREET

44 W. Granada Blvd
Ormond Beach, FL 32175
Phone: (386) 492-2938

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August 15, 2025

City Commission
City of Ormond Beach
22 S. Beach St.
Ormond Beach, FL 32174

Re: Ormond Main Street Review of Land Development Code Amendment Application Ormond Beach City Commissioners,

The Ormond Main Street Board of Directors has carefully reviewed the proposed land development amendment application for a private tattoo studio in Beachside Ormond. We recognize that this is a unique application, and we acknowledge the range of initial opinions that have been expressed, both within the commission and our board discussions. We also understand our important role as stewards of the vitality and beautification of Historic Ormond Beach, and considered both precedent and long-term impacts in our discussion.

During deliberations at a special board meeting held on August 25th, the Board considered the following points:

- The application met the criteria outlined in the Land Development Code.
- While concerns were raised about precedent and the potential for future applications, the proposed conditions significantly limit impacts.
- Alternative locations for tattoo uses exist elsewhere in the City; however, the applicant's existing lease within the building is in good standing, and his proactive approach demonstrates respect for proper permitting and compliance.
- Substantial restrictions, such as **no exterior windows or signage, a footprint limited to 160 square feet, and appointment-only** - provides strong safeguards to ensure the use remains discreet, low-impact, and consistent with the character of our district.
- The Board emphasized that examining code enforcement is essential anytime amendments or special exceptions are considered.

Additionally, we are aware that the Planning Board has recommended approval and that the City Commission has already expressed support through its 3-2 vote. In light of these factors, Ormond Main Street Board believes approval represents a reasonable balance between fostering responsible economic opportunity and preserving the integrity of our cultural and historic district.

Thank you for the opportunity to provide input on this matter.

Becky Parker, Executive Director
On behalf of

Board of Directors

Ormond MainStreet, Inc.

www.ormondbeachmainstreet.com



**City of Ormond Beach
City Commission Agenda
Staff Report**

Agenda Date	September 3, 2025	Item No	9.D.
Section	PUBLIC HEARINGS	Category	Public Hearing - Ordinances
Subject	Planned Business Development Amendment, Walmart (Second Reading)		
Recommended Action	The <u>Planning Board</u> recommended APPROVAL the application for an 8 th Amendment to the development order for the Planned Business Development for an approximately 5,101-square-foot building addition for Walmart at 1521 West Granada Boulevard, subject to the resolution of all outstanding Site Plan Review Committee comments.		
Strategic Goal	Transportation & Community Development - Other		
Department Staff Contact	Planning & Building Steven Spraker, Planning Director		

Summary

This is a request by CPH, LLC, on behalf of Walmart Stores East, LP, the property owner, for an 8th Amendment to the Development Order for the Planned Business Development to allow the construction of an approximately 5,101-square-foot building expansion at the northeast corner of the existing building to expand their growing online grocery pickup service area. The demand for online pickup at Walmart stores has increased to the point where an expansion and redesign are needed.

The subject property, located at 1521 West Granada Boulevard, has a Planned Business Development (PBD) zoning designation. This location is the same area that was approved in 2017 for the 5,002-square-foot liquor store expansion, which was never constructed. As part of the request, the project will refresh the store's overall appearance by updating signage, completing a landscaping betterment plan, and making modifications to the existing parking lot in this portion of the project area.

As a result of the neighborhood meeting (February 20, 2025) and the first Planning Board meeting (March 13, 2025), the project provided the following revisions or actions to the Planning Board at the July 10, 2025, meeting:

1. The greenbelt buffer along West Granada Boulevard, from Williamson Boulevard to I-95, is being cleaned.

2. The project team has agreed to replace a Florida Department of Transportation fence for the protection of I-95.
3. Walmart has added security and walks the property regularly.
4. Architectural plans have been revised to enhance the appearance of the existing building.

At the July 10, 2025, Planning Board meeting, the Board recommended approval of the Planned Business Development with two conditions:

1. The Greenbelt buffer, extending from Williamson Boulevard to Bermuda Estates Drive along West Granada Boulevard, is required to be cleaned and underbrushed within 18 months from the approval date of this development order.
2. To not require a masonry wall from the existing masonry wall on Walmart property to the existing Florida Department of Transportation fence. The site plan complies with the Land Development Code standards, and issues identified at the neighborhood meeting and the March Planning Board meeting have been addressed.

As a result of the first public hearing on August 19, 2025, the development order has been amended to state:

- The Greenbelt buffer along West Granada Boulevard, from Williamson Boulevard to I-95, is being cleaned. The final cleaning is required to be completed within three months from the approval date of this development order.
- The Greenbelt buffer, extending from Williamson Boulevard to Bermuda Estates Drive along West Granada Boulevard, is required to be cleaned and under brushed within six months from the approval date of this development order.

Also at the first reading, there was an inquiry if the Greenbelt buffer along West Granada Boulevard, from Williamson Boulevard to I-95, complied with the landscape update (Ordinance 2025-08) adopted on February 4, 2025. The City Landscape Architect has reviewed the Wal-Mart planting plan and concluded that the proposed plan meets Greenbelt requirements of Ordinance 2025-08. The planting plan is meeting the 75% native shade tree requirement with the use of understory trees due to the powerlines along Granada Boulevard. The native 60% percent shrubs & ground cover requirements have been met, which exceeds the landscape update requirement that 50% of the shrubs & ground covers shall be native.

Financial Impact

None

Citizen Impact

No negative citizen impacts are expected. The site plan is designed to accommodate an ever-changing retail market and the evolving ways in which individuals purchase groceries and related goods.

Attachments

1. 25-27 Walmart 8th Amendment to PBD (P25-0059G)
2. Walmart 8th Amended PBD DO
3. Exhibit A, Walmart Legal Description

4. Exhibit B, SPRC Comments
5. 8.25.25 Exhibit C PBD conditions - Wal-Mart (CB)(SSS)
6. Exhibit D, Site plans, updated 07.31.2025
7. 07.10.2025, Wal-Mart online pickup expansion, PB staff report
8. 07.10.2025, Draft Planning Board minutes, Walmart
9. Ordinance BIE, LDC Amendment, Walmart PBD Amendment

ORDINANCE NO. 2025-27

AN ORDINANCE AUTHORIZING THE EXECUTION AND ISSUANCE OF THE EIGHTH AMENDED DEVELOPMENT ORDER FOR THE “WALMART” PLANNED BUSINESS DEVELOPMENT APPROVING A BUILDING ADDITION OF APPROXIMATELY 5,101 SQUARE FEET FOR THE ONLINE GROCERY PICK-UP SERVICE AREA AND ASSOCIATED SITE IMPROVEMENTS; ESTABLISHING CONDITIONS AND EXPIRATION DATE OF APPROVAL; AND SETTING FORTH AN EFFECTIVE DATE.

WHEREAS, Wal-Mart Stores East, L.P., a Delaware limited partnership, for the Wal-Mart Store #613, (“Walmart”) located at 1521 West Granada Boulevard, requests approval of a Planned Business Development amendment to allow the construction of a building addition consisting of approximately 5,101 square feet for the expansion of the online grocery pick-up service area and associated site improvements, and

WHEREAS, by Resolution 93-257 the City Commission approved a development plan for that planned business development known as the “Wal-Mart Supercenter” and located at the Northeast corner of the I-95/SR40 interchange, and authorized the execution of a Development Order therefor, which Resolution and Development Order are recorded in Official Records Book 3889, at Pages 0391 through 0415, inclusive, of the Public Records of Volusia County, Florida, and

WHEREAS, by Resolution No. 94-220 the City Commission approved an amendment to said development plan and authorized the execution of a First Amended Development Order therefor, which Resolution and First Amended Development Order are

recorded in Official Records Book 3963, at Pages 24 through 51, inclusive, of the Public Records of Volusia County, Florida, and

WHEREAS, by Resolution No. 95-213 the City Commission approved an amendment to said development plan and authorized the execution of a Second Amended Development Order therefor, which Resolution and Second Amended Development Order are recorded in Official Records Book 4061, at Pages 1016 through 1026, inclusive, of the Public Records of Volusia County, Florida, and

WHEREAS, by Site Plan Review Committee No. 96-386 a minor modification to allow a continuous drive aisle throughout the main entrance of the site was approved and is on file with the Planning Department, and

WHEREAS, by Site Plan Review Committee No. 99-1-680 a minor modification to allow improvements to curbs, landscaping, and additional parking lot signage was approved and is on file with the Planning Department, and

WHEREAS, by Ordinance No. 2002-02 the City Commission amended Section 11.02,(D) of the *Land Development Code* to reduce the amount of required parking for intensive retail uses and shopping centers to one space per two hundred and twenty-five (225) square feet of gross floor area, and

WHEREAS, by Resolution No. 2002-180 the City Commission approved an amendment to said development plan and authorized the execution of a Third Amended Development Order therefor, which Resolution and Third Amended Development Order are

recorded in Official Records Book 4925, at Pages 2951 through 2965, inclusive, of the Public Records of Volusia County, Florida, and

WHEREAS, by Resolution 2002-269 the City Commission denied an application for a Fourth Amendment to the Development Order to allow the annual use of trailers for on-site storage of merchandise from October 15 to January 2, and

WHEREAS, by Ordinance No. 2005-22 the City Commission approved a rezoning from B-8, with a PBD Overlay, to Planned Business Development (PBD) and an amendment to said development plan, and authorized the execution of a Fourth Amended Development Order therefor, which Ordinance and Fourth Amended Development Order are recorded in Official Records Book 5621, at Pages 3887 through 3910, inclusive, of the Public Records of Volusia County, Florida, and

WHEREAS, by Ordinance No. 2009-37 the City Commission approved a waiver of 89 parking spaces to improve traffic movement and façade modifications and authorized the execution of a Fifth Amended Development Order therefor, which Ordinance and Fifth Amended Development Order are recorded in Official Records Book 6416, at Pages 2104 through 2127, inclusive, of the Public Records of Volusia County, Florida, and

WHEREAS, by Resolution No. 2012-146 the City Commission approved a Special Exception to allow ten seasonal storage trailers annually from November 1st through January 7th, to be located on the southwest section of the property by the automotive repair portion of the store and authorized the execution of a Sixth Amended Development Order therefor, which Resolution

and Sixth Amended Development Order are recorded in Official Records Book 6774, at Pages 2520 through 2536, inclusive, of the Public Records of Volusia County, Florida,

WHEREAS, by Ordinance No. 2017-35 the City Commission approved a building expansion for a liquor box of approximately 5,002 square feet and authorized the execution of a Seventh Amended Development Order therefor, which Ordinance and Seventh Amended Development Order are recorded in Official Records Book 7478, at Pages 4161 through 4210, inclusive, of the Public Records of Volusia County, Florida; however, the building expansion approved by Ordinance No. 2017-35 was not constructed and the approval expired, and

WHEREAS, the said application is in compliance with all applicable provisions of the City of Ormond Beach *Land Development Code* (“*the Land Development Code*”) and the general laws of Florida, and

WHEREAS, the Planning Board held a public hearing in accordance with Chapter 1, Article II, 1-15(d) of the *Land Development Code*, following which it provided certain recommendations of the application to amend the Development Order, and

WHEREAS, the City Commission has held a public hearing in accordance with Section 166.041(3)(c)(1), *Florida Statutes* and has considered the following:

- (1) The report and recommendations of the Planning Board;
- (2) The report and recommendations of the Site Plan Review Committee; and
- (3) The comments of governmental agencies, utility corporations and individuals, as received, and

- (4) The testimony of the City’s planning staff, the Applicant, expert witnesses, persons that may be affected as a result of the application, and documentary evidence pertaining thereto, if any, and

WHEREAS, the City Commission further finds that with respect to the application for the issuance of an Eighth Amended Development Order for a Planned Business Development, that there is competent substantial evidence to support the following:

- (1) The amended development conforms to the standards and requirements of this Code and will not create undue crowding beyond the conditions normally permitted in the PBD (Planned Business Development) zoning district, or adversely affect the public health, safety, welfare or quality of life;
- (2) The amended development is consistent with the *Comprehensive Plan*;
- (3) The amended development will not adversely impact environmentally sensitive lands or natural resources, including but not limited to waterbodies, wetlands, xeric communities, wildlife habitats, endangered or threatened plants and animal species or species of special concern, wellfields, and individual wells;
- (4) The amended use will not substantially or permanently depreciate the value of surrounding property; create a nuisance; or deprive adjoining properties of adequate light and air; create excessive noise, odor, glare, or visual impacts on the neighborhood and adjoining properties;
- (5) There are adequate public facilities to serve the development, including but not limited to, roads, sidewalks, bike paths, potable water, wastewater treatment, drainage, fire and police safety, parks and recreation facilities, schools, and playgrounds, as amended;
- (6) Ingress and egress to the property and traffic patterns are designed to protect and promote motorized vehicle and pedestrian/bicycle

safety and convenience, allow for desirable traffic flow and control, and provide adequate access in case of fire or catastrophe, as amended;

- (7) The amended development is functional in the use of space and aesthetically acceptable;
- (8) The amended development provides for the safety of occupants and visitors; and
- (9) The amended use of materials and architectural features will not adversely impact the neighborhood and aesthetics of the area;

now therefore,

BE IT ENACTED BY THE PEOPLE OF THE CITY OF ORMOND BEACH, FLORIDA, THAT:

SECTION ONE. The Mayor and the City Manager are hereby authorized and directed to execute and issue an Eighth Amended Development Order for the “Wal-Mart Supercenter” Planned Business Development (Wal-Mart Store #613) located at 1521 West Granada Boulevard (Volusia County Parcel Number: 4230-00-00-0435) to allow the construction of a building addition consisting of approximately 5,101 square feet for the expansion of the online grocery pick-up service area and associated site improvements on that real property described in the Eighth Amended Development Order, a copy of which is attached hereto and incorporated herein by reference.

SECTION TWO. Except as otherwise herein provided, all conditions set forth by the previous development approvals shall remain in effect and shall at all times be strictly complied with.

SECTION THREE. This Ordinance shall take effect immediately upon its adoption.

PASSED UPON at the first reading of the City Commission this 19th day of August, 2025.

PASSED UPON at the second and final reading of the City Commission this 3rd day of September, 2025.

JASON LESLIE
Mayor

ATTEST:

SUSAN CARROLL DAUDERIS
City Clerk

IN RE:	Application of:	Wal-Mart Stores East, L.P., a Delaware limited partnership
	Application No.	#PZ-2025-134
	Project Name:	Wal-Mart Planned Business Development amendment, online grocery pick-up service area
	Property Address:	1521 West Granada Boulevard
	Parcel ID No.:	4230-00-00-0435

This matter having come on for public hearing before the City Commission of the City of Ormond Beach, Florida, on August 19, 2025 and September 3, 2025, and the City Commission having considered those items as required by section 1-18 of the *Land Development Code*, and having heard testimony and evidence from all affected persons, the City Commission hereby finds that:

- 1 -

(5) There are adequate public facilities to serve the development, including but not limited to roads, sidewalks, bike paths, potable water, wastewater treatment, drainage, fire and police safety, parks and recreation facilities, schools, and playgrounds, as amended;

(6) Ingress and egress to the property and traffic patterns are designed to protect and promote motorized vehicle and pedestrian/bicycle safety and convenience, allow for desirable traffic flow and control, and provide adequate access in case of fire or catastrophe, as amended;

(7) The amended development is functional in the use of space and aesthetically acceptable;

(8) The amended development provides for the safety of occupants and visitors; and

(9) The amended use of materials and architectural features will not adversely impact the neighborhood and aesthetics of the area;

Thereupon and in consideration thereof, the City Commission hereby orders that:

A. The application of Wal-Mart Stores East, L.P., a Delaware limited partnership, Wal-Mart Store #613, (“WalMart”), for an eighth amendment to the Planned Business Development (PBD) Development Order to allow the construction of a building addition consisting of approximately 5,101 square feet for the expansion of the online grocery pick-up service area and associated site improvements, located at 1521 West Granada Boulevard, on that real property described and depicted in Exhibit "A" attached hereto and incorporated herein by reference, is hereby granted, subject to the following conditions:

1. All applicable provisions of Chapter 2, District and General Regulations, Article II, District Regulations, Section 2-36, PBD, Planned Business Development District, of the City of Ormond Beach *Land Development Code*, except as otherwise specifically modified hereby, shall at all times be strictly complied with;

2. The outstanding comments from the Site Plan Review Committee list in Exhibit “B” shall be satisfied;

3. Full and complete compliance with the Planned Business Development Conditions described in Exhibit “C”;

4. Full and complete compliance with the Applicant's Site Plan attached as Exhibit "D";

5. That, except as otherwise herein provided, all conditions set forth in the following are specifically incorporated herein, in their entireties, by reference, and shall at all times be strictly complied with:

a. That Development Order Dated December 28, 1993, and recorded January 7, 1994, in Official Records Book 3889, at Pages 0391 through 0415, inclusive, of the Public Records of Volusia County, Florida; and

b. That First Amended Development Order dated November 1, 1994, and recorded November 8, 1994, in Official Records Book 3963, at Pages 24 through 51, inclusive, of the Public Records of Volusia County, Florida; and

c. That Second Amended Development Order dated December 5, 1995, and recorded December 13, 1995, in Official Records Book 4061, at Pages 1016 through 1026, inclusive, of the Public Records of Volusia County, Florida; and

d. That Third Amended Development Order dated August 20, 2002, and recorded September 11, 2002, in Official Records Book 4925, at Pages 2956 through 2965, inclusive, of the Public Records of Volusia County, Florida; and

e. That Fourth Amended Development Order dated August 4, 2005, and recorded August 10, 2005, in Official Records Book 5621, at Pages 3887 through 3910, inclusive, of the Public Records of Volusia County, Florida; and

f. That Fifth Amended Development Order dated November 3, 2009, and recorded November 12, 2009, in Official Records Book 6416, at Pages 2014 through 2127, inclusive, of the Public Records of Volusia County, Florida;

g. That Sixth Amended Development Order, dated October 16, 2012 and recorded October 23, 2012 in Official Records Book 6774, at Pages 2520 through 2526, inclusive, of the Public Records of Volusia County, Florida

6. The Seventh Amended Development Order recorded in Official Records Book 7478, at Pages 4161 through 4210, inclusive, of the Public Records of Volusia County, Florida was not constructed and the approval has expired.

B. The final plans for the development project shall be consistent with all the conditions listed in this Eighth Amended PBD Development Order and as depicted in the plans that are attached hereto and incorporated herein by reference as Exhibit “D” attached hereto by reference.

C. No material change shall be made to the final plan for the development project without further review by the Planning Board and approval by the City Commission in accordance with the procedures for the approval or modification of development orders.

D. All site construction activity shall be performed in strict compliance with the terms and conditions of this Eighth Amended Planned Business Development Order approved for this development project, and of the *Land Development Code*.

E. If the final plan approval lapses under the provisions of Section 1-14(3)(b) of the *Land Development Code* before the planned development permit can be established, a new application for an amended Planned Business Development Order must be submitted for consideration in accordance with the requirements of the *Land Development Code*.

F. In the event the use of the land approved by this Eighth Amended Planned Business Development Order is abandoned for a period of two (2) years any permit issued hereunder and this Eighth Amended Planned Business Development Order shall automatically become void and a Notice of Final Plan Revocation shall be filed under the provisions of Section 1-14(3)(b) of the *Land Development Code*, and a new application for an amended Planned Business Development Order must be submitted for consideration in accordance with the requirements of the *Land Development Code*.

G. The Neighborhood Improvement Officer shall semi-annually prepare a report indicating which planned developments are not in compliance with Section 1-14, or with the conditions provided in the Planned Business Development Order. In the event a Neighborhood Improvement Officer determines there to be any violation, such Officer shall initiate appropriate code enforcement action for hearing before the City’s Special Master.

H. In the event a building permit has not been issued within thirty-six (36) months, which date shall be September 3, 2028, then this Eighth Amended PBD Development Order shall automatically become void and shall have no further legal effect per Chapter 1, Article II, Section 1-14(3)(a), of the *Land Development Code*. If a building or site engineering permit is issued on or before September 3, 2028 the project shall be vested.

I. This Eighth Amended PBD Development Order shall be recorded in the public records of Volusia County, Florida at the expense of Wal-Mart Stores East, L.P., a Delaware limited partnership, for the Wal-Mart Store #613, and shall be binding upon Wal-Mart Stores East, L.P., a Delaware limited partnership, and its successors and assigns, and shall run with the real property described in Exhibit “A” attached hereto.

ORDERED this 3rd day of September, 2025.

CITY COMMISSION
CITY OF ORMOND BEACH, a Florida
municipal corporation

(CITY SEAL)

By: _____
JASON LESLIE
Mayor

Attest: _____
JOYCE A. SHANAHAN
City Manager

LEGAL DESCRIPTION
From CPH Survey dated August 29, 2024

1521 West Granada Boulevard – Parcel ID: 4230-00-00-0435

Legal Description: (PREPARED BY SURVEYOR)

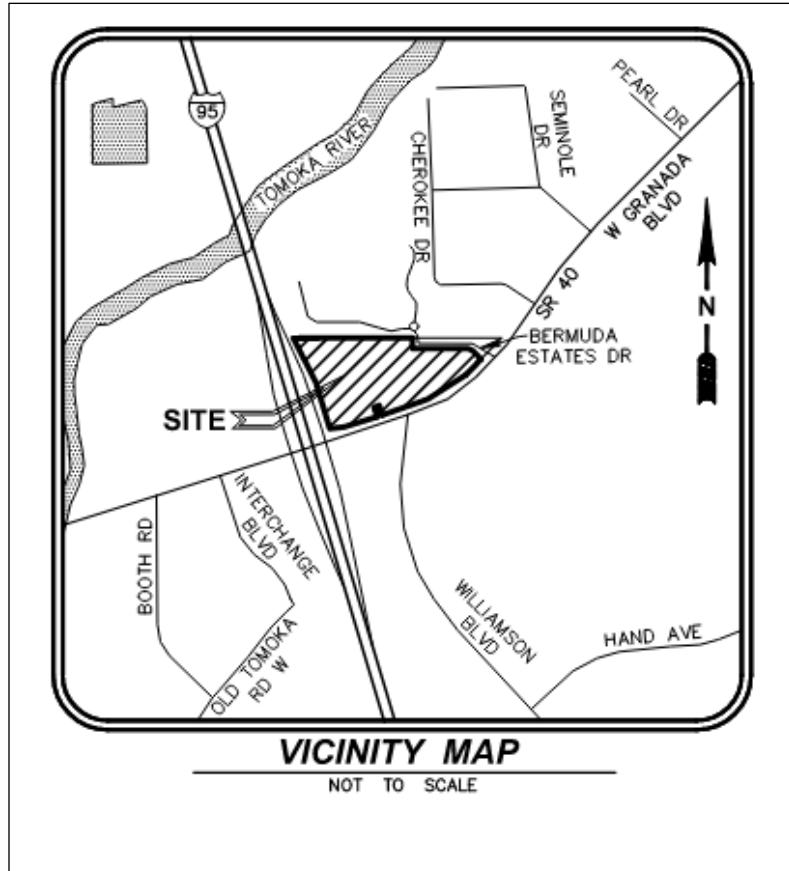
A PORTION OF THE SOUTHWEST 1/4 OF SECTION 30, TOWNSHIP 14 SOUTH, RANGE 32 EAST, VOLUSIA COUNTY, FLORIDA, DESCRIBED AS FOLLOWS:

COMMENCE AT THE WEST 1/4 CORNER OF SECTION 30, TOWNSHIP 14 SOUTH, RANGE 32 EAST, VOLUSIA COUNTY, FLORIDA AND RUN NORTH 89°55'39" EAST ALONG THE NORTH LINE OF THE SOUTHWEST 1/4 OF SAID SECTION 30, A DISTANCE OF 31.07 FEET TO THE EAST LIMITED ACCESS RIGHT-OF-WAY LINE OF INTERSTATE 95 AND THE POINT OF BEGINNING; THENCE DEPARTING SAID RIGHT-OF-WAY LINE CONTINUE NORTH 89°55'39" EAST, ALONG SAID NORTH LINE, A DISTANCE OF 1196.66 FEET TO THE NORTHWEST CORNER OF RIGHT-OF-WAY DEED AS RECORDED IN OFFICIAL RECORDS BOOK 3912, PAGE 2158 OF THE PUBLIC RECORDS OF VOLUSIA COUNTY, FLORIDA; THENCE DEPARTING SAID NORTH LINE RUN ALONG THE WEST AND SOUTH LINES OF SAID OFFICIAL RECORDS THE FOLLOWING COURSES AND DISTANCES: SOUTH 00°04'21" EAST, 60.73 FEET; NORTH 89°55'39" EAST, 510.43 FEET TO A POINT OF CURVATURE OF A CURVE CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 150.00 FEET, AND A CHORD BEARING AND DISTANCE OF SOUTH 69°35'07" EAST, 105.00 FEET; THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 40°58'26", AN ARC LENGTH OF 107.27 FEET TO A POINT OF TANGENCY; THENCE DEPARTING SAID CURVE RUN SOUTH 49°05'54" EAST, A DISTANCE OF 107.92 FEET TO A POINT LYING ON THE NORTHERLY RIGHT-OF-WAY LINE OF STATE ROAD 40 (A VARIABLE WIDTH RIGHT-OF-WAY PER FLORIDA DEPARTMENT OF TRANSPORTATION RIGHT-OF-WAY MAP SECTION# 79100-2516, REVISED 11-15-91); SAID POINT ALSO LYING ON A NON-TANGENT CURVE, CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 1829.86 FEET AND A CHORD BEARING AND DISTANCE OF SOUTH 46°06'29" WEST, 282.28 FEET; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE AND SAID RIGHT-OF-WAY LINE THROUGH A CENTRAL ANGLE OF 08°50'50", AN ARC LENGTH OF 282.56 FEET TO THE END OF SAID CURVE; THENCE RUN NORTH 39°28'07" WEST, RADIAL TO SAID CURVE, A DISTANCE OF 5.00 FEET TO A POINT LYING ON A NON-TANGENT CURVE, CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 1824.86 FEET AND A CHORD BEARING AND DISTANCE OF SOUTH 61°49'12" WEST, 714.43 FEET; THENCE RUN SOUTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 22°34'37", AN ARC LENGTH OF 719.07 FEET TO THE POINT OF TANGENCY; THENCE RUN SOUTH 73°06'30" WEST ALONG SAID RIGHT-OF-WAY LINE AND NORTHERLY LIMITED ACCESS RIGHT-OF-WAY LINE, A DISTANCE OF 231.68 FEET TO THE SOUTHEASTERLY CORNER OF OFFICIAL RECORDS BOOK 3910, PAGE 2065, SAID PUBLIC RECORDS; THENCE DEPARTING SAID LINE RUN ALONG SAID OFFICIAL RECORDS THE FOLLOWING COURSES AND DISTANCES: NORTH 16°53'30" WEST, 56.00 FEET; SOUTH 73°06'30" WEST, 31.00 FEET; SOUTH 16°53'30" EAST, 56.00 FEET TO THE NORTHERLY LIMITED ACCESS RIGHT-OF-WAY LINE OF AFORESAID STATE ROAD 40; THENCE ALONG SAID RIGHT-OF-WAY LINE RUN SOUTH 73°06'30" WEST, A DISTANCE OF 321.80 FEET; THENCE RUN SOUTH 83°40'05" WEST, A DISTANCE OF 136.42 FEET TO THE AFORESAID EAST LIMITED ACCESS RIGHT-OF-WAY LINE OF INTERSTATE 95; THENCE RUN NORTH 16°53'43" WEST ALONG SAID LINE, A DISTANCE OF 474.02 FEET; THENCE RUN NORTH 27°05'57" WEST, A DISTANCE OF 478.96 FEET TO THE POINT OF BEGINNING.

CONTAINING 1,046,729 SQUARE FEET OR 24.03 ACRES MORE OR LESS.

EXHIBIT A
Page 2 of 2

Location Map



PARCEL ID:	4230-00-00-0435
OWNER:	WAL-MART STORES EAST LP
APPLICANT:	CPH CONSULTING, LLC, A FOREIGN LIMITED LIABILITY COMPANY, ON BEHALF OF THE PROPERTY OWNER, WAL-MART STORES EAST, L.P., A DELAWARE LIMITED PARTNERSHIP
PBD AMENDMENT ADDRESS:	1521 WEST GRANADA BOULEVARD

PLAN CORRECTIONS REPORT (SPRC-2024-000053)

eReview Session for SPRC Review v.3

FILES: 002-SK-BUILDING ELEVATIONS-00613.pdf
 00613.276 Ormond Beach, FL - Combined set .pdf
 00613_Ormond FL _ PR1_Narrative.pdf
 2025-01-09_RTC Comments Site Plan Ormond Beach W131180.2 full Civil.pdf
 BaileyBenjaminDigitalSignatureForm.pdf
 Digital-Signature-form_Arch.pdf
 Digital-Signature-form-Refrig.pdf
 W131180.2 - Greenbelt Landscape.pdf
 W131180.2 - Landscape Plan-LG1.1.pdf
 W131180.2 - Landscape Plan-LG1.2.pdf

REVIEWER	MARKUP	DATE/TIME	FILE NAME	PG #
Cara Culliver	Plant Schedule: - All multi-trunked trees need to have a combined 6" caliper, please revise MC & IV. - Please give the height and spread for all plant materials. The MC1 & TF would have a 24" height. - The SS not sure this is going to perform here as it likes salty beach environments, please revise.	06/23/2025 1:44 pm	W131180.2 - Greenbelt Landscape.pdf	1
Cara Culliver	- Add mulch specification & also to be a 3" depth. The requirement isn't based off of inches but tree count, please revise	06/23/2025 1:51 pm	W131180.2 - Greenbelt Landscape.pdf	1
Cara Culliver	6 trees @ 2.5" caliper = (1 tree credit) = 6 trees 16 multi-trunked trees (2 tree credits) = 32 trees 4 trees @ 3.5" caliper = (2 tree credits) = 8 trees Existing Trees = 4 trees TOTAL TREES PROVIDED = 50 Trees	06/23/2025 1:52 pm	W131180.2 - Greenbelt Landscape.pdf	1
Cara Culliver	Please state the design is using understory trees due to the existing overhead powerlines	06/23/2025 2:01 pm	W131180.2 - Greenbelt Landscape.pdf	1
Cara Culliver	REMOVE THIS SHEET AS IT'S REDUNANT	06/23/2025 2:09 pm	W131180.2 - Landscape Plan-LG1.1.pdf	1

PLAN CORRECTIONS REPORT (SPRC-2024-000053)

EXHIBIT "B"
Page 2 of 3

Cara Culliver	- The planting design shall be a tiered planting with high plant materials in the background and then stepping down to low shrubs and then to ground covers.	06/23/2025	2:10 pm	W131180.2 - Landscape Plan-LG1.2.pdf	
	- Please use hardy plant materials such as Purple Society Garlic, Dwarf Yaupon Holly.				
	- Consider shrubs in a massing instead of linear/single rows. Please use curvilinear planting beds would look more natural.				
Cara Culliver	3,707.19 sf	06/23/2025	2:17 pm	W131180.2 - Landscape Plan-LG1.2.pdf	1
Cara Culliver	Provided Only 3,707 SF, requirement not met	06/23/2025	2:18 pm	W131180.2 - Greenbelt Landscape.pdf	1
Cara Culliver	- Please provide an irrigation plan and with connection to existing system. Include irrigation details 14A & 14B.	06/23/2025	2:23 pm	W131180.2 - Landscape Plan-LG1.2.pdf	1
	- Please provide "city" planting details.				
Cara Culliver	Show the existing wall & where it ends	06/24/2025	1:17 pm	W131180.2 - Greenbelt Landscape.pdf	1
Cara Culliver	Remove plantings as this doesn't apply to this drawing	06/24/2025	1:17 pm	W131180.2 - Greenbelt Landscape.pdf	1
Cara Culliver	Remove plantings as this doesn't apply to this drawing	06/24/2025	1:18 pm	W131180.2 - Greenbelt Landscape.pdf	1
Cara Culliver	Remove leaning tree is here	06/24/2025	1:24 pm	W131180.2 - Greenbelt Landscape.pdf	1
Cara Culliver	OAK	06/24/2025	1:25 pm	W131180.2 - Greenbelt Landscape.pdf	1
Cara Culliver	Holly is a Cherry Laurel	06/24/2025	1:26 pm	W131180.2 - Greenbelt Landscape.pdf	1
Cara Culliver	Continue plantings to here	06/24/2025	1:33 pm	W131180.2 - Greenbelt Landscape.pdf	1
Cara Culliver	Add screening hedge at 24" height min. (pink line)	06/24/2025	1:34 pm	W131180.2 - Greenbelt Landscape.pdf	1
Cara Culliver	(3) Palms	06/24/2025	1:37 pm	W131180.2 - Greenbelt Landscape.pdf	1
Cara Culliver	Cherry Laurel	06/24/2025	1:37 pm	W131180.2 - Greenbelt Landscape.pdf	1
Cara Culliver	Remove plantings as they don't apply to this drawing	06/24/2025	1:40 pm	W131180.2 - Landscape Plan-LG1.2.pdf	1
Cara Culliver	- Please show the existing wall & where it ends	06/24/2025	1:40 pm	W131180.2 - Landscape Plan-LG1.2.pdf	1
Cara Culliver	Plant this area, see comments on previous drawing	06/24/2025	1:41 pm	W131180.2 - Landscape Plan-LG1.2.pdf	1
Cara Culliver	Remove tree stumps in plantable areas	06/24/2025	1:44 pm	W131180.2 - Greenbelt Landscape.pdf	1
Cara Culliver	- Add note that the existing Viburnum hedge will be boxed into a neat appearance	06/24/2025	1:45 pm	W131180.2 - Greenbelt Landscape.pdf	1
Cara Culliver	Move proposed Oak away from site lighting	06/24/2025	1:55 pm	00613.276 Ormond Beach, FL - Combined set .pdf	145
Cara Culliver	Appears the plant schedule was cut off, please provide complete planting schedule showing plant specifications	06/24/2025	1:59 pm	00613.276 Ormond Beach, FL - Combined set .pdf	145
Cara Culliver	All landscape islands need 2 types of plant materials, shrubs & ground covers. Place ground covers in the front of the landscape island.	06/24/2025	2:17 pm	00613.276 Ormond Beach, FL - Combined set .pdf	145
Cara Culliver	Plant this area	06/24/2025	2:59 pm	00613.276 Ormond Beach, FL - Combined set .pdf	145
Cara Culliver	Plant the tips.	06/24/2025	3:00 pm	00613.276 Ormond Beach, FL - Combined set .pdf	145
Cara Culliver	No VO or tall shrubs in the front of landscape islands, only ground covers, please revise	06/24/2025	3:04 pm	00613.276 Ormond Beach, FL - Combined set .pdf	145
Cara Culliver	Per previous comment, add another LI here	06/24/2025	3:06 pm	00613.276 Ormond Beach, FL - Combined set .pdf	145
Cara Culliver	All #2, show what you are planting for the island tips	06/24/2025	3:12 pm	00613.276 Ormond Beach, FL - Combined set .pdf	147
Cara Culliver	Label existing trees	06/24/2025	3:14 pm	00613.276 Ormond Beach, FL - Combined set .pdf	145
Cara Culliver	ALL landscape island tips to be planted with ground covers (TYP.)	06/24/2025	3:14 pm	00613.276 Ormond Beach, FL - Combined set .pdf	149
Cara Culliver	ALL landscape island tips to be planted with ground covers (TYP.)	06/24/2025	3:15 pm	00613.276 Ormond Beach, FL - Combined set .pdf	148
Cara Culliver	Key out ALL proposed trees (TYP.)	06/24/2025	3:16 pm	00613.276 Ormond Beach, FL - Combined set .pdf	147

PLAN CORRECTIONS REPORT (SPRC-2024-000053)

EXHIBIT "B"
Page 3 of 3

Cara Culliver	Key out ALL proposed trees (TYP.)	06/24/2025	3:16 pm	00613.276 Ormond Beach, FL - Combined set .pdf	148
Cara Culliver	Label existing trees to remain (TYP.)	06/24/2025	3:17 pm	00613.276 Ormond Beach, FL - Combined set .pdf	148
Cara Culliver	No VO within interior landscape islands, use a low shrubs such as Dwarf Yaupon Holly, White Indian Hawthorn etc...	06/24/2025	3:17 pm	00613.276 Ormond Beach, FL - Combined set .pdf	148
Cara Culliver	Low shrubs in the background with ground covers in the front	06/24/2025	3:19 pm	00613.276 Ormond Beach, FL - Combined set .pdf	148
Cara Culliver	All landscape islands require a tree (3.5" caliper min.), shrubs & ground covers	06/24/2025	3:20 pm	00613.276 Ormond Beach, FL - Combined set .pdf	148
Cara Culliver	See previous comment	06/24/2025	3:22 pm	00613.276 Ormond Beach, FL - Combined set .pdf	148
Cara Culliver	Key out proposed trees on all sheets	06/24/2025	3:24 pm	00613.276 Ormond Beach, FL - Combined set .pdf	149
Cara Culliver	See previous comment	06/24/2025	3:24 pm	00613.276 Ormond Beach, FL - Combined set .pdf	149
Cara Culliver	Monument sign planting needs to be upgraded (missing plants etc..)	06/24/2025	3:25 pm	00613.276 Ormond Beach, FL - Combined set .pdf	149
Cara Culliver	See previous comments as those apply to this sheet also.	06/24/2025	3:27 pm	00613.276 Ormond Beach, FL - Combined set .pdf	150
Cara Culliver	All landscape islands require a tree (3.5" caliper min.), shrubs & ground covers	06/24/2025	3:27 pm	00613.276 Ormond Beach, FL - Combined set .pdf	150
Cara Culliver	If trees are existing they should be shown with a dashed circle & label tree type	06/24/2025	3:29 pm	00613.276 Ormond Beach, FL - Combined set .pdf	148
Cara Culliver	specify mulch type	06/24/2025	3:32 pm	00613.276 Ormond Beach, FL - Combined set .pdf	151
Cara Culliver	Remove soil note, as bring in 8" inches of soil under existing trees is a detriment	06/24/2025	3:36 pm	00613.276 Ormond Beach, FL - Combined set .pdf	152
Cara Culliver	Remove cross out information	06/24/2025	3:39 pm	00613.276 Ormond Beach, FL - Combined set .pdf	152
Cara Culliver	Add irrigation note, that irrigation head layout will achieve 100% coverage & 50% overlap.	06/24/2025	3:40 pm	00613.276 Ormond Beach, FL - Combined set .pdf	153
Cara Culliver	Use low shrubs in the middle of landscape islands	06/24/2025	3:44 pm	00613.276 Ormond Beach, FL - Combined set .pdf	145
Cara Culliver	Low shrubs in the middle of landscape islands	06/24/2025	4:00 pm	00613.276 Ormond Beach, FL - Combined set .pdf	147
Steven Spraker	The submittal includes the building plans for the project. Please note that the building plans have not been reviewed as part of the site plan review. There is an early review option for the building permit review if the project is interested.	06/25/2025	7:16 pm	00613.276 Ormond Beach, FL - Combined set .pdf	1
Steven Spraker	Note: Planned Business Development amendment requires approval by the City Commission prior to final Site Plan Review Committee approval.	06/25/2025	7:26 pm	00613.276 Ormond Beach, FL - Combined set .pdf	125
Steven Spraker	On the landscape buffer replanting plan, staff noted the inclusion of the masonry wall requested at the Planning Board meeting in March. In the city staff report, staff will seek direction if the masonry wall is still desired with the lifting of the landscape buffer.	06/25/2025	7:43 pm	W131180.2 - Greenbelt Landscape.pdf	1

EXHIBIT “C”

WALMART EIGHTH AMENDED DEVELOPMENT ORDER PLANNED BUSINESS DEVELOPMENT CONDITIONS

1. The Planned Business Development amendment seeks to allow an addition of approximately 5,101 square feet for the expansion of the online grocery pick-up service area.
2. Exhibit “D” contains a landscape betterment plan required for the existing property at 1521 West Granada Boulevard.
3. The Greenbelt buffer along West Granada Boulevard, from Williamson Boulevard to I-95, is being cleaned. The final cleaning is required to be completed within three months from the approval date of this development order. Improvements include:
 - A. Cleaning of the buffer in accordance with the City staff team comprising of the Landscape Architect, Police Department, Arborist, and Planning staff.
 - B. The installation of the landscape planting plan as shown in Exhibit “D”.
 - C. Installation of irrigation needed for the planting plan.
 - D. Cleaning and re-painting of the existing masonry wall abutting the greenbelt buffer.
 - E. Replacement of a Florida Department of Transportation fence for the protection of I-95 with materials approved by Florida Department of Transportation.
4. No masonry wall shall be required to be installed from the existing masonry wall on Walmart property to the existing Florida Department of Transportation fence.
5. The Greenbelt buffer, extending from Williamson Boulevard to Bermuda Estates Drive along West Granada Boulevard, is required to be cleaned and under brushed within six months from the approval date of this development order.
6. The building elevations shall be constructed in accordance with Exhibit “D”.
7. Each October 1st, city staff comprising of the Landscape Architect, Police Department, Arborist, and Planning staff shall inspect the Greenbelt buffer to ensure compliance with the approved planting plan to ensure the Greenbelt buffer is maintained. Any violations shall be provided to Neighborhood Improvements Division for code enforcement action.

WALMART STORE NO. #00613-276

1521 W GRANADA BLVD

ORMOND BEACH, VOLUSIA COUNTY, FLORIDA

SECTION 14 - TOWNSHIP 32 SOUTH - RANGE 30 EAST

PARCEL ID: 423000000435

[illegible]ALAN R. CARPENTER
FL. REG. NO. 75735

STATEMENT OF PROJECT PHASING (Check One)

PROJECT IS TO BE COMPLETED AS A SINGLE PHASE
PROJECT IS TO BE COMPLETED IN MULTIPLE PHASES
(PHASING PLAN IS INDICATED ON THE SITE PLAN SHEET)

TYPE OF SITE PLAN APPLICATION (Check One)

☐ Preliminary Plan ☐ Final Plan

☐ Combined Preliminary / Final ☐ Site Plan Revision

Journal Pre-proof

SHEET:
C0.1

COVER

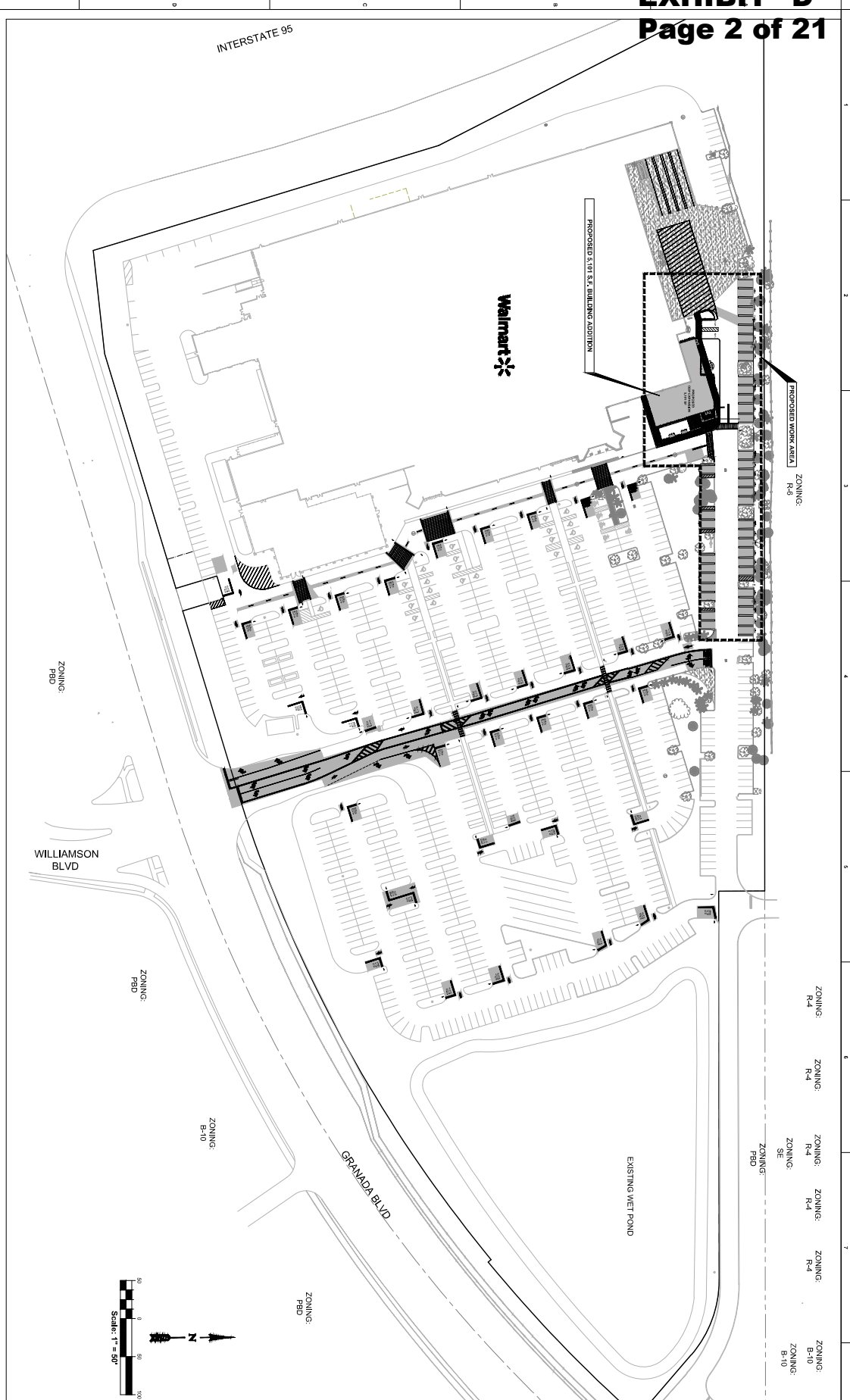
Walmart 
ORMOND BEACH, FLORIDA
1521 W GRANADA BLVD
ORMOND BEACH, FL 32174
STORE #00613-276

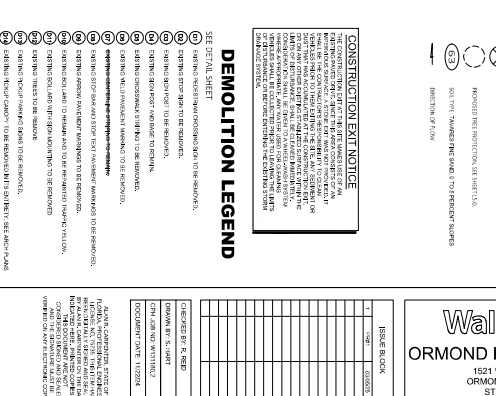
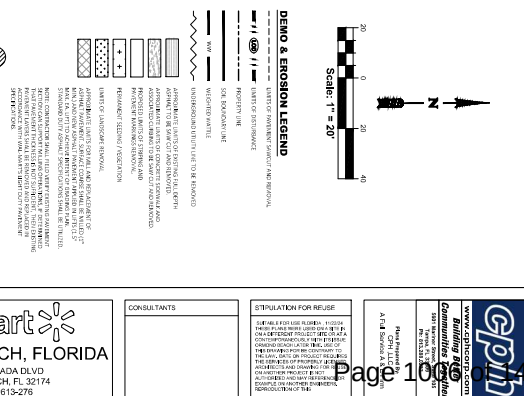
CONSULTANTS

STIPULATION FOR REUSE

SUITSABLE FOR USE FLORIDA, THE THESE PLANS WERE USED ON A DIFFERENT PROJECT AND OF CONTEMPORANEOUSLY WITH THE ORMOND BEACH LATER THIS, USE THIS DRAWING FOR ANY CONTRARY THE LAW, DATE ON PROJECT REQUIRED THE SERVICES OF PROPERLY LICENSED ARCHITECTS AND DRAWING FOR ANOTHER PROJECT. NOT AUTHORIZED AND ANY REPRODUCTION OR ANY OTHER ENGINEERING REPRODUCTION OF THIS.

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Building Better Communities Together
 www.cphcorp.com
 5801 Marquette Court, Suite 201
 Tampa, FL 33634
 PH: 813.289.2121
 Fax: Prepared by
 CPH, LLC
 A F&I Services A.S. Unit

[illegible][illegible]

[illegible]

EXISTING LANDSCAPING TO BE REMOVED.

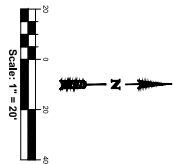
1. The first step in the process is to identify the problem. This involves a thorough inspection of the site and a review of the relevant data.
 2. Once the problem has been identified, the next step is to develop a plan of action. This plan should outline the objectives of the project, the methods to be used, and the resources required.
 3. The third step is to implement the plan. This involves carrying out the work as outlined in the plan, while keeping a close eye on the progress and making any necessary adjustments.
 4. Finally, the project should be evaluated. This involves comparing the results of the project with the objectives and assessing the overall effectiveness of the work.

It is important to note that this process is not linear, and it may be necessary to return to earlier stages as more information becomes available.

1000

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C1.1



**PROPOSED
ODP EXPANSION
5,101 SF**

UTILITY LEGEND

_____	PROPERTY LINE
_____	WATER LINE
_____	SEWERAGE LINE
_____	GAS LINE
_____	ELECTRIC CONDUIT
42222	WATERLINE HITTING
	GREASE TRAP
	CLEANOUT

1. THIS BUILDING ADDITION WILL HAVE A FIRE SUPPRESSED SYSTEM AND CONNECT INSIDE TO THE MAIN BUILDING.
2. THIS BUILDING ADDITION WILL HAVE A FIRE SUPPRESSION WILL BE TIED TO THE MAIN BUILDING.

CONSULTANTS

5501 Mariner Space, Suite 195
Tampa, FL 33609
Ph: 813.289.0500

Plans Prepared By
CPH LLC
A Full Service A/E Firm

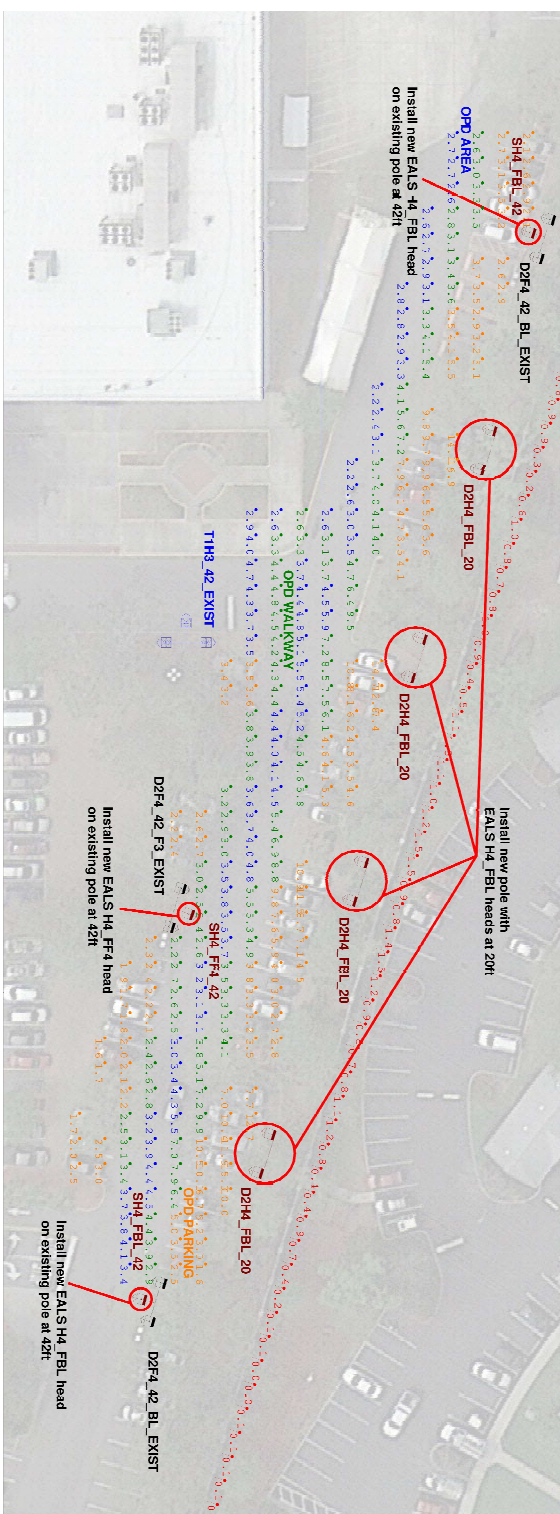
SANITARY SEWER
CLEAN-OUT

Vol. 171, No. 1, 2024

(FG. 231.)

COMPOSITE
UTILITY
PLAN

Walmart
ORMOND BEACH, FLORIDA
1521 W GRANADA BLVD
ORMOND BEACH, FL 32174
STORE #00613-276



Books: 1 inch = 2.54 cm

[illegible]

This is a remodel request for the CPD area on a site that has already been retrofitted to LED fixtures in 2016. Material with "extra" label is already installed on site and is included here as light contribution only. All other material is what is being added to increase the lighting in the CPD Pick up area per request.

Label	Avg	Max	Min	Avg/Min	Max/Min
OPD AREA	3.66	5.9	2.2	1.66	2.68
OPD WALKWAY	4.41	9.9	2.2	2.00	4.50
OPD PARKING	5.22	15.9	1.6	3.26	9.94
Property Line Non-Residential	0.00	0.0	0.0	N.A.	N.A.
Property Line Residential	0.28	1.5	0.0	N.A.	N.A.

THIS IS A D SIZE SHEET. THE NOTED SCALE IS NOT VALID IF PRINTED AS ANY OTHER SIZE

[illegible]

EXISTING MATERIAL

[illegible]

ADDITIONAL MATERIAL

[illegible]

Designer: Madhuria
Date: 2/10/2025
Drawing #: Submittal NO. CIVIL AND MECHANICAL, FL CITY - NEW HAVEN



Walmart
ORMOND, FLORIDA
1521 W GRANADA DLVD
ORMOND, FL 32174
STORE #00613-276

CONSULTANTS

STIPULATION FOR REUSE

SUBMITTALS FOR LEGAL REVIEW, TO THEIR PLANS WORKS UNDER ONE OR MORE DIFFERENT PROJECTS OR CONTEMPORANEOUSLY WITH THE ORIGINATING FIRM, USE OF THE DRAWINGS FOR ANY OTHER PROJECT OR FOR ANY OTHER PROJECT TO BE MADE, DATE OF PROJECT REVIEW, SERVICES OF PROPERTY, LICENSES, ARCHITECTS AND DRAWING FOR REUSE ON ANOTHER PROJECT IS NOT AUTHORIZED AND ANY REUSE, FOR EXAMPLE ON ANOTHER ENGINEERING PROJECT, IS TO BE:

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www.cphcorp.com
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Tampa, FL 33607
PH: (813) 281-2500

Plans prepared by
CPH LLC
A FLA SURVEYOR A.S. (0311)

[illegible]

(01) EXISTING "PEDESTRIAN CROSSING" SIGN TO BE REMOVED

(02) EXISTING "STOP" SIGN TO BE REMOVED.

(03) EXISTING SIGN POST TO BE REMOVED

50. EXISTING SIGN POSTS TO BE REMOVED.
51. EXISTING SIGN POSTS TO BE REMOVED.
52. EXISTING SIGN POSTS AND SIGNS TO BE REMOVED.
53. EXISTING CROSSWALK STRIPING TO BE REMOVED.
54. EXISTING CROSSWALK STRIPING TO BE REMOVED.
55. EXISTING STOP BAR AND STOPPING TRAVEL LAMINATIONS TO BE REMOVED.
56. EXISTING ASSESSMENT PLACEMENT LAMINATIONS TO BE REMOVED.
57. EXISTING ROADWAY TO REMOVED AND TO BE REINSTALLED TRAFFIC YELLOW.
58. EXISTING SOLIDATED WITH SIGN INDICATING TO BE REMOVED.
59. EXISTING SIGNS TO BE REMOVED.
60. EXISTING LAMINATE POLLS AND SIGN TO BE PROTECTED, SAFE AND REPAIRED SAFETY YELLOW AS NEEDED.

NEW 30°X30°

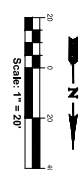
- [illegible]

THESE PLANS ARE BASED ON DRAWINGS OF RECORD AND FIELD OBSERVATIONS, NOT AN ACTUAL SURVEY

NEW SIGNS ARE IN TO BE BLOCKED BY FOLIAGE FROM TREES OR LANDSCAPING. EXISTING PLANTS AND TREES ARE TO BE PRUNED AS NECESSARY TO PROVIDE A CLEAR VIEW TO ALL SIGNS.

NOTES TO CONTRIBUTORS

- [illegible]

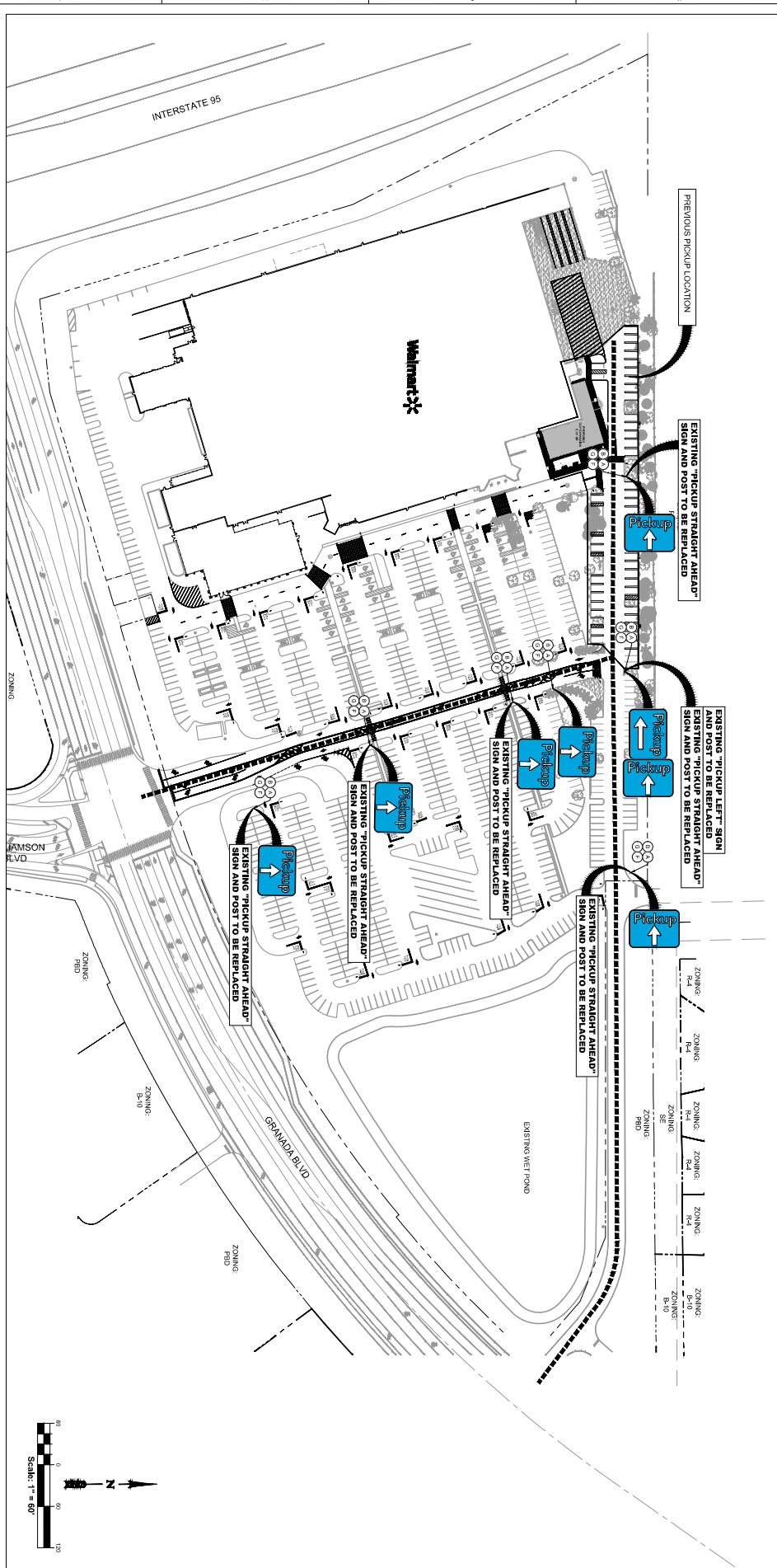


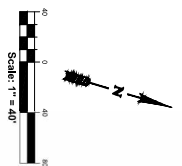
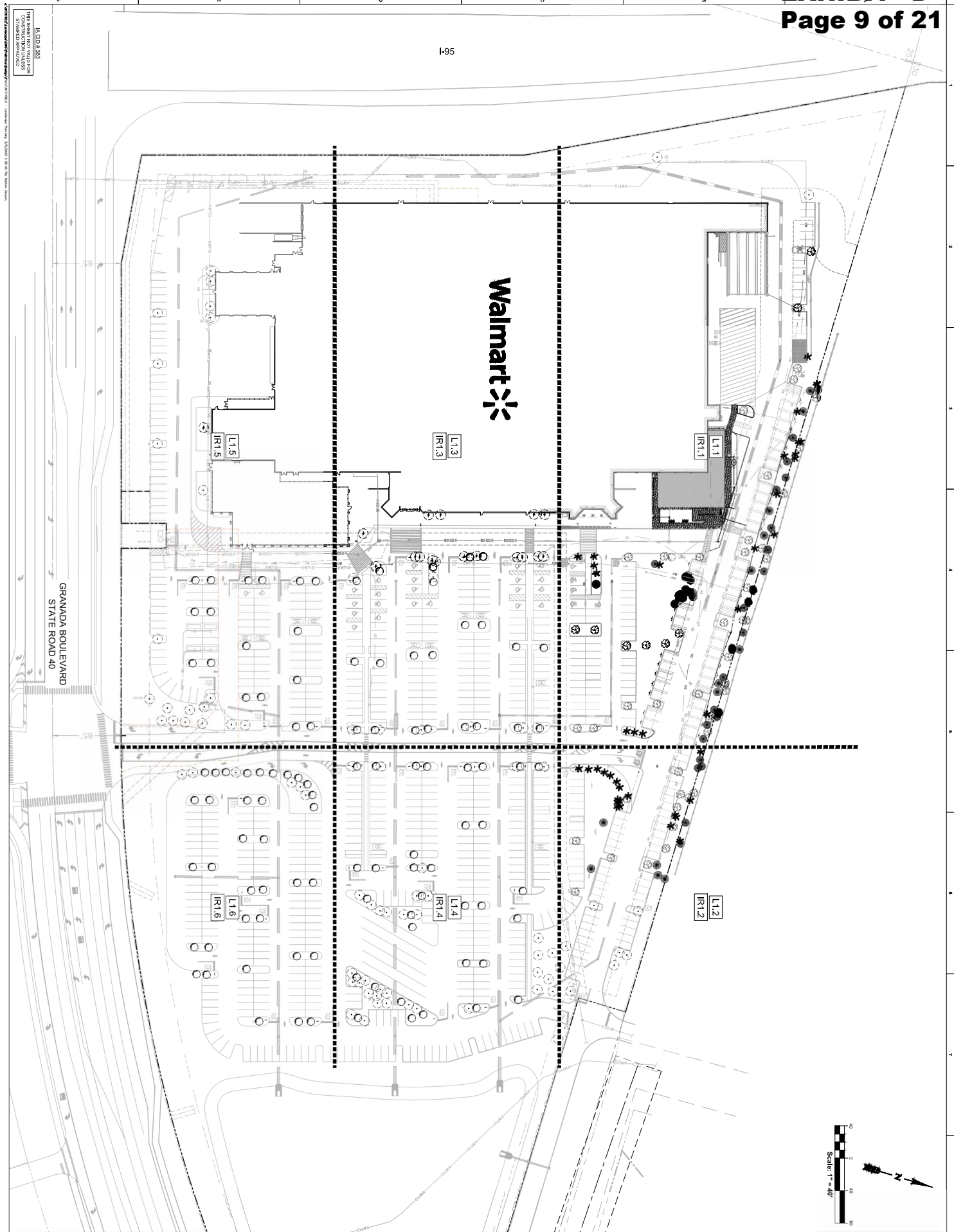
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550 West Folsom Street
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PH: 415.774.2222

Plans Prepared by:
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L1.0
OVERALL PLAN



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DESIGNED BY: J. B. BROWN
 DRAWING BY: J. B. BROWN
 CHECKED BY: J. B. BROWN
 DATE: 08/01/2018

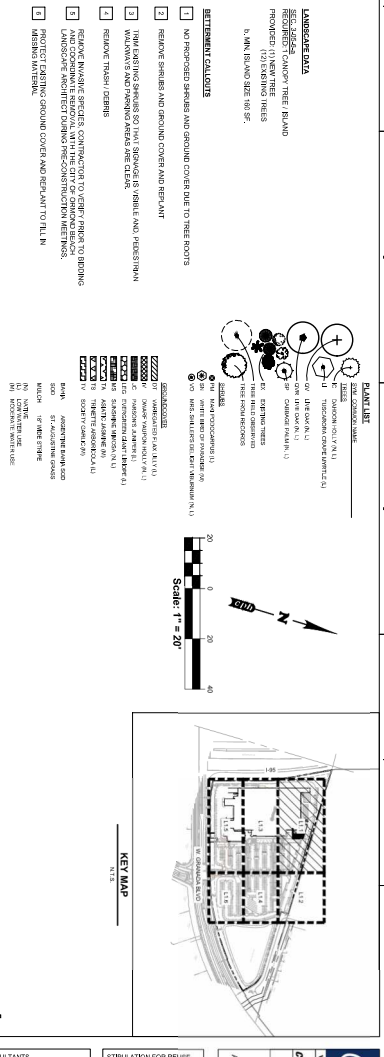
NO.	REVISION	DATE
1	ISSUE FOR PERMIT	08/01/2018

Walmart
ORMOND BEACH, FL
 1501 WEST GRANADA BOULEVARD
 STORE NO. 613-276
 CPH JOB NUMBER: W1111652 PHOTO:

CONSULTANTS

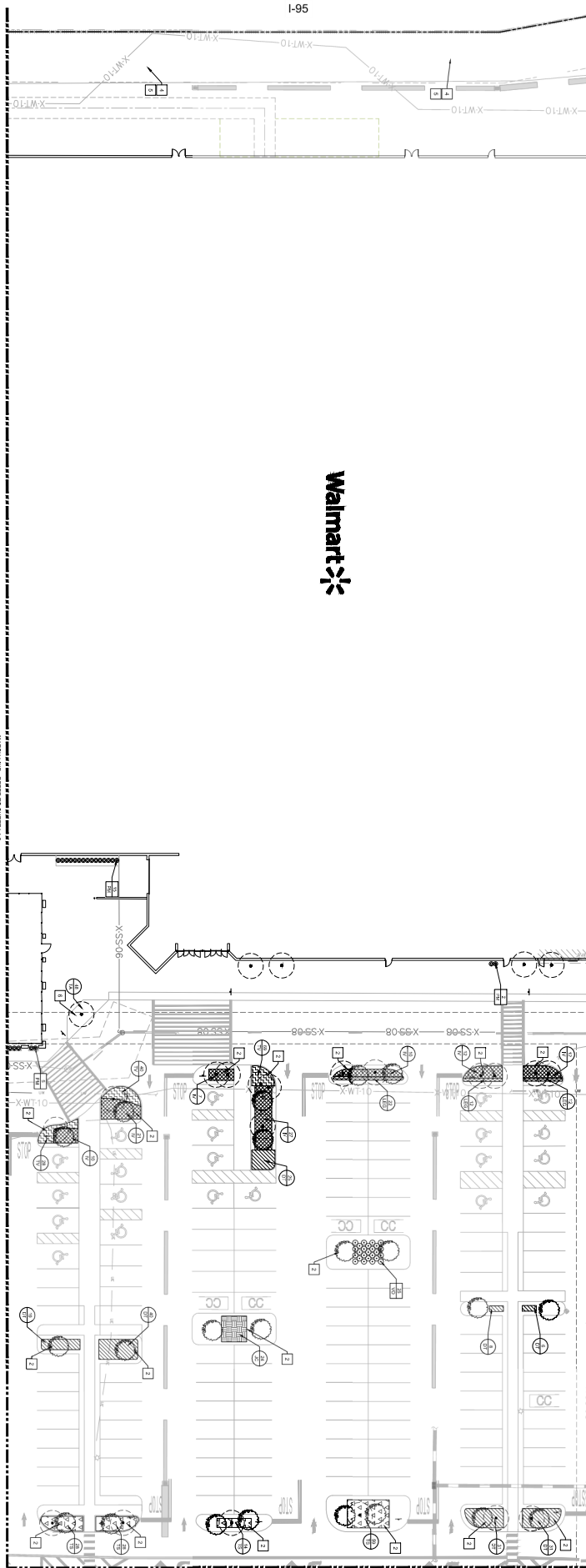
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 Geotechnical Engineering
 1501 West Granada Boulevard
 Ormond Beach, FL 32127
 Phone: 386.255.1234
 Fax: 386.255.1235
 A Full Service A/E/C Firm

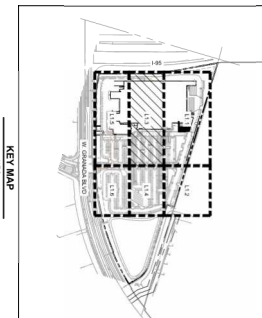
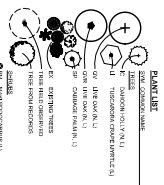


L1.1

L1.1



- SETBACK CALCULATIONS**
1. NO PROPOSED SETBACKS AND GROUND COVER DUE TO TREE ROOTS
 2. REFERENCE SHRUBS AND GROUND COVER AND REPAIRS
 3. TREE EXISTING SPACES SO THAT SPACES IS VISIBLE AND PLEASANT
 4. WALKWAYS AND PARKING AREAS ARE CLEAR
 5. REFERENCE TRASH / DEBRIS
 6. SQUARE INLAND SPACES, CONSTRUCTION TO GROUND COVER TO BEING
 7. LANDSCAPE AND CONSTRUCTION WITH THE CITY OF ORMOND BEACH
 8. PROTECT EXISTING GROUND COVER AND REPAIR TO TLL IN
 9. REPAIRS AND REPAIRS



NOTES TO CONSTRUCTION:

1. 2" WIDE MATCH STRIP IS REQUIRED BENEATH CONCRETE ADJACENT TO CONCRETE CURBS, BARRIERS, BARRIERS A 1" OR 2" DEPTH ON ADJACENT SIDE. 2" WIDE STRIP IS REQUIRED.
2. 2" WIDE MATCH STRIP IS REQUIRED BENEATH CONCRETE ADJACENT TO CONCRETE CURBS, BARRIERS, BARRIERS A 1" OR 2" DEPTH ON ADJACENT SIDE. 2" WIDE STRIP IS REQUIRED.
3. 2" WIDE MATCH STRIP IS REQUIRED BENEATH CONCRETE ADJACENT TO CONCRETE CURBS, BARRIERS, BARRIERS A 1" OR 2" DEPTH ON ADJACENT SIDE. 2" WIDE STRIP IS REQUIRED.

NOTES TO CONSTRUCTION:

1. ALL LANDSCAPE CONTRIBUTION WORK TO BE COMPLETED BY 10/1/2020. ALL LANDSCAPE CONTRIBUTION WORK TO BE COMPLETED BY 10/1/2020.
2. THE CONTRACTOR SHALL BE RESPONSIBLE FOR PROVIDING ALL NECESSARY PERMITS AND APPROVALS FOR THE LANDSCAPE CONTRIBUTION WORK TO BE COMPLETED BY 10/1/2020.
3. THE CONTRACTOR SHALL BE RESPONSIBLE FOR PROVIDING ALL NECESSARY PERMITS AND APPROVALS FOR THE LANDSCAPE CONTRIBUTION WORK TO BE COMPLETED BY 10/1/2020.

THIS SHEET NOT VALID FOR
STANDARD APPROVED



LANDSCAPE
PLAN
L1.3



DESIGNED BY: J. B. BROWN
DRAWN BY: J. B. BROWN
CHECKED BY: J. B. BROWN
DATE: 10/1/2020

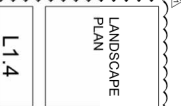
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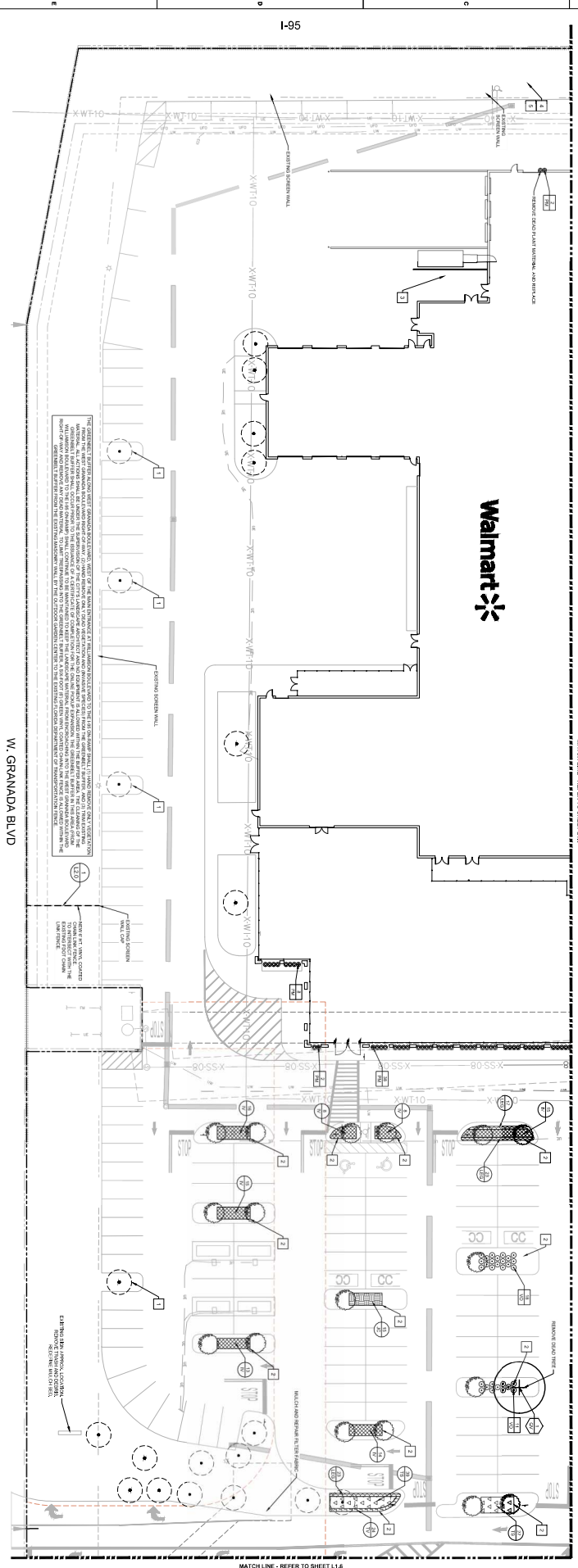
Walmart
ORMOND BEACH, FL
1501 WEST GRANADA BOULEVARD
STORE NO. 613-276
CPI JOB NUMBER: W111052 PHOTO:

CONSULTANTS

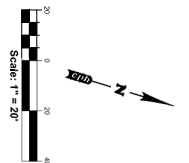
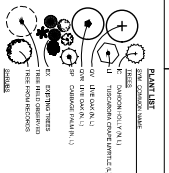
STIPULATION FOR REUSE







- SETBACKS CALCULATIONS**
1. NO PROPOSED SETBACKS AND GROUND COVER DUE TO TREE ROOTS
 2. REFERENCE SHRUBS AND GROUND COVER AND REPAIRS
 3. TREE EXISTING SPACES SO THAT SPACES IS VISIBLE AND PLEASANT
 4. WALKWAYS AND PARKING AREAS ARE CLEAR
 5. REMOVE TRASH / DEBRIS
 6. SQUARE INLAND SPACES CONFORMING TO CITY CODES TO BEING
 7. LANDSCAPE MATERIALS WITH THE CITY OF ORMOND BEACH
 8. PROTECT EXISTING GROUND COVER AND REPAIR TO FILL IN
 9. REMOVE MATERIAL



KEY MAP

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CONSULTANTS
ARCHITECT: [Name]
ENGINEER: [Name]
LANDSCAPE ARCHITECT: [Name]

Walmart
ORMOND BEACH, FL
1501 WEST GRANADA BOULEVARD
STORE NO. 013-276
CPH JOB NUMBER: W1111052 PHOTO:

REVISION	DATE	BY	DESCRIPTION
1	08/01/2013	WALMART	ISSUED FOR CONSTRUCTION
2	08/01/2013	WALMART	ISSUED FOR CONSTRUCTION
3	08/01/2013	WALMART	ISSUED FOR CONSTRUCTION
4	08/01/2013	WALMART	ISSUED FOR CONSTRUCTION
5	08/01/2013	WALMART	ISSUED FOR CONSTRUCTION
6	08/01/2013	WALMART	ISSUED FOR CONSTRUCTION
7	08/01/2013	WALMART	ISSUED FOR CONSTRUCTION
8	08/01/2013	WALMART	ISSUED FOR CONSTRUCTION
9	08/01/2013	WALMART	ISSUED FOR CONSTRUCTION
10	08/01/2013	WALMART	ISSUED FOR CONSTRUCTION



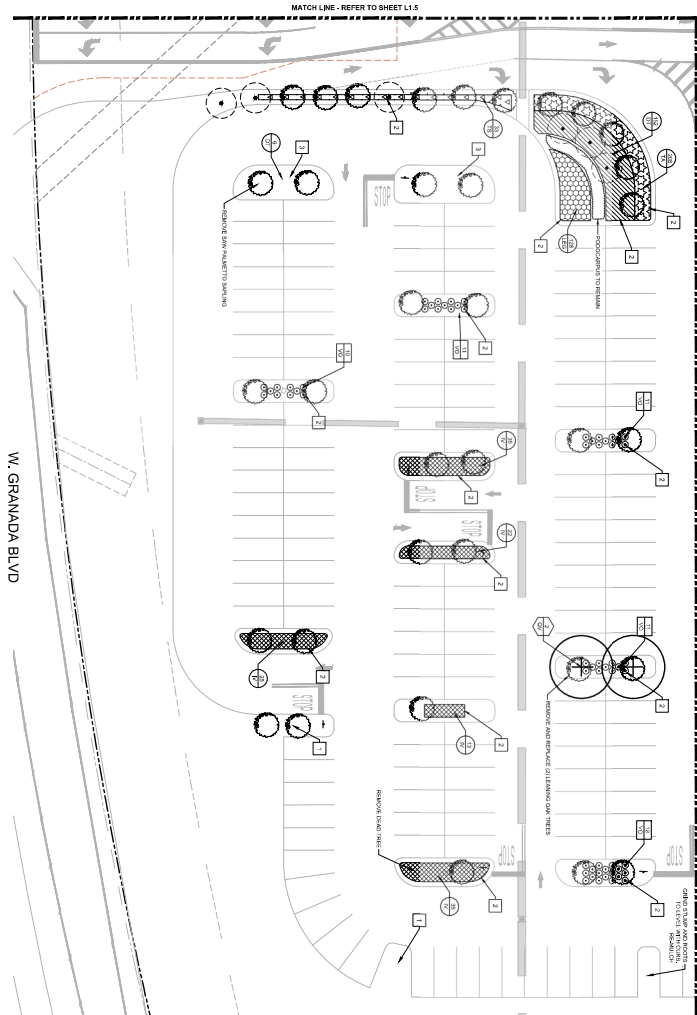
LANDSCAPE PLAN

L1.5

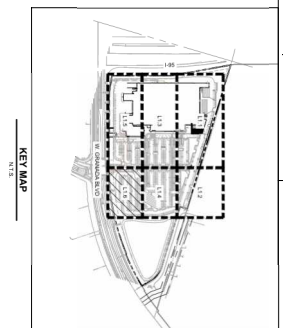
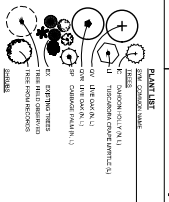


NOTES TO CONSTRUCTION:
1. ALL LANDSCAPE CONSTRUCTION WORK TO BE COMPLETED BY 10:00 AM, MONDAY, SEPTEMBER 2, 2013.
2. THE CONTRACTOR SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM THE CITY OF ORMOND BEACH, FLORIDA.
3. THE CONTRACTOR SHALL BE RESPONSIBLE FOR PROTECTING ALL EXISTING UTILITIES AND STRUCTURES.
4. THE CONTRACTOR SHALL BE RESPONSIBLE FOR MAINTAINING ACCESS TO ALL ADJACENT PROPERTIES.
5. THE CONTRACTOR SHALL BE RESPONSIBLE FOR REMOVING ALL DEBRIS AND TRASH FROM THE SITE.
6. THE CONTRACTOR SHALL BE RESPONSIBLE FOR REPAIRING ALL DAMAGE TO EXISTING LANDSCAPE.
7. THE CONTRACTOR SHALL BE RESPONSIBLE FOR PROVIDING A DETAILED AS-BUILT DRAWING OF THE COMPLETED WORK.

NOTES TO CONSTRUCTION:
1. 2" WIDE MATCH STRIP IS REQUIRED BENEATH ALL CONCRETE.
2. 2" WIDE MATCH STRIP IS REQUIRED BENEATH ALL CONCRETE.
3. 2" WIDE MATCH STRIP IS REQUIRED BENEATH ALL CONCRETE.
4. 2" WIDE MATCH STRIP IS REQUIRED BENEATH ALL CONCRETE.
5. 2" WIDE MATCH STRIP IS REQUIRED BENEATH ALL CONCRETE.
6. 2" WIDE MATCH STRIP IS REQUIRED BENEATH ALL CONCRETE.
7. 2" WIDE MATCH STRIP IS REQUIRED BENEATH ALL CONCRETE.
8. 2" WIDE MATCH STRIP IS REQUIRED BENEATH ALL CONCRETE.
9. 2" WIDE MATCH STRIP IS REQUIRED BENEATH ALL CONCRETE.
10. 2" WIDE MATCH STRIP IS REQUIRED BENEATH ALL CONCRETE.



- SETBACKS CALCULATIONS**
1. NO PROPOSED SETBACKS AND GROUND COVER DUE TO TREE ROOTS
 2. REFERENCE SHRUBS AND GROUND COVER AND REPAIR
 3. TREES EXISTING BEHIND SO THAT SLOPE IS VISIBLE AND PLEASANT
 4. WALKWAYS AND PARKING AREAS ARE CLEAR
 5. REFERENCE TRASH / DEBRIS
 6. SLOPE INLAND SPECIFIC CONSTRUCTION TO GIVE ROOM TO BEING
 7. AND CONCRETE REGIONAL WITH THE CITY OF ORMOND BEACH
 8. PROTECT EXISTING GROUND COVER AND REPAIR TO FILL IN
 9. REFERENCE TRASH / DEBRIS



NOTES TO CONSTRUCTION:

1. 2" WIDE MATCH STRIP IS REQUIRED BETWEEN ALL CONCRETE ADJACENT TO CONCRETE CORERS, BARRIERS, STREETS, A 10' WIDE STRIP OF CONCRETE ON ADJACENT SIDE, 20' STRIP OF CONCRETE.
2. BRUSH AND GRASS CAN BE REMOVED BY HAND OR POWER TOOLS. THE CONTRACTOR SHALL BE RESPONSIBLE FOR REMOVAL OF ALL BRUSH AND GRASS FROM THE SITE. THE CONTRACTOR SHALL BE RESPONSIBLE FOR REMOVAL OF ALL BRUSH AND GRASS FROM THE SITE.

NOTES TO CONSTRUCTION:

1. ALL LANDSCAPE CONSTRUCTION WORK TO BE COMPLETED BY 10:00 AM, 10:00 AM, AND 10:00 AM. THE CONTRACTOR SHALL BE RESPONSIBLE FOR REMOVAL OF ALL BRUSH AND GRASS FROM THE SITE. THE CONTRACTOR SHALL BE RESPONSIBLE FOR REMOVAL OF ALL BRUSH AND GRASS FROM THE SITE.

THIS SHEET NOT VALID FOR
STANDARD APPROVED

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Sunshine811.com

800-888-8111

LANDSCAPE
PLAN

L1.6



DESIGNED BY: J. BERNARD
DRAWN BY: J. BERNARD
CHECKED BY: J. BERNARD
CONSTRUCTION: J. BERNARD

NO.	DATE	DESCRIPTION
1	10/10/2023	ISSUE FOR CONSTRUCTION
2	10/10/2023	ISSUE FOR CONSTRUCTION
3	10/10/2023	ISSUE FOR CONSTRUCTION
4	10/10/2023	ISSUE FOR CONSTRUCTION
5	10/10/2023	ISSUE FOR CONSTRUCTION
6	10/10/2023	ISSUE FOR CONSTRUCTION
7	10/10/2023	ISSUE FOR CONSTRUCTION
8	10/10/2023	ISSUE FOR CONSTRUCTION
9	10/10/2023	ISSUE FOR CONSTRUCTION
10	10/10/2023	ISSUE FOR CONSTRUCTION

Walmart

ORMOND BEACH, FL
1501 WEST GRANADA BOULEVARD
STORE NO. 613-276

CPI JOB NUMBER: W1311652 PHOTO:

CONSULTANTS

STIPULATION FOR REUSE

epm

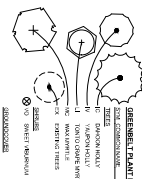
epm.com

Building 800
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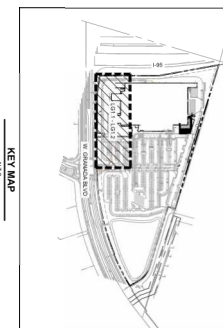
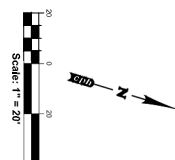
WATERING GUIDELINES FOR TREES AND SHRUBS DURING ESTABLISHMENT PERIODS

[illegible]

NOTES: A. FREQUENCY MAY BE REDUCED WHEN PLANT ARE INSTALLED DURING THE COOLER MONTHS OR DURING PERIODS OF FREQUENT RAIN.
B. DO NOT WATER IF THE ROOT BALL IS SATURATED.

[illegible]

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[illegible]

Walmart*

**Note:
Masonry
wall not
required,
see
condition 4
within
Exhibit "C".**

NOTES TO CONTRACTOR:

1. 2" WIDE MULLION STRIP IS REQUIRED BEHIND ALL CONCRETE CURBS/SURFACES, WHERE TURF GRASS WILL BE ESTABLISHED ADJACENT TO CONCRETE CURBS. BUFFERS EITHER A 4" OR 24" DEPENDENT ON QUALITY. MICE SO STRIP IS REQUIRED.
2. CONCRETE IS BLINDLID THAT SLOWLY CURE CONCRETE AND FORD BARS AND BOTTOM CAN BE DAMAGED BY MACHINE. PROVIDE WALK BEHIND ANY ASSOCIATED DAMAGED AREA THE RESPONSIBILITY OF THE CONTRACTOR TO REPAIR AT NO EXPENSE TO OWNER.

ASR TO CONTRACTS: CONTRACTORS TO BE COME WITH ESTIMATE, FINAL UTILITIES AND FINAL GRADING OF THE ALTERNATE DRAINAGE PROJECT DOCUMENTS. THE CONTRACTOR SHALL BE RESPONSIBLE FOR JOB TRAILER, ETC. JOB TRAILER AND STORED AFTER THE CONTRACT DATES. THE CONTRACTOR SHALL BE RESPONSIBLE FOR PROVIDING CLEAR ACCESS FOR THE CONTRACTOR TO THE PROJECT SITE. THE CONTRACTOR SHALL BE RESPONSIBLE FOR PROVIDING CLEAR ACCESS FOR THE CONTRACTOR TO THE PROJECT SITE. THE CONTRACTOR SHALL BE RESPONSIBLE FOR PROVIDING CLEAR ACCESS FOR THE CONTRACTOR TO THE PROJECT SITE.

THIS SHEET NOT VALID FOR
CONSTRUCTION UNLESS
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GROUND
COVER -
GREENBELT
LANDSCAPE
PLAN

LG1.2

Danita R. Bryant
 Registered Landscape Architect
 License # 13667
 State of Florida
 Exp. 12/31/2015

CHECKED BY: D. BRYANT
DRAWN BY: N. CROUCH
PROTO CYCLE: N/A
DOCUMENT DATE: 07/19/24

Walmart 
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1501 WEST GRANADA BOULEVARD
STORE NO: 613-276

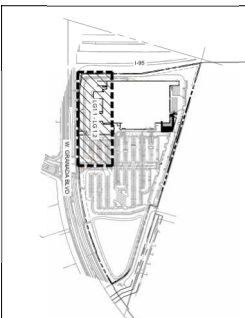
CPH JOB NUMBER: W131180.2	PROTO:
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CONSULTANTS

STIPULATION FOR REUSE

THESE PLANS WERE USED ON A SITE IN
DELTA, FL.

CONTRACTORS ARE NOT TO REUSE
DATA, MEASUREMENTS OR RESULTS FOR USE
ON A DIFFERENT PROJECT SITE OR AT A
LATER TIME, USE OF THE DRAWINGS FOR
REFERENCE OR EXAMPLE ON ANOTHER
PROJECT. REUSE OF THE DATA OR
MEASUREMENTS FOR ANY OTHER
ENGINEERING OR CONSTRUCTION OF THE
DRAWING FOR REUSE ON ANOTHER
PROJECT IS NOT AUTHORIZED AND MAY BE
CONTRARY TO THE LAW.

[illegible]

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WATERING GUIDELINES FOR TREES AND SHRUBS

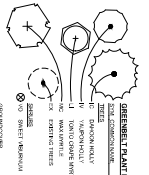
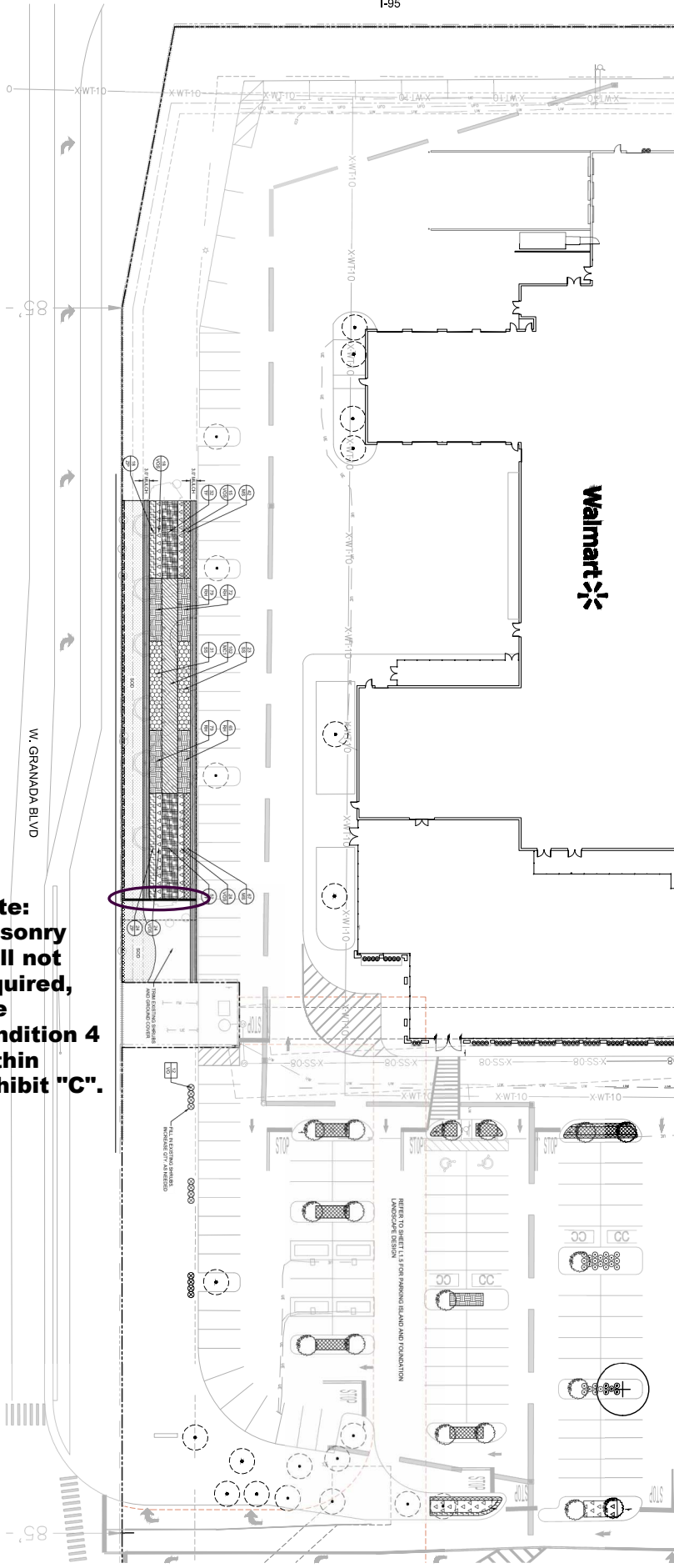
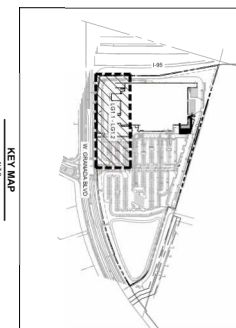
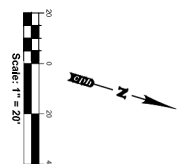
[illegible]

NOTES: A. FREQUENTLY SOAK BE REDUCED WHEN PLANTS ARE INSTALLED DURING THE COOLER MONTHS OR DURING PERIODS OF FREQUENT RAIN.
B. DO NOT WATER IF THE ROOT BALL IS SATURATED.

Soil establishment: to prevent soil root growth into the soil layer, water the pod for 10 days, two to three times daily for the first period. Only water the pod enough to wet the top two-thirds of soil.

When roots grow into the soil layer 1/2 inch - 1 inch (approximately), then for the next 10 days reduce the frequency of watering to once a day to supply approximately 1/2 inch of water daily. Then for another 10 days reduce the frequency to every other day to supply 1/4" at each application. Maintain every other day for another 7-10 days. At the end of the 35-day period, the pod should be growing down through the soil and the soil should not feel 3" topped.

At 3-4 weeks after podding, the grass should be able to thrive on an irrigation/watering schedule for an establishment lawn. Monitor the podded area for stress and remedy the situation as needed.

[illegible][illegible]

**Note:
Masonry
wall not
required,
see
condition 4
within
Exhibit "C".**

NOTES TO CONTRACTOR:
1. 2" WIDE MESH STRIPS REQUIRED BEHIND ALL CONCRETE

2. CONTRACTOR IS CAUTIONED THAT STORMWATER CONVEYANCES AND POND CURBS/BUFFERS, WHERE TURF GRASS WILL BE ESTABLISHED ADJACENT TO CONCRETE CURBS / BUFFERS, EITHER A 18" OR 24" (DEPENDENT ON AVAILABILITY) WIDE SOD STRIP IS REQUIRED.

ALERT TO CONTRACTORS

ALL VENDOR SUBMITTALS FOR CONTRACT WORK TO BE COMPLETED EARLIER THAN THE FIRST BIDDING AND PRELIMINARY MILLSTONE LATE IN PROJECT DOCUMENTS, OUTLOOK AREA, TO BE KEPT FREE OF JOB MATERIALS AND STORAGE. THE CONTRACT MILLSTONE DATE FOR THE OUTLOOK: AN INITIAL CONTRACTOR TO PROVIDE CLEAR ACCESS TO OUTLOOK CONTRACTOR TO THE SPECIFIC PAVEMENT. AT ALL TIMES AFTER MILLSTONE DATE, PURCHASER OF OUTLOOK PROVIDE PLANT DOCUMENTS AND SWAMP REQUIRED BY STATE/LOCAL REGULATIONS FOR SPECIFIC OUTLOOK.

CONSTRUCTION UNLESS
STAMPED APPROVED

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GROUND
COVER -
GREENBELT
LANDSCAPE
PLAN

Carol R Bryant
C-105, C-4, Hillfield
Catholic School 1902 St
St. Charles, MO 63041
314-887-9700
C-105, C-4, Hillfield
Catholic School 1902 St
St. Charles, MO 63041
314-887-9700



CHECKED BY: D. BRYANT
DRAWN BY: N. CROUCH
PROTO CYCLE: N/A
DOCUMENT DATE: 07/19/24

Walmart 
ORMOND BEACH, FL
1501 WEST GRANADA BOULEVARD
STORE NO: 613-276

CPH JOB NUMBER: W131180.2	PROTO:
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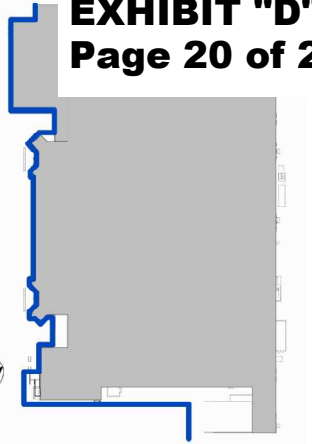
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STIPULATION FOR REUSE

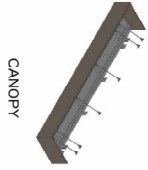
THESE PLANS WERE USED ON A SITE IN DELTA, FL.

CONTRACTORS ARE NOT TO REUSE DATA, MEASUREMENTS OR RESULTS FOR USE ON A DIFFERENT PROJECT SITE OR AT A LATER TIME, USE OF THE DRAWINGS FOR REFERENCE OR EXAMPLE ON ANOTHER PROJECT. REUSE OF THE DATA OR MEASUREMENTS OR RESULTS FOR ANY OTHER PROJECT WITHOUT THE WRITTEN CONSENT OF THE ENGINEERING CORPORATION OF THE DRAWING IS NOT ALLOWED ON ANOTHER PROJECT. NOT AUTHORISED AND NOT BE CONTRARY TO THE LAW.


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FRONT ELEVATION VIEW



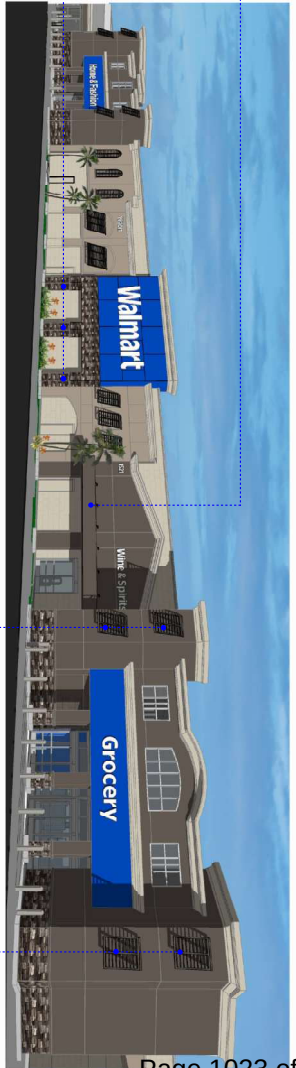
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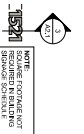
05/23/2025



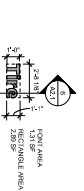
#00613 ORMOND BEACH, FL

BUILDING ELEVATIONS

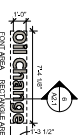
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16 2'-0" AUTO CARE SIGN



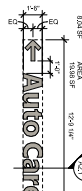
18 1'-0" TIRE SIGN



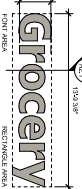
17 1'-0" OIL CHANGE SIGN



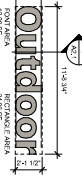
15 1'-8" AUTO CARE SIGN (LEFT ARROW)



14 2'-6" GROCERY



13 2'-0" WINE & SPIRITS SIGN



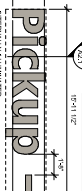
12 2'-0" OUTDOOR SIGN



11 2'-6" HOME & FASHION



10 2'-6" PICKUP RIGHT SIGN



9 2'-6" NUMERALS SIGN



8 NOT USED



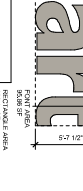
20 1'-6" PHARMACY SIGN



7 5'-6" WALMART SIGN



6 SIGN ATTACH AT CMU WALL



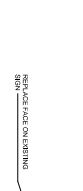
5 4'-9" MONUMENT SIGN



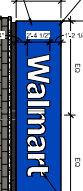
4 NOT USED



3 NONILLUMINATED SIGNAGE ATTACHMENT



2 SIGNAGE ATTACHMENT



1 ILLUMINATED SIGNAGE ATTACHMENT

NEW ENTERPRISE SIGNAGE SCHEDULE

NOTE: THE SQUARE FOOTAGE IS NOT REQUIRED FOR THE SIGNAGE SHOWING LAMP SET.

TYPE	SIZE	HEIGHT	MATERIAL	COLOR	ILLUMINATED	QTY	AREA (SQ. FT.)	SHAPE AREA	PERIOD AREA	TOTAL PERIOD AREA
1	2'-0" AUTO CARE	2'-0"	ALUMINUM	WHITE	NO	1	4.00	4.00	4.00	4.00
2	1'-0" TIRE	1'-0"	ALUMINUM	WHITE	NO	1	1.00	1.00	1.00	1.00
3	1'-0" OIL CHANGE	1'-0"	ALUMINUM	WHITE	NO	1	1.00	1.00	1.00	1.00
4	1'-8" AUTO CARE (LEFT ARROW)	1'-8"	ALUMINUM	WHITE	NO	1	1.78	1.78	1.78	1.78
5	2'-6" GROCERY	2'-6"	ALUMINUM	WHITE	NO	1	2.25	2.25	2.25	2.25
6	2'-0" WINE & SPIRITS	2'-0"	ALUMINUM	WHITE	NO	1	4.00	4.00	4.00	4.00
7	2'-6" PICKUP RIGHT	2'-6"	ALUMINUM	WHITE	NO	1	2.25	2.25	2.25	2.25
8	2'-6" NUMERALS	2'-6"	ALUMINUM	WHITE	NO	1	2.25	2.25	2.25	2.25
9	1'-6" PHARMACY	1'-6"	ALUMINUM	WHITE	NO	1	2.25	2.25	2.25	2.25
10	5'-6" WALMART	5'-6"	ALUMINUM	WHITE	NO	1	31.00	31.00	31.00	31.00
11	4'-9" MONUMENT	4'-9"	ALUMINUM	WHITE	NO	1	44.00	44.00	44.00	44.00
12	2'-0" OUTDOOR	2'-0"	ALUMINUM	WHITE	NO	1	4.00	4.00	4.00	4.00
13	2'-0" WINE & SPIRITS	2'-0"	ALUMINUM	WHITE	NO	1	4.00	4.00	4.00	4.00
14	2'-6" GROCERY	2'-6"	ALUMINUM	WHITE	NO	1	2.25	2.25	2.25	2.25
15	1'-8" AUTO CARE (LEFT ARROW)	1'-8"	ALUMINUM	WHITE	NO	1	1.78	1.78	1.78	1.78
16	2'-0" AUTO CARE	2'-0"	ALUMINUM	WHITE	NO	1	4.00	4.00	4.00	4.00
17	1'-0" TIRE	1'-0"	ALUMINUM	WHITE	NO	1	1.00	1.00	1.00	1.00
18	1'-0" OIL CHANGE	1'-0"	ALUMINUM	WHITE	NO	1	1.00	1.00	1.00	1.00
19	1'-6" PHARMACY	1'-6"	ALUMINUM	WHITE	NO	1	2.25	2.25	2.25	2.25
20	5'-6" WALMART	5'-6"	ALUMINUM	WHITE	NO	1	31.00	31.00	31.00	31.00
21	4'-9" MONUMENT	4'-9"	ALUMINUM	WHITE	NO	1	44.00	44.00	44.00	44.00
22	2'-0" OUTDOOR	2'-0"	ALUMINUM	WHITE	NO	1	4.00	4.00	4.00	4.00
23	2'-0" WINE & SPIRITS	2'-0"	ALUMINUM	WHITE	NO	1	4.00	4.00	4.00	4.00
24	2'-6" GROCERY	2'-6"	ALUMINUM	WHITE	NO	1	2.25	2.25	2.25	2.25
25	1'-8" AUTO CARE (LEFT ARROW)	1'-8"	ALUMINUM	WHITE	NO	1	1.78	1.78	1.78	1.78
26	2'-0" AUTO CARE	2'-0"	ALUMINUM	WHITE	NO	1	4.00	4.00	4.00	4.00
27	1'-0" TIRE	1'-0"	ALUMINUM	WHITE	NO	1	1.00	1.00	1.00	1.00
28	1'-0" OIL CHANGE	1'-0"	ALUMINUM	WHITE	NO	1	1.00	1.00	1.00	1.00
29	1'-6" PHARMACY	1'-6"	ALUMINUM	WHITE	NO	1	2.25	2.25	2.25	2.25
30	5'-6" WALMART	5'-6"	ALUMINUM	WHITE	NO	1	31.00	31.00	31.00	31.00
31	4'-9" MONUMENT	4'-9"	ALUMINUM	WHITE	NO	1	44.00	44.00	44.00	44.00
32	2'-0" OUTDOOR	2'-0"	ALUMINUM	WHITE	NO	1	4.00	4.00	4.00	4.00
33	2'-0" WINE & SPIRITS	2'-0"	ALUMINUM	WHITE	NO	1	4.00	4.00	4.00	4.00
34	2'-6" GROCERY	2'-6"	ALUMINUM	WHITE	NO	1	2.25	2.25	2.25	2.25
35	1'-8" AUTO CARE (LEFT ARROW)	1'-8"	ALUMINUM	WHITE	NO	1	1.78	1.78	1.78	1.78
36	2'-0" AUTO CARE	2'-0"	ALUMINUM	WHITE	NO	1	4.00	4.00	4.00	4.00
37	1'-0" TIRE	1'-0"	ALUMINUM	WHITE	NO	1	1.00	1.00	1.00	1.00
38	1'-0" OIL CHANGE	1'-0"	ALUMINUM	WHITE	NO	1	1.00	1.00	1.00	1.00
39	1'-6" PHARMACY	1'-6"	ALUMINUM	WHITE	NO	1	2.25	2.25	2.25	2.25
40	5'-6" WALMART	5'-6"	ALUMINUM	WHITE	NO	1	31.00	31.00	31.00	31.00
41	4'-9" MONUMENT	4'-9"	ALUMINUM	WHITE	NO	1	44.00	44.00	44.00	44.00
42	2'-0" OUTDOOR	2'-0"	ALUMINUM	WHITE	NO	1	4.00	4.00	4.00	4.00
43	2'-0" WINE & SPIRITS	2'-0"	ALUMINUM	WHITE	NO	1	4.00	4.00	4.00	4.00
44	2'-6" GROCERY	2'-6"	ALUMINUM	WHITE	NO	1	2.25	2.25	2.25	2.25
45	1'-8" AUTO CARE (LEFT ARROW)	1'-8"	ALUMINUM	WHITE	NO	1	1.78	1.78	1.78	1.78
46	2'-0" AUTO CARE	2'-0"	ALUMINUM	WHITE	NO	1	4.00	4.00	4.00	4.00
47	1'-0" TIRE	1'-0"	ALUMINUM	WHITE	NO	1	1.00	1.00	1.00	1.00
48	1'-0" OIL CHANGE	1'-0"	ALUMINUM	WHITE	NO	1	1.00	1.00	1.00	1.00
49	1'-6" PHARMACY	1'-6"	ALUMINUM	WHITE	NO	1	2.25	2.25	2.25	2.25
50	5'-6" WALMART	5'-6"	ALUMINUM	WHITE	NO	1	31.00	31.00	31.00	31.00
51	4'-9" MONUMENT	4'-9"	ALUMINUM	WHITE	NO	1	44.00	44.00	44.00	44.00
52	2'-0" OUTDOOR	2'-0"	ALUMINUM	WHITE	NO	1	4.00	4.00	4.00	4.00
53	2'-0" WINE & SPIRITS	2'-0"	ALUMINUM	WHITE	NO	1	4.00	4.00	4.00	4.00
54	2'-6" GROCERY	2'-6"	ALUMINUM	WHITE	NO	1	2.25	2.25	2.25	2.25
55	1'-8" AUTO CARE (LEFT ARROW)	1'-8"	ALUMINUM	WHITE	NO	1	1.78	1.78	1.78	1.78
56	2'-0" AUTO CARE	2'-0"	ALUMINUM	WHITE	NO	1	4.00	4.00	4.00	4.00
57	1'-0" TIRE	1'-0"	ALUMINUM	WHITE	NO	1	1.00	1.00	1.00	1.00
58	1'-0" OIL CHANGE	1'-0"	ALUMINUM	WHITE	NO	1	1.00	1.00	1.00	1.00
59	1'-6" PHARMACY	1'-6"	ALUMINUM	WHITE	NO	1	2.25	2.25	2.25	2.25
60	5'-6" WALMART	5'-6"	ALUMINUM	WHITE	NO	1	31.00	31.00	31.00	31.00
61	4'-9" MONUMENT	4'-9"	ALUMINUM	WHITE	NO	1	44.00	44.00	44.00	44.00
62	2'-0" OUTDOOR	2'-0"	ALUMINUM	WHITE	NO	1	4.00	4.00	4.00	4.00
63	2'-0" WINE & SPIRITS	2'-0"	ALUMINUM	WHITE	NO	1	4.00	4.00	4.00	4.00
64	2'-6" GROCERY	2'-6"	ALUMINUM	WHITE	NO	1	2.25	2.25	2.25	2.25
65	1'-8" AUTO CARE (LEFT ARROW)	1'-8"	ALUMINUM	WHITE	NO	1	1.78	1.78	1.78	1.78
66	2'-0" AUTO CARE	2'-0"	ALUMINUM	WHITE	NO	1	4.00	4.00	4.00	4.00
67	1'-0" TIRE	1'-0"	ALUMINUM	WHITE	NO	1	1.00	1.00	1.00	1.00
68	1'-0" OIL CHANGE	1'-0"	ALUMINUM	WHITE	NO	1	1.00	1.00	1.00	1.00
69	1'-6" PHARMACY	1'-6"	ALUMINUM	WHITE	NO	1	2.25	2.25	2.25	2.25
70	5'-6" WALMART	5'-6"	ALUMINUM	WHITE	NO	1	31.00	31.00	31.00	31.00
71	4'-9" MONUMENT	4'-9"	ALUMINUM	WHITE	NO	1	44.00	44.00	44.00	44.00
72	2'-0" OUTDOOR	2'-0"	ALUMINUM	WHITE	NO	1	4.00	4.00	4.00	4.00
73	2'-0" WINE & SPIRITS	2'-0"	ALUMINUM	WHITE	NO	1	4.00	4.00	4.00	4.00
74	2'-6" GROCERY	2'-6"	ALUMINUM	WHITE	NO	1	2.25	2.25	2.25	2.25
75	1'-8" AUTO CARE (LEFT ARROW)	1'-8"	ALUMINUM	WHITE	NO	1	1.78	1.78	1.78	1.78
76	2'-0" AUTO CARE	2'-0"	ALUMINUM	WHITE	NO	1	4.00	4.00	4.00	4.00
77	1'-0" TIRE	1'-0"	ALUMINUM	WHITE	NO	1	1.00	1.00	1.00	1.00
78	1'-0" OIL CHANGE	1'-0"	ALUMINUM	WHITE	NO	1	1.00	1.00	1.00	1.00
79	1'-6" PHARMACY	1'-6"	ALUMINUM	WHITE	NO	1	2.25	2.25	2.25	2.25
80	5'-6" WALMART	5'-6"	ALUMINUM	WHITE	NO	1	31.00	31.00	31.00	31.00



PLANNING BOARD STAFF REPORT

Walmart Supercenter, Planned Business Development (PBD) Amendment

Project Number: PZ-2025-000134

PLANNING BOARD DATE:	July 10, 2025
TENTATIVE CITY COMMISSION DATE:	August 18, 2025 (first reading) and September 3, 2025 (second reading)
APPLICANT:	CPH, LLC, on behalf of the property owner and operator of Walmart Stores East, LP, Store #613-276
LOCATION:	Located east of I-95 at the northeast corner of the Williamson Boulevard and Granada Boulevard intersection.
REQUEST:	This request is the eighth amendment to the Walmart Planned Business Development (PBD). The amendment seeks to allow the construction of an approximately 5,101-square-foot building expansion at the northeast corner of the existing building to expand their growing online grocery pickup (OGP) service area.
SITE PLAN REVIEW COMMITTEE RECOMMENDATION:	Approval
STAFF CONTACT:	Steven Spraker, AICP, Planning Director
MAP OF PROJECT AREA:	

SECTION 1, INTRODUCTION:

This is a request by CPH, LLC., on behalf of Walmart Stores East, LP, the property owner, for an 8th Amendment to the Development Order for the Planned Business Development to allow the construction of an approximately 5,101-square-foot building expansion at the northeast corner of the existing building to expand their growing online grocery pick-up service area. The subject property is located at 1521 West Granada Boulevard and has a Planned Business Development (PBD) zoning designation.

SECTION 2, BACKGROUND:

The subject property is currently designated as “General Commercial” on the City’s Future Land Use Map (FLUM) and is classified as Planned Business Development (PBD) on the City’s Official Zoning Map. The development history of the Ormond Beach Walmart Supercenter is as follows:

- On December 21, 1993, the City Commission approved Resolution 93-257 for a Planned Business Development to construct a 199,026-square-foot retail building located at the intersection of Williamson Boulevard and West Granada Boulevard. The site plan detailed several matters including required masonry walls, building appearance, signage, traffic circulation and the Greenbelt buffer.
- On September 7, 1994, the Board of Adjustments and Appeals granted a variance of 506-square-feet for additional wall signage, allowing a total of 606-square-feet, distributed across the building.
- On November 1, 1994, the City Commission approved Resolution 94-220, the first amended Development Order for the PBD. The resolution affirmed the Board of Adjustments and Appeals variance for signage and included three (3) additional wall signs (“WAL*MART”, “SUPERCENTER”, and “FOOD CENTER”) for a total of 357.18 additional square feet of wall signage.
- On December 5, 1995, the City Commission approved Resolution 95-213, the second amended Development Order for the PBD. The resolution allowed Walmart to construct a 50-foot-tall interstate interchange sign on the site.
- In April of 1996, the Site Plan Review Committee (SPRC) approved a minor modification (SPRC #96-386) to extend a continuous drive aisle throughout the main entrance of the site. The original 1993 site plan contained a landscape and sidewalk island that did not allow continuous driveway access and forced motorists to turn left or right only 320 feet from the intersection of West Granada and Williamson Boulevards. The island created significant traffic problems, including the stacking of cars into the intersection of West Granada and Williamson Boulevards.
- In March of 1999, the Site Plan Review Committee approved a minor modification (SPRC #99-11-680) to allow improvements to curbs (better turning radii for trucks), landscaping, and to add parking lot signage (no overnight parking, tow-away zones, etc.).

- On August 20, 2002, the City Commission approved Resolution 2002-180, the third amended Development Order, which approved a 6,960-square-foot expansion to the existing garden center. The Resolution also approved modifications to the traffic movements at the main entrance of the site for vehicles entering and exiting from West Granada and Williamson Boulevards, eliminating the first three (3) ingress and egress points between the main entrance aisle and the parking lot.
- On December 17, 2002, the City Commission denied a Planned Business Development request to allow the on-site outside storage of trailers, from October 15 to January 2 annually. The purpose of the request was to allow the storage of merchandise during the holiday season.
- On May 12, 2004, the City's Site Plan Review Committee approved a minor modification site plan application (SPRC #03-10-939) that proposed modifications to the existing parking to upgrade the parking lot and make the site more compliant with handicapped accessibility requirements. The site plan also included a landscape betterment plan that ensured that the site's landscaping complied with the city's requirements.
- On August 2, 2005, the City Commission approved the fourth amended Development Order (Ordinance 2005-22), and the property was rezoned from B-8 (Commercial) to PBD, Planned Business Development, reflecting changes in the 2004 Land Development Code. The Development Order allowed the construction of a 3,428-square-foot layaway stockroom expansion between the garden center and the automotive service center, but this was never constructed and has since expired.
- On November 3, 2009, the City Commission approved the fifth amended Development Order (Ordinance 2009-37) that authorized a waiver of 89 parking spaces for internal parking improvements, improvements at the intersection of West Granada and Williamson Boulevards, and architectural improvements to the existing store. These improvements have been constructed and inspected.
- On October 16, 2012, the City Commission approved a Special Exception (Resolution 2012-146) that approved the sixth amended Development Order to allow ten seasonal storage trailers annually from November 1st to January 7th. These trailers are to be placed on the southwest section of the property near the automotive repair area of the store.
- On November 7, 2017, the City Commission approved the seventh amended Development Order (Ordinance 2017-35) authorizing a 5,002-square-foot building expansion of the existing liquor store. The expansion was never constructed and the seventh amendment to the Development Order expired on November 7, 2020.

The application was heard by the Planning Board at the March 13, 2025 meeting. Minutes from this meeting are included in ATTACHMENT 4. Key items discussed included:

1. Overgrowth within the Greenbelt buffer and a desire to clean the buffer area.
2. The proposed chain-link fence with the Greenbelt buffer to prevent unauthorized individuals within the buffer. The Board discussed utilization of a masonry wall.
3. Issues of homelessness within the Greenbelt buffer.
4. Building architecture and a desire for additional architectural attributes.

There have been several meetings with the Walmart project team to address the concerns brought forward at the March 13, 2025 Planning Board meeting. Actions since the Planning Board meeting in March include:

1. Overgrowth within the Greenbelt buffer and a desire to clean the buffer area. There have been a series of on-site meetings to discuss the cleaning of the Greenbelt buffer area. Meetings have included the Walmart project team, Planning Board Chairman, City Landscape Architect, City Arborist, City Police Captain, and City Planning staff. The Walmart project team has performed cleaning within the Greenbelt buffer. There were significant areas of Brazilian pepper trees that required the complete removal which is the cause of the current clearing in the Greenbelt buffer. City staff reviewed the clearing of the Greenbelt buffer in May with the project team. There is additional work in certain areas that is scheduled to further thin out the landscape buffer.

As the Greenbelt buffer was cleaned up, there was a Florida Department of Transportation fence that was noted in a state of disrepair. The Walmart project team, City staff, and staff from the Florida Department of Transportation met on-site to discuss issues within the right-of-way abutting the site. Key outcomes of the meeting included:

- A. The chain-link fence abutting the Walmart property is a Florida Department of Transportation fence required for restricting access to Interstate 95.
- B. The length of the chain-link fence cannot be reduced or pulled back towards Interstate 95.
- C. There is no schedule to replace the existing chain-link fence.
- D. The areas of broken sidewalks from Williamson Boulevard to Interstate 95. The Florida Department of Transportation has repaired the sidewalks in this area.
- E. There was debris and trash within the right-of-way that Florida Department of Transportation contractors have cleaned.

As part of the re-submittal, there is a replanting plan for the Greenbelt buffer which includes new plantings and irrigation. The replanting plan shows Walmart installing a new six-foot green vinyl coated chain-link fence. The existing eight-foot masonry wall is scheduled to be pressure washed and re-painted.

2. Fence or wall in the Greenbelt buffer. For the March 2025 Planning Board meeting, a six-foot green vinyl-coated chain-link fence was proposed within the landscape buffer to restrict access to the Greenbelt buffer on the Walmart property. With the cleaning of the landscape buffer, staff would ask if there is a desire to maintain a fence or wall barrier. The site plans show a six-foot masonry wall from the eight-foot masonry wall abutting the parking to the Florida Department of Transportation six-foot chain-link fence. The applicant is willing to construct this improvement or remove it from the site plan.
3. Issues of homelessness with the Greenbelt buffer. The intent of the cleaning and lifting of the landscape buffer is to provide view corridors for the Police Department. Walmart has engaged a private security company, and the store manager has reported to staff that the buffer area is being checked regularly.
4. Building architecture and a desire for additional architectural attributes.
The applicant has provided revisions to the building architecture and is included in ATTACHMENT 5. Revisions include:
 - A. New color scheme to match a Mediterranean Beach style;
 - B. Addition of stone to the building façade;
 - C. Addition of false windows;
 - D. Addition of shutters;
 - E. Use of arches in the new building addition;
 - F. Integration of landscaping abutting the building; and
 - G. Use of colors to break down the mass of the building.

Exhibit 1: Site Aerial



Exhibit 2: Surrounding Uses with Land Use and Zoning Designations

Direction	Land Uses	Land Use Designation	Zoning Classification
North	Bermuda Estates	"High Density Residential (HDR)"	R-6 (Multi-Family Medium-High Density) with Planned Development Overlay
South	Ormond Towne Square Plaza, Gas Station, Banks, Restaurants	"General Commercial (GC)" and "Tourist Commercial (TC)"	B-8 (Commercial), B-7 (Highway Tourist Commercial), and PBD (Planned Business Development)
East	Business Plaza, Single-Family Homes (Volusia County jurisdiction)	"Residential Office Retail (ROR)," Open Space/Conservation (OS/C), and Volusia County Urban Low Intensity (ULI)	B-10 (Suburban Boulevard), SE (Special Environmental), and Volusia County R-4 (Urban Single-Family Residential)
West	I-95 and Calvary Christian Church	"Tourist Commercial (TC)"	B-7 (Highway Tourist Commercial)

SECTION 3. ANALYSIS:

The project requests to allow the construction of an approximately 5,101-square-foot building addition at the northeast corner of the existing building to expand the store's growing online grocery pickup (OGP) service. This location is the same area that was approved in 2017 for the 5,002-square-foot liquor store expansion which was never constructed. As part of the request, the project will refresh the store's overall appearance by updating signage, completing a landscaping betterment plan, and modifications to the existing parking lot in this portion of the project area.

Exhibit 3: Area Where Building Expansion is Proposed



The proposed project area is an existing paved area with four landscape planters. The existing building for the Walmart store is approximately 202,905 square feet, which includes the 14,160-square-foot garden center as an accessory use. Based upon the proposed square footage of 207,196 square feet, the project would require 828 parking spaces. The site plan demonstrates that 828 parking spaces have been provided.

In 2010 the City adopted the Comprehensive Plan Evaluation and Appraisal Report (EAR) that amended and added Goals, Objectives and Policies. The EAR process added Policy 1.8.3. of the Transportation Element of the Comprehensive Plan that states, "To recognize the availability of transit, on-site parking requirements outside of the Downtown Redevelopment Area shall be reduced by 20% for all development and redevelopment along a recognized Multi-Modal Corridor."

The policy was put into place as part of the City's overall multi-modal transportation strategy to recognize other forms of transportation. The Walmart Supercenter property is located along a Multi-Modal Corridor and has a Votran bus stop and is therefore eligible for the 20 percent parking reduction. Based on the parking calculation analysis provided

by the applicant's design team, the proposed number of spaces after the expansion is 828 spaces and meets the exact parking requirements for the expansion. Utilization of the 20 percent multi-modal reduction would not be needed for this project analysis.

Based on the subject property's Planned Business Development zoning designation, any addition of building square-footage is a major amendment which requires a review and recommendation by the Planning Board and final review and approval by the City Commission. Additionally, since the subject property abuts residential, a neighborhood meeting is required as part of the review process. The project team conducted a neighborhood meeting on Thursday, February 20, 2025, at Calvary Christian Academy. There were approximately 12 individuals in attendance who discussed the following items:

- Current and future traffic flow issues where the expanded online grocery pickup will be located, and the safety of employees who need to traverse the drive aisle.
- Impacts to residents at Bermuda Estates including traffic, accessibility, and lighting.
- Transient population and increased security with a desire to clean up Greenbelt buffer along West Granada Boulevard to reduce locations for potential encampments.
- Beautification of building facade improvements.
- Entrance at Williamson and West Granada Boulevards.

The design team stated that the goal of the improvements is to help alleviate the bottleneck at the existing online grocery pickup area by doubling the number of online only parking spaces which will allow smoother vehicle flow and delivery truck traffic. The store manager stated that all measures would be taken to ensure employee safety and part of their uniform is a reflective vest to ensure visibility. The design team added that additional light poles will be added in this area to ensure added safety measures are provided. They also confirmed the fixtures would meet the City's 20-foot maximum height requirement and have shielding to deflect light impacts to Bermuda Estates. Part of the landscape betterment plan would be adding more vegetation to this area which will reduce lighting impacts as well. The entrance at Williamson and West Granada Boulevards is under the Florida Department of Transportation jurisdiction and no improvements are proposed at this intersection. The design team concluded that part of the project improvements would be repainting the existing building facades to be consistent with the updated Walmart branding, improved ingress/egress site signage, and a Landscape Betterment Plan.

Section 3-67(a) of the Land Development Code details the architectural requirements of the building addition and states:

"The architectural regulations established in this article shall be applicable to the following development, with exemptions listed in subsection (b) of this section:

- (1) Any new development that includes a structure requiring approval of a site plan, as specified in Chapter 1 and Chapter 4, Article I of this LDC.
- (2) Any exterior alteration to any existing structure, the cost of which exceeds fifty percent (50%) of the assessed value of the structure, as shown on the most recent

ad valorem tax assessment roll or an appraisal prepared by a licensed appraiser, shall comply with all regulations of this section to the maximum extent possible as determined by the planning director. The cost of the exterior alteration threshold shall not include interior renovations or maintenance of the exterior of the structure, such as window or roof replacement, with similar materials.

- (3) Any exterior alteration to any existing structure, the cost of which alteration is less than fifty percent (50%) of the assessed value of the structure, as shown on the most recent ad valorem tax assessment roll or an appraisal prepared by a licensed appraiser, shall comply with the architectural requirements of this article for the feature altered, to the maximum extent feasible.”

The Volusia County Property Appraiser’s (VCPA) office website listed the valuation of the existing 205,986-square-foot building to be approximately \$9,607,187.00. The proposed building expansion is not expected to exceed \$4,803,593.50, which is 50 percent of the assessed value. The proposed project would be required to comply with the architectural requirements of this article for the altered building as outlined in subsection (3) above. The existing building is 205,986 square feet and the addition would be approximately 2.3 percent of the building footprint.

As discussed in the Background section of this report, the project has updated the building elevation of the proposed project.

Section 2-36 of the Land Development Code states that in considering an application for a Planned Business Development major amendment, the Planning Board may recommend to approve, approve with conditions, or disapprove on the extent to which the development offers site amenities above that normally found for permitted uses in the district with regard to the following:

- a) **Building form, architecture and appropriateness of materials with regard to long-term maintenance, relation to the surrounding neighborhood, and aesthetics. Architectural drawings shall be approved as part of the Development Order and adhered to in all development phases.**

The proposed 5,101-square-foot building addition is proposed to be consistent with the architectural upgrades approved in 2009. The building elevations are attached with the applicant submitted information in Attachment 5 at the end of the staff report. The applicant has provided revisions to the building architecture and is included in Attachment 5. Revisions include:

- A. New color scheme to match the Mediterranean Beach style;
- B. Addition of stone to the building façade;
- C. Addition of false windows;
- D. Addition of shutters;
- E. Use of arches in the new building addition;
- F. Integration of landscaping abutting the building; and
- G. Use of colors to break down the mass of the building.

b) Landscaping and related site amenities.

Part of the proposed amendment is a Landscape Betterment Plan to ensure that the site is brought up to the City's current landscaping standards. The applicant has been working closely with the City's Landscape Architect to resolve the outstanding landscaping comments from the SPRC review and ensure that a betterment plan is achieved. All outstanding SPRC comments are required to be resolved prior to the issuance of any SPRC approvals or building permits.

There have been a series of on-site meetings to discuss the cleaning of the Greenbelt buffer area. Meetings have included the Walmart project team, Planning Board Chairman, City Landscape Architect, City Arborist, City Police Captain, and City Planning staff. The Walmart project team has performed cleaning within the Greenbelt buffer. There were significant areas of Brazilian pepper trees that required the complete removal which is the cause of the current clearing in the Greenbelt buffer. City staff reviewed the clearing of the Greenbelt buffer in May with the project team. There is additional work in certain areas that is scheduled to further thin out the landscape buffer.

As the Greenbelt buffer was cleaned up, there was a Florida Department of Transportation fence that was noted in a state of disrepair. The Walmart project team, City staff and staff from the Florida Department of Transportation met on-site to discuss issues within the right-of-way abutting the site. Key outcomes of the meeting included:

- A. The chain-link fence abutting the Walmart property is a Florida Department of Transportation fence required for restricting access to Interstate 95.
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- E. There was debris and trash within the right-of-way that Florida Department of Transportation contractors have cleaned.

As part of the re-submittal, there is a replanting plan for the Greenbelt buffer which includes new plantings and irrigation. The replanting plan shows Walmart installing a new six-foot green vinyl coated chain-link fence. The existing eight-foot masonry wall is scheduled to be pressure washed and re-painted.

c) Mitigation of off-site impacts.

The proposed area of the site is already a developed area, but there are proposed lighting installations as part of the site work. These lighting fixtures shall comply with the City's standards and will provide shields on those fixtures in close proximity to the abutting residential.

d) Overall lighting plan, particularly in relation to aesthetics and glare.

Part of the SPRC review and approval is providing a photometric plan that demonstrates compliance with the City's lighting standards. The light fixtures shall

comply with the City's standards and will provide shields on those fixtures near the abutting residential to reduce any glare.

e) Overall signage plan, particularly related to aesthetics and readability.

The proposed project will also incorporate improved ingress/egress signage to ensure a better traffic flow and movement for pedestrian safety. Sheet A2.1 of Attachment 4 includes a detailed signage plan. The signage plan demonstrates that the proposed signage is less than allowed under the 1994 approved Board of Adjustments and Appeals variance and Resolution 94-220. The signage plan shows an overall reduction from the existing on-site signage.

SECTION 4, CONCLUSION:

Sections 1-15(e) and 1-18(e) of the Land Development Code establish the Planning Board and City Commission Development Order criteria. The Land Development Code states that the following criteria shall be considered:

1. The proposed development conforms to the standards and requirements of this Code and will not create undue crowding beyond the conditions normally permitted in the zoning district, or adversely affect the public health, safety, welfare or quality of life.

The application is currently under review by the City's Site Plan Review Committee (SPRC) and shall resolve any outstanding comments prior to any development or building permits being issued. Many of the outstanding comments pertain to the Landscape Betterment Plan. Staff do not believe the project would adversely affect public health, safety, welfare or quality of life. The approximately 5,101-square-foot building addition is a permitted use, and the goal of the proposed expansion is to help alleviate existing parking constraints, refresh the property, and cater to a fast-growing online grocery pickup service. The project has sought to address the specific issues presented at the March 13, 2025 Planning Board meeting including: (1) Greenbelt buffer cleaning and maintenance, (2) fencing/wall within the Greenbelt buffer, (3) replacement of the Florida Department of Transportation fencing, (4) homelessness and security issues, (5) building architecture improvements.

2. The proposed development is consistent with the Comprehensive Plan.

The site has a Future Land Use designation of "General Commercial," which is consistent with the proposed use. The Future Land Use Element states that the "Commercial" land use category is designed, "To provide for the sales of retail goods and services, high density multi-family, professional offices and services, and restaurants, depending on the range of population to be served and the availability of transit."

POLICY 1.2.3. of the Future Land Use Element states that, "Shopping centers shall be located in areas along arterials with secondary access to another collector or arterial street providing convenient access to surrounding residential areas as well as opportunity to facilitate return trips. Such uses shall provide adequate off-street parking and loading spaces; adequate on-site traffic circulation; and be encouraged to incorporate landscaping and other aesthetic amenities in their design."

The retail sale of merchandise is consistent with the "General Commercial" land use category, and the location of the property in relation to arterial and collector roads and adjacent residential provides consistency with the Comprehensive Plan.

- 3. The proposed development will not adversely impact environmentally sensitive lands or natural resources, including but not limited to waterbodies, wetlands, xeric communities, wildlife habitats, endangered or threatened plants and animal species or species of special concern, wellfields, and individual wells.**

The proposed building expansion is located on an existing impervious area of the subject property and will not adversely impact environmentally sensitive lands or natural resources. The expansion will impact existing landscaping islands, but part of the application is a landscape betterment plan to compensate for these removed islands and refresh the existing islands throughout the property.

- 4. The proposed use will not substantially or permanently depreciate the value of surrounding property; create a nuisance; or deprive adjoining properties of adequate light and air; create excessive noise, odor, glare, or visual impacts on the neighborhood and adjoining properties.**

The proposed application for a 5,101-square-foot building addition will not depreciate the value of surrounding properties based on the location abutting roadways. One could argue that the additional square footage could impact the residents of Bermuda Estates; however, the multi-family units were developed after Walmart and the residents of the complex were aware of the commercial use prior to leasing the apartments. Additionally, the applicants will be required to submit a final photometric plan demonstrating that the site improvements and building expansion will not create excessive glare or visual impacts on the adjoining properties. The goal of the expansion is to provide additional areas for the company's growing online grocery pickup area which will be utilized by the residents in the community.

- 5. There are adequate public facilities to serve the development, including but not limited to roads, sidewalks, bike paths, potable water, wastewater treatment, drainage, fire and police safety, parks and recreation facilities, schools, and playgrounds.**

Public facilities currently serve the site and there would be no impact on the existing infrastructure. The proposed expansion requires some utility upgrades that will be reviewed for code compliance by the Site Plan Review Committee. There are no proposed changes to the drive aisles or reduced ability for public safety officers to respond in case of any emergency.

- 6. Ingress and egress to the property and traffic patterns are designed to protect and promote motorized vehicle and pedestrian/bicycle safety and convenience, allow for desirable traffic flow and control, and provide adequate access in case of fire or catastrophe. This finding shall be based on a traffic report where available, prepared by a qualified traffic consultant, engineer or planner which details the anticipated or projected effect of the project on adjacent roads and the impact on public safety.**

The proposed addition did not constitute the need for a traffic report or analysis. There are no proposed changes to the drive aisles or reduced ability for public safety officers to respond in case of any emergency. Part of the proposed site improvements includes updated signage for ingress/egress and increased pedestrian safety.

7. The proposed development is functional in the use of space and aesthetically acceptable.

The project proposes utilizing an existing paved area with four landscape planters. The expansion will impact existing landscaping islands, and part of the application is a landscape betterment plan to compensate for these removed islands and refresh the existing islands throughout the property to ensure a functional use of space that is aesthetically pleasing. The site plan exhibit is functional and matches the existing building architecture.

8. The proposed development provides for the safety of occupants and visitors.

The submitted site plan exhibit indicates safe movement on the site for occupants, employees, and visitors.

9. The proposed use of materials and architectural features will not adversely impact the neighborhood and aesthetics of the area.

The building addition is consistent with the existing building and will not adversely impact the abutting properties or the aesthetics of the area. The Land Development Code details the architectural requirements for building expansions, and the project complies with these conditions.

10. The testimony provided at public hearings.

The application was heard by the Planning Board at the March 13, 2025 meeting which the minutes are included in Attachment 4. Key items discussed included:

1. Overgrowth within the Greenbelt buffer and a desire to clean the buffer area.
2. The proposed chain-link fence with the Greenbelt buffer to prevent unauthorized individuals within the buffer. The Board discussed utilization of a masonry wall.
3. Issues of homelessness within the Greenbelt buffer.
4. Building architecture and a desire for additional architectural attributes.

SECTION 5. RECOMMENDATION:

It is expected that the application will be reviewed by the City Commission on August 19, 2025 (1st reading) and September 3, 2025 (2nd reading). It is recommended that the Planning Board **APPROVE** the application for an 8th Amendment to the development order for the Planned Business Development for an approximately 5,101-square-foot building addition for Walmart Supercenter at 1521 West Granada Boulevard, subject to the resolution of all outstanding Site Plan Review Committee comments. The project team has worked to address comments presented on the March 13, 2025 Planning Board. These items include (1) Greenbelt buffer cleaning and maintenance, (2) fencing/wall within the Greenbelt buffer, (3) replacement of the Florida Department of Transportation fencing, (4) homelessness and security issues, (5) building architecture improvements.

Attachments:

Attachment 1: Site Maps and Pictures

Attachment 2: Site Plan Review Committee (SPRC) outstanding comments

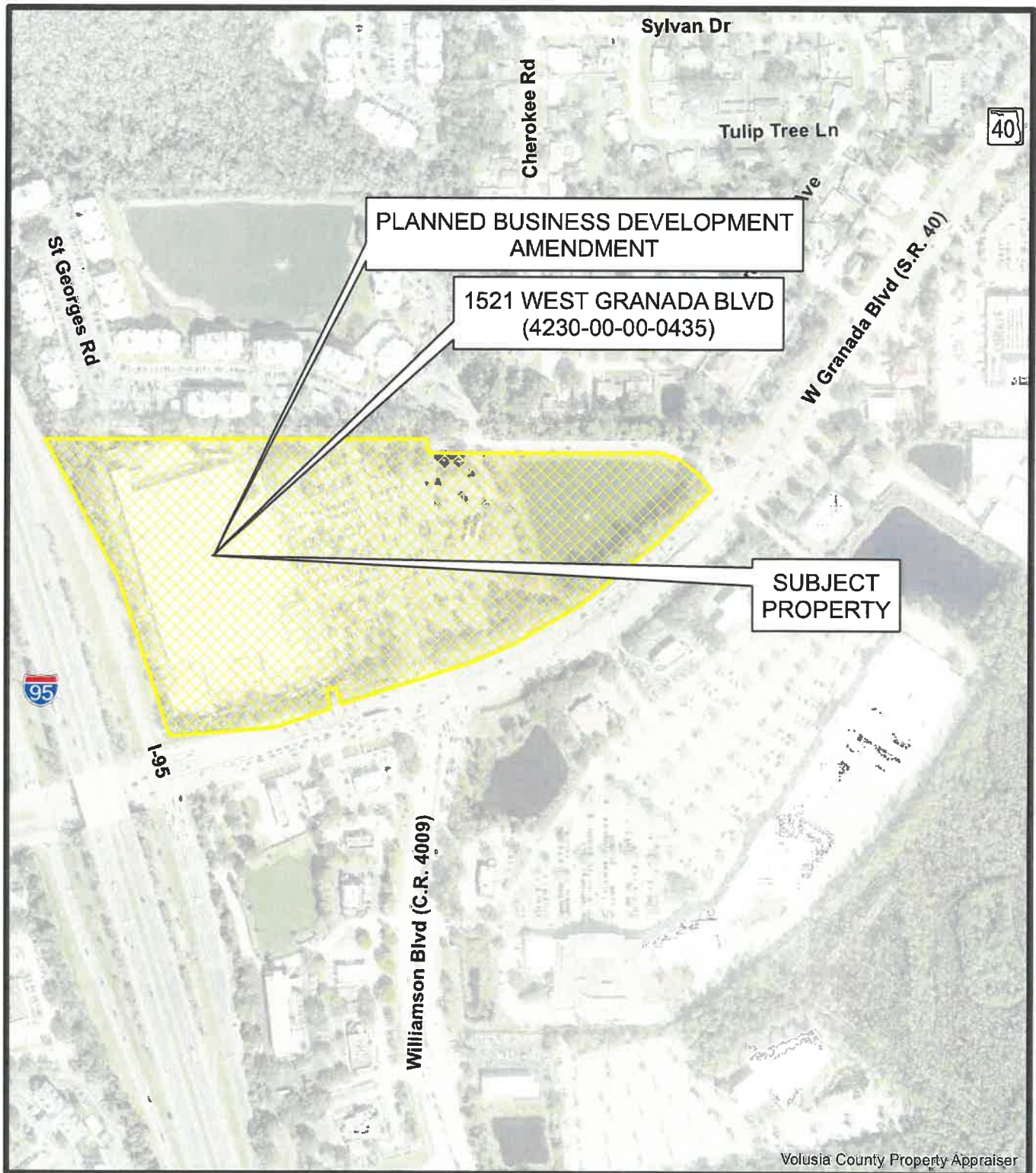
Attachment 3: Neighborhood Meeting summary

Attachment 4: March 13, 2025 Planning Board minutes

Attachment 5: Applicant submitted information

ATTACHMENT 1

Site Maps and Pictures

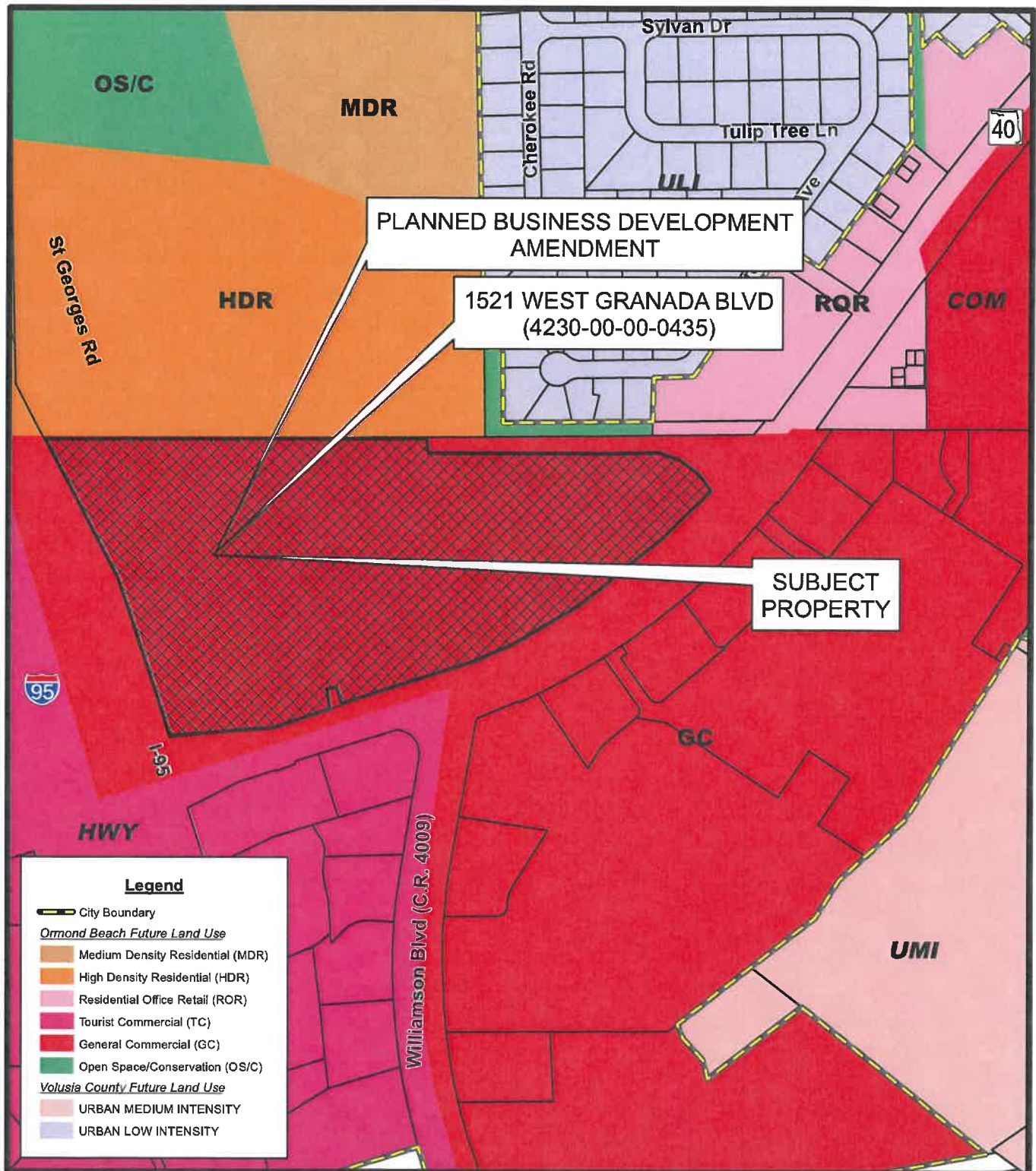


**AERIAL MAP
1521 WEST GRANADA BLVD
(WALMART)**

Prepared By: The City of Ormond Beach
G.I.S. Department - February 19, 2025

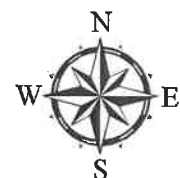


N.T.S.

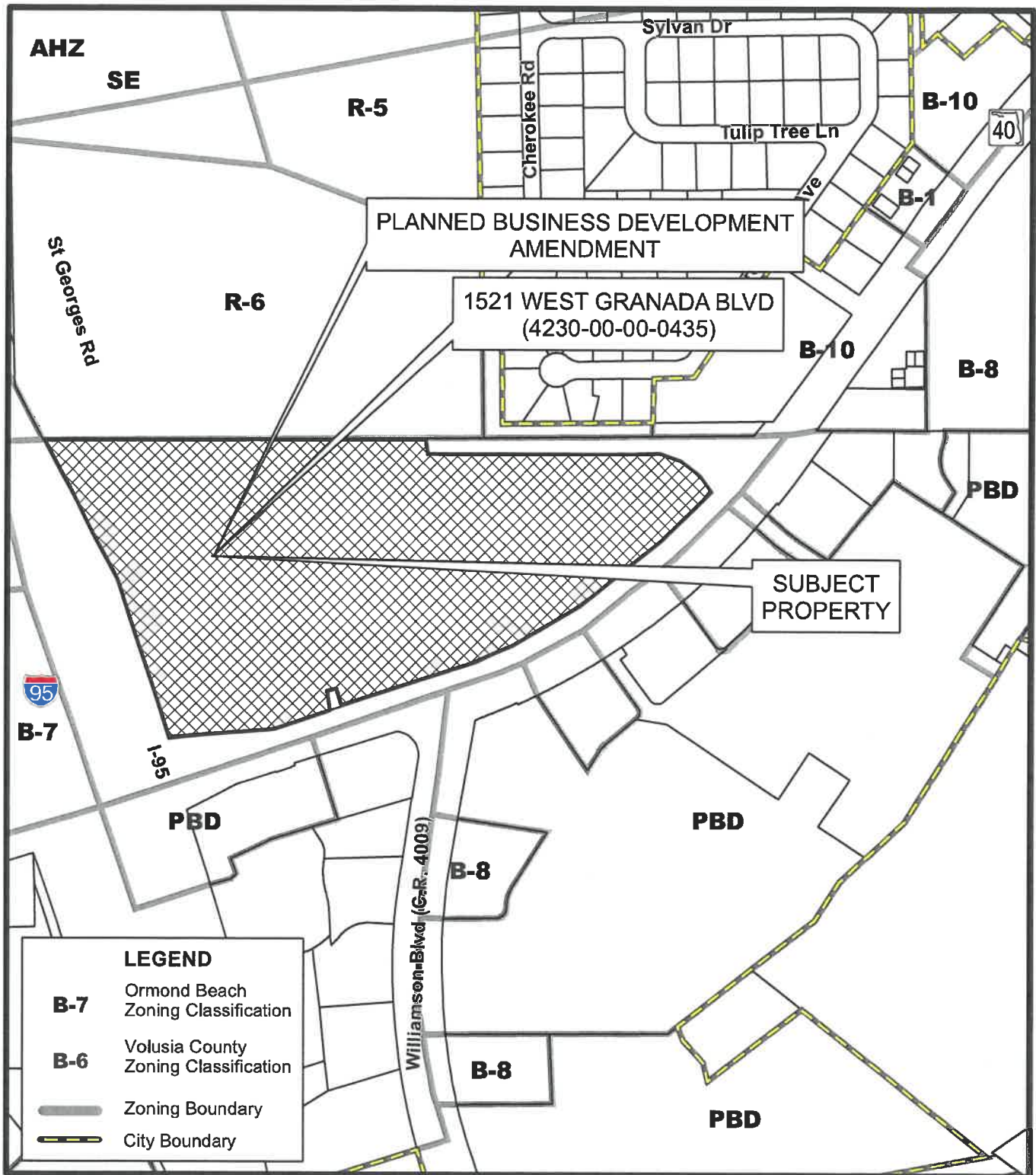


**FUTURE LAND USE MAP
1521 WEST GRANADA BLVD
(WALMART)**

Prepared By: The City of Ormond Beach
G.I.S. Department - February 19, 2025

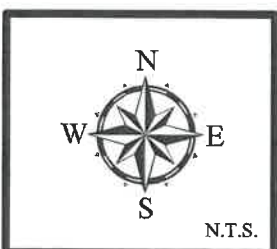


N.T.S.



ZONING MAP
1521 WEST GRANADA BLVD
(WALMART)

Prepared By: The City of Ormond Beach
 G.I.S. Department - February 19, 2025





Building Expansion Area



Market Entrance



Building Facade



Home & Pharmacy Entrance









ATTACHMENT 2

**Site Plan Review
Committee (SPRC)
outstanding comments**

PLAN CORRECTIONS REPORT (SPRC-2024-000053)

eReview Session for SPRC Review v.3

FILES: 002-SK-BUILDING ELEVATIONS-00613.pdf
 00613.276 Ormond Beach, FL - Combined set .pdf
 00613_Ormond FL _ PR1_Narrative.pdf
 2025-01-09_RTC Comments Site Plan Ormond Beach W131180.2 full Civil.pdf
 BaileyBenjaminDigitalSignatureForm.pdf
 Digital-Signature-form_Arch.pdf
 Digital-Signature-form-Refrig.pdf
 W131180.2 - Greenbelt Landscape.pdf
 W131180.2 - Landscape Plan-LG1.1.pdf
 W131180.2 - Landscape Plan-LG1.2.pdf

REVIEWER	MARKUP	DATE/TIME	FILE NAME	PG #
Cara Culliver	Plant Schedule: - All multi-trunked trees need to have a combined 6" caliper, please revise MC & IV. - Please give the height and spread for all plant materials. The MC1 & TF would have a 24" height. - The SS not sure this is going to perform here as it likes salty beach environments, please revise.	06/23/2025 1:44 pm	W131180.2 - Greenbelt Landscape.pdf	1
Cara Culliver	- Add mulch specification & also to be a 3" depth. The requirement isn't based off of inches but tree count, please revise	06/23/2025 1:51 pm	W131180.2 - Greenbelt Landscape.pdf	1
Cara Culliver	6 trees @ 2.5" caliper = (1 tree credit) = 6 trees 16 multi-trunked trees (2 tree credits) = 32 trees 4 trees @ 3.5" caliper = (2 tree credits) = 8 trees Existing Trees = 4 trees TOTAL TREES PROVIDED = 50 Trees	06/23/2025 1:52 pm	W131180.2 - Greenbelt Landscape.pdf	1
Cara Culliver	Please state the design is using understory trees due to the existing overhead powerlines	06/23/2025 2:01 pm	W131180.2 - Greenbelt Landscape.pdf	1
Cara Culliver	REMOVE THIS SHEET AS IT'S REDUNANT	06/23/2025 2:09 pm	W131180.2 - Landscape Plan-LG1.1.pdf	1

PLAN CORRECTIONS REPORT (SPRC-2024-000053)

Cara Culliver	- The planting design shall be a tiered planting with high plant materials in the background and then stepping down to low shrubs and then to ground covers.	06/23/2025	2:10 pm	W131180.2 - Landscape Plan-LG1.2.pdf	1
	- Please use hardy plant materials such as Purple Society Garlic, Dwarf Yaupon Holly.				
	- Consider shrubs in a massing instead of linear/single rows. Please use curvilinear planting beds would look more natural.				
Cara Culliver	3,707.19 sf	06/23/2025	2:17 pm	W131180.2 - Landscape Plan-LG1.2.pdf	1
Cara Culliver	Provided Only 3,707 SF, requirement not met	06/23/2025	2:18 pm	W131180.2 - Greenbelt Landscape.pdf	1
Cara Culliver	- Please provide an irrigation plan and with connection to existing system. Include irrigation details 14A & 14B.	06/23/2025	2:23 pm	W131180.2 - Landscape Plan-LG1.2.pdf	1
	- Please provide "city" planting details.				
Cara Culliver	Show the existing wall & where it ends	06/24/2025	1:17 pm	W131180.2 - Greenbelt Landscape.pdf	1
Cara Culliver	Remove plantings as this doesn't apply to this drawing	06/24/2025	1:17 pm	W131180.2 - Greenbelt Landscape.pdf	1
Cara Culliver	Remove plantings as this doesn't apply to this drawing	06/24/2025	1:18 pm	W131180.2 - Greenbelt Landscape.pdf	1
Cara Culliver	Remove leaning tree is here	06/24/2025	1:24 pm	W131180.2 - Greenbelt Landscape.pdf	1
Cara Culliver	OAK	06/24/2025	1:25 pm	W131180.2 - Greenbelt Landscape.pdf	1
Cara Culliver	Holly is a Cherry Laurel	06/24/2025	1:26 pm	W131180.2 - Greenbelt Landscape.pdf	1
Cara Culliver	Continue plantings to here	06/24/2025	1:33 pm	W131180.2 - Greenbelt Landscape.pdf	1
Cara Culliver	Add screening hedge at 24" height min. (pink line)	06/24/2025	1:34 pm	W131180.2 - Greenbelt Landscape.pdf	1
Cara Culliver	(3) Palms	06/24/2025	1:37 pm	W131180.2 - Greenbelt Landscape.pdf	1
Cara Culliver	Cherry Laurel	06/24/2025	1:37 pm	W131180.2 - Greenbelt Landscape.pdf	1
Cara Culliver	Remove plantings as they don't apply to this drawing	06/24/2025	1:40 pm	W131180.2 - Landscape Plan-LG1.2.pdf	1
Cara Culliver	- Please show the existing wall & where it ends	06/24/2025	1:40 pm	W131180.2 - Landscape Plan-LG1.2.pdf	1
Cara Culliver	Plant this area, see comments on previous drawing	06/24/2025	1:41 pm	W131180.2 - Landscape Plan-LG1.2.pdf	1
Cara Culliver	Remove tree stumps in plantable areas	06/24/2025	1:44 pm	W131180.2 - Greenbelt Landscape.pdf	1
Cara Culliver	- Add note that the existing Viburnum hedge will be boxed into a neat appearance	06/24/2025	1:45 pm	W131180.2 - Greenbelt Landscape.pdf	1
Cara Culliver	Move proposed Oak away from site lighting	06/24/2025	1:55 pm	00613.276 Ormond Beach, FL - Combined set .pdf	145
Cara Culliver	Appears the plant schedule was cut off, please provide complete planting schedule showing plant specifications	06/24/2025	1:59 pm	00613.276 Ormond Beach, FL - Combined set .pdf	145
Cara Culliver	All landscape islands need 2 types of plant materials, shrubs & ground covers. Place ground covers in the front of the landscape island.	06/24/2025	2:17 pm	00613.276 Ormond Beach, FL - Combined set .pdf	145
Cara Culliver	Plant this area	06/24/2025	2:59 pm	00613.276 Ormond Beach, FL - Combined set .pdf	145
Cara Culliver	Plant the tips.	06/24/2025	3:00 pm	00613.276 Ormond Beach, FL - Combined set .pdf	145
Cara Culliver	No VO or tall shrubs in the front of landscape islands, only ground covers, please revise	06/24/2025	3:04 pm	00613.276 Ormond Beach, FL - Combined set .pdf	145
Cara Culliver	Per previous comment, add another LI here	06/24/2025	3:06 pm	00613.276 Ormond Beach, FL - Combined set .pdf	145
Cara Culliver	All #2, show what you are planting for the island tips	06/24/2025	3:12 pm	00613.276 Ormond Beach, FL - Combined set .pdf	147
Cara Culliver	Label existing trees	06/24/2025	3:14 pm	00613.276 Ormond Beach, FL - Combined set .pdf	145
Cara Culliver	ALL landscape island tips to be planted with ground covers (TYP.)	06/24/2025	3:14 pm	00613.276 Ormond Beach, FL - Combined set .pdf	149
Cara Culliver	ALL landscape island tips to be planted with ground covers (TYP.)	06/24/2025	3:15 pm	00613.276 Ormond Beach, FL - Combined set .pdf	148
Cara Culliver	Key out ALL proposed trees (TYP.)	06/24/2025	3:16 pm	00613.276 Ormond Beach, FL - Combined set .pdf	147

PLAN CORRECTIONS REPORT (SPRC-2024-000053)

Cara Culliver	Key out ALL proposed trees (TYP.)	06/24/2025	3:16 pm	00613.276 Ormond Beach, FL - Combined set .pdf	148
Cara Culliver	Label existing trees to remain (TYP.)	06/24/2025	3:17 pm	00613.276 Ormond Beach, FL - Combined set .pdf	148
Cara Culliver	No VO within interior landscape islands, use a low shrubs such as Dwarf Yaupon Holly, White Indian Hawthorn etc...	06/24/2025	3:17 pm	00613.276 Ormond Beach, FL - Combined set .pdf	148
Cara Culliver	Low shrubs in the background with ground covers in the front	06/24/2025	3:19 pm	00613.276 Ormond Beach, FL - Combined set .pdf	148
Cara Culliver	All landscape islands require a tree (3.5" caliper min.), shrubs & ground covers	06/24/2025	3:20 pm	00613.276 Ormond Beach, FL - Combined set .pdf	148
Cara Culliver	See previous comment	06/24/2025	3:22 pm	00613.276 Ormond Beach, FL - Combined set .pdf	148
Cara Culliver	Key out proposed trees on all sheets	06/24/2025	3:24 pm	00613.276 Ormond Beach, FL - Combined set .pdf	149
Cara Culliver	See previous comment	06/24/2025	3:24 pm	00613.276 Ormond Beach, FL - Combined set .pdf	149
Cara Culliver	Monument sign planting needs to be upgraded (missing plants etc..)	06/24/2025	3:25 pm	00613.276 Ormond Beach, FL - Combined set .pdf	149
Cara Culliver	See previous comments as those apply to this sheet also.	06/24/2025	3:27 pm	00613.276 Ormond Beach, FL - Combined set .pdf	150
Cara Culliver	All landscape islands require a tree (3.5" caliper min.), shrubs & ground covers	06/24/2025	3:27 pm	00613.276 Ormond Beach, FL - Combined set .pdf	150
Cara Culliver	If trees are existing they should be shown with a dashed circle & label tree type	06/24/2025	3:29 pm	00613.276 Ormond Beach, FL - Combined set .pdf	148
Cara Culliver	specify mulch type	06/24/2025	3:32 pm	00613.276 Ormond Beach, FL - Combined set .pdf	151
Cara Culliver	Remove soil note, as bring in 8" inches of soil under existing trees is a detriment	06/24/2025	3:36 pm	00613.276 Ormond Beach, FL - Combined set .pdf	152
Cara Culliver	Remove cross out information	06/24/2025	3:39 pm	00613.276 Ormond Beach, FL - Combined set .pdf	152
Cara Culliver	Add irrigation note, that irrigation head layout will achieve 100% coverage & 50% overlap.	06/24/2025	3:40 pm	00613.276 Ormond Beach, FL - Combined set .pdf	153
Cara Culliver	Use low shrubs in the middle of landscape islands	06/24/2025	3:44 pm	00613.276 Ormond Beach, FL - Combined set .pdf	145
Cara Culliver	Low shrubs in the middle of landscape islands	06/24/2025	4:00 pm	00613.276 Ormond Beach, FL - Combined set .pdf	147
Steven Spraker	The submittal includes the building plans for the project. Please note that the building plans have not been reviewed as part of the site plan review. There is an early review option for the building permit review if the project is interested.	06/25/2025	7:16 pm	00613.276 Ormond Beach, FL - Combined set .pdf	1
Steven Spraker	Note: Planned Business Development amendment requires approval by the City Commission prior to final Site Plan Review Committee approval.	06/25/2025	7:26 pm	00613.276 Ormond Beach, FL - Combined set .pdf	125
Steven Spraker	On the landscape buffer replanting plan, staff noted the inclusion of the masonry wall requested at the Planning Board meeting in March. In the city staff report, staff will seek direction if the masonry wall is still desired with the lifting of the landscape buffer.	06/25/2025	7:43 pm	W131180.2 - Greenbelt Landscape.pdf	1

ATTACHMENT 3

Neighborhood Meeting summary



500 West Fulton Street
Sanford, FL 32771
Phone: 407.322.6841
info@cphcorp.com

February 24, 2025

Planning Department
City of Ormond Beach
22 South Beach Street
Ormond Beach, FL 32174

RE: Walmart Store #00613 - Ormond Beach, FL: Neighborhood Meeting Notes

Dear Ms. Motes,

Below is the summary of discussions during the Neighborhood Meeting on February 20, 2025 as recorded by CPH Consulting, LLC., and responses provided to the public on behalf of Walmart Stores East, Inc.

1. **Subject:** Online Pickup parking space locations.

Discussion: Truck route for delivery trucks crosses associate path from proposed expansion to Online Pickup parking spaces. Is this safe for associates?

Response: According to the Store Manager, Walmart associates are required to always wear safety vests when delivering groceries to vehicles. Additionally, the Civil Engineer has conducted a photometric study to identify dark spots in the parking area, and additional light poles are being installed to address these concerns. Appropriate markings and signage will also be provided to enhance associate safety. Lastly, Walmart Logistics teams are trained in safety practices and educated on the operations of the Stores they service. Best practices for safety company-wide are communicated, monitored and updated regularly.

2. **Subject:** Vagrants on Walmart site.

Discussion: How does Walmart plan to address the issues with vagrants on Walmart property?

Response: The Store Manager is partnered closely with Ormond Beach Police and has signed a Trespass Agreement with the City Police Department, allowing officers to remove vagrants from the site. Additionally, "No Overnight Parking" signage has been installed in compliance with city ordinances. Commissioner Kristin Deaton of Ormond Beach (Zone Three) attended the meeting and expressed support for reducing (cleaning and thinning under story growth) landscaping along Granada Blvd to reduce locations for potential encampments.

3. **Subject:** Entrance from Granada Blvd.

Discussion: There is a “dip” in the road turning into the site from Granada Blvd.

Response: CPH is currently evaluating the grading at this location to ensure compliance with FDOT standards. The reported dip in the road is located within the right-of-way of Granada Blvd and appears to be a ‘valley-gutter’ typically used to convey drainage from the intersection. It was likely a FDOT improvement on Granada Blvd. and something that FDOT would likely need to address to alter.

4. **Subject:** Beautification of Building Façade.

Discussion: How is this project going to beautify the existing façade of the building?

Response: This meeting focuses on the building expansion, which includes architectural enhancements such as arches and a new paint scheme that aligns with updates to the existing building’s paint and signage. Walmart is investing millions of dollars into a complete remodel of this location, aiming to create the store’s “second best day.” Updates will include refreshed finishes, furnishings, and equipment throughout the store. The façade improvements will feature fresh paint, new signage, and enhanced architectural details to improve curb appeal, making the store more inviting for Ormond Beach residents.

5. **Subject:** Site Lighting.

Discussion: Are the new light poles going to affect the neighborhood behind the expansion?

Response: The new light poles are designed with glare guards and shields to direct light toward the parking area and away from the adjacent neighborhood. A photometric study confirms that the lighting design prevents unnecessary glare. Additionally, the study does not factor in the site wall and dense vegetation buffer separating the neighborhood from the parking area, both of which will provide additional light screening.

Very respectfully,
CPH Consulting, LLC.



Joshua G. Sleeter
Project Manager

ATTACHMENT 4

Mach 13, 2025 Planning Board Minutes

Mr. Jorczak moved to approve the February 13, 2025 Minutes. Mr. Scudiero seconded the motion. The minutes were unanimously approved (4-0).

VI. PLANNING DIRECTOR'S REPORT

There was no Planning Director's report.

VII. PUBLIC HEARINGS

A. PZ-2025-134, Planned Business Development (PBD) Amendment, 1521 West Granada Boulevard, Walmart Supercenter

Mr. Steven Spraker, Planning Director, explained that this an application for a Planned Business Development (PBD) to amend the development order for the Walmart Supercenter to allow the construction of an approximately 4,752-square-foot building expansion to the online grocery pickup service area at 1521 West Granada Boulevard. He stated that the last approval was in 2017 for a 5,000-square-foot expansion that never occurred. Mr. Spraker displayed the location of the property and the building expansion area and added that there are improvements to the parking islands to accommodate the online service area.

Mr. Spraker continued that there was a neighborhood meeting on February 20, 2025 and there were two key topics: (1) transient population and increased security with a desire to clean up the Greenbelt buffer along West Granada Boulevard to reduce locations for potential encampments and (2) beautification of building facade improvements. He showed pictures of West Granada Boulevard and stated that the intentions are to (1) remove vegetation overgrowth within the right-of-way, (2) remove dead material from Williamson Blvd. to I-95, and (3) trim existing landscape vegetation. Mr. Spraker stated that there is a recommendation to allow a 6'-vinyl coated chain-link fence that would connect to the existing wall and the Florida Department of Transportation (FDOT) fence in the Greenbelt buffer to limit access to the landscaping area. A gate would be implemented for store employees and police to enter.

Mr. Spraker displayed pictures of the existing building façade. He explained that the Land Development Code (LDC) states that improvements less than the 50 percent of the assessed value of the structure shall comply with the architectural requirements of this article for the feature altered to the maximum extent feasible. Mr. Spraker stated that the Volusia County Property Appraiser's office website listed the valuation of the existing building to be approximately \$9,607,187.00. The proposed building expansion is not expected to exceed \$4,803,593.50 which is 50 percent of the assessed value.

Mr. Spraker stated that the Site Plan Review Committee (SPRC) is recommending approval subject to the outstanding review comments. He concluded that staff recommends approval of the PBD amendment.

Applicant's Presentation

Mr. Jeff Mallard, CPH Consulting, the architectural and engineering firm working with Walmart, spoke on the expansion due to the online purchasing demand since COVID for online purchasing and pickup.

Mr. Gentry stated that he wants to make sure that the chain-link fence information in the packet that was intended to be vinyl-coated fencing is included in the improvements.

Mr. Glen Wilkins, Walmart Public Affairs/Government Relations, responded that it was just brought to his attention, and he cannot say yes or no as he does not have the authority, but said that it seems like a reasonable request and does not see a problem with it.

Mr. Gentry commented that he attended the neighborhood meeting and that there was discussion on improving the whole façade of the Walmart. He added that it was also a topic at the City Commission meeting and asked if there was an update on it.

Mr. Wilkins replied that the company still has conversations to be had on it and does not have an answer tonight.

Chairman Thomas opened it up to the Board.

Board Questions

Mr. Jorczak inquired about the chain-link vinyl fencing. Mr. Spraker clarified that it is a green vinyl coated chain-link fence to blend in with the existing area and Greenbelt buffer to be a barrier for individuals. It is a 6'-galvanized chain-link fence with a green vinyl coating on it.

Mr. Scudiero asked if there was consideration of a masonry wall. Mr. Spraker responded that the goal is to blend into the landscaping and if the Board believes that a masonry wall is appropriate, it can be recommended.

Mr. Scudiero spoke on the homelessness issue and how it sounds like there was not too much effort put into reporting and policing the area. He asked if more effort would be put forth in enforcing the problem.

Mr. Mark Rogers, Store Manager, Walmart Supercenter, explained that he has collaborated with the police and that they have signed an agreement where if the police see someone in that area, they have the right to trespass them without the manager having to be present. Mr. Rogers commented that it is an ongoing thing in Florida. He said they will be working on it daily. They have multiple calls into the police to curtail the situation.

Mr. Scudiero stated that being that the store is next to the interstate that it brings vagrants, which was also discussed in the neighborhood meeting along with other valid comments.

Mr. Rogers added that in his conversations with the Chief of Police that it was also suggested to remove the vegetation and leave the bigger trees so that there are no places to hide in that area. The area is continuously monitored and reported to law enforcement for removal from the property.

Mr. Scudiero commented that the Planning Board has made a firm stance in opposing chain-link fences.

Mr. Wilkins responded that they will take specific information forward from the Planning and Zoning Board and City Commission. He spoke about the homelessness and how they partner with the police as there have been aggressive issues in the past with store associates and the homeless.

Chairman Thomas asked for clarification on the applicant's answer on if Walmart's headquarters will allow for a fence. Mr. Wilkins replied that he does not have the ability to say yes and that he would need to take it to upper management.

Attorney Hayes explained to Chairman Thomas that he has the authority to approve it with reasonable conditions in regards to the type of fencing or wall. The item can be tabled to another meeting, giving the applicant time to talk to Walmart representatives.

Chairman Thomas stated that he has spent a lot of time with big-box stores in Ormond Beach and that what they say and what they say that they are going to do, they do not do, leaving him skeptical.

Attorney Hayes continued that the conditions that are made as part of an approved development order are ultimately decided on by the City Commission as the final decision maker and are enforceable through Code Enforcement. A challenge is not having enough code enforcement officers for all of the violations that occur within the 42-square-mile boundaries of the city. Attorney Hayes explained that there is a process for it.

Mr. Gentry asked Mr. Spraker about the fence and the cleaning out to Interstate 95 in the buffer and if it will be required along with the approval of the packet and go in the packet material, and if they are the only things that would be in that category, the chain-link fence, the wall, and buffer clearing that staff recommended. Mr. Spraker responded that the application is not seeking any variances. The direct result of the neighborhood meeting was the buffer issue. There was correspondence clarifying that there were no objections from Walmart and CPH. Mr. Spraker stated that if the Planning Board feels that a masonry wall is more reasonable than a chain-link fence, it is within their purview. Staff and the project professional engineer's goal was to hide the chain-link fence in the buffer. That is staff's recommendation for approval. Mr. Spraker concluded that the Planning Board can alter the fencing if they desire to.

It was discussed that the building architecture was the other outstanding item and staff can only enforce what is in the LDC.

Chairman Thomas inquired about a picture of the wall inside of the right-of-way. Mr. Spraker clarified that the picture displayed overhead was in the parking lot area, on Walmart property where the wall abuts the parking lot by the garden and automotive center, where individuals are going through. Mr. Spraker stated that it is the Greenbelt buffer and is a natural preservation area, the reason for not recommending removal completely. He explained that part of the conditions is to get it back on Walmart property.

Chairman Thomas pointed out that the wall has not been maintained aesthetically and asked if there are provisions for maintaining it. Mr. Spraker replied that there is a development order condition.

Mr. Jorczak inquired if the expansion is going to be for liquor store capability as well, or if it was for grocery operations only. Mr. Spraker clarified that it is for the grocery store due to the intense demand for that service and for both site improvements and building construction.

Audience Comments

Ms. Connie Colby, 108 Roble Lane, stated that she understood that a lot of people need personal shoppers and added that concurrently with the Walmart expansion and its pick-up shopper program, she requests that something be done about inside of the store. Ms. Colby continued that the store was not meant for having the in-store shoppers with high stacks of barrels inside of their carts as they shop for others. She added that they cannot see where they are going and are bumping into people in the narrow aisles as it was not meant for that type of shopping. She compared the Ormond Beach Walmart to other Walmarts and stated that it is outdated, and that Ormond Beach deserves more. Ms. Colby asked for consideration of the frequent shoppers.

Ms. Amber Bobak, 397 Collins Street, suggested instead of adding building space to renovate the inside of the store. She added that the Greenbelt buffer needs cleaning up, and that the registers inside are taking up space and not being used due to self-checkout.

Mr. Troy Kent, 130 Magnolia Drive, elaborated on how he is a fan of Walmart, as they employ local people, have American-made products, and have the capability of buying fishing gear, socks, donuts, and a tire all in the same trip. He continued that they have competitive pricing. Mr. Kent added that his father told him, "If you do not have expectations for your children, you will never be disappointed." Mr. Kent told the Planning Board that if they do not have any expectations for Walmart and big-box stores, that they will never be disappointed.

Mr. Kent referenced the pictures of the Walmart property that were shown overhead and stated that the Greenbelt buffer pictures were an absolute failure. The wall has not been maintained, and he recommends that Walmart redo the Greenbelt buffer area and put in palm trees, similar to that of what the City put in across the street at the base of the Granada Bridge at ten to twenty thousand dollars apiece. Mr. Kent stated that Walmart is one of the richest companies in the world and asked why Ormond Beach has one of the ugliest Walmarts. He added that it has been there for 36 years. He remarked that Walmart can be a hero and expressed his disappointment in them not sending anyone that can make a decision. Mr. Kent referenced the façade of the building and said that it is time to make the Ormond Beach Walmart the best in the State of Florida and urged the Board to google beautiful looking Walmarts such as the one located in Washington D.C. He stated that he would recommend denial until they have concrete answers. Mr. Kent suggested that if Walmart came back to the Board with a real plan that stated what they want to do, adding the benefits of redoing the Greenbelt buffer, and clean-up of the cigarette butts, proper irrigation and landscaping maintenance of it. Mr. Kent concluded that he is hopeful for the residents of Ormond Beach that Walmart talks to the powers-to-be that make decisions and that the applicants tell them that they have to bring their A-game to Ormond Beach.

Chairman Thomas brought it back up to the Board.

Mr. Jorczak stated that he prefers masonry walls and regular maintenance for them, especially in that area with transients and suggested maximum height for security purposes. He added that the City spent a lot of money on State Road 40 in upping the Greenbelt buffer and Ms. Peggy Farmer did a lot of work on U.S. Highway 1 for the Interstate 95 appearance into the City. Mr. Jorczak continued that the subject area needs attention on both sides of Interstate 95. He concluded that he concurs with Mr. Kent's comments and that it is an opportunity to exceed the standard code to meet, and that Walmart should be updated internally and externally. Mr. Jorczak concluded that it is his position with respect to all development in Ormond Beach.

Mr. Gentry asked about the best process and if the conditions should be listed or if it should be tabled to allow the applicant to come back with items identified by the Planning Board.

Mr. Scudiero commented that when the Planning Board makes a recommendation that includes a change that was not contemplated or included in the Board packet, conditions can be considered as part of the approval. He said that the difference with the subject matter is that there are a lot of concerns. Mr. Scudiero stated that his recommendation is going to be denial with a list of things that are valid concerns from the community and Board, and to ask Walmart to come back with something better. He directed his remarks to the Walmart applicants, reiterating that they are the gateway on Granada Boulevard, and are not being held to any higher standard than any other gateway into the city. He stated that the Board will be skeptical of those parcels that are primed for redevelopment at some point that do not go above and beyond the approved situation. Mr. Scudiero added that the wall is poorly kept and would like to see a masonry wall with an improved Greenbelt buffer so that there is no need for a green chain-link fence to blend in because the entire presentation will look better when pulling off of Interstate 95 into the city for possibly the first time ever.

Mr. Scudiero continued that he does not agree with the handling of the vagrants and thinks that Walmart can do more. Walmart has a strict policy on shoplifters where those confrontations can get ugly and that the store employees are trained to handle and deal with it. What happens in the parking lot and in the buffer to Granada Boulevard should not be different. Mr. Scudiero recommends denying it and explained that he would like to see them come back with something better than what the Board is seeing today.

There was question as to if there are plans for a police officer station at Walmart. Mr. Spraker replied that at one time there may have been a substation but that there are no police officers stationed there at this time.

Attorney Hayes explained that there is an opportunity to identify the areas of concern by letting the applicant know what improvements the Board would like to see in a revision and continue the item to another meeting in order to allow the applicant to go back and take a fresh look at it. The City Commission would then have the benefit of the valued Planning Boards thought process as the applicant potentially revises the application and moves up the chain to the City Commission. Attorney Hayes added that if it is to be denied outright, they will not have that benefit. He expounded upon conditions that could be added, including the continued maintenance of the fence, wall, and buffer.

Attorney Hayes referenced homelessness and vandalism in the city in general, and it was said that city staff will work with the private property owner and enter into an agreement with them that allows the city to enforce some trespassing laws without them having to initiate it. He added that if the Board believes as a condition of approving the expansion that they would need to freshen the look of the facade, it could be a reasonable condition to request as a condition that the façade on the rest of the property also be done and then continue the item for a certain date or indefinitely until the applicant brings back a fresh plan.

Applicant's Response

Mr. Mark Rogers, Store Manager, Walmart Supercenter, stated that a couple of years ago the vegetation area was brought to the police department and the City and he was told not to trim or clear any of it and to leave it natural. Captain Roos also wanted to clean it up but was told not to touch it because nothing was to be visible off of Interstate 95. Mr. Rogers explained that past the lift station there are new hedges that were put in three years ago. He stated that the maintenance team can trim and clean it up and that the overgrown area was planted and left unmanicured on purpose.

Mr. Spraker agreed with Mr. Rogers and added that the city Landscape Architect, in reviewing the plans directed this to be a natural area. It is a fine line to get the landscaping back on the property line, trim it and discard of the dead material. If too much is cleared it will have to be replanted per the Greenbelt buffer requirement and add irrigation.

Mr. Kent advised the Planning Board that they are the most powerful Board in Ormond Beach and the City Commission listens to recommendations made. He directed his comments to the Board and suggested that it is time to clean out the buffer area, add irrigation, and suggested adding beautiful Medjool palm trees and plants, as address the wall and maintenance of it.

Mr. Kent told Mr. Scudiero that he agreed with him and also suggests that a minimum of two Walmart employees work the area and go out there every four or six hours together and be trained, and call the police. He added that they would not have to interact and deal with it. He stated that when it happens at Granada Plaza and the old Winn Dixie Plaza, call the police.

Mr. Kent continued that he shopped at the Ormond Walmart with his parents and got his first wrestling figures there. He stated that in his opinion Walmart has a golden opportunity to be a hero in Ormond Beach. It is the largest gateway into the community. He added that Walmart has a responsibility to make sure that their shoppers are safe, and expressed how right now it is scary. Mr. Kent concluded that they should address the Greenbelt concerns and make it the most beautiful Walmart and better than the one in Washington D.C.

Chairman Thomas stated that he shops Walmart and that he is not 'anti-Walmart' but that the building is not 'Ormond Beach'. He grew up in a rural town where when something was displeasing they would say, "You can put lipstick on a pig, but it is still a pig." He said you can put a coat of paint on it but that it is still gray. He continued that with PBDs, aesthetics are relevant. Chairman Thomas concluded that without the certainty of a chain-link fence, or masonry wall, he will not vote on an open-ended project and would entertain tabling the item.

It was discussed that each condition should be included with the motion.

Chairman Thomas entertained a motion.

Mr. Scudiero motioned to continue and table PZ-2025-134, Planned Business Development (PBD) Amendment, 1521 West Granada Boulevard, Walmart Supercenter, for the following reasons: outdated façade; overall safety and aesthetics that come with the gateway; and suggest a cleaned-up buffer with a wall (not a chain-link fence); additional plants and irrigation, if it is required for the landscaping, as well as a set of revised plans. Mr. Jorczak seconded it.

Mr. Jorczak concurred with Mr. Scudiero in delaying the decision, suggesting that the applicants come back with recommendations and added that they may want to refresh the existing wall or the embellishment of it as part of the landscaping appeal at the gateway.

Chairman Thomas asked for additional Board discussion.

Mr. Gentry asked for clarification of the process and asked Attorney Hayes if considering other items heard from this meeting and the neighborhood meeting that are internal retail operations can be included to the applicant. Attorney Hayes responded and explained the Planned Business Development (PBD) application process and delivered history on it and the difference from straight zoning in that it allows flexibility based on the ability to get enhancements, meaning that it is the opportunity for it. He continued that conditions are relative to landscaping and irrigation. Attorney Hayes stated that the internal part of the operation of the business is something that is a day-to-day operation decision for the property owner and that the function of the Planning Board is limited to development and the outside of the development.

Mr. Scudiero asked how to deal with the matter of trespassing, allocating and training Walmart personnel in how to deal with it. Attorney Hayes replied that it is an ongoing issue on a lot of properties. Clearing and maintaining some of the area will discourage people from hanging out behind a bush if it is not there. He added that it can be enforced through Code Enforcement and can ensure that there is a condition in the development order that the property owner complies. Attorney Hayes concluded that he has seen where property owners' team up with law enforcement and how well it works.

Mr. Jorczak commented that Walmart came to the Board for temporary storage during the holiday season for parking trailers on the side of their property and gained approval, provided that there was sufficient screening so that the parked trailers would not be visible from the entrance. He asked how much of the approval was used by Walmart during the holiday season for extra storage of goods that they did not have room in the building to store. He asked that if the approval is still in effect that the aspect be covered as well so that for two to three months out of the year there are not four or five 18-wheeler trailers parked on the side by the automotive area as storage which detracts from the entrance appearance of the store. Mr. Jorczak asked staff for further information on if it has been or if it is an issue and the status of it. Mr. Spraker answered that it can be looked at as part of the resubmittal. It was noted

that the trailers were on the Interstate 95 section, by the wall for screening of the trailers.

Mr. Scudiero spoke on the enforcement topic and referenced public safety and how police and fire departments spend a lot of time at Walmart, with it being one of the most frequent locations for calls of service. He suggested with the signs in place that already state No Overnight Parking, and the occurrence of it, that Walmart take action on it. Mr. Scudiero stated that with the shoplifting that occurs that it also gets confrontational. The safety issues for the store customers and appearance concerns at the city gateway can be dealt with according to Mr. Scudiero.

Chairman Thomas requested time with Mr. Spraker to go over the information once the resubmittal comes back through for the Board and staffs understanding of it all.

Vote was called, and the motion was approved (4-0).

Mr. Spraker confirmed that the item will be readvertised in the newspaper, and with letters and site postings. The timeline is unknown at this time as Walmart will need time to digest everything and discuss it internally before it is brought back.

Mr. Scudiero explained that one of the signs on the buffer was shredded and unreadable and suggested that both signs remain legible when readvertised.

B. PZ-2024-084, Comprehensive Plan 2045 Update, Evaluation and Appraisal Report, Comprehensive Plan Amendments

Mr. Steven Spraker, Planning Director, explained the administrative request for Comprehensive Plan Amendments related to the Evaluation and Appraisal Report (EAR), also known as the Comprehensive Plan 2045 Update. There are Comprehensive Plan Amendments to all the Elements as well as the Plan Administration section. He discussed the process of the Comprehensive Plan amendments and stated that it has come to the Planning Board through a series of discussion items and how the action sought is a recommendation to the City Commission for the transmittal of the amendments to state agencies, other cities and the Volusia County Growth Management Commission. The intent is for it go to the April 15, 2025 City Commission meeting. Mr. Spraker added that there have been no text changes, but that there has been formatting, and underlines made to it and have cleaned it and the data analysis up. Mr. Spraker thanked Ms. Jennifer Bright for her participation in the review and amendment process.

Chairman Thomas opened it up to the Board for questions and called up audience members with comments and questions.

Audience Comments

Ms. Jennifer Bright, 221 Arlington Way, delivered her comments and also provided them to the Board secretary:

“I would once again like to suggest that the city only put into the Comp Plan the bare minimum that is legally required. As I understand, to change anything in the Comp Plan it must go through the county and the state. Let Ormond Beach be in control of Ormond Beach.

ATTACHMENT 5

Applicant submitted
information



500 West Fulton Street
Sanford, FL 32771
Phone: 407.322.6841
Fax: 407.330.0639

May 27, 2025

City of Ormond Beach
Planning & Zoning Department
22 S. Beach St.
Ormond Beach, FL 32174

RE: Walmart Resubmittal

Dear Steve,

Please find enclosed our revised submittal for the PD Amendment to expand the store in order to accommodate Online Pickup and Delivery (OPD). The purpose of this request is in order to better serve the City and surrounding community with the convenience of ordering online with pickup or delivery options. At this time this service is limited due to the area within the store designated for OPD. The OPD expansion is part of an overall interior renovation and exterior rebranding of the store.

The interior upgrades will include:

- Major rebranding and remodel initiative
- Including refreshed brand identity and physical store renovations
- Expanded Offerings, pharmacy and food
- Technology Integration, faster checkout, personalized experiences and online order fulfillment.
- Sustainability like incorporating energy- efficient equipment, lighting and other eco-friendly features

Based on the comments made by the public and the Planning Commission, we have revised the exterior architecture in order to upgrade the aesthetics at this store. We appreciate the initial City comments on the exterior of the store. Below is a summary of the proposed enhancements:

- Improvements to existing façade include new branding of signage and logos
- Using existing building feature, Façade to receive new color scheme to match a Mediterranean Beach style.
- Online Pickup and Delivery building expansion to receive the same style to blend into the existing building and features.
- The new expansion will not be a "Customer Destination" area. The expanded area will be used by Walmart Associates to serve the online pickup, serving customers in designated parking areas.



In addition, we have addressed other items which were discussed at the Planning Commission meeting:

Greenbelt Buffer Area. Concerns were raised about the overgrown vegetation in this area. Walmart proposes the below work in the areas of the "Greenbelt buffer" located: (i) at the intersection of the Walmart site access road off West Granada Blvd., then southwest to the intersection with the I-95 property line and (ii) from the screen wall south to the FDOT right-of-way. Much of this work is already completed. We can agree that this is required to be completed *prior to building permit issuance*:

1. Removal of all trash and debris;
2. Removal of all fallen and dead vegetation;
3. Removal of all invasive species;
4. Brazilian Pepper vine is to be removed and treated with Glyphosate per City Horticulturist;
5. Native plants are to be de-vined, trimmed to 6' from finished grade;
6. Sweet Viburnum hedges are to be maintained on parking lot side;
7. All work within the Greenbelt Buffer is to be done by hand - no mechanical equipment is to be used.
8. Mitigation plan will be prepared if endangered species are encountered.

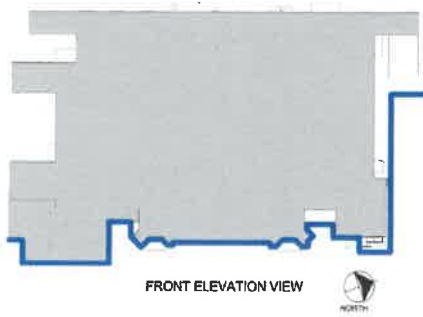
All work will be coordinated with City staff (to be readily available during Greenbelt work), FDOT (for any work in its Right-of-Way) and utility companies.

Security - Homelessness & Night Security Concerns were expressed related to security and aggressive incidents with homeless individuals. Walmart has already engaged City Law Enforcement and an agreement was enacted to remove individuals without involvement of Walmart staff. The removal of the vegetation and debris in the Greenbelt Buffer has significantly improved the issues with individual trespassing in this area. The proposed plans include new exterior lighting on the building and new lighting will be added in the buffer yard with the neighboring Bermuda Estates (to the north).

We appreciate staff's assistance with this matter.

Sincerely,
CPH, LLC.

Ilker Uzun, RA, LEED
Retail Studio Principal



TRUE BLUE
LIGHT TAN
MEDIUM BROWN
DARK BROWN
BRONZE



05/23/2025

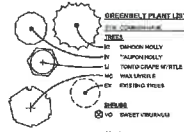
Walmart #00613 ORMOND BEACH, FL

BUILDING ELEVATIONS

SK

CITY OF ORMOND BEACH COMMENTS

- AT BRIDGE SANITARY PIPE (10" DIA) 10' FROM OVER FROM THE SUPPLY & SANITARY REMAINING SHALL BE CUT AND TREATED WITH APPROPRIATE CHEMICAL.
- DEVELOPER CONTACTING RE: LITER ENVIRONMENTAL, EXPERT ADV CONGR (10/17/2010) WHO THE CITY CURRENTLY USES FOR EP CONTROL.
- ALL TREE AND PLANT MATERIALS SHALL BE LIFTED AND UP TO A FOOT HEIGHT MAXIMUM. THE AREAS IDENTIFIED WERE ON THE EAST AND WEST ENDS OF THE EXISTING BUFFER AS IDENTIFIED.
- EXISTING SANITARY IN THIS AREA SHALL BE CUT DOWN TO 30" HEIGHT TO ALLOW VISIBILITY INTO THE WOODED BUFFER.
- ALL PALMS SHALL HAVE THEIR SEED HEADS, DEAD FROND AND HANGING BOOTS REMOVED.
- ALL TRASH (CONCRETE, PAPER, PLASTIC, RUBBER, TIN CAN, PAPER, ETC.) FROM HOMELESS CAMPS OR OTHER SHALL BE REMOVED.
- ALL DEAD TREES/BRANCHES/STICKS/LOGS, PALM FRONDS, LARGE STICKS SHALL BE REMOVED FROM THE BUFFER.
- THE EXISTING DEAD PALM NEAR THE FENCE SHALL BE IDENTIFIED AS IDENTIFIED.
- THE EXISTING V. L. UNIDENTIFIED TREE IN THE UPPER MOST PART OF THE BUFFER SHALL BE REMOVED AS IDENTIFIED.
- THE EXISTING CAN WITHIN THE BUFFER THE DEAD STUB SHALL BE REMOVED BACK TO THE TREE BRANCH COLLAR.
- ALL DEAD MATERIAL ON THE GROUND OR ATTACHED TO HEALTHY PLANTS SHALL BE REMOVED.
- EXISTING SANITARY TO S-HALL BE CLEANED OUT.
- ALL DEAD TREES/PLANT MATERIALS SHALL BE REMOVED THAT ARE STRUCK IN THE CHAINLINK FENCE.
- ALL DEAD VINEYARD PLANTS SHALL BE REMOVED THAT ARE STRUCK IN THE CHAINLINK FENCE.
- ALL DEAD VINEYARD PLANTS THAT ARE VISIBLE FROM THE ROADWAY AND AS IDENTIFIED SHALL BE REMOVED.
- PLEASE FURNISH COORDINATE TREE STAMPS AS IDENTIFIED.
- CONTACT CANA COLLIER @ 384-474-5293



GREENBELT PLANT LIST

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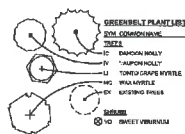
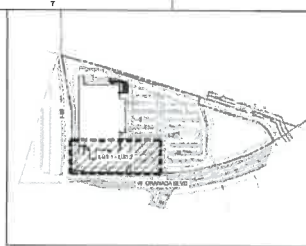
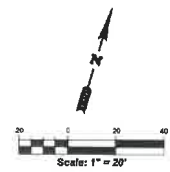
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TYPE OF PLANT	ESTABLISHMENT PERIOD	WAITING SCHEDULE	RECOMMENDED AMOUNT OF WATER
TREES WITH LESS THAN 2" TRUNK DIAMETER	3 TO 8 MONTHS	1. GROW FOR WEEKS. 2. GROW FOR 100% OF GROWTH PERIOD. 3. 1" INCHES PER WEEK ESTIMATED.	2 TO 3 GALLONS PER INCH OF TRUNK DIAMETER
TREES WITH 2" TO 4" TRUNK DIAMETER	10 TO 12 MONTHS	1. GROW FOR 1 MONTH. 2. GROW FOR 100% OF GROWTH PERIOD. 3. 1" INCHES PER WEEK ESTIMATED.	2 TO 3 GALLONS PER INCH OF TRUNK DIAMETER
TREES OVER 4" TRUNK DIAMETER	1 YEAR OR MORE	1. GROW FOR 3 MONTHS. 2. GROW FOR 100% OF GROWTH PERIOD. 3. 1" INCHES PER WEEK ESTIMATED.	2 TO 3 GALLONS PER INCH OF TRUNK DIAMETER
SHRUBS IN 1-GALLON CONTAINERS	3 TO 6 MONTHS	1. GROW FOR WEEKS. 2. GROW FOR 100% OF GROWTH PERIOD. 3. 1" INCHES PER WEEK ESTIMATED.	
SHRUBS IN 3-GALLON CONTAINERS	3 TO 6 MONTHS	1. GROW FOR THE FIRST 10% OF GROWTH PERIOD. 2. GROW FOR 100% OF GROWTH PERIOD. 3. DO NOT STOP WATERING UNTIL NEW LEAVES APPEAR.	
SHRUBS IN 7-GALLON CONTAINERS	6 TO 12 MONTHS	1. GROW FOR THE FIRST 10% OF GROWTH PERIOD. 2. GROW FOR 100% OF GROWTH PERIOD. 3. STOP WATERING 2 WEEKS BEFORE PLANTING.	

Sod establishment: to generate soil root growth into the soil layer, water the sod for 10 days, two to three times daily for the first four days. Only water the sod enough to wet the top four inches of soil.

When roots have grown into the soil layer to reach 1 inch approximately, then for the next 10 days reduce the watering to once a day. After the 20 day period, watering should be reduced to once a week for another 10 days. After the 30 day period, reduce the frequency to every other day to apply "1" inch of precipitation. Watering every other day for another 7-10 days at the end of this cycle roots should be growing down through the soil and the sod should not pull up if tugged.

At 2-4 weeks after sodding, the grass should be able to thrive on an irrigation/watering schedule for an established lawn. Monitor the water used and for stress and remedy the situation as needed.

[illegible][illegible]

KEY MESSAGE



W. GRANADA BLVD

NOTES TO CONTRACTOR:

1. 24" WIDE MUDH STRIP IS REQUIRED BEHIND ALL CONCRETE CURBS/BUFFERS, WHERE TURF GRASS WILL BE ESTABLISHED ADJACENT TO CONCRETE CURBS / BUFFERS, EITHER A 18" OR 24" (DEPENDENT ON AVAILABILITY) WIDE SOD STRIP IS REQUIRED,
2. CONTRACTOR IS CAUTIONED THAT STORMWATER CONVEYANCES AND POND BANKS AND BOTTOM CAN BE DAMAGED IF MACHINE MOVED WHILE THESE SOILS ARE WET, ANY ASSOCIATED DAMAGES ARE THE RESPONSIBILITY OF THE CONTRACTOR TO REPAIR AT HIS EXPENSE TO OWNER.

BASE TO CONTRACTOR

ALL WM GENERAL CONTRACTOR WORK TO BE COMPLETED (EARTHWORK, FINAL UTILITIES, AND FINAL GRADING) BY THE MILESTONE DATE IN PROJECT DOCUMENTS. OUTLOT AREA TO BE KEPT FREE OF JOB TRAILERS AND STORAGE AFTER THE CONTRACT MILESTONE DATE FOR THE OUTLOT. WM GENERAL CONTRACTOR TO PROVIDE CLEAR ACCESS FOR OUTLOT CONTRACTOR TO THE SPECIFIC PARCEL AT ALL TIMES AFTER MILESTONE DATE. PURCHASER OF OUTLOT TO PROVIDE PERMIT DOCUMENTS AND SWPPP REQUIRED BY STATE LOCAL REQUIREMENTS FOR EROSION CONTROL.

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CONSTRUCTION UNLESS
STAMPED APPROVED

Sunshine811.com



Building Better
Communities Together

STIMULATION FOR RELAYS

Paul H. Blum, 4401 24th Ave. S.E.,
Duluth, GA, U.S.A.

Intermittently emitting infrared LEDs can be used as a simple relay for a computer system. The LEDs are driven by a 555 timer, which is connected to a microprocessor. The microprocessor sends a signal to the timer, which then drives the LEDs. This setup can be used to control a variety of devices, such as a motor or a solenoid.

PAUL H. BLUM is a U.S. Army Research Office scientist. He has a B.S. in Electrical Engineering from the University of Georgia and a M.S. in Electrical Engineering from the Georgia Institute of Technology. He is currently working on a Ph.D. in Electrical Engineering from the Georgia Institute of Technology.

RECEIVED 13 JULY 1985

CONJUGATING	
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Walmart*

ORMOND BEACH, FL
1501 WEST GRANADA BOULEVARD
STORE NO. 513-276

DATE AND HOURS: 4/13/10-2 PHOTO:

[illegible]

CHECKED BY: D. BRYANT
DRAWN BY: N. CROUCH
PROTO CYCLE: N/A
DOCUMENT DATE: 07/18/04

This letter has been digitally signed and posted by **Charles R. Bryant** on the date adjacent to the seal. Printed copies of this document are not considered signed and sealed and the seal must be verified on any electronic copies.

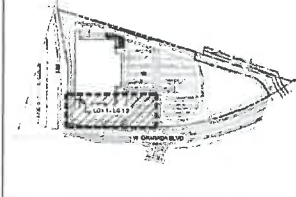
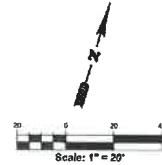
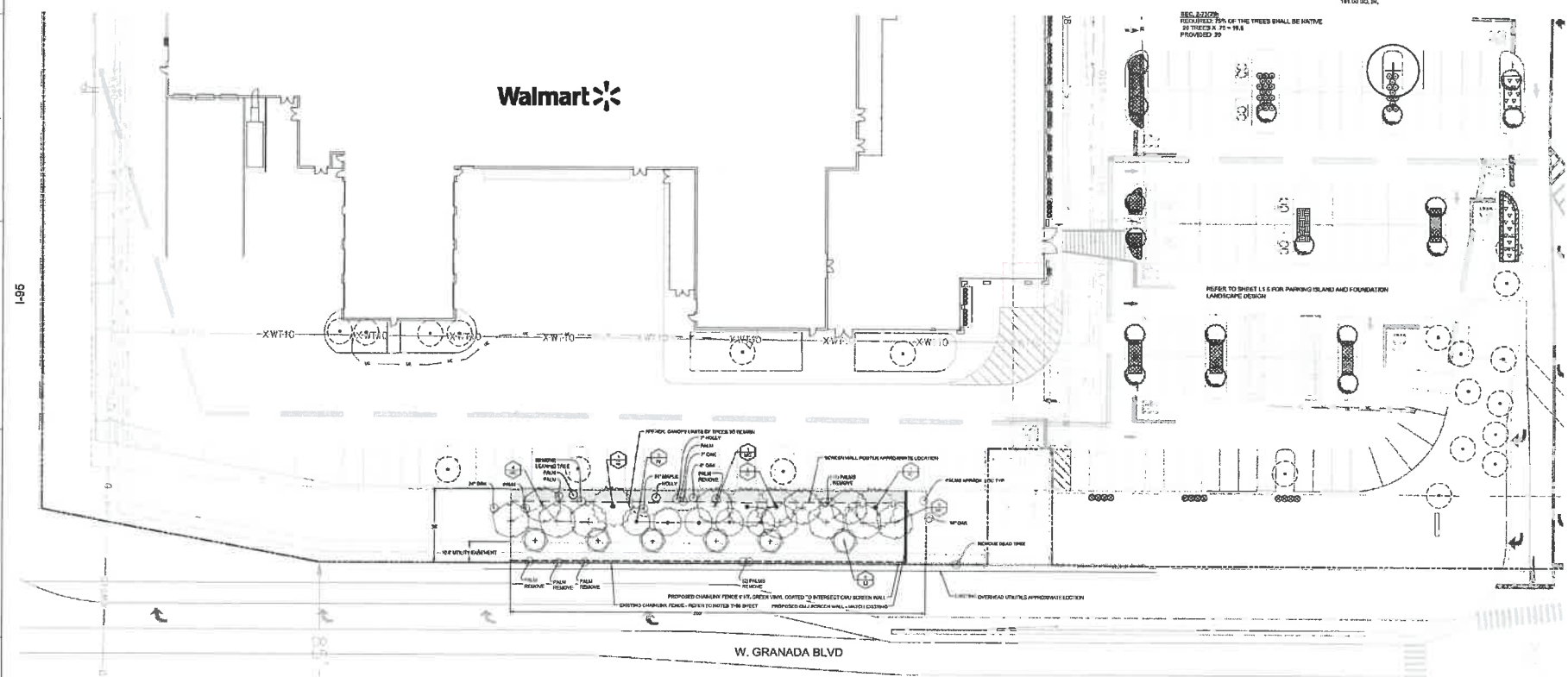
Cynthia R. Roberts, L.A.

Vanita R.
Bryant

GROUND
COVER -
GREENBELT

GREENBELT LANDSCAPE PLAN

LG1.2

[illegible][illegible][illegible]

NOTES TO CONTRACTOR:

1. 24" WIDE MULCH STRIP IS REQUIRED BEHIND ALL CONCRETE CURBS/BUFFERS, WHERE STRIP GRASS WILL BE ESTABLISHED ADJACENT TO CONCRETE CURBS / BUFFERS. EITHER A 4" OR 24" DEPENDENT ON AVAILABILITY WIDE SOG STRIP IS REQUIRED.
2. CONTRACTOR IS CAUTIONED THAT STORMWATER CONVEYANCES AND POND BANKS AND BOTTOMS CAN BE DAMAGED IF MACHINES MOVED WHILE THESE BODIES ARE WET, AND THAT TOPSOIL DAMAGERS ARE THE RESPONSIBILITY OF THE CONTRACTOR TO REPAIR AT NO EXPENSE TO OWNER.

ALERT TO CONTRACTOR:

ALL WM GENERAL CONTRACTOR WORK TO BE COMPLETED (EARTHWORK, FINAL UTILITIES, AND FINAL GRADING) BY THE MILESTONE DATE IN PROJECT DOCUMENTS. OUTLOT AREA TO BE KEPT FREE OF JOB TRAILERS AND STORAGE AFTER THE CONTRACT MILESTONE DATE FOR THE OUTLOT. WM GENERAL CONTRACTOR TO PROVIDE CLEAR ACCESS FOR OUTLOT CONTRACTOR TO THE SPECIFIC PARCEL AT ALL TIMES AFTER MILESTONE DATE. PURCHASER OF OUTLOT TO PROVIDE PERMIT DOCUMENTS AND SWPPP REQUIRED BY STATE/LOCAL REQUIREMENTS FOR SPECIFIC OUTLOT.

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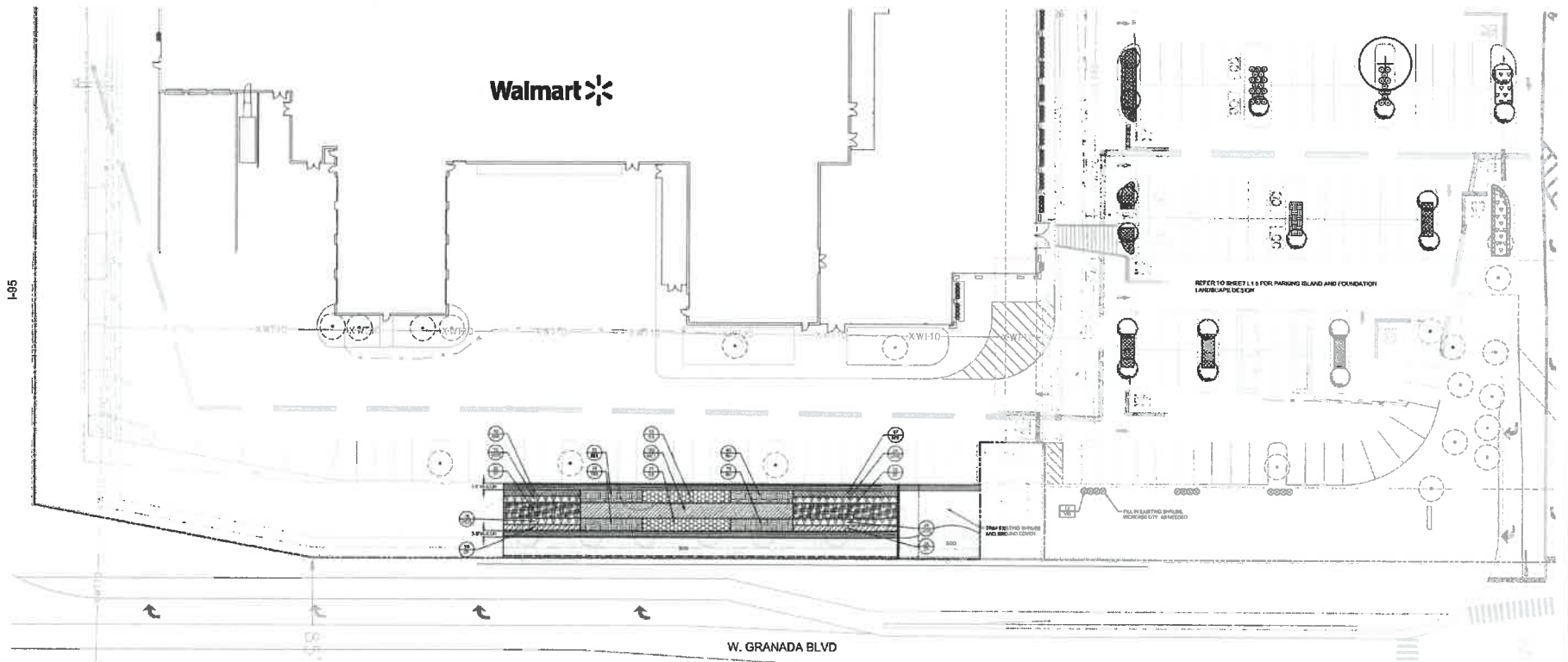
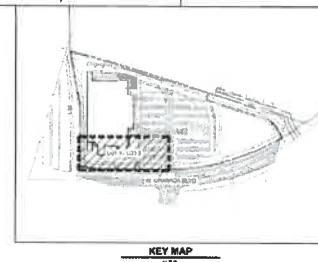
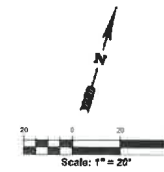
TYPE OF PLANT	ESTABLISHMENT PERIOD	WATERING SCHEDULE	RECOMMENDED AMOUNT OF WATER
TREES WITH LESS THAN 2" TRUNK DIAMETER	3 TO 6 MONTHS	1. DAILY FOR FIRST MONTH 2. DAILY FOR SECOND MONTH 3. DAILY FOR THIRD MONTH 4. THEN WEEKLY UNTIL ESTABLISHED	2 TO 3 GALLONS PER INCH OF TRUNK DIAMETER
TREES WITH 2" TO 4" TRUNK DIAMETER	6 TO 18 MONTHS	1. DAILY FOR 1 MONTH 2. DAILY FOR 2 MONTHS 3. DAILY FOR 3 MONTHS 4. THEN WEEKLY UNTIL ESTABLISHED	2 TO 3 GALLONS PER INCH OF TRUNK DIAMETER
TREES OVER 4" TRUNK DIAMETER	18 OR MORE MONTHS	1. DAILY FOR 1 MONTH 2. DAILY FOR 2 MONTHS 3. DAILY FOR 3 MONTHS 4. THEN WEEKLY UNTIL ESTABLISHED	2 TO 3 GALLONS PER INCH OF TRUNK DIAMETER
SHRUBS IN 1-GALLON CONTAINERS	3 TO 6 MONTHS	1. DAILY FOR 1 MONTH 2. DAILY FOR 2 MONTHS 3. DAILY FOR 3 MONTHS 4. THEN WEEKLY UNTIL ESTABLISHED	
SHRUBS IN 2-GALLON CONTAINERS	3 TO 6 MONTHS	1. DAILY FOR FIRST 3 MONTHS 2. DAILY FOR SECOND 3 MONTHS 3. DAILY FOR THIRD 3 MONTHS 4. THEN WEEKLY UNTIL ESTABLISHED	
SHRUBS IN 3-GALLON CONTAINERS	6 TO 18 MONTHS	1. DAILY FOR FIRST 3 MONTHS 2. DAILY FOR SECOND 3 MONTHS 3. DAILY FOR THIRD 3 MONTHS 4. THEN WEEKLY UNTIL ESTABLISHED	

ORIGINALLY PLANT LIFE
ROW COMMON NAME
TYPE

EC DARKEN HOLLY
 EV CALIFORN HOLLY
 LI BENTON GRAPE WYTHLE
 MG WAX MYRTLE
 EX EXISTING TREES

SHrub
 VO SHEET VERTUINUM

PROJECT NAME	PROJECT ID	STATUS	START DATE	END DATE	WEEKS
ROAD CONSTRUCTION	123456789	Completed	2023-01-01	2023-03-31	13
BRIDGE REPAIRS	987654321	In Progress	2023-04-01	2023-06-30	13
WATER TREATMENT PLANT	567890123	On Hold	2023-07-01	2023-09-30	13
SEWERAGE SYSTEM	345678901	Planned	2023-10-01	2023-12-31	13
LAND RECLAMATION	234567890	Completed	2023-01-01	2023-03-31	13
COASTAL DEFENSE	123456789	In Progress	2023-04-01	2023-06-30	13
PORT DEVELOPMENT	987654321	On Hold	2023-07-01	2023-09-30	13
INDUSTRIAL ZONE	567890123	Planned	2023-10-01	2023-12-31	13
URBAN INFRASTRUCTURE	456789012	Completed	2023-01-01	2023-03-31	13
TRANSPORTATION	345678901	In Progress	2023-04-01	2023-06-30	13
POWER GENERATION	234567890	On Hold	2023-07-01	2023-09-30	13
TELECOMMUNICATIONS	123456789	Planned	2023-10-01	2023-12-31	13

[illegible]

NOTES TO CONTRACTOR:

1. 24" WIDE MULCH STRIP IS REQUIRED BEHIND ALL CONCRETE CURBS/BUFFERS, WHERE TURF GRASS WILL BE ESTABLISHED ADJACENT TO CONCRETE CURBS /BUFFERS. EITHER A 15" OR 24" (DEPENDENT ON AVAILABILITY) WIDE SOIL STRIP IS REQUIRED.
2. CONTRACTOR IS CAUTIONED THAT STORMWATER OVERRUNANCES AND POND BARRS AND BOTTOM CAN BE DAMAGED BY FLOODING, HOWEVE THESE SOILS ARE WEAT, ANY ASSOCIATED DAMAGES ARE THE RESPONSIBILITY OF THE CONTRACTOR TO REPAIR AT HIS EXPENSE TO OWNER.

ALL W/M GENERAL CONTRACTOR WORK TO BE COMPLETED (EARTHWORK, FINAL UTILITIES, AND FINAL GRADING) BY THE MILESTONE DATE IN PROJECT DOCUMENTS. OUTLOT AREA TO BE KEPT FREE OF JOB TRAILERS AND STORAGE AFTER THE CONTRACT MILESTONE DATE FOR THE OUTLOT. W/M GENERAL CONTRACTOR TO PROVIDE CLEAR ACCESS FOR OUTLOT CONTRACTOR TO THE SPECIFIC PARCEL, AT ALL TIMES AFTER MILESTONE DATE. PURCHASER OF OUTLOT TO PROVIDE PERMIT DOCUMENTS AND SWPPP REQUIRED BY STATE/LOCAL REQUIREMENTS FOR SPECIFIC OUTLOT.

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CONSTRUCTION UNLESS
STAMPED APPROVED



Dr. Rita Bryant
Co-PI, Co-Investigator
4-Quadrant 2017-02-10
01/15/2017, 12:00 PM
44, 2017-02-10
2017-02-10
12:00 PM

LG1.2

SITE PLAN FOR PICKUP EXPANSION

Walmart*

WALMART STORE NO. #00613-276

1521 W GRANADA BLVD

ORMOND BEACH, VOLUSIA COUNTY, FLORIDA

SECTION 14 - TOWNSHIP 32 SOUTH - RANGE 30 EAST

PARCEL ID: 423000000435

CONSULTANTS	UTILITY PROVIDERS	APPROVAL AGENCIES	SHEET NUMBER	SHEET TITLE	NOTES	LEGAL DESCRIPTION	MAPS																														
OWNER WALMART STORES EAST, LP 2001 S.E. 10TH STREET BENTONVILLE, ARKANSAS 72716 PHONE: (479) 273-4000 APPLICATE/DEVELOPER WALMART STORES EAST, LP 2001 S.E. 10TH STREET BENTONVILLE, ARKANSAS 72716 PHONE: (479) 273-4000 ENGINEER CPL, LLC 500 WEST FULTON STREET SANFORD, FLORIDA 32771 ATTN: ALAN CARPENTER, P.E. SURVEYOR CPL, LLC 500 WEST FULTON STREET SANFORD, FLORIDA 32771 ATTN: THOMAS J. GALLOWAY, P.S.M. (407) 322-6841 ARCHITECT CPL, LLC 500 WEST FULTON STREET SANFORD, FLORIDA 32771 ATTN: DANITA BRYANT LANDSCAPE ARCHITECT CPL, LLC 500 WEST FULTON STREET SANFORD, FLORIDA 32771 ATTN: DANITA BRYANT	ELECTRIC FLORIDA POWER & LIGHT 2675 WEST S.R. 46 SANFORD, FLORIDA 32772 407-328-1538 TELEPHONE BELLSOUTH TELECOMMUNICATIONS, INC. 132 COMMERCE WAY SANFORD, FLORIDA 32771 407-302-7811 WATER & SEWER CITY OF DELTONA 235 ENTERPRISE ROAD DELTONA, FLORIDA 32725 386-563-2100	CITY / TOWN / COUNTY CITY OF ORMOND BEACH 22 SOUTH BEACH STREET ORMOND BEACH, FLORIDA 32175 386-677-6311 STATE DEPARTMENT OF ENVIRONMENTAL PROTECTION 3339 MAGUIRE BOULEVARD, SUITE 232 ORLANDO, FLORIDA 32803 407-893-3500 WATER MANAGEMENT DISTRICT ST. JOHNS RIVER WATER MANAGEMENT DISTRICT ALTA MONTE SPRINGS SERVICE CENTER 925 KELLER ROAD ALTA MONTE SPRINGS, FLORIDA 32714 407-659-4800	C01 C02 C03 C04 C05 C06 C07 C08 C09 C10 C11 C12 C13 C14 C15 C16 C17 C18 C19 C20 C21 C22 C23 C24 C25 C26 C27 C28 C29 C30 C31 C32 C33 C34 C35 C36 C37 C38 C39 C40 C41 C42 C43 C44 C45 C46 C47 C48 C49 C50 C51 C52 C53 C54 C55 C56 C57 C58 C59 C60 C61 C62 C63 C64 C65 C66 C67 C68 C69 C70 C71 C72 C73 C74 C75 C76 C77 C78 C79 C80 C81 C82 C83 C84 C85 C86 C87 C88 C89 C90 C91 C92 C93 C94 C95 C96 C97 C98 C99 C00	1. ALL BUILDING PERMITS MUST BE ISSUED PRIOR TO EXPIRATION OF THE CLOS OR FSP, WHICHEVER OCCURS FIRST. 2. ONE WELL EXIST ON-SITE. 3. THE SITEWORK FOR THIS PROJECT SHALL MEET OR EXCEED THE WALMART STANDARD SITEWORK SPECIFICATIONS. 4. ALL NECESSARY INSPECTIONS AND/OR CERTIFICATIONS REQUIRED BY CODES AND/OR UTILITY SERVICES COMPANIES SHALL BE PERFORMED PRIOR TO CONTRACT COMPLETION AND THE FINAL CONNECTION OF SERVICES. 5. GENERAL CONTRACTOR SHALL BE RESPONSIBLE TO OBTAIN DEWATERING PERMIT IF NEEDED.	30.14 32 IRREG PARCEL IN 6W 14 ON NL, 6R 40 & E4 19S MEAS 2041.18 FT ON NL, PER PARCEL 2 EXC IRREG PART MEAS 1303.52 FT ON W6 6R 40 & 15.96 FT ON ELY END ON NL OF W 14 E2C	 LOCATION MAP SCALE: 1" = 80'																															
<table border="1"> <thead> <tr> <th>Map Unit Symbol</th> <th>Map Unit Name</th> <th>Acres in AOI</th> <th>Percent of AOI</th> </tr> </thead> <tbody> <tr> <td>3</td> <td>Arabic</td> <td>0.5</td> <td>1.0%</td> </tr> <tr> <td>30</td> <td>Interchange strip, depressed</td> <td>1.2</td> <td>2.8%</td> </tr> <tr> <td>22</td> <td>Highway/Arabic, wet, fine</td> <td>31.5</td> <td>59.4%</td> </tr> <tr> <td>47</td> <td>Pbs</td> <td>0.1</td> <td>0.3%</td> </tr> <tr> <td>49</td> <td>Porous fine sand</td> <td>1.1</td> <td>2.1%</td> </tr> <tr> <td>83</td> <td>Barren fine sand, 0 to 5 percent slopes</td> <td>18.2</td> <td>34.4%</td> </tr> <tr> <td colspan="2">Total for Area of Interest</td> <td>53.1</td> <td>100.0%</td> </tr> </tbody> </table>			Map Unit Symbol	Map Unit Name	Acres in AOI	Percent of AOI	3	Arabic	0.5	1.0%	30	Interchange strip, depressed	1.2	2.8%	22	Highway/Arabic, wet, fine	31.5	59.4%	47	Pbs	0.1	0.3%	49	Porous fine sand	1.1	2.1%	83	Barren fine sand, 0 to 5 percent slopes	18.2	34.4%	Total for Area of Interest		53.1	100.0%	 SOILS MAP SCALE: 1" = 100'		 VICINITY MAP SCALE: 1" = 1/2 MI
Map Unit Symbol	Map Unit Name	Acres in AOI	Percent of AOI																																		
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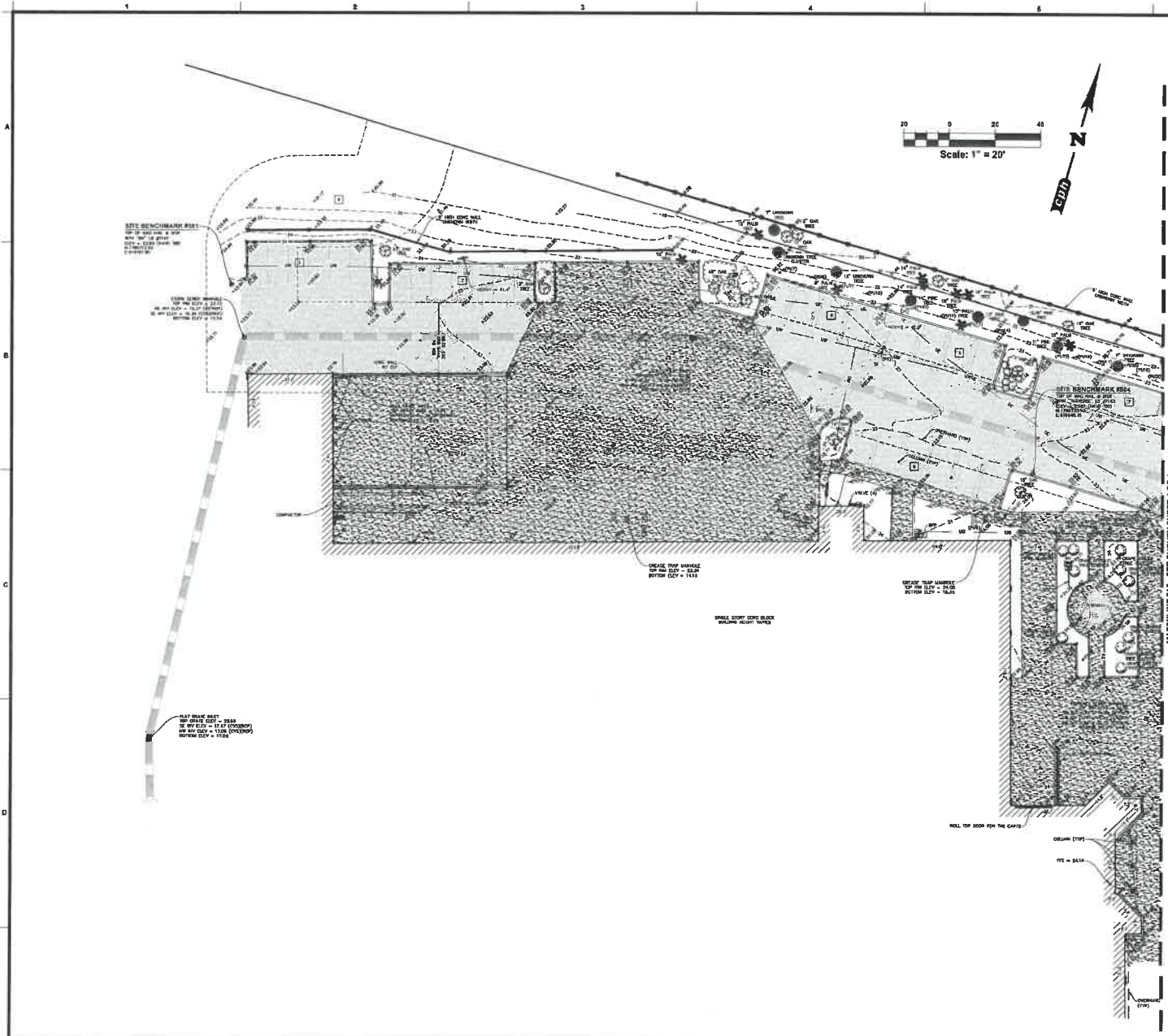
CHECKED BY: A. REED
 DRAWN BY: S. HART
 CPH JOB NO. W1131162
 DOCUMENT DATE: 11/05/24

ALAN CARPENTER, P.E.
 1521 W GRANADA BLVD
 ORMOND BEACH, FLORIDA 32174
 (407) 322-6841

ALAN CARPENTER
 P.E. NO. 1055

COVER

SHEET:
 C0.1



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Building Better Communities Together

400 West Palm Beach
Boca Raton, FL 33431
PH: 561.222.6541

Plans Prepared By:
CPH, LLC
A Full Service A & E Firm
State of Florida License:
Survey No. 127143

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Field Crew: L. Stoffel

Drawn By: J. Fleming

Checked By: T. O'Brien

Approved By: P. Katsch

Job No.: WH31188.2

Date: 6/13/2024

Scale: 1" = 20'

BOUNDARY & TOPOGRAPHIC SURVEY
(ALTA'S PS LAND TITLE SURVEY)

Walmart

STORE NO. 613-276

SECTION 34, TOWNSHIP 34 N, RANGE 34 E, EAST

WALMART STORE NO. 613-276

SECTION 34, TOWNSHIP 34 N, RANGE 34 E, EAST

THIS SURVEY IS NOT VALID WITHOUT SURVEY MONITORING OR A

Survey Sheet 3

Sheet No. **V1.2**



Symbol	Qty	Label	Access Point	U/F	Description	Art. Width	Art. Lume. (lm)	Beam Spdg	Remarks
	4	SHM_FRL_30	ROTATED OFFICE	0.877	4-6AL0059HAW72K0ED1BLOCF1 + 1-17LS pole on 3H. beam	260	9700	60-10-03	CURRENT LIGHTING
	4	SHM_FRL_42	Single	0.877	4-6AL0059HAW72K0ED1BLOCF1 + 1-6LS-SAL-FRL_BLACK 360 pole on 3H. beam	140	9500	60-10-03	CURRENT LIGHTING
	4	SHM_FRL_42	Single	0.877	4-6AL0059HAW72K0ED1BLOCF1 + 1-6LS-SAL-FRL_BLACK 360 pole on 3H. beam	140	9500	60-10-03	CURRENT LIGHTING

STOP SIGNS AND MARKING PLAN LEGEND

- SEE DETAIL SHEET
- (1) EXISTING SIGN POST TO BE REMOVED.
 - (2) EXISTING SIGN POST AND BASE TO REMAIN.
 - (3) EXISTING STOP BAR AND STOP TEXT PAYMENT MARKINGS TO BE REMOVED.
 - (4) EXISTING ARROW PAYMENT MARKINGS TO BE REMOVED.
 - (5) EXISTING "STOP" SIGN TO BE REMOVED.
 - (6) EXISTING "STOP" SIGN TO BE RAISED TO MATCH CURRENT DETAILS/UNDERLINES.
 - (7) EXISTING BOLLARD AND SIGN POST TO BE REPAINTED.
 - (8) EXISTING STOP PAYMENT MARKINGS TO BE REPAINTED/REPHASED TO MATCH CURRENT DETAILS.
 - (9) EXISTING SIGN TO BE REPAINTED.
 - (10) EXISTING TRUCKS TO BE TRIMMED.
 - (11) EXISTING "ATTENTION SHOPPER" SIGN TO BE RELOCATE.
 - (12) EXISTING CROSS WALKS TO BE REMOVE.
 - (13) EXISTING PEDESTRIAN SIGN TO BE REMOVE.
 - (14) NEW 30'x24" STOP SIGN.
 - (15) NEW "STOP HERE FOR PEDESTRIANS" SIGN.
 - (16) NEW SIGN MOUNTING AND BASE WITH BREAK AWAY POST.
 - (17) NEW SIGN MOUNTING AND BASE WITH BOLLARD.
 - (18) LIMITS OF SEAL COAT, APPLY SEAL COAT OVER WHERE STRIPING AND PAYMENT MARKINGS WERE REMOVED AND WHERE NEW STRIPING AND PAYMENT MARKINGS WILL BE APPLIED, APPLY NEW STRIPING AND PAYMENT MARKINGS OVER SEAL COAT.
 - (19) NEW STOP TEXT AND STOP BAR.
 - (20) NEW OPEN ARROW PAYMENT MARKINGS.
 - (21) NEW 4" WIDE DOUBLE SOLID YELLOW STRIPS, GIVE TO EXTEND FROM THE STOP BAR.
 - (22) NEW SITE ENTRANCE PAYMENT MARKING (PER FOOT INDEX 111.001)
 - (23) NEW CROSSWALK.
 - (24) NEW "DO NOT ENTER" SIGN.

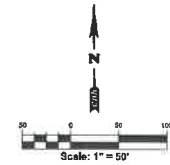
WARNING: SEE SHEET 0001
THE CONTRACTOR IS TO EXECUTE COMPLETE PARKING LOT RESTRICTION TO MATCH EXISTING CONDITIONS. SEE SHEETS C054 AND C055 FOR MATERIALS SPECIFICATIONS.

NOTE:
THESE PLANS ARE BASED ON DRAWINGS OF RECORD AND FIELD OBSERVATIONS, NOT AN ACTUAL SURVEY.

FIELD:
NEW SIGNS ARE NOT TO BE BLOCKED BY FOLIAGE FROM TREES OR LANDSCAPING. EXISTING PLANTS AND TREES ARE TO BE PRESERVED AND MAINTAINED TO PROVIDE A CLEAR VIEW TO ALL SIGNS.

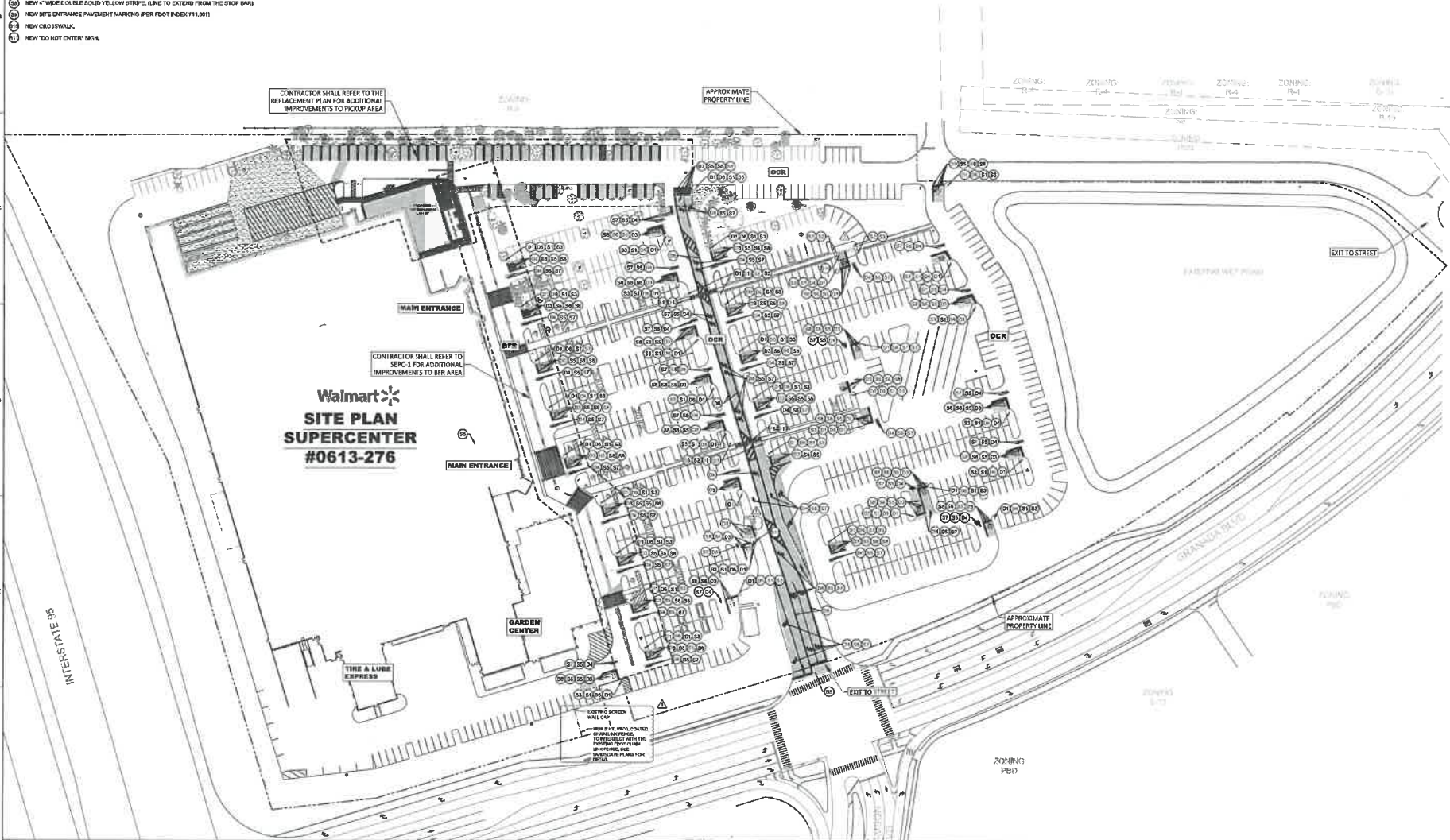
NOTES TO CONTRACTOR:

1. BFR (BUILDING FRONTAGE ROAD)
2. OOR (OUTER CIRCULATION ROAD)
3. CONTRACTOR SHALL INSTALL NEW STOP BARS, SIGNS, AND TEXT TO MATCH CURRENT DETAILS AT THE LOCATIONS SHOWN ON THESE PLANS.
4. ALL SIGNS LOCATED ON THE BUILDING SIDE OF THE BFR SHALL BE INSTALLED ON A SINGLE POST WITH BOLLARD.



SITE LEGEND

- PAVEMENT TO BE SEAL COATED
- NEW CONCRETE SIDEWALK



cph
www.cphcorp.com
Building Better Communities Together
10000 Corporate Blvd
Suite 100
Ormond Beach, FL 32136
Phone: 321.321.1000
Fax: 321.321.1001
Email: info@cphcorp.com

Plans Prepared By:
CPL LLC
A Full Service A/E & E Firm

CONTRACT NO. 0613-276

Walmart
ORMOND BEACH, FL
100 WEST ORMOND AVENUE
STORE NO. 0613-276
CITY OF ORMOND BEACH, FL

REVISION	DATE	BY	CHKD
1	06/13/2024	ALAN R. CARPENTER	ALAN R. CARPENTER

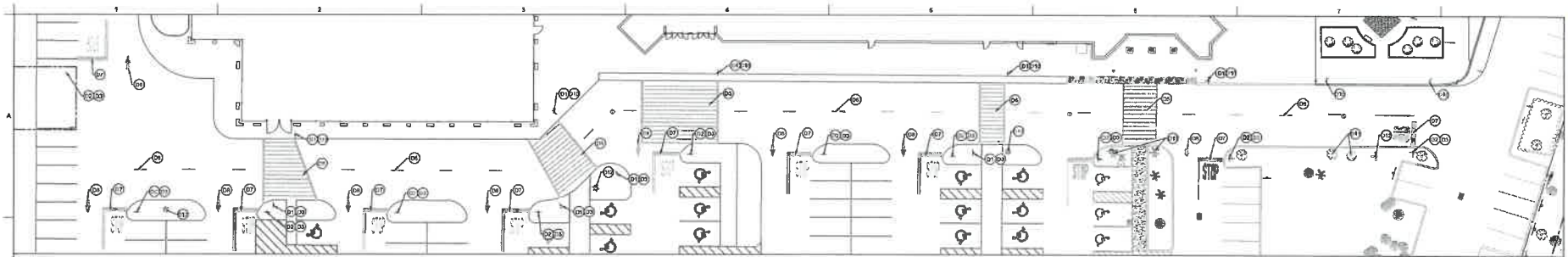
DRAWN BY: ALAN R. CARPENTER
CHECKED BY: ALAN R. CARPENTER
DATE: 06/13/2024

ALAN R. CARPENTER
FL. REG. NO. 12345

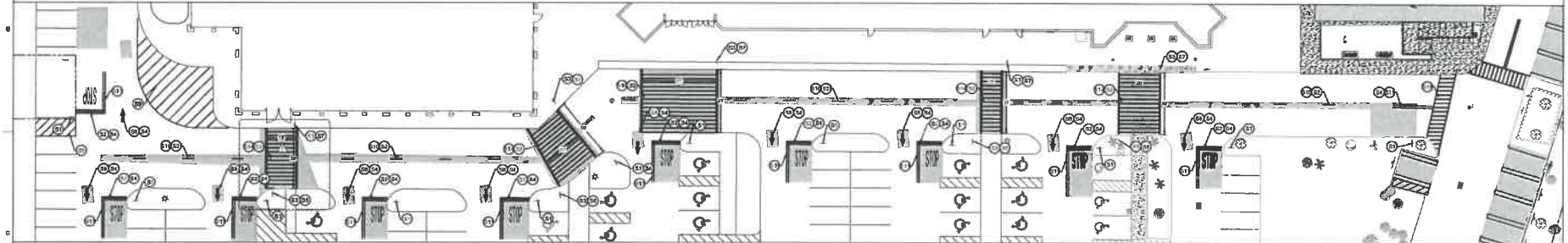
ALAN R. CARPENTER
FL. REG. NO. 12345

STOP SIGNS
AND
MARKINGS

SHEET:
SSM-1



BFR DEMOLITION PLAN



BFR SITE CONSTRUCTION PLAN

SECP DEMOLITION LEGEND

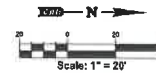
SEE DETAIL SHEET

- (1) EXISTING "PEDIESTRIAN CROSSING" SIGN TO BE REMOVED.
- (2) EXISTING "STOP" SIGN TO BE REMOVED.
- (3) EXISTING SIGN POST TO BE REMOVED.
- (4) EXISTING SIGN POST AND BASE TO REMAIN.
- (5) EXISTING CROSSWALK STRIPING TO BE REMOVED.
- (6) EXISTING CENTRAL LINE STRIPING TO BE REMOVED.
- (7) EXISTING STOP BAR AND STOP TEXT PAVEMENT MARKINGS TO BE REMOVED.
- (8) EXISTING ARROW PAVEMENT MARKINGS TO BE REMOVED.
- (9) EXISTING BOLLARD TO REMAIN AND TO BE REPAINTED TRAFFIC YELLOW.
- (10) EXISTING BOLLARD WITH SIGN MOUNTING TO BE REMOVED.
- (11) EXISTING TREES TO BE TRIM.
- (12) EXISTING LIGHT POLE AND BASE TO BE PROTECTED, PAINT AND REPAINTED SAFETY YELLOW AS NEEDED.

SECP SITE LEGEND

SEE DETAIL SHEET

- (13) NEW 50"X80" "STOP" SIGN.
- (14) NEW "STOP" TEXT AND STOP BAR.
- (15) NEW "STOP" HERE FOR PEDESTRIAN" SIGN.
- (16) LIMITS OF SEAL COAT: APPLY SEAL COAT ONLY WHERE STRIPING AND PAVEMENT MARKINGS WERE REMOVED AND WHERE NEW STRIPING AND PAVEMENT MARKINGS WILL BE APPLIED. APPLY NEW STRIPING AND PAVEMENT MARKINGS OVER SEAL COAT.
- (17) NEW BOLLARD WITH COVER, REFER TO MATERIAL SPECIFICATIONS FOR SPECIFICATIONS.
- (18) NEW SIGN MOUNTING AND BASE WITH BREAKAWAY POST.
- (19) NEW SIGN MOUNTING AND BASE WITH BOLLARD.
- (20) NEW OPEN ARROW PAVEMENT MARKINGS.
- (21) NEW 4" WIDE PAINTED YELLOW STRIPES AT 4' @ 2" O.C.
- (22) NEW 4" WIDE PAINTED YELLOW STRIPES - 8' LONG WITH 18" GAPS.
- (23) NEW 4" WIDE DOUBLE SOLID YELLOW STRIPES.
- (24) NEW 4" WIDE SINGLE WHITE SOLID LINE.
- (25) NEW FIRE LANE STRIPING AS NECESSARY, MATCH EXISTING CONDITION.
- (26) NEW CROSSWALK MARKINGS - 8" WIDE PAINTED WHITE STRIPING PARALLEL TO DIRECTION OF TRAFFIC AT 2" O.C. AND (12" WIDE STRIPES PERPENDICULAR ON BOTH ENDS UNLESS NOTED OTHERWISE. USE SITE PLAN FOR DIMENSIONS. ENTIRE CROSSWALK SHALL BE RE-STRIPED.
- (27) NEW "PICKUP SPACE" STRIPING, SEE DETAIL SHEETS.



Scale: 1" = 20'

NOTE:
THESE PLANS ARE BASED ON DRAWINGS OF RECORD AND FIELD OBSERVATIONS, NOT AN ACTUAL SURVEY.

NOTE:
NEW SIGNS ARE NOT TO BE BLOCKED BY FOLIAGE FROM TREES OR LANDSCAPING. EXISTING PLANTS AND TREES ARE TO BE MAINTAINED AS NECESSARY TO PROVIDE A CLEAR VIEW TO ALL SIGNS.

NOTES TO CONTRACTOR:

1. RE-REFERENCE SITE CONSTRUCTION PLAN FOR SITE SPECIFIC DIMENSIONS OF CROSSWALK STRIPING AND LOCATION OF SIGNAGE.
2. PROVIDE A COMPREHENSIVE CONSTRUCTION PHASING PLAN FOR THIS WORK TO THE STORE MANAGER 7 DAYS PRIOR TO STARTING ANY WORK. IT IS TO PROVIDE FOR DATES, TIMES AND DURATION OF LANE CLOSURES, TEMPORARY VEHICLE AND PEDESTRIAN TRAFFIC CONTROL.
3. ALL EXISTING STRIPING AND PAVEMENT MARKINGS ON TEXT ALONG THE SITE BUILDING FRONTAGE ROAD SHALL BE REMOVED, ORIGIN OUT ANY DIRECTIONAL ARROWS OR STOP BARRETT THAT ARE NOT CORRECTLY LOCATED OR INCONSISTENT WITH THE DETAILS PROVIDED. APPLY SEAL COAT TO THE COMPLETE EXTENT THAT THE STRIPING OR TEXT HAS BEEN REMOVED IN A SINGLE COMPLETE RECTANGLE TO COVER ALL REMOVED STRIPING. DO NOT APPLY SEAL COAT OVER EXISTING STRIPING OR CONCRETE. INSTALL NEW STRIPING AND SIGNAGE AS SHOWN ON THE SITE CONSTRUCTION PLAN.
4. ALL SIGNS LOCATED ON THE BUILDING SIDE OF THE BFR SHALL BE INSTALLED ON A SINGLE POLE WITH BOLLARDS.

SETBACK CALLOUTS

- 1 NO PROPOSED SHRUBS AND GROUND COVER DUE TO TREE ROOTS
- 2 REMOVE SHRUBS AND GROUND COVER AND REPLANT
- 3 TRIM EXISTING SHRUBS SO THAT DEBRIS IS VISIBLE AND, PEDESTRIAN WALKWAY AND PARKING AREAS ARE CLEAR
- 4 REMOVE TRASH / DEBRIS
- 5 REMOVE INVASIVE SPECIES, CONTRACTOR TO VERIFY PRIOR TO BIDDING AND COORDINATE REMOVAL WITH THE CITY OF ORLANDO BEACH LANDSCAPE ARCHITECT DURING PRE-CONSTRUCTION MEETINGS.
- 6 PROTECT EXISTING GROUND COVER AND REPLANT TO FILL IN MISSING MATERIAL

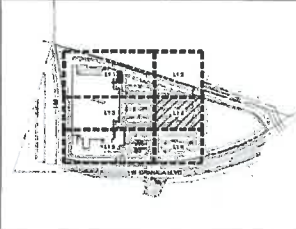
PLANT LIST

- NEW PLANTING LIST**
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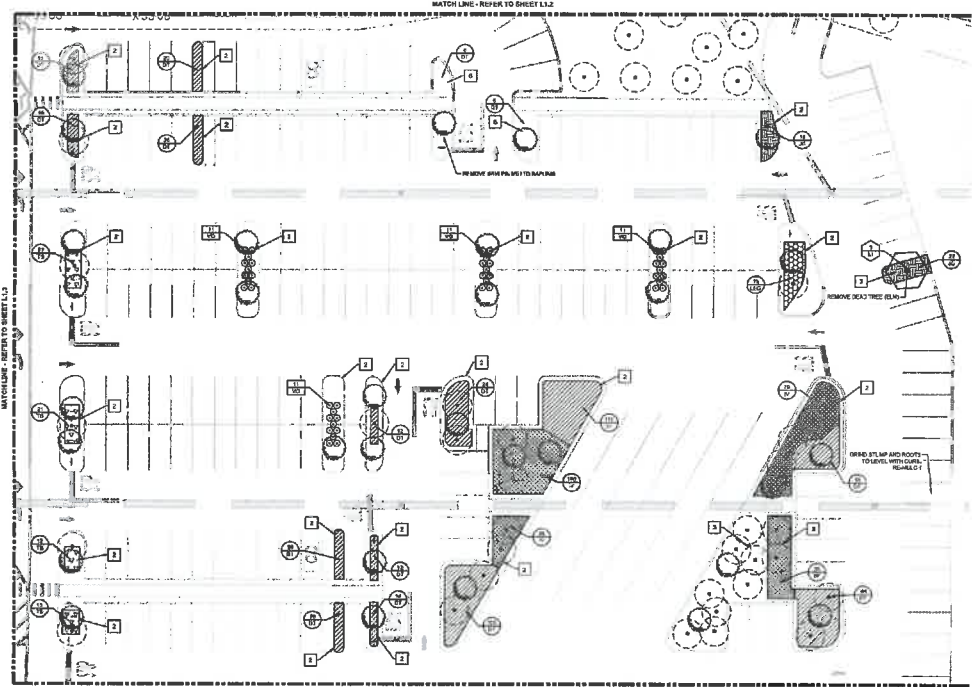
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Scale: 1" = 20'



KEY MAP



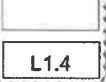
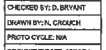
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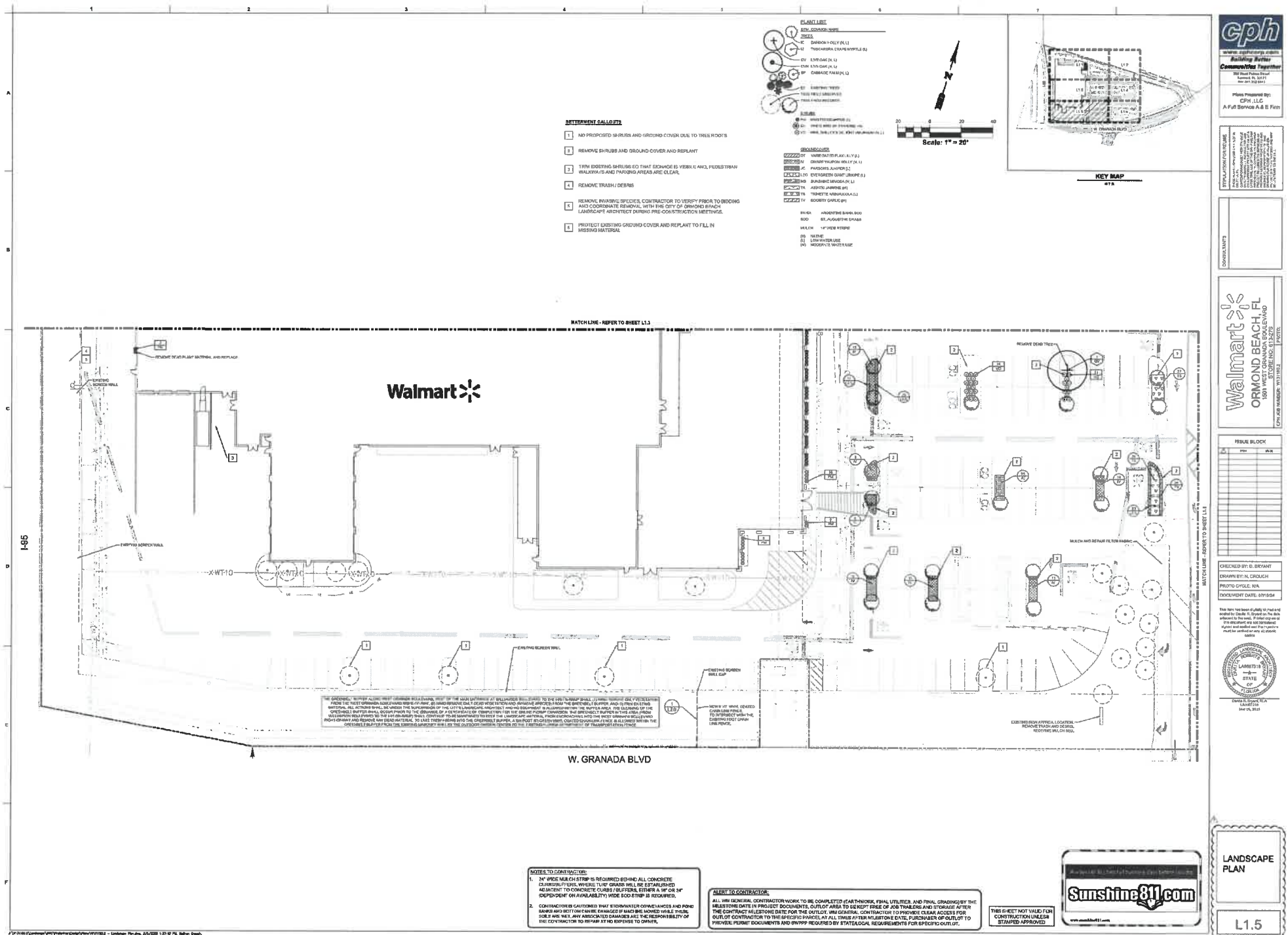
1. 34" WIDE MATCH STRIP IS REQUIRED BEHIND ALL CONCRETE CURBS/STOPS, WHERE TURF GRASS WILL BE ESTABLISHED ADJACENT TO CONCRETE CURBS/STOPS (OTHER A 18" OR 24" (DEPENDENT ON AVAILABILITY) WIDE 500 STRIP IS REQUIRED).
2. CONTRACTOR IS CAUTIONED THAT STORMWATER CONVEYANCES AND POND BASINS ARE NOT TO BE DAMAGED OR DISRUPTED BY ANY VEHICLE WHILE THEY ARE IN USE. ANY ASSOCIATED DAMAGE IS THE RESPONSIBILITY OF THE CONTRACTOR TO REPAIR AT NO EXPENSE TO OWNER.

NOTE TO CONTRACTOR:

ALL WORK GENERAL CONTRACTOR WORK TO BE COMPLETED (EARTHWORK, FINAL UTILITIES, AND FINAL GRADING) BY THE MILESTONE DATE IN PROJECT DOCUMENTS. OUTLET AREA TO BE KEPT FREE OF JOB TRAILERS AND STORAGE AFTER THE CONTRACT MILESTONE DATE FOR THE OUTLET. GENERAL CONTRACTOR TO PROVIDE CLEAR ACCESS FOR OUTLET CONTRACTOR TO THE SPECIFIC PAVEMENT AT ALL TIMES AFTER MILESTONE DATE. PURCHASER OF OUTLET TO PROVIDE TURNOUT DOCUMENTS AND UNIFORMS REQUIRED BY STATE/LOCAL REQUIREMENTS FOR SPECIFIC OUTLET.

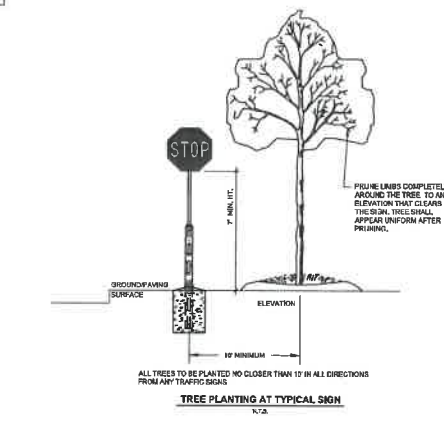
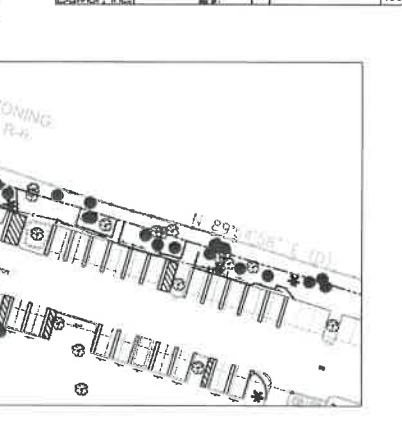
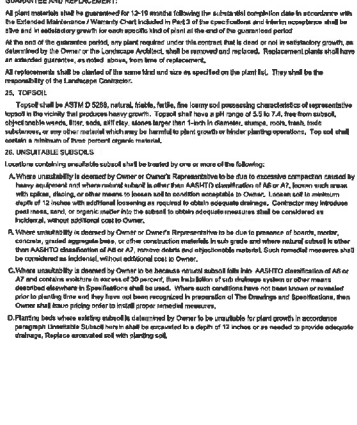
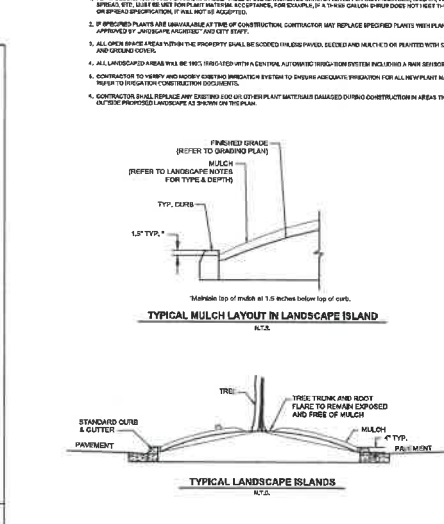
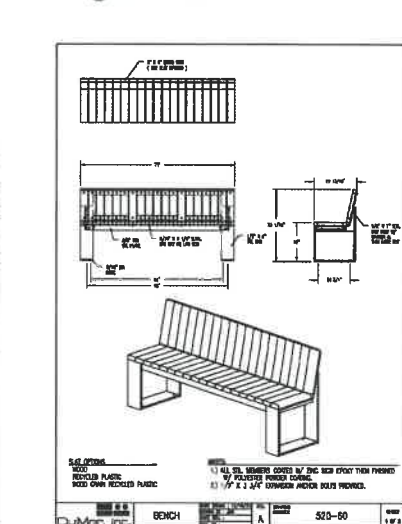
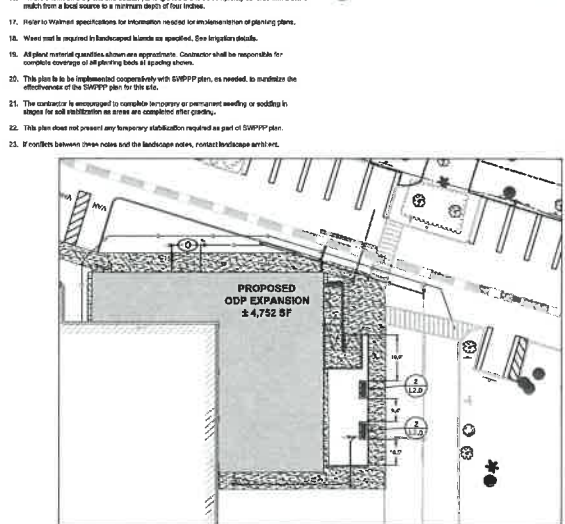
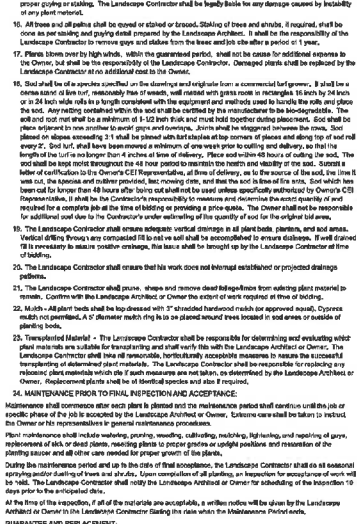
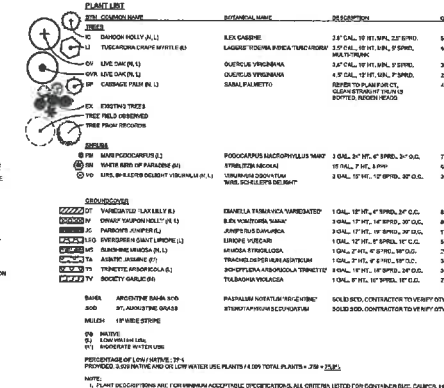
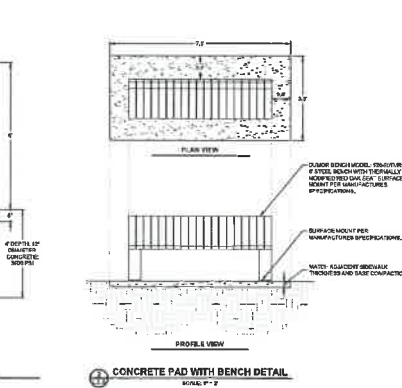
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3. The Landscape Contractor shall be responsible for all materials and all work as called out on the Landscape Plan and in the Landscape Specifications. In the event of violation of quantities shown on plan list and in the plan, the plan shall control. The Landscape Contractor shall verify all quantities and report any discrepancy at the time of the first payment.
4. The Landscape Contractor shall review architectural and engineering plans and become familiar with location and surface of existing and proposed utilities.
5. Every possible safeguard shall be taken to protect building utilities, equipment and furnishings. The Landscape Contractor shall be responsible for any damage or injury to persons or property which may occur as a result of negligence or the execution of the work.
6. The work shall be coordinated with other crews to prevent conflicts. Coordinate the planning with the irrigation work to ensure uniformity and proper location of irrigation lines and heads.
7. Contractor shall ensure that there are no visual obstructions in the plane of sight and traffic controls. Contractor must erect and maintain large light colored barriers to avoid any such obstructions.
8. Trees that be maintained by the owner to avoid future maintenance by pruning trees and/or other as necessary utilizing locally sourced arbor techniques.

1. All landscape areas are to receive a minimum of 4" of topsoil. See 2900 specification.
2. All plant material shall be healthy, vigorous, and free of pests and disease.
3. All plant material shall be container-grown or balled and burlapped as indicated in the plant list.
4. All trees shall have a straight trunk and full head and meet all requirements specified.
5. All materials are subject to the approval of the landscape architect or his designated representative before, during, and after installation.
6. All trees must be guyed or staked as shown in the details.



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Circle Featured By:
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OF ADOPTING PETS" CAMPAIGN. THE
CAMPAIN, WHICH IS BEING RUN BY THE
NATIONAL ANIMAL RESCUE FOUNDATION,
IS A PART OF THE "REDUCE THE RISK OF
ADOPTING PETS" CAMPAIGN. THE
CAMPAIN IS A PART OF THE "REDUCE THE
RISK OF ADOPTING PETS" CAMPAIGN.

CONSULTANTS	
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Walmart*
ORMOND BEACH, FL
1501 WEST GIANADA BOULEVARD
STORE NO: 613-276
JOB NUMBER: W311932

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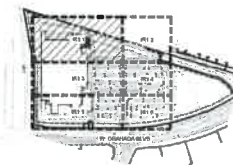
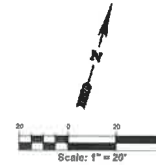
CHECKED BY: D. BRYANT
DRAWN BY: M. CROUCH
PROTO CYCLE: N/A
DOCUMENT DATE: 07/09/04

This item has been digitally signed and sealed by Doreen L. Bryant on the date adjacent to the seal. Printed copies of this document are not considered original and sealed with the signature must be verified on any electronic

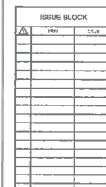
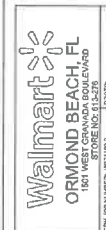
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**WALMART
NOTES AND
DETAILS**

L2.0



KEY MESSAGE



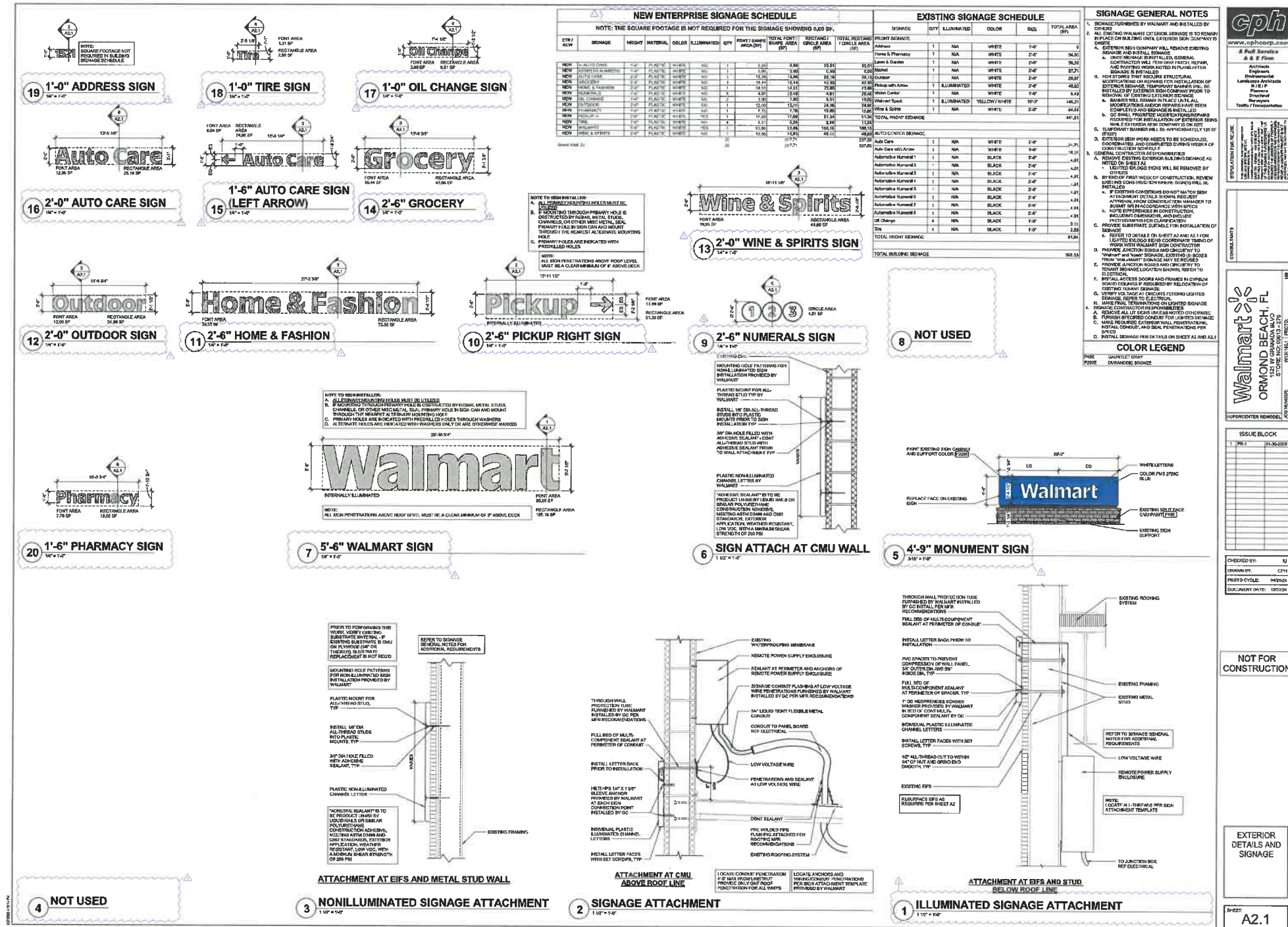
CHECKED BY: D. BRYANT
DRAWN BY: AL CROUCH
PHOTO CYCLE: N/A
ACQUISITION DATE: 8/24/2011

This form has been digitally signed and
verified by Denise R. Bryant on the date
indicated in the seal. Printed copies of
this document are not considered
signed and sealed and the signatory
must be verified on any electronic
copy.

IRRIGATION
PLAN

IR1.1





WAL-MART

1000 N. GARDEN AVE. FL.

ORLANDO, FL 32810

TEL: 407.351.1234

FAX: 407.351.1235

ISSUE BLOCK

ISSUE	DATE	DESCRIPTION
1	11-20-2005	1. PRELIMINARY

CHECKED BY: MJ

DRAWN BY: CHN

PROT CYCLE: 10/20/05

DOCUMENT DATE: 10/20/05

NOT FOR CONSTRUCTION

EXTERIOR DETAILS AND SIGNAGE

Planning Board minutes from July 10, 2025

ITEM:

PZ-2025-134

Planned Business Development
Amendment

1521 West Granada Boulevard,
Walmart

Recommended for Approval (6-0)

V. APPROVAL OF MINUTES

June 12, 2025

Mr. Jorczak moved to approve the June 12, 2025 Minutes. Mr. Gentry seconded the motion. The minutes were unanimously approved (6-0).

VI. PLANNING DIRECTOR'S REPORT

There was no Planning Director's report.

VII. PUBLIC HEARINGS

A. **PZ-2025-134, Planned Business Development (PBD) Amendment, 1521 West Granada Boulevard, Walmart Supercenter**

Mr. Steven Spraker, Planning Director, explained the application submitted by CPH, LLC, on behalf of Walmart Stores East, LP, the property owner, for an 8th amendment to the development order for the Planned Business Development to allow the construction of an approximately 5,101-square-foot building expansion at the northeast corner of the existing building to expand their growing online grocery pickup service area. The subject property is located at 1521 West Granada Boulevard and has a Planned Business Development (PBD) zoning designation.

Mr. Spraker stated that the area was formerly approved in 2017 for a liquor box concept but that it has since expired, the reason for going through this process. He continued that a neighborhood meeting was held on February 20, 2025 where the transient population and a desire to clean up the Greenbelt buffer along West Granada Boulevard to reduce locations for potential encampments was expressed, along with beautification of building façade improvements. Mr. Spraker added that key topics from the March 13, 2025 Planning Board meeting were overgrowth within the Greenbelt buffer and a desire to clean the buffer area, the proposed chain-link fence within the Greenbelt buffer to prevent unauthorized individuals within the buffer, and utilization of a masonry wall. Additional topics were issues of homelessness within the Greenbelt buffer, building architecture, and the desired additional architectural attributes.

Mr. Spraker displayed before and after pictures and explained that the Walmart project team has worked to clean up the Greenbelt buffer and has coordinated with City staff throughout the process. Key parts of the cleaning process were reviewed in that Walmart and City staff coordinated with FDOT staff and it was determined that the chain-link fence must stay in place, FDOT cleaned the right-of-way (ROW), repaired the sidewalks, the Brazilian pepper trees in the buffer were removed, and the applicant volunteered to replace the FDOT fence with green-vinyl coated chain-link fence. A replanting plan with irrigation was provided and included in the Board packet. The existing masonry wall is scheduled to be pressure-washed and painted. He added that the project resubmittal includes a masonry wall, and the Planning Board can consider if it is still needed. Mr. Spraker displayed the new building architecture plan.

Mr. Spraker explained Walmart's summary of actions after the last Planning Board meeting in that the Greenbelt buffer has been cleaned up, their agreement to replace the FDOT fence, the planting plan submittal, the proposed masonry wall if requested,

added security, and the updated architectural plans. Mr. Spraker concluded that staff recommends approval with the resolution of outstanding SPRC comments.

Captain Chris Roos, Ormond Beach Police Department (OBPD), stated that Walmart has been very receptive and has cleaned out the Greenbelt buffer and took palm trees out and lifted (limbed-up) trees. He suggested that putting in a 6'- masonry wall will create an area for the homeless to jump and hide behind which he was not in favor of. Captain Roos explained that officers can drive by the property several times per day and have the ability to look in at the site to monitor. He added that they will be putting in mulch with the beautification part of the project. Captain Roos remarked that Walmart, the old manager Mark, and the new manager, Dante, have done everything that has been asked of them.

Board Questions

Ms. Shull asked for details about the suggested side wall connecting Walmart's existing masonry wall to the FDOT chain-link fence. It was discussed and determined that it would lock the police out and would not be beneficial.

Mr. Railsback expressed that he feels uncomfortable about the area west and around the corner to Interstate 95 and asked if it would be lifted up. It was advised that the area up and to the main sign would be lifted.

Mr. Railsback inquired about the area on the east side of the site by the pond and if it were also going to be cleaned up so that it would not encourage settlement.

Chairman Thomas added that the adjoining parking lot there also needed to be cleaned out and landscaped.

Mr. Railsback concurred and added that Publix could also be added to that type of cleanup project and suggested that everything be lifted at least 7' to provide a visual barrier and to take away settlement areas. He stated that over time it needs to be a progressive capital project and maintained.

Captain Roos confirmed that they asked for a 6'-clearance and that whatever happens in one year after 3' of growth be maintained.

Mr. Jorczak asked how many incidents happen at the Ormond Beach Walmart in one year. Captain Roos replied that they go out there regularly and that there are more people there at any given time than any other place in the city, including transients, and that there is a shoplifting problem there. The transients rank more of a problem than any other, according to Captain Roos. He added that Walmart management contacts him directly now and how they have had less calls in the last three months.

Mr. Gentry asked if the homelessness has been less since the recent clearing. Captain Roos confirmed yes, since the woods have been removed that they have noticed less transients.

It was discussed that the Interstate 95 ramp is out of the city's jurisdiction.

Mr. Scudiero asked for clarification if it is being expressed that the vinyl fence would make the city safer than the masonry wall. Captain Roos confirmed yes.

The fences were discussed in that there are two, one is the FDOT fence along the right-of-way (ROW), and the second fence is from the FDOT fence to the Walmart wall. Staff's position is to eliminate the proposed fence connecting the FDOT fence to the Walmart wall inside of the buffer. Walmart advised that they are ready to construct this improvement if the Board deems it appropriate. It was further explained that the FDOT fence will be replaced with the green vinyl coated chain-link fence at the applicant's expense.

Applicant's Presentation

Rebecca Wilson, 215 N. Yellow Drive, legal counsel on behalf of Walmart, stated that Walmart took the Boards suggestions to heart regarding what was said about the Greenbelt buffer, security, and architecture suggestions and added architects to work with city staff to come up with a coastal architectural style. Ms. Wilson added that they would be fine with conditions added for the suggested canopy height and clean-up of the east parking lot. It was said that the previous development order did not allow clean-up of the parking lot landscaping. Ms. Wilson remarked that the nice-looking landscape and irrigation will look great, adding that their team of including their landscape architect, architect, engineer, store manager and corporate team members were in attendance for any questions.

Chairman Thomas commended Walmart for the meetings that he attended on two occasions and remarked that they were pleasant and cooperative to work with.

Board discussion ensued on the landscaping specifics. It was discussed and determined that multi-trunk crepe myrtle trees are included in the city approved landscaping plan and it was reiterated that the landscaping be limbed up at least 6' as far east and west as the property goes along the frontage and along State Road 40 on the property. Mr. Railsback concluded that he supports the rest of the project as presented.

Mr. Gentry brought attention to the operation logistics and the online pick-up times and holiday delivery trucks schedule, and how it was determined previously to schedule around high volume online pick-up hours.

Chairman Thomas asked if the split face block-face existing wall could be stuccoed and painted to match the store. Ms. Wilson replied that the intent is to paint it to match the building colors and how the added landscaping will soften the appearance.

Ms. Wilson added that there is also going to be a complete interior renovation of the store with a different modern layout and added that the Ormond Beach Police Department (OBPD) will be isolated in the northern area. She elaborated that a local artist will do a mural that represents Ormond Beach in the renovations as well. The entrances were discussed in that there are three different entrances, including the garden center entrance.

Mr. Scudiero asked if any parking spaces will be removed. It was discussed and determined that some parking spots are already designated for online 'pick-up and go,' as well as parking spots for OBPD.

Chairman Thomas addressed the aforementioned unhealthy plants and unmaintained/unmanicured landscape islands in the far eastern parking lot and explained the movement in Ormond Beach to step up code enforcement in commercial areas and their parking lots. Ms. Wilson responded that they are adding

plantings in front of the store and investing a lot of money in the renovation and assured that it will look great.

Mr. Gentry asked about the “unsightly” area between the sidewalk and the chain-link fence. Mr. Spraker replied that staff met with FDOT and that they are putting maintenance resources into the area.

Audience Comments

Ms. Kim Kaszar, Hunters Ridge, introduced herself as an Ormond Beach resident of 25 years and commented that she is happy to see the landscaping plan and brought attention to the ospreys nest on top of the Walmart sign. She suggested that when cleaning up the sign area, installing a live-stream camera that can be viewed on social media to monitor it would be great for the residents and marketing.

Chairman Thomas brought it back up to the Board for questions and entertained a motion.

Mr. Scudiero motioned to approve PZ-2025-134, Planned Business Development (PBD) Amendment, 1521 West Granada Boulevard, Walmart Supercenter, with the absence of a masonry wall requirement within Greenbelt Buffer, and for the portion of the existing buffer along the east side of the parcel, from Williamson Boulevard to Bermuda Estates Drive abutting West Granada Boulevard to be limbed up within 18 months. Mr. Jorczak seconded it. Vote was called, and the motion was approved (6-0).

Mr. Railsback stated that he likes the wall with the grit on it but agrees that it needs to be cleaned up and painted. He commended Chairman Thomas, Troy Kent, and Commissioner Kristin Deaton for all of their efforts with Walmart.

B. PZ-2025-180, Land Development Code Amendment, Private Tattoo Studio Use

Mr. Steven Spraker, Planning Director, explained the application for a Land Development Code (LDC) amendment from Anthony Conforti to amend (1) Chapter 1, General Administration, Article III, Definitions and acronyms, Section 1-22, Definitions of terms and words; (2) Chapter 2, District and General Regulations, Article II, District and General Regulations, Section 2-25, B-4, Central Business Zoning District; and (3) Chapter 2, District and General Regulations, Article IV, Conditional and Special Exception Regulations, Section 2-57, Criteria for review of specific conditional criteria to provide a definition and specific conditional criteria to allow private tattoo studios as a conditional use in the B-4, Central Business Zoning District.

Mr. Spraker detailed the limiting conditional use criteria for the proposed amendment: *a. No exterior windows are allowed; b. No exterior signage or displays are allowed; c. The use shall be limited to one tattoo artist; d. Clients shall be limited to appointments only; e. The tattoo area shall not exceed 160-square-feet; f. The use shall be located within a structure of two stories or greater and fronting along East Granada Boulevard.*

Mr. Spraker continued that tattooing is allowed in the B-5, Service Commercial zoning district, primarily along U.S. Highway 1 and scattered throughout the city. The use is also allowed at Destination Daytona through a Planned Business Development (PBD). He added that the LDC allows cosmetic tattooing in the B-4



Ordinance Adoption **Business Impact Estimate**

Proposed ordinance's number and legal title:

2025-27

AN ORDINANCE AUTHORIZING THE EXECUTION AND ISSUANCE OF THE EIGHT AMENDED DEVELOPMENT ORDER FOR THE "WALMART" PLANNED BUSINESS DEVELOPMENT APPROVING A BUILDING ADDITION OF APPROXIMATELY 5,101 SQUARE FEET FOR THE ONLINE GROCERY PICK-UP SERVICE AREA; ESTABLISHING CONDITIONS AND EXPIRATION DATE OF APPROVAL; AND SETTING FORTH AN EFFECTIVE DATE.

This Business Impact Estimate is provided in accordance with section 166.041(4), Florida Statutes. If one or more boxes are checked below, this means the City is of the view that a business impact estimate is not required by state law for the proposed ordinance, but the City is, nevertheless, providing this Business Impact Estimate as a courtesy and to avoid any procedural issues that could impact the enactment of the proposed ordinance. This Business Impact Estimate may be revised following its initial posting.

- ☐ The proposed ordinance is required for compliance with Federal or State law or regulation;
- ☐ The proposed ordinance relates to the issuance or refinancing of debt;
- ☐ The proposed ordinance relates to the adoption of budgets or budget amendments, including revenue sources necessary to fund the budget;
- ☐ The proposed ordinance is required to implement a contract or an agreement, including, but not limited to, any Federal, State, local, or private grant or other financial assistance accepted by the municipal government;
- ☐ The proposed ordinance is an emergency ordinance;
- ☐ The ordinance relates to procurement; or
- ☒ The proposed ordinance is enacted to implement the following:
 - a. Part II of Chapter 163, Florida Statutes, relating to growth policy, county and municipal planning, and land development regulation, including zoning, development orders, development agreements and development permits;
 - b. Sections 190.005 and 190.046, Florida Statutes, regarding community development districts;
 - c. Section 553.73, Florida Statutes, relating to the Florida Building Code; or
 - d. Section 633.202, Florida Statutes, relating to the Florida Fire Prevention Code.

In accordance with the provisions of controlling law, even notwithstanding the fact that an exemption noted above may apply, the City hereby publishes the following information:

1. A summary of the proposed ordinance, including a statement of the public purpose to be served by the proposed ordinance, such as serving the public health, safety, morals, and welfare of the City.

This is a request by CPH, LLC., on behalf of Walmart Stores East, LP, the property owner, for an 8th Amendment to the Development Order for the Planned Business Development to allow the construction of an approximately 5,101-square-foot building expansion at the northeast corner of the existing building to expand their growing online grocery pick-up service area. The subject property is located at 1521 West Granada Boulevard and has a Planned Business Development (PBD) zoning designation.

2. An estimate of the direct economic impact of the proposed ordinance on private, for-profit businesses in the City, including the following, if any:

- a. An estimate of direct compliance costs that businesses may reasonably incur if the ordinance is enacted;

None. This is a request by CPH, LLC., on behalf of Walmart Stores East, LP, the property owner, for an 8th Amendment to the Development Order for the Planned Business Development to allow the construction of an approximately 5,101-square-foot building expansion at the northeast corner of the existing building to expand their growing online grocery pick-up service area. The subject property is located at 1521 West Granada Boulevard and has a Planned Business Development (PBD) zoning designation.

- b. Identification of any new charge or fee on businesses subject to the proposed ordinance, or for which businesses will be financially responsible; and

None. This is a request by CPH, LLC., on behalf of Walmart Stores East, LP, the property owner, for an 8th Amendment to the Development Order for the Planned Business Development to allow the construction of an approximately 5,101-square-foot building expansion at the northeast corner of the existing building to expand their growing online grocery pick-up service area. The subject property is located at 1521 West Granada Boulevard and has a Planned Business Development (PBD) zoning designation.

- c. An estimate of the City's regulatory costs, including an estimate of revenues from any new charges or fees that will be imposed on businesses to cover such costs.

None. This is a request by CPH, LLC., on behalf of Walmart Stores East, LP, the property owner, for an 8th Amendment to the Development Order for the Planned Business Development to allow the construction of an approximately 5,101-square-foot building expansion at the northeast corner of the existing building to expand their growing online grocery pick-up service area. The subject property is located at 1521 West Granada Boulevard and has a Planned Business Development (PBD) zoning designation.

3. A good faith estimates of the number of businesses likely to be impacted by the ordinance.

None. This is a request by CPH, LLC., on behalf of Walmart Stores East, LP, the property owner, for an 8th Amendment to the Development Order for the Planned Business Development to allow the construction of an approximately 5,101-square-foot building expansion at the northeast corner of the existing building to expand their growing online grocery pick-up service area. The subject property is located at 1521 West Granada Boulevard and has a Planned Business Development (PBD) zoning designation.

4. Any additional information the City determines may be useful.

(This section may include: methodology or data used to prepare the Business Impact Estimate, e.g., City staff solicited comments from businesses as to the potential impact of the proposed ordinance by contacting the chamber of commerce, social media posting, direct mail/email, posting on the City's website, public workshop, etc.; efforts made to reduce the potential fiscal impact on businesses; and state the proposed ordinance is a generally applicable ordinance that applies to all persons similarly situated (individuals or businesses) and, therefore, the proposed ordinance does not affect only businesses.)

No business impacts proposed. The item was advertised by newspaper advertisements. Information on the application is also on the city's website.



**City of Ormond Beach
City Commission Agenda
Staff Report**

Agenda Date	September 3, 2025	Item No	9.E.
Section	PUBLIC HEARINGS	Category	Public Hearing - Ordinances
Subject	Amendment to Water & Wastewater Rates		
Recommended Action	Staff recommends approval of the ordinance amendment.		
Strategic Goal	Water Quality & the Environment - Other		
Department Staff Contact	Finance Kelly McGuire, Finance Director		

Summary

As discussed with the City Commission during the budget workshop, rate increases are necessary to provide sufficient funding for ongoing operations, capital projects and associated debt service within the Water & Wastewater Fund. **The proposed rate adjustment will have no impact on the minimum bill for usage of 2,000 gallons or less.** The rate increase will only be applied to excess usage above 2,000 gallons as follows:

Service Type	Inside City Increase per 1,000 gallons
Residential Water 3,000 to 6,000 gallons	\$0.62
Residential Water 7,000 gallons or more	\$0.74
Residential Wastewater 3,000 gallons or more	\$0.62
Commercial Water 3,000 to 6,000 gallons	\$0.76
Commercial Water 7,000 gallons or more	\$0.91
Commercial Wastewater 3,000 gallons or more	\$0.77
Multi-Family Water 3,000 to 6,000 gallons	\$0.62
Multi-Family Water 7,000 gallons or more	\$0.74
Multi-Family Wastewater 3,000 gallons or more	\$0.62

The impact of the above on an average customer will be:

Rates for average customer 6,000 gallons	Current	10/1/2025
Water	\$33.49	\$35.97
Wastewater	\$43.83	\$46.31
Total	\$77.32	\$82.28

Outside City and Retail rates will also be adjusted as outlined in the ordinance amendment.

The additional funding will mitigate the rising cost of operating expenses such as sludge hauling, chemicals and necessary components to maintain the collection and distribution systems.

Financial Impact

The rate adjustments are anticipated to generate sufficient revenue when combined with Water & Wastewater reserves to fund expenses included in the FY 2025-26 proposed budget.

Citizen Impact

There will be no increase to the minimum bill which includes the first 2,000 gallons of water per month. The average household uses 6,000 gallons per month and can expect a monthly increase of \$4.96 beginning October 1, 2025.

Attachments

1. 25-30 W & WW rate incr (P25-0013G)
2. Business Impact Statement

ORDINANCE NO. 2025-30

AN ORDINANCE AMENDING SECTION 22-23, MINIMUM METER RATES GENERALLY; 22-24, MULTIPLE MINIMUM CHARGES; 22-71, SERVICE CHARGE ESTABLISHED; 22-136, MINIMUM WATER RATES; AND 22-137, MINIMUM WASTEWATER RATES; OF CHAPTER 22, WATER AND SEWERS, OF THE CITY OF ORMOND BEACH *CODE OF ORDINANCES*, BY INCREASING WATER AND SEWER RATES; REPEALING ALL INCONSISTENT ORDINANCES OR PARTS THEREOF; AND SETTING FORTH AN EFFECTIVE DATE.

BE IT ENACTED BY THE PEOPLE OF THE CITY OF ORMOND BEACH, FLORIDA, THAT:

SECTION ONE. Section 22-23, Minimum meter rates generally, of Article I, Water, Division 2, Rates and Charges, of Chapter 22, Water and Sewers, of the City of Ormond Beach, Florida, *Code of Ordinances* is hereby amended to read as follows:

Sec. 22-23. - Minimum meter rates generally.

The following minimum meter rates shall be applied to all retail quantities of water as shown by monthly meter readings to have been delivered; except that this section is not applicable for water service of two days or less:

(1) *Residential rate.*

a. *Inside city limits.*

Monthly Usage (gallons)	Rate, Effective 10/1/2023	Rate, Effective 9/30/2024 <u>10/1/2025</u>
2,000 or less, minimum	\$17.41	\$18.45
Excess over 2,000, per 1,000	\$3.55	\$3.76 <u>\$4.38</u>
Excess over 6,000, per 1,000	\$4.21	\$4.46 <u>\$5.20</u>

Each monthly bill shall be rendered for an amount of not less than the minimum which shall allow the use of 2,000 gallons of water per month per meter unit so billed.

b. *Outside city limits.*

Monthly Usage (gallons)	Rate, Effective 10/1/2023	Rate, Effective 9/30/2024 <u>10/1/2025</u>
2,000 or less, minimum	\$26.11	\$27.67
Excess over 2,000, per 1,000	\$5.33	\$5.65 <u>\$6.57</u>
Excess over 6,000, per 1,000	\$6.31	\$6.69 <u>\$7.80</u>

Each monthly bill shall be rendered for an amount of not less than the minimum which shall allow the use of 2,000 gallons of water per month per meter unit so billed.

- (2) *Commercial rate.* Commercial, industrial and service accounts shall not be subject to the multiple minimum charge, except as set forth in the last paragraph of this subsection. In lieu of the multiple minimum:

- a. Inside the city limits the commercial rate will be:

Monthly Usage (gallons)	Rate, Effective 10/1/2023	Rate, Effective 9/30/2024 <u>10/1/2025</u>
2,000 or less, minimum	\$17.41	\$18.45
Excess over 2,000, per 1,000	\$4.37	\$4.63 <u>\$5.39</u>
Excess over 6,000, per 1,000	\$5.22	\$5.53 <u>\$6.44</u>

Each monthly bill shall be rendered for an amount of not less than the minimum which shall allow the use of 2,000 gallons of water per month per meter unit so billed.

- b. Outside of the city limits the commercial rate will be:

Monthly Usage (gallons)	Rate, Effective 10/1/2023	Rate, Effective 9/30/2024 <u>10/1/2025</u>
2,000 or less, minimum	\$26.11	\$27.67
Excess over 2,000, per 1,000	\$6.55	\$6.94 <u>\$8.09</u>
Excess over 6,000, per 1,000	\$7.82	\$8.29 <u>\$9.66</u>

Each monthly bill shall be rendered for an amount of not less than the minimum which shall allow the use of 2,000 gallons of water per month per meter unit so billed.

SECTION TWO. Section 22-24, Multiple minimum charges, of Article I, Water, Division 2, Rates and Charges, of Chapter 22, Water and Sewers, of the City of Ormond Beach, Florida, *Code of Ordinances* is hereby amended to read as follows:

Sec. 22-24. - Multiple minimum charges.

- (a) *Inside city; minimum charge where meter installation serves more than one equivalent living unit.* Each meter installation serving more than one equivalent living unit shall be allowed to use 2,000 gallons per unit per month under the minimum charge for each unit served from a single meter inside the city.

Monthly Usage (gallons)	Rate, Effective 10/1/2023	Rate, Effective 9/30/2024 10/1/2025
First Unit:		
2,000 or less, minimum	\$17.41	\$18.45
Excess over 2,000, per 1,000	\$3.55	\$3.76- \$4.38
Excess over 6,000, per 1,000	\$4.21	\$4.46- \$5.20
Each Additional Unit:		
2,000 or less, minimum	\$16.60	\$17.60
Excess over 2,000, per 1,000	\$3.55	\$3.76- \$4.38
Excess over 6,000, per 1,000	\$4.21	\$4.46- \$5.20

- (b) *Outside city; minimum charge where meter installation serves more than one equivalent living unit.* Each meter installation serving more than one equivalent living unit shall be allowed to use 2,000 gallons per unit per month under the minimum charge for each unit served from a single meter outside the city.

Monthly Usage (gallons)	Rate, Effective 10/1/2023	Rate, Effective 9/30/2024 10/1/2025
First Unit:		
2,000 or less, minimum	\$26.11	\$27.67
Excess over 2,000, per 1,000	\$5.33	\$5.65- \$6.57
Excess over 6,000, per 1,000	\$6.31	\$6.69- \$7.80
Each Additional Unit:		
2,000 or less, minimum	\$24.89	\$26.38
Excess over 2,000, per 1,000	\$5.33	\$5.65- \$6.57
Excess over 6,000, per 1,000	\$6.31	\$6.69- \$7.80

SECTION THREE. Section 22-71, Service charge established, of Article II, Sewers, Division 1, Generally, of Chapter 22, Water and Sewers, of the City of Ormond Beach, Florida, *Code of Ordinances* is hereby amended to read as follows:

Sec. 22-71. - Service charge established.

The following minimum rates for the use or availability for use of the sanitary sewage facilities of the city by water consumption as shown by monthly meter readings to have been delivered shall be:

(1) *Residential rate.*

a. *Inside city limits.*

Monthly Usage (gallons)	Rate, Effective 10/1/2023	Rate, Effective 9/30/2024 10/1/2025
2,000 or less, minimum	\$21.54	\$22.83
Excess over 2,000, per 1,000	\$4.95	\$5.25 \$5.87

Each monthly bill shall be rendered for an amount of not less than the minimum which shall allow the use of 2,000 gallons of water per month per meter unit so billed.

b. *Outside city limits.*

Monthly Usage (gallons)	Rate, Effective 10/1/2023	Rate, Effective 9/30/2024 10/1/2025
2,000 or less, minimum	\$32.31	\$34.25
Excess over 2,000, per 1,000	\$7.43	\$7.87 \$8.81

Each monthly bill shall be rendered for an amount of not less than the minimum which shall allow the use of 2,000 gallons of water per month per meter unit so billed.

(2) *Commercial rate.*

a. *Inside city limits:*

Monthly Usage (gallons)	Rate, Effective 10/1/2023	Rate, Effective 9/30/2024 10/1/2025
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2,000 or less, minimum	\$21.54	\$22.83
Excess over 2,000, per 1,000	\$6.14	\$6.51 <u>\$7.28</u>

Each monthly bill shall be rendered for an amount of not less than the minimum which shall allow the use of 2,000 gallons of water per month per meter unit so billed.

b. *Outside city limits:*

Monthly Usage (gallons)	Rate, Effective 10/1/2023	Rate, Effective 9/30/2024 <u>10/1/2025</u>
2,000 or less, minimum	\$32.31	\$34.25
Excess over 2,000, per 1,000	\$9.21	\$9.76 <u>\$10.92</u>

Each monthly bill shall be rendered for an amount of not less than the minimum which shall allow the use of 2,000 gallons of water per month per meter unit so billed.

(3) *Multiple minimum charges.*

- a. *Inside city; minimum charge where meter installation serves more than one equivalent living unit.* Each meter installation serving more than one equivalent living unit shall be allowed to use 2,000 gallons per unit per month under the minimum charge for each additional unit served from a single meter inside the city.

Monthly Usage (gallons)	Rate, Effective 10/1/2023	Rate, Effective 9/30/2024 <u>10/1/2025</u>
First Unit:		
2,000 or less, minimum	\$21.54	\$22.83
Excess over 2,000, per 1,000	\$4.95	\$5.25 <u>\$5.87</u>
Each Additional Unit:		
2,000 or less, minimum	\$20.36	\$21.58
Excess over 2,000, per 1,000	\$4.95	\$5.25 <u>\$5.87</u>

- b. *Outside city; minimum charge where meter installation serves more than one equivalent living unit.* Each meter installation serving more than one equivalent living unit shall be allowed to use 2,000 gallons per unit per month under the minimum charge for each unit served from a single meter outside the city.

Monthly Usage (gallons)	Rate, Effective 10/1/2023	Rate, Effective 9/30/2024 <u>10/1/2025</u>
First Unit:		

2,000 or less, minimum	\$32.31	\$34.25
Excess over 2,000, per 1,000	\$7.43	\$7.88 <u>\$8.81</u>
Each Additional Unit:		
2,000 or less, minimum	\$30.55	\$32.38
Excess over 2,000, per 1,000	\$7.43	\$7.88 <u>\$8.81</u>

SECTION FOUR. Section 22-136, Minimum water rates, of Article IV, Hunter's Ridge-Flagler County DRI Service Area, of Chapter 22, Water and Sewers, of the City of Ormond Beach, Florida, *Code of Ordinances* is hereby amended to read as follows.

Sec. 22-136. Minimum water rates.

The following minimum rates shall be applied to all retail quantities of water as shown by monthly meter readings to have been delivered; except that this section is not applicable for water service of two days or less:

(1) *Residential rate.*

Monthly Usage (gallons)	Rate, Effective 10/1/2023	Rate, Effective 9/30/2024 10/1/2025
2,000 or less, minimum	\$21.76	\$23.06
Excess over 2,000, per 1,000	\$4.44	\$4.71 <u>\$5.48</u>
Excess over 6,000, per 1,000	\$5.26	\$5.58 <u>\$6.50</u>

Each monthly bill shall be rendered for an amount of not less than the minimum which shall allow the use of 2,000 gallons of water per month per meter unit so billed.

(2) *Commercial, industrial and service rate.*

- a. Commercial, industrial and service accounts shall not be subject to the multiple minimum charge in subsection (3) of this section, except as set forth in subsection (2)b of this section. In lieu of the multiple minimum:

Monthly Usage (gallons)	Rate, Effective 10/1/2023	Rate, Effective 9/30/2024 10/1/2025
2,000 or less, minimum	\$21.76	\$23.06
Excess over 2,000, per 1,000	\$5.46	\$5.79 <u>\$6.74</u>
Excess over 6,000, per 1,000	\$6.52	\$6.91 <u>\$8.05</u>

- b. Each monthly bill shall be rendered for an amount of not less than the minimum which shall allow the use of 2,000 gallons of water per month per meter unit so billed.
- (3) *Multiple minimum charges.* Each meter installation serving more than one equivalent living unit shall be allowed to use 2,000 gallons per unit per month under the minimum charge for each unit served from a single meter outside the city.

Monthly Usage (gallons)	Rate, Effective 10/1/2023	Rate, Effective 9/30/2024 10/1/2025
First Unit:		
2,000 or less, minimum	\$21.76	\$23.06
Excess over 2,000, per 1,000	\$4.44	\$4.71 \$5.16
Excess over 6,000, per 1,000	\$5.26	\$5.58 \$6.50
Each Additional Unit:		
2,000 gallons or less, minimum	\$20.75	\$21.99
Excess over 2,000, per 1,000	\$4.44	\$4.71 \$5.16
Excess over 6,000, per 1,000	\$5.26	\$5.58 \$6.50

SECTION FIVE. Section 22-137, Minimum wastewater rates, of Article IV, Hunter's Ridge-Flagler County DRI Service Area, of Chapter 22, Water and Sewers, of the City of Ormond Beach, Florida, *Code of Ordinances* is hereby amended to read as follows.

Sec. 22-137. Minimum wastewater rates.

The minimum rates for the use or availability of use of the city's sanitary sewer or wastewater facilities shall be based upon water consumption as shown by monthly meter readings to have been delivered, and shall be:

- (1) *Residential rate.*

Monthly Usage (gallons)	Rate, Effective 10/1/2023	Rate, Effective 9/30/2024 10/1/2025
2,000 or less, minimum	\$26.92	\$28.54
Excess over 2,000, per 1,000	\$6.19	\$6.56 \$7.34

Each monthly bill shall be rendered for an amount of not less than the minimum which shall allow the use of 2,000 gallons of water per month per meter unit so billed.

(2) *Commercial, industrial and service rate.*

Monthly Usage (gallons)	Rate, Effective 10/1/2023	Rate, Effective 9/30/2024 <u>10/1/2025</u>
2,000 or less, minimum	\$26.92	\$28.54
Excess over 2,000, per 1,000	\$7.67	\$8.13 <u>\$9.10</u>

Each monthly bill shall be rendered for an amount of not less than the minimum which shall allow the use of 2,000 gallons of water per month per meter unit so billed.

(3) *Multiple minimum charges.* Each meter installation serving more than one equivalent living unit shall be allowed to use 2,000 gallons per unit per month under the minimum charge for each unit served from a single meter outside the city.

Monthly Usage (gallons)	Rate, Effective 10/1/2023	Rate, Effective 9/30/2024 <u>10/1/2025</u>
First Unit:		
2,000 or less, minimum	\$26.92	\$28.54
Excess over 2,000, per 1,000	\$6.19	\$6.56 <u>\$7.34</u>
Each Additional Unit:		
2,000 gallons or less, minimum	\$25.45	\$26.98
Excess over 2,000, per 1,000	\$6.19	\$6.56 <u>\$7.34</u>

SECTION SIX. This Ordinance and the water rate and wastewater rate adjustments provided herein shall be effective October 1, 2025. All Ordinances or parts of Ordinances in conflict herewith are hereby repealed to the extent of such conflict.

PASSED UPON at the first reading of the City Commission, this 3rd day of September, 2025.

PASSED UPON at the second and final reading of the City Commission, this 17th day of September, 2025.

JASON LESLIE
Mayor

ATTEST:

SUSAN CARROLL DAUDERIS
City Clerk



Ordinance Adoption **Business Impact Estimate**

Proposed ordinance's number and legal title:

Ordinance No. 2025-30

AN ORDINANCE AMENDING SECTION 22-23, MINIMUM METER RATES GENERALLY; 22-24, MULTIPLE MINIMUM CHARGES; 22-71, SERVICE CHARGE ESTABLISHED; 22-136, MINIMUM WATER RATES; AND 22-137, MINIMUM WASTEWATER RATES; OF CHAPTER 22, WATER AND SEWERS, OF THE CITY OF ORMOND BEACH *CODE OF ORDINANCES*, BY INCREASING WATER AND SEWER RATES; REPEALING ALL INCONSISTENT ORDINANCES OR PARTS THEREOF; AND SETTING FORTH AN EFFECTIVE DATE.

This Business Impact Estimate is provided in accordance with section 166.041(4), Florida Statutes. If one or more boxes are checked below, this means the City is of the view that a business impact estimate is not required by state law for the proposed ordinance, but the City is, nevertheless, providing this Business Impact Estimate as a courtesy and to avoid any procedural issues that could impact the enactment of the proposed ordinance. This Business Impact Estimate may be revised following its initial posting.

- ☐ The proposed ordinance is required for compliance with Federal or State law or regulation;
- ☐ The proposed ordinance relates to the issuance or refinancing of debt;
- ☒ The proposed ordinance relates to the adoption of budgets or budget amendments, including revenue sources necessary to fund the budget;
- ☐ The proposed ordinance is required to implement a contract or an agreement, including, but not limited to, any Federal, State, local, or private grant or other financial assistance accepted by the municipal government;
- ☐ The proposed ordinance is an emergency ordinance;
- ☐ The ordinance relates to procurement; or
- ☐ The proposed ordinance is enacted to implement the following:
 - a. Part II of Chapter 163, Florida Statutes, relating to growth policy, county and municipal planning, and land development regulation, including zoning, development orders, development agreements and development permits;
 - b. Sections 190.005 and 190.046, Florida Statutes, regarding community development districts;
 - c. Section 553.73, Florida Statutes, relating to the Florida Building Code; or
 - d. Section 633.202, Florida Statutes, relating to the Florida Fire Prevention Code.

In accordance with the provisions of controlling law, even notwithstanding the fact that an exemption noted above may apply, the City hereby publishes the following information:

1. A summary of the proposed ordinance, including a statement of the public purpose to be served by the proposed ordinance, such as serving the public health, safety, morals, and welfare of the City.

Ordinance is required to comply with Florida Statute regarding annual adoption of budgets.

2. An estimate of the direct economic impact of the proposed ordinance on private, for-profit businesses in the City, including the following, if any:

- a. An estimate of direct compliance costs that businesses may reasonably incur if the ordinance is enacted;

None

- b. Identification of any new charge or fee on businesses subject to the proposed ordinance, or for which businesses will be financially responsible; and

None

- c. An estimate of the City's regulatory costs, including an estimate of revenues from any new charges or fees that will be imposed on businesses to cover such costs.

None

3. A good faith estimate of the number of businesses likely to be impacted by the ordinance.

Not applicable

4. Any additional information the City determines may be useful.

(This section may include: methodology or data used to prepare the Business Impact Estimate, e.g., City staff solicited comments from businesses as to the potential impact of the proposed ordinance by contacting the chamber of commerce, social media posting, direct mail/email, posting on the City's website, public workshop, etc.; efforts made to reduce the potential fiscal impact on businesses; and state the proposed ordinance is a generally applicable ordinance that applies to all persons similarly situated (individuals or businesses) and, therefore, the proposed ordinance does not affect only businesses.)



**City of Ormond Beach
City Commission Agenda
Staff Report**

Agenda Date	September 3, 2025	Item No	10.A.
Section	FIRST READING OF ORDINANCES	Category	First Reading of Ordinances
Subject	Amendment to Solid Waste Collection Rates		
Recommended Action	The <u>Budget Advisory Board</u> reviewed the rate adjustment and recommended approval. Staff also recommends approval of the ordinance amendment.		
Strategic Goal	Governance - Other		
Department Staff Contact	Finance Kelly McGuire, Finance Director		

Summary

Annually, the City's contractual solid waste hauler receives a cost of living adjustment. Since the Solid Waste fund is a self-supporting entity, these cost increases are passed along to the customer. The proposed rate adjustments will also support the purchase of a new street sweeper and provide necessary funding to maintain adequate reserves to pay the City's share of emergency debris removal not reimbursed by FEMA or the State of Florida. The proposed rate adjustments are effective October 1, 2025 and September 30, 2026.

Monthly Charge	Current	10/1/2025	9/30/2026
Residential collection (single family, mobile home parks, multiple dwellings)	\$25.72	\$27.26	\$28.90
Recycling	\$7.22	\$7.65	\$8.11
Residential Container service per cubic yard	\$12.58	\$13.33	\$14.13
Commercial Container service per cubic yard	\$12.58	\$13.33	\$14.13
Commercial Can service per cubic yard	\$34.42	\$36.49	\$38.68
Commercial Compactor per cubic yard	\$22.26	\$23.60	\$25.02
Commercial extraordinary service	\$55.00	\$60.00	\$65.00

Financial Impact

The rate adjustments are anticipated to generate sufficient revenue to fund expenses included in the FY 2025-26 budget for contractual solid waste collection, disposal, yard waste and recycling. The adjustment will also offset any cost increases likely to be incurred during FY 2026-27, and are necessary for operations and capital projects related to providing solid waste services.

Citizen Impact

The proposed rate adjustments will provide funding for disaster clean-up related reserves.

Attachments

1. 25-31 Solid Waste rate incr (P25-0112G)
2. Ordinance Business Impact Estimate Solid Waste Rate Adj

ORDINANCE NO. 2025-31

AN ORDINANCE AMENDING SECTION 10-16, FEES FOR COLLECTION AND DISPOSAL ESTABLISHED, OF ARTICLE I, IN GENERAL, OF CHAPTER 10, SOLID WASTE, YARD WASTE AND RECYCLABLES, OF THE CITY OF ORMOND BEACH *CODE OF ORDINANCES*, BY INCREASING FEES FOR THE COLLECTION AND DISPOSAL OF SOLID WASTE; REPEALING ALL INCONSISTENT ORDINANCES OR PARTS THEREOF; AND SETTING FORTH AN EFFECTIVE DATE.

BE IT ENACTED BY THE PEOPLE OF THE CITY OF ORMOND BEACH, FLORIDA, THAT:

SECTION ONE. Section 10-16, Fees for collection and disposal established, of Article 1, In General, of Chapter 10, Solid Waste, Yard Waste and Recyclables, of the City of Ormond Beach, Florida, *Code of Ordinances* is hereby amended to read as follows:

Sec. 10-16. Fees for collection and disposal established.

The fees for collection and disposal of garbage and for the removal of other trash (i.e., trees, shrubs trimmings, leaves, grass, papers, cardboard, etc.), shall be as follows:

(1) *Single-family residential.*

- a. *Generally.* Garbage fees shall commence when the house water meter is officially turned on and a certificate of occupancy has been issued; billing shall continue until the house meter is officially cut off. Monthly garbage fees are as follows:

	Effective 10/1/ 2023 <u>2025</u>	Effective 9/30/ 2024 <u>2026</u>
Residential collection, per month	\$24.26 <u>27.26</u>	\$25.72 <u>28.90</u>

b. *Mobile home parks.*

1. Except as provided in subsection (2)b of this section, mobile home parks will use containers approved, provided and located in one or more areas by the city as determined by the director of public works. There will be a review

every six months to determine any changes in the size of the containers to be provided.

2. When requested by the owner, the city, at its own option, may provide individual pickup for each mobile home, provided that the following conditions are met:
 - (i) The mobile home park streets meet all design and construction standards for a public street as required in the land development code and state statutes.
 - (ii) The mobile home park owner shall receive a single bill for the entire park and shall be responsible for all mobile home units, regardless of occupancy.
 - (iii) The garbage fee for each unit shall be the same as for residential collection.

	Effective 10/1/2023 <u>2025</u>	Effective 9/30/2024 <u>2026</u>
Per unit collection, per month	\$24.26 <u>27.26</u>	\$25.72 <u>28.90</u>

(2) *Residential multiple dwellings.*

- a. Where served by one water meter and where cans are used, the fee per living unit, regardless of occupancy, shall be:

	Effective 10/1/2023 <u>2025</u>	Effective 9/30/2024 <u>2026</u>
Residential can service, per month	\$24.26 <u>27.26</u>	\$25.72 <u>28.90</u>

- b. Where served by one water meter and where containers are used, the fee per cubic yard pickup shall be:

	Effective 10/1/2023 <u>2025</u>	Effective 9/30/2024 <u>2026</u>
Residential container service, per cubic yard pickup, per month	\$11.87 <u>13.33</u>	\$12.58 <u>14.13</u>

- c. Where each living unit is served by an individual water meter and where cans are used, the fee per living unit regardless of occupancy shall be:

	Effective 10/1/ 2023 <u>2025</u>	Effective 9/30/ 2024 <u>2026</u>
Per unit can service, per month	\$24.26 <u>27.26</u>	\$25.72 <u>28.90</u>

- d. Where each living unit is served by an individual water meter and where containers are used, the fee per cubic yard per pickup shall be:

	Effective 10/1/ 2023 <u>2025</u>	Effective 9/30/ 2024 <u>2026</u>
Per unit container service, per cubic yard per pickup	\$11.87 <u>13.33</u>	\$12.58 <u>14.13</u>

(3) *Commercial.*

- a. Commercial establishments (defined to include hotels, restaurants, lodges, churches and other such businesses and places not commonly described as residential) with cubic yard containers shall pay per cubic yard per pickup:

	Effective 10/1/ 2023 <u>2025</u>	Effective 9/30/ 2024 <u>2026</u>
Commercial container service, per cubic yard per pickup	\$11.87 <u>13.33</u>	\$12.58 <u>14.13</u>

Additional charges for waste tire disposal:

1. \$1.50 per passenger tire;
 2. \$3.00 per truck/oversize tire;
 3. \$15.00 per heavy equipment/off-road tire.
- b. Commercial establishments, as defined above, using cans shall pay per business or unit in the establishment:

	Effective 10/1/ 2023 <u>2025</u>	Effective 9/30/ 2024 <u>2026</u>
Per business or unit commercial can service, per cubic yard pickup, per month	\$32.47 <u>36.49</u>	\$34.42 <u>38.68</u>

Additional charges for waste tire disposal as set forth in subsection (c)(1) of this section.

- c. The director shall further have the authority to charge an additional ~~\$35.00~~ 55.00 plus \$10.00 per cubic yard, for extraordinary commercial pickup should extraordinary circumstances warrant.
- d. Commercial establishments, as defined above, using compactors shall pay:

	Effective 10/1/ 2023 <u>2025</u>	Effective 9/30/ 2024 <u>2026</u>
Commercial compactor service, per cubic yard pickup, per month	\$21.00 <u>23.60</u>	\$22.26 <u>25.02</u>

- (4) *Extraordinary service.* Where extraordinary service is required for other than commercial establishments pursuant to subsection (c)(3) of this section, there shall be a charge therefore determined by the director which charge shall not exceed the actual total cost to the city of collection and disposal.
- (5) *Rental units.*
- a. Rental cubic yard container units shall be available for special service (e.g., unusual yard trash, construction, etc.) at a cost of \$40.00 per pickup. The person requesting such unit shall either provide the director of public works with a utility account number to be charged (with written authorization from the holder of that account) or pay an advance fee of \$80.00, to be applied to the pickup fees. Any unused portion thereof will be refunded to the payor without interest.
- b. Rental open top roll-off containers shall be available at a cost not to exceed \$135.00 per pull, with a minimum charge equal to one pull every two weeks, plus the then-current fees charged for dumping such container in the county landfill and any overweight charges and fines attributable to the container.
- (6) *Recycling.* Each residential account shall be charged a monthly fee for recycling services. Such charge shall be included in the garbage fee and billed in accordance with section 10-17.

	Effective 10/1/ 2023 <u>2025</u>	Effective 9/30/ 2024 <u>2026</u>
Residential recycling, per month	\$6.81 <u>7.65</u>	\$7.22 <u>8.11</u>

SECTION TWO. All Ordinances or parts of Ordinances in conflict herewith are hereby repealed to the extent of such conflict.

SECTION THREE. This Ordinance shall take effect on October 1, 2025.

PASSED UPON at the first reading of the City Commission, this 3rd day of September, 2025.

PASSED UPON at the second and final reading of the City Commission this 17th day of September, 2025.

JASON LESLIE
Mayor

ATTEST:

SUSAN CARROLL DAUDERIS
City Clerk



Ordinance Adoption **Business Impact Estimate**

Proposed ordinance's number and legal title:

Ordinance No. 2025-31

AN ORDINANCE AMENDING SECTION 10-16, FEES FOR COLLECTION AND DISPOSAL ESTABLISHED, OF ARTICLE I, IN GENERAL, OF CHAPTER 10, SOLID WASTE, YARD WASTE AND RECYCLABLES, OF THE CITY OF ORMOND BEACH *CODE OF ORDINANCES*, BY INCREASING FEES FOR THE COLLECTION AND DISPOSAL OF SOLID WASTE; REPEALING ALL INCONSISTENT ORDINANCES OR PARTS THEREOF; AND SETTING FORTH AN EFFECTIVE DATE.

This Business Impact Estimate is provided in accordance with section 166.041(4), Florida Statutes. If one or more boxes are checked below, this means the City is of the view that a business impact estimate is not required by state law for the proposed ordinance, but the City is, nevertheless, providing this Business Impact Estimate as a courtesy and to avoid any procedural issues that could impact the enactment of the proposed ordinance. This Business Impact Estimate may be revised following its initial posting.

- ☐ The proposed ordinance is required for compliance with Federal or State law or regulation;
- ☐ The proposed ordinance relates to the issuance or refinancing of debt;
- ☒ The proposed ordinance relates to the adoption of budgets or budget amendments, including revenue sources necessary to fund the budget;
- ☐ The proposed ordinance is required to implement a contract or an agreement, including, but not limited to, any Federal, State, local, or private grant or other financial assistance accepted by the municipal government;
- ☐ The proposed ordinance is an emergency ordinance;
- ☐ The ordinance relates to procurement; or
- ☐ The proposed ordinance is enacted to implement the following:
 - a. Part II of Chapter 163, Florida Statutes, relating to growth policy, county and municipal planning, and land development regulation, including zoning, development orders, development agreements and development permits;
 - b. Sections 190.005 and 190.046, Florida Statutes, regarding community development districts;
 - c. Section 553.73, Florida Statutes, relating to the Florida Building Code; or
 - d. Section 633.202, Florida Statutes, relating to the Florida Fire Prevention Code.

In accordance with the provisions of controlling law, even notwithstanding the fact that an exemption noted above may apply, the City hereby publishes the following information:

1. A summary of the proposed ordinance, including a statement of the public purpose to be served by the proposed ordinance, such as serving the public health, safety, morals, and welfare of the City.

Ordinance is required to comply with Florida Statute regarding annual adoption of budgets.

2. An estimate of the direct economic impact of the proposed ordinance on private, for-profit businesses in the City, including the following, if any:

a. An estimate of direct compliance costs that businesses may reasonably incur if the ordinance is enacted;

None

b. Identification of any new charge or fee on businesses subject to the proposed ordinance, or for which businesses will be financially responsible; and

None

c. An estimate of the City's regulatory costs, including an estimate of revenues from any new charges or fees that will be imposed on businesses to cover such costs.

None

3. A good faith estimate of the number of businesses likely to be impacted by the ordinance.

Not applicable

4. Any additional information the City determines may be useful.

(This section may include: methodology or data used to prepare the Business Impact Estimate, e.g., City staff solicited comments from businesses as to the potential impact of the proposed ordinance by contacting the chamber of commerce, social media posting, direct mail/email, posting on the City's website, public workshop, etc.; efforts made to reduce the potential fiscal impact on businesses; and state the proposed ordinance is a generally applicable ordinance that applies to all persons similarly situated (individuals or businesses) and, therefore, the proposed ordinance does not affect only businesses.)



**City of Ormond Beach
City Commission Agenda
Staff Report**

Agenda Date	September 3, 2025	Item No	10.B.
Section	FIRST READING OF ORDINANCES	Category	First Reading of Ordinances
Subject	Amendment to Stormwater Rates		
Recommended Action	Staff recommends approving amendments to the stormwater rates effective 10/1/2025 and 9/30/2026.		
Strategic Goal	Water Quality & The Environment		
Department Staff Contact	Finance Kelly McGuire, Finance Director		

Summary

The City reduced its monthly stormwater fee in October 2018 from \$8.00 per month to \$7.00 per month. Inflationary factors along with growing capital needs will require adjustments to the monthly rate as follows:

Current Fee	Effective 10/1/25	Effective 9/30/26
\$7.00 monthly	\$9.00 monthly	\$11.00 monthly

The rate adjustment will provide adequate funding for the \$2.1 million in stormwater maintenance expenses and \$3.5 million in stormwater capital improvements planned in the proposed FY 2025-26 budget.

Financial Impact

The rate adjustment will provide the necessary funding for ongoing stormwater maintenance and capital improvements.

Citizen Impact

Maintenance of the City's stormwater system will mitigate the impact of flooding.

Attachments

1. 25-32 Stormwater Fee Rate Increase (P25-0125G)
2. Business Impact Statment

ORDINANCE NO. 2025-32

AN ORDINANCE AMENDING SECTION 22-158, UTILITY FEE ESTABLISHED, OF DIVISION 2, RATES AND CHARGES, OF ARTICLE V, STORMWATER DRAINAGE UTILITY, OF CHAPTER 22, WATER AND SEWERS, OF THE CITY OF ORMOND BEACH *CODE OF ORDINANCES*, BY INCREASING THE STORMWATER UTILITY FEE; REPEALING ALL INCONSISTENT ORDINANCES OR PARTS THEREOF; AND SETTING FORTH AN EFFECTIVE DATE.

BE IT ENACTED BY THE PEOPLE OF THE CITY OF ORMOND BEACH, FLORIDA, THAT:

SECTION ONE. Section 22-158, Utility fee established, of Division 2, Rates and Charges, of Article V, Stormwater Drainage Utility, of Chapter 22, Water and Sewers, of the City of Ormond Beach, Florida, *Code of Ordinances*, is hereby amended to read as follows:

Sec. 22-158. Utility fee established.

- (a) *(No change in existing text)*
- (b) *(No change in existing text)*
- (c) The minimum service charge shall be that for a single-family unit equivalency. Monthly service charges for all properties other than single-family are based on the square footage of impervious surface area, such that for each three thousand (3,000) square feet of surface area, the property shall be charged an additional single-family unit equivalency charge. ~~Except as hereinafter provided, the fee shall be three (\$3.00) dollars per month, per single family unit equivalency.~~
 - ~~(1) — From May 1, 1997, through April 30, 1998, inclusive, the fee shall be four (\$4.00) dollars per month, per single family unit equivalency;~~

- ~~(2) From May 1, 1998, through April 30, 1999, inclusive, the fee shall be five (\$5.00) dollars per month, per single-family unit equivalency;~~
- ~~(3) From May 1, 1999, through September 30, 2008, inclusive, or through the date of completion of all projects included in the City's Stormwater Master Plan, inclusive, whichever date is the first to occur, the fee shall be six (\$6.00) dollars per month, per single-family unit equivalency.~~
- ~~(4) Beginning October 1, 2018, the fee shall be seven (\$7.00) dollars per month, per single-family unit equivalency.~~

	Effective 10/1/2025	Effective 9/30/2026
Per month, per single-family unit equivalency	<u>\$9.00</u>	<u>\$11.00</u>

(d) *(No change in existing text)*

(e) *(No change in existing text)*

SECTION TWO. All Ordinances or parts of Ordinances in conflict herewith are hereby repealed to the extent of such conflict.

SECTION THREE. This Ordinance shall take effect on October 1, 2025.

PASSED UPON at the first reading of the City Commission, this 3rd day of September, 2025.

PASSED UPON at the second and final reading of the City Commission, this 17th day of September, 2025.

JASON LESLIE
Mayor

ATTEST:

SUSAN CARROLL DAUDERIS
City Clerk



Ordinance Adoption **Business Impact Estimate**

Proposed ordinance's number and legal title:

Ordinance No. 2025-32

AN ORDINANCE AMENDING SECTION 22-158, UTILITY FEE ESTABLISHED, OF DIVISION 2, RATES AND CHARGES, OF ARTICLE V, STORMWATER DRAINAGE UTILITY, OF CHAPTER 22, WATER AND SEWERS, OF THE CITY OF ORMOND BEACH *CODE OF ORDINANCES*, BY INCREASING THE STORMWATER UTILITY FEE; REPEALING ALL INCONSISTENT ORDINANCES OR PARTS THEREOF; AND SETTING FORTH AN EFFECTIVE DATE.

This Business Impact Estimate is provided in accordance with section 166.041(4), Florida Statutes. If one or more boxes are checked below, this means the City is of the view that a business impact estimate is not required by state law for the proposed ordinance, but the City is, nevertheless, providing this Business Impact Estimate as a courtesy and to avoid any procedural issues that could impact the enactment of the proposed ordinance. This Business Impact Estimate may be revised following its initial posting.

- ☐ The proposed ordinance is required for compliance with Federal or State law or regulation;
- ☐ The proposed ordinance relates to the issuance or refinancing of debt;
- ☒ The proposed ordinance relates to the adoption of budgets or budget amendments, including revenue sources necessary to fund the budget;
- ☐ The proposed ordinance is required to implement a contract or an agreement, including, but not limited to, any Federal, State, local, or private grant or other financial assistance accepted by the municipal government;
- ☐ The proposed ordinance is an emergency ordinance;
- ☐ The ordinance relates to procurement; or
- ☐ The proposed ordinance is enacted to implement the following:
 - a. Part II of Chapter 163, Florida Statutes, relating to growth policy, county and municipal planning, and land development regulation, including zoning, development orders, development agreements and development permits;
 - b. Sections 190.005 and 190.046, Florida Statutes, regarding community development districts;
 - c. Section 553.73, Florida Statutes, relating to the Florida Building Code; or
 - d. Section 633.202, Florida Statutes, relating to the Florida Fire Prevention Code.

In accordance with the provisions of controlling law, even notwithstanding the fact that an exemption noted above may apply, the City hereby publishes the following information:

1. A summary of the proposed ordinance, including a statement of the public purpose to be served by the proposed ordinance, such as serving the public health, safety, morals, and welfare of the City.

Ordinance is required to comply with Florida Statute regarding annual adoption of budgets.

2. An estimate of the direct economic impact of the proposed ordinance on private, for-profit businesses in the City, including the following, if any:

- a. An estimate of direct compliance costs that businesses may reasonably incur if the ordinance is enacted;

None

- b. Identification of any new charge or fee on businesses subject to the proposed ordinance, or for which businesses will be financially responsible; and

None

- c. An estimate of the City's regulatory costs, including an estimate of revenues from any new charges or fees that will be imposed on businesses to cover such costs.

None

3. A good faith estimate of the number of businesses likely to be impacted by the ordinance.

Not applicable

4. Any additional information the City determines may be useful.

(This section may include: methodology or data used to prepare the Business Impact Estimate, e.g., City staff solicited comments from businesses as to the potential impact of the proposed ordinance by contacting the chamber of commerce, social media posting, direct mail/email, posting on the City's website, public workshop, etc.; efforts made to reduce the potential fiscal impact on businesses; and state the proposed ordinance is a generally applicable ordinance that applies to all persons similarly situated (individuals or businesses) and, therefore, the proposed ordinance does not affect only businesses.)



**City of Ormond Beach
City Commission Agenda
Staff Report**

Agenda Date	September 3, 2025	Item No	11.A.
Section	SECOND READING OF ORDINANCES	Category	Second Reading of Ordinances
Subject	Repeal of Plastic Straws Ordinance (Second Reading)		
Recommended Action	It is recommended the City Commission approve the ordinance repealing Ordinance No. 2019-22.		
Strategic Goal	Governance - Other		
Department Staff Contact	City Manager Joyce Shanahan, City Manager		

Summary

The purpose of this item is to repeal Ordinance No. 2019-22 related to the use of plastic straws. This action reflects the City Commission's updated policy direction, given the original ordinance relied on voluntary compliance by local businesses.

On August 20, 2019, the City Commission approved Ordinance No. 2019-22, banning plastic straws and stirrers on City property, encouraging voluntary compliance by local businesses, and launching a public education campaign on single-use plastics. On February 18, 2025, the Commission briefly discussed a potential repeal, and on June 3, 2025, they directed staff to prepare an ordinance to repeal Ordinance No. 2019-22.

Financial Impact

None

Citizen Impact

None

Attachments

1. 25-28 Plastic Straws (P25-0058G)

ORDINANCE NO. 2025-28

AN ORDINANCE AMENDING THE TITLE OF CHAPTER 11, HEALTH SANITATION, AND ENVIRONMENTAL PROTECTION; REPEALING ARTICLE II, ENVIRONMENTAL PROTECTION, OF CHAPTER 11, HEALTH, SANITATION, AND ENVIRONMENTAL PROTECTION OF THE *CODE OF ORDINANCES*; AND SETTING FORTH AN EFFECTIVE DATE.

BE IT ENACTED BY THE PEOPLE OF THE CITY OF ORMOND BEACH, FLORIDA, THAT:

SECTION ONE. The title of Chapter 11, Health Sanitation, and Environmental Protection, of the City of Ormond Beach, Florida, *Code of Ordinances*, is hereby amended to read as follows:

Chapter 11 – HEALTH SANITATION, ~~AND ENVIRONMENTAL PROTECTION~~

SECTION TWO. Article II, Environmental Protection of Chapter 11, Health Sanitation, and Environmental Protection, of the City of Ormond Beach, Florida, *Code of Ordinances* is hereby deleted in its entirety.

ARTICLE II. ~~ENVIRONMENTAL PROTECTION~~ Reserved.

~~Sec. 11-14. Authority; legislative intent; purpose.~~

- ~~(a) Section 2(b) of the Florida Constitution, and F.S. ch. 166, authorizes municipalities to exercise broad home rule powers, and authorizes a local legislative body to enact legislation regarding any subject matter upon which the state legislature may act, except where prohibited by law. The Ormond Beach City Commission has determined that single-use plastic straws and single-use plastic stirrers are neither readily recyclable nor quickly and efficiently biodegradable, the adverse effects of which could cause health and environmental risks to marine life, wildlife, natural lands and waterways, and the quality of life of Ormond Beach residents and visitors.~~
- ~~(b) The city of Ormond Beach is a coastal community adjacent to the Atlantic Ocean and has within its municipal boundaries several natural waterways, waterbodies, and tributaries including but not limited to the Halifax River (intrastate waterway), Tomoka River (including~~

the Tomoka basin area), Thompson Creek, Strickland Creek, and Central Park lakes; and the city is a nationally recognized Tree City U.S.A. community that is surrounded by an abundance of natural flora and fauna growing in, including but not limited to, Tomoka State Park John's Island property, Three Chimneys property, the "Loop", and Central Park Environmental Learning Center. The city's vast natural environment is home to a variety of species and subspecies of birds, animals, mammals, fish, amphibians, and other non-human creatures, including, but not limited to, manatee, dolphin, alligator, turtle, otter, fox, coyote, deer, panther, squirrel, raccoon, possum, boar, turkey, eagle, osprey, heron, egret, owl, humming bird, lizards, and snakes.

- (c) ~~The city commission is committed to environmental protection and stewardship, to enhancing the quality of life of residents and visitors, and is committed to lead in the promotion of public education initiatives that accomplish those purposes. The city commission has determined that there are reasonable environmentally friendly alternatives to single-use plastic straws and single-use plastic stirrers, including but not limited to straws and stirrers that are made of paper, plant, vegetable and other natural material.~~
- (d) ~~The city commission has determined that the regulations established in this article serve a valid public purpose.~~

Sec. 11-15. Definitions.

The following words, terms and phrases, when used in this chapter, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

City contractor means any person or entity including but not limited to any contractor, vendor, or concessionaire that has entered into a contract with the city; any lessee or operator of a city facility or city property; and any sponsor, licensee or permittee of an event or special event to be held on city property.

City property includes but is not limited to any land, building, structure, facility, park, road, street, right-of-way, or easement that is owned, operated or maintained by the city.

Distribution or to distribute means the vending, sale, giving, or delivering a single-use plastic straw or single-use plastic stirrer as defined herein.

Restaurant means a Type A, B, C or D establishment as defined in section 1-22 of the city's Land Development Code where prepared foods, including beverages and confections, are served to customers. The term does not include catering services or food truck services.

Single-use plastic beverage straw means a tube, intended for only one-time use that is made predominantly of plastic derived from either petroleum or a biologically based polymer, including polymers derived from corn or other plant sources, for transferring a beverage from its container to the mouth of the drinker. Single-use plastic beverage straw includes compostable and biodegradable petroleum or biologically based polymer straws, but does not include straws that are made from non-plastic materials, such as paper, sugar cane, bamboo, or other similar materials.

Single-use plastic stirrer means a device that is used to mix beverages, intended for only one-time use, and made predominantly of plastic derived from either petroleum or a biologically based polymer, including polymers derived from corn or other plant sources. Single-use plastic stirrer includes compostable and biodegradable petroleum or biologically based polymer stirrers and lid plugs (splash sticks), but does not include stirrers that are made from non-plastic materials, such as paper, sugar cane, bamboo, or other similar materials.

Special event permittee means any person or entity that is issued a permit by the city for the purpose of holding a special event on city property.

~~Sec. 11-16. Distribution and use of plastic straws and stirrers prohibited on city property.~~

- ~~(a) The use of single-use plastic straws and single-use plastic stirrers by a city contractor is prohibited on city-owned property and in city-owned facilities.~~
- ~~(b) The provisions of this section shall be incorporated into all contracts, leases, agreements, and concessions between the city and a city contractor, and shall apply to all permits that are issued for special events that are to be held on city-owned property or in a city-owned facility.~~

~~Sec. 11-17. Exemptions.~~

- ~~(a) The prohibition in section 11-16 of this article shall not restrict a city contractor or special event permittee from providing a beverage with a single-use plastic straw upon the request of a person with a disability or medical condition that necessitates the use of a single-use plastic straw. Any person who makes such request shall not be required to disclose the nature of the disability or medical condition.~~
- ~~(b) The prohibition in section 11-16 shall not apply to pre-packaged drinks with plastic straws that have been attached to or sealed with the beverage container or packaging material prior to its receipt by a city contractor or special event permittee.~~
- ~~(c) The prohibition in section 11-16 shall not apply to any city contract, lease, agreement, concession, or special event permit entered into prior to October 1, 2019, unless the city contractor or permittee voluntarily agrees thereto.~~
- ~~(d) Use during a locally declared emergency.~~

~~Sec. 11-18. Distribution and use of single-use plastic straws and stirrers in restaurants.~~

~~Restaurants located within the municipal limits of the city are encouraged to discontinue the use of single-use plastic straws and stirrers after March 1, 2020 to the practicable extent possible, except for:~~

- ~~(a) Use by a person with a disability or medical condition that necessitates the use of a single-use plastic straw. Any person who makes such request shall not be required to disclose the nature of the disability or medical condition; or~~
- ~~(b) Use during a locally declared emergency.~~

~~Sec. 11-19. Public education program; voluntary compliance initiative.~~

- ~~(a) The Ormond Beach City Commission encourages all commercial establishments, and all residents and visitors to the city, and all public agencies that own land and operate public facilities in the city, to discontinue the use of single-use plastic straws and single-use plastic stirrers, and to fully and completely eliminate the use of such items by Earth Day, April 22, 2021.~~
- ~~(b) All commercial establishments are encouraged to make available for use by customers straws made of paper or other biodegradable material, and to only provide such straws upon a customer's specific request.~~
- ~~(c) All residents and visitors to the city are encouraged to utilize straws that are made of paper or other biodegradable material, or to use personal reusable metal or glass straws.~~
- ~~(d) The city manager, and designees, are hereby directed to establish and implement an educational program to inform all commercial establishments, residents and visitors to the city of the vital importance of eliminating the use of single-use plastic straws and single-use~~

~~plastic stirrers to reduce harmful environmental impacts on marine life, wildlife, local waters, and the quality of life of residents.~~

- ~~(e) The city commission shall consider the effectiveness of the educational program and the voluntary compliance initiative no later than six months before Earth Day, April 22, 2021. The city commission may at any time adopt additional measures as the city commission deems appropriate.~~

SECTION THREE. This Ordinance shall take effect immediately upon its adoption.

PASSED UPON at the first reading of the City Commission this 19th day of August, 2025.

PASSED UPON at the second and final reading of the City Commission, this 3rd day of September, 2025.

JASON LESLIE
Mayor

ATTEST:

SUSAN CARROLL DAUDERIS
City Clerk



**City of Ormond Beach
City Commission Agenda
Staff Report**

Agenda Date	September 3, 2025	Item No	12.A.
Section	RESOLUTIONS	Category	Resolution
Subject	RFP Award - Employee Benefits Broker of Record		
Recommended Action	A resolution and agreement have been prepared for the two responsive proposals received. Staff recommends execution of the resolution and agreement in accordance with the City Commission's firm selection.		
Strategic Goal	Governance - Attract, develop, and support the best talent for Ormond Beach to be recognized as an Employer of Choice.		
Department Staff Contact	City Manager Claire Whitley, Assistant City Manager		

Summary

The City has a long history of utilizing a broker of record to administer and manage employee benefit plans provided by the City on behalf of eligible employees and their families. The broker provides critical services such as marketing, plan design, premium rate negotiations, claims administration, dispute resolution, member support services, facilitation of annual enrollment, and fulfilling regulatory compliance and reporting requirements.

The City's current broker agreement expires in September 2025. As such, the City issued an RFP for Employee Benefits Broker of Record services on April 20, 2025, and received two responsive proposals from Brown and Brown, and Foundation Risk Partners. A third, non-responsive submission was received from FMIT. On July 28, 2025, the evaluation committee reviewed and evaluated the qualifying proposals per the City's purchasing rules. Based on the total points awarded in the four evaluation criteria categories - qualifications of firm, experience of dedicated team members, references, and price - the committee made a recommendation for award to Brown and Brown.

On August 5, 2025, staff conducted a health insurance workshop with the Commission to review the qualified RFP responses and corresponding committee recommendation. Staff also provided a brief overview of the current employee benefit structure, including the City's health insurance strategy, premium history, and plan features. The City Commission was provided the opportunity to direct questions to staff and the proposing firms during their discussion.

At the conclusion of the workshop, the City Commission directed staff to request supplemental information, specifically from Foundation Risk Partners, as to whether the firm could provide an

example of a Florida municipality client with a High Deductible Health Care Plan, including detailed strategy and associated cost savings. Although Brown and Brown included an example in its initial response, under the City's procurement policy, both firms were permitted to submit additional information in response to the Commission's inquiry for consideration. The supplemental information to be considered, as required under the City's policy, is limited to the scope of the initial RFP.

The RFP award was initially scheduled for consideration at the August 5th City Commission meeting. However, the Commission tabled the item until September 3rd to allow for the submission and consideration of the additional requested material. As such, the item is now being presented with the original RFP and responses, as well as the supplemental information from both qualified firms.

Attached are draft resolutions and agreements for each qualified firm; one of which will be executed in accordance with City Commission direction for a period of three years, with two one-year renewal periods.

Financial Impact

The financial impact will be determined by the selected broker. Brown and Brown has proposed an annual all-inclusive fee of \$50,000, while Foundation Risk Partners has proposed a total fee of \$99,102. Sufficient funds are included in the budget for this item.

Citizen Impact

Providing quality employee benefits through efficient and effective broker services contributes to a fair and competitive work environment, and enables the City to recruit and retain staff for the successful delivery of services to its residents.

Attachments

1. 25-134 A Employee Benefits Broker-Brown & Brown (P25-)
2. Brown & Brown - Benefits Broker Agreement
3. Brown & Brown Proposal
4. Brown & Brown Proposal - Supplement
5. Brown & Brown Proposer Acknowledgement Form
6. Brown & Brown COI

RESOLUTION NO. 2025-134A

A RESOLUTION ACCEPTING THE PROPOSAL OF BROWN & BROWN INSURANCE SERVICES, INC. REGARDING EMPLOYEE BENEFITS BROKER OF RECORD SERVICES; AUTHORIZING THE EXECUTION OF AN AGREEMENT AND PAYMENT THEREFOR; REJECTING ALL OTHER PROPOSALS; AND SETTING FORTH AN EFFECTIVE DATE.

WHEREAS, the City solicited proposals for employee benefits broker of record services (the Project) (City RFP No. 2025-45), in accordance with Section 2-300, *Code of Ordinances*, and

WHEREAS, the City's evaluation committee reviewed the two (2) proposals received and determined that the most advantageous proposal for the City is the proposal submitted by Brown & Brown Insurance Services, Inc. to provide employee benefits broker of record services in the amount of \$50,000.00 annually (\$150,000.00 for the initial three-year term), (a copy of said proposal being incorporated in the contract which is attached hereto and incorporated herein by reference), and

WHEREAS, the City Manager has certified that sufficient funds for the services have been appropriated to the credit of the General Fund and have not been appropriated for any other purpose, now therefore,

BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF ORMOND BEACH, FLORIDA, THAT:

SECTION ONE. The proposal of Brown & Brown Insurance Services, Inc. to provide employee benefits broker of record services for the City is hereby accepted.

SECTION TWO. All other proposals relative to the aforescribed Project shall be deemed rejected upon the execution of an agreement with Brown & Brown Insurance Services, Inc.

SECTION THREE The Mayor and the City Manager are hereby authorized and directed to execute an Agreement between the City and Brown & Brown Insurance Services, Inc. for the Project in an amount of \$150,000.00 for the initial three-year term and to pay the cost thereof from the General Fund.

SECTION FOUR. This Resolution shall take effect immediately upon its adoption.

APPROVED AND AUTHENTICATED this 3rd day of September, 2025.

JASON LESLIE
Mayor

ATTEST:

SUSAN CARROLL DAUDERIS
City Clerk

AGREEMENT

THIS AGREEMENT is made and entered into by and between the **City of Ormond Beach** (“City”), a Florida municipal corporation, 22 South Beach Street, Ormond Beach, Volusia County, Florida and **Brown & Brown Insurance Services, Inc.** (“Contractor”), 300 S. Beach St., Daytona Beach, FL 32114, and in consideration of the mutual promises and covenants herein contained, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree to the following:

1. **Scope of Work.** The Proposal, “Employee Benefits Broker of Record Services” (RFP No. 2025-45) attached hereto as Exhibit “A”, is incorporated herein by reference and is a material part of this Agreement. The Contractor shall fully comply with the terms and conditions described in the attached exhibit.
2. **Term.** This Agreement shall be effective on September 23, 2025 and shall have an initial term of three (3) years and will be automatically renewed for two (2) additional one-year periods unless either party provides at least ninety (90) days prior written notice of their intent not to renew.
3. **Consideration.** Contractor shall perform the services for the annual amount of \$50,000.00. Contractor shall prepare and submit invoices to the City at the address set forth in Paragraph 9 of this Agreement. All such invoices shall be paid by the City within thirty (30) days.
4. **Delivery.** Contractor shall complete the project within the time frame set forth on Exhibit “A”.
5. **Termination of Agreement.**
 - (a) The City Commission shall have the right to terminate the Agreement in the event the Contractor files any petition or proceeding for bankruptcy relief, or is adjudicated to be bankrupt or insolvent, or fails to pay just debts as they ordinarily become due; or for a material breach of this agreement that remains uncured for at least thirty days after prior written receipt of a notice of violation of same.
 - (b) This Agreement may not be terminated by the Contractor.
6. **Assignment.** The Contractor shall not assign, convey or transfer all or any part of this Agreement, or all or any part of Contractor’s interest herein, or all or any part of any interest in the Contractor, without the prior written consent of the City Commission, which consent shall not be unreasonably withheld.
7. **Complete Agreement.** This Agreement, including the provisions set forth in the exhibit attached hereto and incorporated by reference herein, constitutes the entire and complete agreement of the parties, and the promises and covenants herein contained shall survive the life of this Agreement.

8. **Amendment to Agreement.** Any amendment, change, or modification of this Agreement must be in writing and fully executed by both parties.
9. **Notices.** All notices which are required by this Agreement shall be provided to the parties at the following addresses, or such other addresses as may be requested in writing by either party:

City of Ormond Beach

Joyce Shanahan, City Manager
(copy to City Attorney)
22 South Beach Street
Ormond Beach, FL 32174

**Brown & Brown Insurance
Services, Inc.**

Steve Farmer, Exec. Vice President
300 S. Beach St.
Daytona Beach, FL 32114

10. **Sovereign Immunity.** The City expressly retains and reserves all rights, privileges, immunities, and benefits of sovereign immunity. This provision shall be construed broadly in favor of the City.
11. **Venue.** The terms and conditions of this Agreement shall be construed and enforced under the laws of the State of Florida. Any action or proceeding, either at law or in equity, regarding this Agreement shall be brought in the circuit court, Seventh Judicial Circuit in and for Volusia County, Florida. Venue in any other jurisdiction or forum, whether it be any other circuit, state or federal venue, is hereby expressly waived.
12. **Waiver of Conditions.** No waiver by the City of any condition or breach of performance by the Contractor shall constitute an irrevocable, continuing, or subsequent waiver by the City of the same condition or breach of performance, or of any other condition or other breach of performance.
13. **Severability.** If any part of this Agreement is declared to be unenforceable or void by a court of competent jurisdiction, the remaining parts of the Agreement shall remain in full force and effect as long as the services to be provided by the Contractor are not materially affected, altered or impaired as a result of said judicial declaration.
14. **Conflicting Provisions.** In the event of any conflict between the provisions of this Agreement and any exhibits, the provision most favorable to the City shall control and shall be given full force and effect.
15. **Indemnification.** The City, its agents, employees, and officials, both elected and appointed, shall be indemnified and held harmless by Contractor from any and all liabilities, claims, and causes of action which may arise out of the willful, negligent, or unlawful acts or omissions of the Contractor or its subcontractors in the performance of this Agreement, unless such claims are a result of the City's sole negligence, as determined by the final decision maker of such claim.

16. **Duty to Defend.** The Contractor shall defend all suits and administrative actions, including all appellate proceedings, brought against the City, its agents, employees, and officials, both elected and appointed and shall pay all attorneys' fees and costs associated with the City's legal defense, as may be selected by the City, arising from all claims and causes of action described in Section 15 above. Such payment on behalf of the City shall be in addition to any and all other legal or equitable remedies available to the City and shall not be considered to be the City's exclusive remedy.
17. **Contractor's Insurance.** The Contractor shall purchase and maintain for the entire life of this Agreement, including any and all approved time extensions, until its final acceptance by the City, such insurance as will protect the Contractor from claims under Workers' Compensation, disability benefit laws or other similar employee benefit laws; from claims for damages because of bodily injury, occupational sickness or disease, or death of Contractor's employees; from claims insured by usual or unusual injury liability coverage; from claims or injury to or destruction of tangible property and from claims insured by usual Commercial General Liability coverage. This includes loss of use resulting therefrom, any or all of which may arise out of the Contractor's operations under this Agreement, whether such operations be by the Contractor, or by any Subcontractor, or by anyone directly or indirectly employed by any of them or for whose acts any of them may be legally liable. The Contractor's deductibles/self-insured retentions shall be disclosed to the City and may be disapproved by the City, and may be reduced or eliminated at the sole discretion of the City. The Contractor is responsible for the amount of any deductible or self-insured retention.
18. **Types of Insurance and Limits of Liability**

The insurance required herein shall be written for not less than any limits of liability specified and incorporated as part of the Contract Documents or as required by law, whichever is greater, and shall include and not limited to the following:

- (a) Workers' Compensation Insurance in statutory limits for the State of Florida with Coverage B - Employer's Liability limits of not less than:

\$100,000 Each Accident Bodily Injury by Accident
\$100,000 Each Employee Bodily Injury by Disease
\$500,000 Policy Limit Bodily Injury by Disease

Certificate of Exemptions. If the contractor has a State-issued Certificate of Exemption, the contractor may provide a copy in place of the requirement for coverage. However, if the contractor subcontracts or retains any other person or entity to perform under the contract, that person or entity must provide proof of workers' compensation insurance as required by law or provide a Certificate of Exemption.

It is the intent of the City that any individual who either contracts directly with the city or performs any work on behalf of any such contractor be covered by workers' compensation insurance or have a valid exemption from said coverage.

(If applicable to the Project, the policy must include benefits under the United States Longshoremen's and Harbor Workers' Act and the Jones Act coverage--all maritime coverage.)

- (b) Commercial General Liability Insurance shall be written on a coverage form as broad as Insurance Services Office (ISO) Form CG 00 01 11 85, or its successor form, including but not limited to the following coverage (any deviation shall be noted on the Certificates of Insurance):
- a. Premises, Operations, Products and Completed Operations
 - b. Owners' & Contractors' Protective
 - c. Products & Completed Operation
 - d. Explosion, Collapse & Underground Conditions
 - e. Blanket Contractual Liability
 - f. Personal Injury Liability
 - g. Broad Form Property Damage Endorsement, including Completed Operations
 - h. Independent Contractors
 - i. Watercraft--Owned and Non-Owned (if applicable, endorsement must be included in General Liability policy or a separate Protection & Indemnity Policy must be written)
 - j. Pollution Liability (if applicable)
 - k. Asbestos Abatement (if applicable)
 - l. Fire Damage Liability

Certain coverage outlined above may not be required if they do not relate to the Project, as may be determined at the sole discretion of the City.

Commercial General Liability Coverage shall be written on an occurrence basis and the limits shall be no less and not limited to the following amounts:

Limits (not less than)

\$1 Million Each Occurrence

\$2 Million General Aggregate

\$1 Million Aggregate Products & Completed Operations

NOTE: Commercial General Liability Coverage must be purchased on either a project basis (separate policy per contract) or an endorsement allocating an aggregate limit per location or specified project.

- (c) Automobile Liability Insurance is required if an Automobile(s) is used in the performance of the contract.

ISO Symbol 1 (Any Auto), or alternatively a combination of Symbol 2 (Owned Autos), Symbol 8 (Hired Autos), and Symbol 9 (Non-Owned Autos), and limits shall be no less than:

\$1 Million	Combined Single Limit for Bodily Injury and Property Damage
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- (d) Excess Liability

For contracts \$250,000 or greater an Excess Liability Policy of at least but not limited to \$1,000,000 in addition to the scheduled underlying policies for Commercial General Liability, Automobile Liability and Employers' Liability, the Contractor shall also provide an Excess Liability Policy with a maximum self-insured retention not to exceed \$25,000 per occurrence.

- (e) Builder's Risk

Contractor shall purchase Builder's Risk Insurance for any contracts that are deemed to be vertical construction on an All-Risk policy, and shall also include coverage for wind, hail, and named storm. Limits of coverage shall be at least and not limited to the value of the project.

- (f) Professional Liability, Malpractice and/or Errors and Omissions

The Contractor shall purchase and maintain professional liability, malpractice, or errors or omissions insurance with minimum limits of \$1,000,000 per occurrence. If a claims made form of coverage is provided, the retroactive date of coverage shall be no later than the inception date of claims made coverage, unless the prior policy was extended indefinitely to cover prior acts. Coverage shall be extended beyond the policy year either by a supplemental extended reporting period (ERP) of as great a duration as is available, and with no less coverage and with reinstated aggregate limits, or by requiring that any new policy provides a retroactive date no later than the inception date of claims made coverage.

19. **Requirements for Certificates of Insurance.**

- (a) With the execution of this Agreement, the Contractor shall provide certificates of such insurance acceptable to the City. These certificates and insurance policies shall contain a provision that the coverage under the policies will not be canceled, non-renewed or materially changed until at least **thirty (30)** days' prior written notice of such cancellation, non-renewal or change [except for nonpayment of premium, which shall be **ten (10)** days] has been given to the City. The Contractor shall be required to replace any expired or canceled policies in like amount and coverage to the satisfaction of the City. The Certificate of Insurance shall be the ACCORD

FORM 25-S (7/90), or its successor form, and shall be made a part of this Agreement.

- (b) New certificates of insurance shall be provided to the City at least fifteen (15) days prior to coverage renewals.
- (c) If requested by the City, the Contractor shall furnish complete copies of the Contractor's insurance policies, forms and endorsements.
- (d) For Commercial General Liability coverage the Contractor shall, at the option of the City, provide an indication of the amount of claims payments or reserves chargeable to the aggregate amount of liability coverage. If the Commercial General Liability form of coverage includes an annual aggregate limitation on the amount of insurance provided, a separate project aggregate limit may be required by the City for the given contract.
- (e) If the Contractor fails to obtain and maintain for the life of the Agreement the insurance required hereby or to replace any such expired or canceled policy, the City may obtain and maintain such insurance with such company as it deems satisfactory. Any amounts expended by the City in payment of premiums for such insurance shall be deducted by the City from the amount due the Contractor for the work covered by the Agreement.
- (f) **Policies of Insurance**
 - 1. Except as otherwise provided herein, all insurance policies shall be issued by insurers licensed to do business in the State of Florida on an admitted basis or which is an eligible surplus lines insurer in the State of Florida, and any such insuring company is required to have a minimum financial rating of (A-) in the latest edition of "Best's Key Rating Guide", published by A. M. Best Co., Inc., or some similarly nationally recognized rating authority, including Standard and Poors and Demotech.
 - 2. For Workers' Compensation coverage only, self-insurance programs are acceptable with a minimum A- rated reinsurance carriers; written confirmation is required.
 - 3. All policies of insurance or certificates thereof referred to herein shall be deposited with the City Clerk.
 - 4. The City shall be named an Additional Insured on General Liability and Automobile Liability policies of insurance and certificates thereof.

20. **Enforcement of Costs.** If any legal action or other proceeding is brought for the enforcement of this Agreement, or because of an alleged dispute, breach, default, or misrepresentation in connection with any provision of this Agreement, the successful or prevailing party or parties shall be entitled to recover reasonable attorneys' fees, court

costs, and all expenses even if not taxable court costs (including, without limitation, all such fees, costs and expenses incident to arbitration, appellate, bankruptcy, and post-judgment proceedings), incurred in that action or proceeding or any appeal, in addition to any other relief to which the party or parties may be entitled. Attorneys' fees include legal assistant fees, expert witness fees, investigative fees, administrative costs, and all other charges billed by the attorney for the prevailing party.

21. **Compliance With Laws.** Contractor shall comply with all applicable federal, state and local laws and regulations.
22. **Compliance With Florida Public Records Law.** Contractor expressly agrees that it shall comply with the public records law provided in Florida Statutes, Chapter 119, and specifically to:
 - (a) Keep and maintain public records required by the City to perform the contracted service.
 - (b) Upon request from the City Clerk, provide the City with a copy of the requested records or allow the records to be inspected or copied within a reasonable time at a cost that does not exceed the cost provided in Chapter 119, Florida Statutes, or as otherwise provided by law.
 - (c) Ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law for the duration of the contract term and following completion of the contract if the contractor does not transfer the records to the City.
 - (d) Upon completion of the contract, transfer at no cost, to the City all public records in possession of the contractor or keep and maintain public records required by the City to perform the service. If the contractor transfers all public records to the City upon completion of the contract, the contractor shall destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. If the contractor keeps and maintains public records upon the completion of the contract, the contractor shall meet all applicable requirements for retaining public records. All records stored electronically must be provided to the City, upon request from the City Clerk, in a format that is compatible with the information technology systems of the City.
 - (e) Failure of the Contractor to comply with Public Records Law as provided by Florida Statutes, Chapter 119, shall subject the Contractor to penalties under Chapter 119.10 and subject this Agreement to termination for cause by the City.

IF THE CONTRACTOR HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO THE CONTRACTOR'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS CONTRACT, CONTACT THE CUSTODIAN OF PUBLIC RECORDS AT:

CITY CLERK
22 SOUTH BEACH STREET
ORMOND BEACH, FLORIDA 32175. (386)677-0311
CITYCLERK@ORMONDBEACH.ORG

Ref: Fla. Stat. §119.0701(2016)

23. **Limitation of Remedy and Liability.** Contractor and Owner expressly waive any claim for consequential damages against the other including but not limited to, a waiver of claims for diminished bonding capacity, loss of financing, loss of business reputation, lost profits on other projects or other lost opportunity damage claims.

Contractor expressly agrees that any claim (tort, contract, claim in equity, or otherwise) by Contractor for damages against Owner shall not exceed the total amount of the contract price, less any amounts actually paid to the Contractor by the Owner.

24. **Waiver of Right to Jury Trial.** THE PARTIES HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT WHICH ANY PARTY MAY HAVE TO TRIAL BY JURY IN RESPECT OF ANY PROCEEDING, LITIGATION OR COUNTERCLAIM BASED ON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY. IF THE SUBJECT MATTER OF ANY LAWSUIT IS ONE IN WHICH THE WAIVER OF JURY TRIAL IS PROHIBITED, NO PARTY TO THIS AGREEMENT SHALL PRESENT AS A NON-COMPULSORY COUNTERCLAIM IN ANY SUCH LAWSUIT ANY CLAIM BASED ON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT. FURTHERMORE, NO PARTY TO THIS AGREEMENT SHALL SEEK TO CONSOLIDATE ANY SUCH ACTION IN WHICH A JURY TRIAL CANNOT BE WAIVED.

25. **Verification of Employment Status Using E-Verify System**

- (a) Section 448.09, *Florida Statutes*, makes it unlawful for any person to knowingly employ, hire, recruit, or refer, either for herself or himself, or on behalf of another, for private or public employment within the state, an alien who is not duly authorized to work in the United States. Contractor warrants that it is registered with the U.S. Department of Homeland Security's E-Verify system, and is compliant with the requirements of Sections 448.09 and 448.095, *Florida Statutes*.
- (b) Contractor agrees that if the contractor enters into an agreement with a subcontractor, the subcontractor must provide the contractor with an affidavit stating that the subcontractor does not employ, contract with, or subcontract with an unauthorized alien, and contractor warrants it shall maintain any such affidavits for the duration of the contract. If the City has a good faith belief that a subcontractor knowingly violated Section 448.09 (1), the City shall promptly notify the contractor and order the contractor to immediately terminate the contract with the subcontractor.

- (c) In the event the City has a good faith belief that the contractor has knowingly violated Section 448.09 (1), *Florida Statutes*, the City shall terminate the contract, and as provided by statute, the contractor may not be awarded a public contract for at least one (1) year after the date of termination. The contractor may also be held liable for any additional costs incurred by the City as a result of the termination of the contract.

26. **No Conflict of Interest.** The Contractor warrants and agrees that neither it, nor any of its employees, agents, officers, directors, shareholders and independent contractors are, or will become, under contract with or accept compensation from any individual, business, corporation or governmental entity that has the possibility of an adverse interest to those of the City of Ormond Beach. The Contractor and its officers, directors, shareholders, employers, agents and subcontractors, agree not to provide any services or assistance to any entity directly or indirectly relating to the services provided to the City and to immediately notify the City Manager and City Attorney of any contact with any entity that has, or potentially has, a conflict of interest with the City of Ormond Beach. This provision shall be interpreted as broadly as possible to prevent any potential or actual conflict of interest presently or in the future by the Contractor.
27. **Effective Date.** This Agreement shall become effective upon the date last signed by the parties hereto.

IN WITNESS WHEREOF, the undersigned parties have caused this Agreement to be signed on the dates indicated hereinbelow.

DATED this ____ day of _____, 2025.

Witnesses:

CITY OF ORMOND BEACH

Print Name: _____

By: _____
JASON LESLIE
Mayor

Print Name: _____

By: _____
JOYCE SHANAHAN
City Manager

DATED this _____ day of _____, 2025.

Witnesses:

**BROWN & BROWN INSURANCE
SERVICES, INC.**

By: _____

Print Name: _____

Print Name: _____

Title: _____

Attest: _____

Print Name: _____

Print Name: _____

Title: _____



City of Ormond Beach Request For Proposals #2025-45

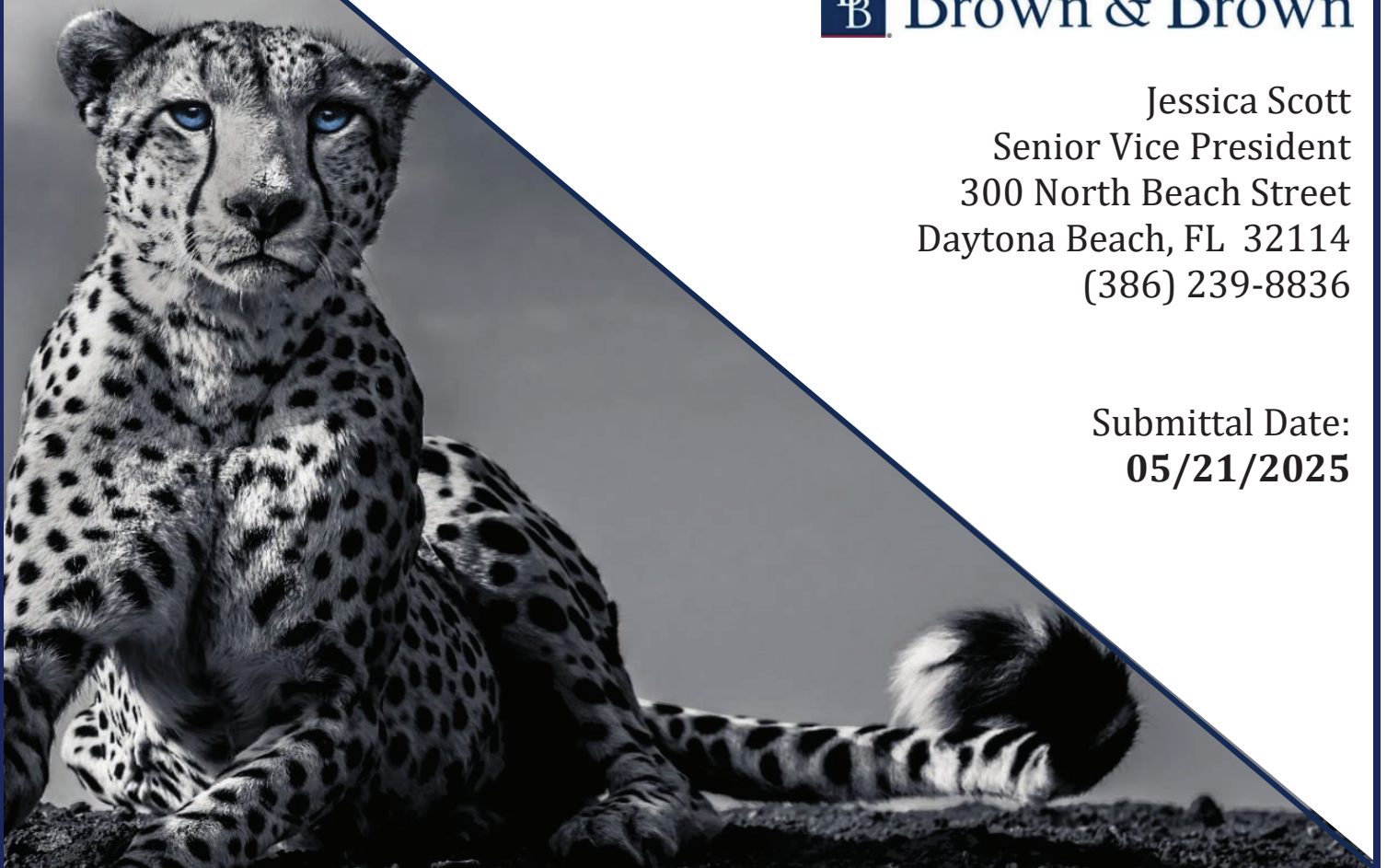
Employee Benefits Broker of Record Services

Response Prepared By:
Brown & Brown Insurance Services, Inc.



Jessica Scott
Senior Vice President
300 North Beach Street
Daytona Beach, FL 32114
(386) 239-8836

Submittal Date:
05/21/2025



City of Ormond Beach
Request for Proposal #2025-45
Employee Benefits Broker of Record Services

	<u>Section</u>
Cover Letter	1
Background and Experience of Firm	2
Scope of Services	3
Fees	4
Required Forms	5

Section 1

Cover Letter



Brown & Brown Insurance Services, Inc.
300 North Beach Street (32114)
P.O. Box 2412 ■ Daytona Beach, FL 32115
(386) 333-6008
jessica.scott@bbrown.com

May 21, 2025

City of Ormond Beach
22 South Beach Street
Ormond Beach, Florida 32174

RE: Request For Proposal #2025-45 - Employee Benefits Broker of Record Services

Dear Evaluation Committee Member,

On behalf of Brown & Brown Insurance Services, Inc., we are pleased to submit our response for RFP #: 2025-45-Employee Benefits Broker of Record Services. We trust that you will find our response to be concise in demonstrating our understanding of City of Ormond Beach's solicitation for a qualified professional insurance consultant and broker.

Brown & Brown was founded in 1939 in Daytona Beach, Florida where its headquarters remain today. The Company is ranked as the 5th largest insurance intermediary in the United States and 6th in the world by Business Insurance Magazine. Brown & Brown has over 500 offices in over 42 states, with 30+ offices located in Florida. Our total employee count currently exceeds 18,000 worldwide.

Our Daytona Beach office, located at 300 North Beach Street, has focused on consulting and risk management services for Florida's public entities since 1992. Since that time, our business has grown to include over 230 of Florida's public entities ranging from small special districts and cities to large school districts and counties. Brown & Brown-Daytona has a particularly strong presence in the Volusia County and Central Florida area. We currently consult or act as a broker on **15 of the 16 municipalities in Volusia County and over 75 of the public entities within Central Florida.**

Brown & Brown's Employee Benefits Division has developed into one of the nation's largest with premiums in excess of \$4 billion annually. This premium affords us a distinct advantage when it comes time to negotiate the City's renewal. Brown & Brown's established relationships with carriers and our reputation provide us with a proven ability to bring forth the most competitive rates and programs the market has to offer. This includes the City's health insurance carrier, Florida Health Care Plans (FHCP). Our office has over \$166 million in annual premiums with FHCP which affords our clients top tier service and access to FHCP leadership when needed. While the City has been with the same carrier for many years, we regularly go to market on the City's behalf in order to provide the City with the best deal available.

In the last 16 years, Brown & Brown has negotiated a total savings of over \$3 million in medical premiums for the City of Ormond Beach, while retaining the same medical insurance carrier. We have also saved the City over \$100,000 in ancillary insurance premiums, while keeping many of the same carriers over the years.

Brown & Brown's success is due largely to our ability to adapt to the demands of the marketplace and to the needs of our clients. Our employee benefits team provides our many public sector clients with the tools they need to develop and continue successful employee benefits programs:

- Actuarial/Budget Projections
- Detailed Claims Analysis
- Benchmarking Reports
- Employee Benefits Technology Team
- Population Health Expertise
- Communications & Presentations to Leadership
- Extensive Compliance Resources
- Concierge Service Approach

Our staff is comprised of experienced forward-thinkers, with a client-first, service-focused approach. They are highly trained in public entity compliance and Florida State Statute 112.08 regarding public entity insurance placement. Our dedicated service and marketing teams act as an extension of your human resources and risk management departments. They, along with our account executives understand the unique demands and processes that public entities require. **This experience and expertise in serving public entities is a factor that differentiates us from the competition.**

It is our intent to demonstrate our firm's willingness and ability to provide the requested services as outlined in this RFP response. Every effort was made to concisely provide all requested information, all required completed forms, and succinctly illustrate our understanding of the required scope of services as well as other services provided by or recommended by Brown & Brown.

We are available at the request of the City to participate in any oral interviews. Please feel free to contact us should you need further clarification of our proposal.

Sincerely,

Steve Farmer

Steve Farmer
Executive Vice President
Steve.Farmer@bbrown.com
O: (386)239-7233 F: (386) 239-5705

Jessica Scott

Jessica Scott
Senior Vice President
jessica.scott@bbrown.com
O: (386) 239-8836 C: (864) 918-1353

Section 2

Background and Experience of Firm

Section 2: Background and Experience of Firm

Describe the firm's experience working with Florida municipalities of similar size, in the State of Florida, specifically utilizing a high deductible health care plan supplemented by local, no-cost clinics; wellness incentives; and prescription drug strategies that maintain quality coverage while reducing employee costs. Provide specific examples of municipal clients with similar plans, describe how the firm successfully designed, implemented, and managed those plans to minimize cost increases without negatively impacting care.

Brown & Brown has over 45 government clients and over half include a High Deductible Health Plan/HSA within their plan offerings. We will highlight a few of our local government clients, who we have implemented high deductible health plans and have demonstrated long term success with each by using customized strategies based on each City's unique culture.

While we developed a different strategy for each of these clients to implement an HSA plan, there are several commonalities between these clients. Each client offers FHC medical plans and had very rich copay plans in place for a long time. With having very rich low copay plans in place, employees really didn't understand the true cost of healthcare because they were paying very low copays for all services (including hospitals and surgeries).

We found there was no motivation for employees to educate themselves on where they could access services for lower costs and stay compliant with preventative screenings. We were seeing trends of escalating claims, greater volume of large claims, high ER utilization and therefore, insurance rates continuing to rise. Fortunately, the City Managers at each of these Cities believed implementing a high deductible health plan would provide a better long-term solution for employees to engage more in education of healthcare costs, screenings for themselves and thus, reduce premiums and claims long term. We outline how Brown & Brown helped each City eventually implement a high deductible health plan and we demonstrate the success these plans have had in keeping healthcare costs down for each City for almost a decade.

City of Holly Hill

City of Holly Hill has been a Brown & Brown client for over 15 years. The City has had their medical plans through FHC for over 20 years. They started with 2 traditional copay plans: one with \$0 deductible and one with a \$250 deductible for several years and eventually added a high deductible/HSA plan as a third option. The HSA plan included the lowest deductible available, however, this plan had the lowest enrollment since employees were more comfortable enrolling in the low deductible copay plans.

We developed a multi-year strategy to do a lot of education on the benefits of an HSA plan with employees, including Brown & Brown setting up one-on-one meetings with employees to talk specifically about their individual needs on a plan and to help them understand how the plan could benefit each of them. We continued to keep the employee only tier premiums free on all plans, but the City contributed over the high deductible health plan deductible amount to the HSA bank account for any employees who enrolled.

Our long-term strategy was to eventually eliminate the \$0 deductible copay plan first and then eliminate the additional copay plan, once we started to get more enrollment and interest in the high deductible health plan. The City formed an insurance committee, who met quarterly with Brown & Brown and the FHC wellness team to develop a wellness engagement plan, where employees would receive funds for their HSA account by participating in preventative screenings and wellness activities. Brown & Brown also negotiated free FHC clinic visits for members on the HSA plan and options for free medications on the plan to help drive interest into the plan.

By 2019, the City made the decision to only offer the HSA plan as a single option to all employees. Brown & Brown was able to move the City's effective date from October to January to better align the plan deductible with a calendar year and Brown & Brown was able to negotiate a flat renewal for a 15-month contract period with FHC for the medical plan. By making this change, the City's loss ratio has averaged 75% with the high deductible health plan and Brown & Brown has negotiated an average renewal of under 2% for the last 7 years with FHC while keeping the same HSA plan design. Within that time period, Brown & Brown has negotiated 3 flat renewals for the City.

With the savings Brown & Brown has negotiated over this period of time, the City is able to continue to fund over \$2,000 a year into the employees' HSA bank accounts each year, if the employees stay compliant with preventative visits during each year. The City also continues to pay 100% for the employee only tier so employees do not have to pay any premium for the plan.

City of Edgewater

City of Edgewater has been a Brown & Brown client for 20 years. During the first decade of our relationship, the City offered 2 medical plans through FHC with \$0 deductibles and each plan had very low copays. The average loss ratio for that decade was 85% and we were negotiating double digit renewals most years, which would result after negotiations with an average renewal of a 7% increase.

Brown & Brown performed a plan design and financial analysis and determined that the City could benefit by introducing a high deductible health/HSA plan. However, before implementing a new plan design structure, Brown & Brown and the City Manager decided that it would be best to form an insurance committee including union representatives and department leaders so Brown & Brown could educate this group on what a high deductible plan is and how it works. Over the next couple of years Brown & Brown worked with the City's leadership team and Insurance Committee doing the following:

- Reviewed claims with the City to analyze trends and determine what resources were needed to address escalating claims
- Set up meetings with FHC leadership (CEO, Medical Director, Pharmacy Director) and City leadership to discuss lower cost or free services FHC could offer to keep employees engaged in healthcare without cost barriers on a high deductible health plan
 - This led to FHC agreeing to reducing the cost of their clinics from a \$10 copay to a \$0 copay on all plans
 - FHC also agreed they would expend services at their clinic for diagnostics, primary care and urgent care
- Performed financial analysis on alternative plan designs and savings the City could recognize by making minor changes to plans
 - Evaluated and introduced the idea of including a health reimbursement account to pair with alternative plans with deductibles
- Reviewed the City's current contribution structures and modeled alternative structures to implement the HSA plan as a third plan option
- Educated the insurance committee and employees on HSA plans and HRA plans
- Made presentations to the Board on HSA and HRA plans, claims impact, financial impact and long-term strategy recommendations

The final outcome of the 2 years of planning with the City's leadership and employees resulted in the following:

- Negotiated a 15-month contract with FHC to move the City's effective date from October to January so that deductible plans would reset each calendar year
- Introduced 3 plans with FHC – HSA, \$250 deductible HMO plan, \$0 deductible POS plan
- The financial impact to the City for the plan changes was over \$150,000 in savings
 - The City used this savings to fully fund the \$250 deductible through an HRA (employees would get reimbursed in full for the deductible if they had services subject to the \$250)

- The City fully covers the HSA plan deductible through an HSA Account
 - Employees must complete a preventative screening each year to be eligible for \$200 of the funding in the HSA account
- Reduced the FHC extended hour clinic copay from \$10 to \$0 on all plans
- Grandfathered current employees with their same deductions or free plans based on their level of service and years with the City
 - The HSA plan became a free option for current employees to have the opportunity to build an HSA bank account over time since the City funds the bank account every year
- The HSA plan became the free base plan for all newly hired employees
 - New employees had to buy up if they wanted the \$250 deductible or \$0 deductible plan

During open enrollment for the new plans, Brown & Brown conducted many educational presentations on HSA and HRA plans with employees. We met one on one with employees to field their individual questions and help them determine what plan was the best fit for their individual needs. We also did extensive training on FHC's cost estimator tools to help employees understand the cost of services on the HSA and deductible plan and educated on steerage to lower cost options for the plan and for themselves. Education also included ways to reduce costs for medications on all plans by using various resources Brown & Brown provides.

After almost a decade, the City has continued to offer these same 3 medical plans with FHC. When we first implemented the HSA plan, we only had 20 employees enrolled (out of 200). As of 2025, there are 125 employees enrolled in the plan. The City's loss ratio has trended down to 71% over the last decade and Brown & Brown has negotiated renewals that have averaged under 3%. This average has included a -2% and flat renewal since the plan design changes were implemented. Since the plan renewals continue to be negotiated under the City's budget year over year, the City has been able to continue to fully fund the HSA deductible and \$250 HRA.

Q3 2016 Plan Performance Review



Presented by:

Jessica Scott
Vice President

Presented on:

February 9, 2017



Group Demographic Profile

Demographic Summary by Group and Class

Demographic Profile

Group Profile

	Totals	% of Total
Total Subscribers	195	
Female	40	21%
Male	157	81%

Average Age	44
Female	44
Male	44

Average Age by Tier (Medical - Enrolled)

Employee Only	41
Employee & Spouse	56
Employee & Child(ren)	46
Employee & Family	46

Profile by Class (Medical - Enrolled)	Council	Directors	Supervisors	Hired Prior to 10/2004	Hired After 10/2004	Retiree	Disabled	Severance	Total
Total Subscribers	4	14	20	50	101	4	2	2	197
Female	2	4	1	8	21	2	1	1	40
Male	2	10	19	42	80	2	1	1	157

Average Age by Tier (All Plans Enrolled)

Average Age	40
Employee Only	40
Employee & Spouse	57
Employee & Child(ren)	47
Employee & Family	44

Contribution Change Summary

Illustrative Scenarios & Impact of Contribution Changes

City & Employee Contribution Scenarios

Summary by Illustrative Class

				City's Contribution Methodology -Illustrative Changes by Scenario		
Scenario Comparison #1	Current Class Structure	All EEs Classed as "Supervisor"	Δ from Current (\$)	Supervisors	Hired Pre 10/2004	Hired Post 10/2004
Total Cost	\$2,343,416	\$2,343,416	\$0	75% Dep Contribution	75% Dep Contribution	75% Dep Contribution
Employer Cost	\$2,095,807	\$2,181,203	\$85,396			
Employee Cost	\$247,611	\$162,213	(\$85,398)			
Scenario Comparison #2	Current Class Structure	All Classed as "Hired Prior to 10/2004"	Δ from Current (\$)	Supervisors	Hired Pre 10/2004	Hired Post 10/2004
Total Cost	\$2,343,416	\$2,343,416	\$0	50% Dep. Contribution	50% Dep. Contribution	50% Dep. Contribution
Employer Cost	\$2,095,807	\$2,014,931	(\$80,875)			
Employee Cost	\$247,611	\$328,485	\$80,874			
Scenario Comparison #3	Current Class Structure	All Classed as "Hired After 10/2004"	Δ from Current (\$)	Supervisors	Hired Pre 10/2004	Hired Post 10/2004
Total Cost	\$2,343,416	\$2,343,416	\$0	0% Dep. Contribution	0% Dep. Contribution	0% Dep. Contribution
Employer Cost	\$2,095,807	\$1,690,457	(\$405,349)			
Employee Cost	\$247,611	\$652,958	\$405,348			

Notes

Illustrated headcounts exclude COBRA/Severed, Disabled and Retired employees.

Current Class structure includes 100% City contribution towards Employee Coverage and the following contribution towards dependent coverage by Class:

Supervisors	75% contribution
Hired Pre-10/2004	50% Contribution
Hired Post-10/2004	0% Contribution

Health Savings Account Summary

Overview of Annual Limitations & Eligible Expenses

HSA Overview

Summary of Eligible Expenses & Annual Limits

HSA Description	2017	2018 (Projected - Not Final)
Individual Coverage Max Contribution	\$3,400	\$3,450
Family Coverage Maximum Contribution	\$6,750	\$6,850
Age 55+ - Catch Up Contribution	\$1,000	\$1,000
Spouse - Catch Up Contribution (separate HSA)	\$1,000	\$1,000
Account Owner	Employee	Employee
Roll-Over of Funds	100% of Remaining Funds	100% of Remaining Funds

Plan Design Requirements	2017	2018 (Projected - Not Final)
Individual Minimum Deductible	\$1,300	\$1,350
Family Minimum Deductible	\$2,600	\$2,700
Individual Maximum Out-of-Pocket	\$6,550	\$6,650
Family Maximum Out-of-Pocket	\$13,100	\$13,300

Examples of Eligible/Qualified Expenses

Acupuncture	Hearing Aids & Batteries
Alcohol & Drug Addiction Treatment	Surgeries (non-cosmetic)
Breast Reconstruction Surgery	Nursing Services
Dental Treatment	Physical Therapy
Diagnostic Tests & Devices	Psychiatric Care
Doctor's Visits	Smoking Cessation
Prescriptions	Contact Lenses
Eyeglasses	Vision Exams
Over the Counter Medications (restricted listing)	Lodging

Additional Eligible/Qualified Expenses

Health Insurance for people age 65+ (except Medicare Supplement Policies)
COBRA Premiums
Long Term Care Premiums
Health Premiums for People Receiving Unemployment Compensation

Examples of Non-Qualified Expenses

Cosmetic Surgery	Maternity Clothes
Diaper Service	Nutritional Supplements
Electrolysis or hair removal	OTC Medications (without Doctor's Note)
Funeral Expenses	Toiletries (e.g. toothbrush, toothpaste, etc.)
Health Club Membership Dues	Teeth Whitening
Non-Approved / Illegal Operations	Weight Loss Programs (unless prescribed for specific disease)
Bottled Water	Swimming Pools

Notes:

The above is just a sample of eligible expenses, and is not all inclusive. For a complete listing, please view IRS Publication 502.

Wellness Utilization & Brainstorming

Illustrative Scenarios & Impact of Contribution Changes

Physical Examinations

Exam Completion - Subscribers Only

Time Period Analyzed: December 2015 - November 2016

Active Subscribers	197
Completed Physical Exam	48
% Complete	24%
No Physical Examination	149
% Not Completed	76%

PCP Designation	Active Subscribers	% of Subscribers by Staff Type	Completed Physical Exam	% of Active Subscribers with Exam	Not Completed Medical Exam	% Incomplete Physical Exam
Subscribers that see a staff PCP	113	57%	27	24%	86	76%
Subscribers that see a network PCP	73	37%	21	29%	52	71%
Subscribers that do not have a PCP	11	6%	0	0%	11	100%
Grand Total	197		48		149	

Primary Reporting Period Q3 2016

Measurement Overview	Total Members	# Compliant	# Non-Compliant	Q3 2016 % Compliant	Q3 2015 % Compliant	FHCP Benchmark	% Non-Compliant
Visit with Primary Care Provider (PCP)	361	331	30	92%	87%	87%	8%
Blood pressure checked in previous twelve months and is less than 140/90	206	169	37	82%	82%	82%	18%
LDL-C level checked in previous five years and is less than 130 mg/dL	166	128	38	77%	74%	74%	23%
Colorectal Cancer Screening - ages 50-75	109	71	38	65%	69%	69%	35%
Breast Cancer Screening - mammogram in last two years for women ages 50-74	36	24	12	67%	76%	76%	33%
Cervical Cancer Screening - 1+ pap tests within three years for women ages 20-64	89	63	26	71%	75%	75%	29%
Diabetes Care - Comprehensive	Total Members	# Compliant	# Non-Compliant	Q3 2016 % Compliant	Q3 2015 % Compliant	FHCP Benchmark	% Non-Compliant
HbA1c level is less than 8.0%	19	7	12	37%	65%	59%	63%
LDL-C level is less than 100 mg/dL	19	15	4	79%	59%	68%	21%
Blood pressure is less than 140/90	19	11	8	58%	53%	58%	42%
Medical attention for nephropathy (kidney disease)	19	17	2	89%	71%	83%	11%
Completed Diabetes Education Classes in last five years	19	4	15	21%	24%	14%	79%

Workforce Wellness Reporting

Personal Health Assessment Results (Aggregated, Age 18+)

Summary Period	Q3 2016
Total Members	357

Body Mass Index (BMI) - Age 18+	Members	% of Total
Extremely Obese	11	5%
Obese	85	37%
Overweight	79	34%
Normal	50	22%
Less than Ideal	6	3%
Total Members	231	
% of Total Membership	65%	

Smoking Status in Last 2 Years	Employee	Spouse	Dependent	Total
Active Smoker	8	6	1	15
History of Smoking	36	14	3	53
Never Smoked	90	28	20	138
Smoking Unknown	56	18	10	84
Total by Category	190	66	34	290

Workforce Wellness

Gym Utilization

Gym Utilization - Annual Summary				
Calendar Year	Total Members	Average Member Age	Total Visits	Average Visits Per Member
2013	126	45	3835	30
2014	144	43	4820	33
2015	146	40	4705	32
2016 (through November)	136	39	4955	36
Average	138	42	4579	33

Gym Utilization - Summary by Quarter				
Quarter	Total Members	Average Member Age	Total Visits	Average Visits per Member
Q4 - 2015	83	39	3835	13
Q1 - 2016	100	40	4820	15
Q2 - 2016	96	39	4705	15
Q3 - 2016	92	38	4955	15
	92.75	39	4579	15

Trend - Most Recent 12 Months				
Month & Year	Total Members	Average Member Age	Total Visits	Average Visits Per Member
Dec-15	56	40	345	6
Jan-16	75	39	467	6
Feb-16	82	40	488	6
Mar-16	81	40	526	6
Apr-16	77	40	460	6
May-16	77	39	464	6
Jun-16	73	39	515	7
Jul-16	68	37	429	6
Aug-16	75	38	505	7
Sep-16	67	39	416	6
Oct-16	64	38	335	5
Nov-16	60	39	350	6
Average	71	39	442	6

Highest Utilized Gym Locations - Most Recent 12 Months			Top Utilization by Member		
Rank	Fitness Center Name	Rank	Age	Type	Total Enc.
1	Southeast Volusia Family YMCA	1	36	Subscriber	313
2	Edgewater Fitness Club	2	21	Subscriber	194
3	New Smyrna Beach Athletic Club	3	42	Subscriber	193
4	Vision Fitness 24	4	41	Dependent	177
5	Shark City Gym	5	21	Subscriber	173
6	Heartland Rehabilitation	6	59	Subscriber	168
7	Anytime Fitness - Port Orange	7	54	Subscriber	157
8	Family YMCA - Port Orange	8	30	Dependent	155
9	Snap Fitness	9	27	Subscriber	138
10	Beach Street Gym	10	22	Subscriber	124

Wellness Incentive Examples

Summary of Topics for Discussion

Overview of Discussion Items

Annual Physical Completion

Personal Health Assessment (PHA)

Height

Weight

Blood Pressure

Blood Glucose

BMI

Cholesterol

One-on-One Coaching

Preventive Screenings (Medical, Dental, Vision)

Back Care / Proper Lifting Technique Training

Blood Pressure Checks

Flu Vaccination

Additional Incentive Opportunities

Blood Drive Donation

CPR Training

Volunteer Services

Health Education Training

Tobacco Cessation

Diabetes Education

Weight Management

Healthy Lunch & Learns

Physical/Competitive Activities

Kickball

Bowling

Softball

Gym Attendance

Yoga

Fitness Classes

Golf

Lunchtime Walking Groups

Kayaking

Outdoor Water Sports

Notes:

All programs tied to incentives must be compliant with the Americans with Disabilities Act (ADA) to allow for Incentives for those that can't perform the incentive in question.

Tobacco Cessation Program Criteria

A wellness program that imposes a tobacco surcharge is considered a "health contingent" wellness program and it must comply with the following five requirements:

1. Frequency of Reward: the wellness program must provide eligible individuals with the opportunity to qualify for the reward **at least once per year**;
2. Size of Reward: the reward for a tobacco based wellness program cannot exceed 50% of the employer's and employee's cost of coverage (either the tier in which the employee and any dependents are enrolled or single coverage);
3. Reasonableness of Design: the wellness program must be reasonably designed to promote health or prevent disease;
4. Uniform Availability and Reasonable Alternative Standard: the wellness program must offer each individual who does not meet the initial standard a reasonable alternative to obtain the reward. Typically, in a tobacco based wellness program, the reasonable alternative is the completion of a tobacco cessation course. (However, the regulations require that, with respect to a tobacco cessation course, an individual who completes the course must qualify for the reward, **regardless of whether the individual actually quits using tobacco**.) The employer sponsoring a tobacco based wellness program that utilizes a smoking cessation course as the reasonable alternative must make the smoking cessation course available to participants or assist participants find a smoking cessation course. Further, participants cannot be required to pay for the cost, if any, for the smoking cessation course and the time commitment must be "reasonable."
5. Notice of Availability: the wellness program must disclose in all plan materials describing the wellness program the availability of a reasonable alternative standard.

An example of a permissible tobacco based wellness program may be helpful:

A wellness program offered in conjunction with an employer's group health plan offers lower premiums to participants who do not use tobacco. As a reasonable alternative, the plan provides the same lower premium to those participants who complete a smoking cessation course. At the start of the 2016 plan year, Participant A does not qualify for the reward initially (i.e., because Participant A smokes), but does complete the smoking cessation course. Participant A is entitled to the reward for the 2016 plan year (which may be paid by the plan--through lower premiums--after Participant A completes the smoking cessation course, as long as Participant A receives the full reward). However, for the 2017 plan year, if Participant A still does not meet initial standard (i.e., because Participant A still smokes), the plan may require Participant A to complete the smoking cessation course again to qualify for the reward for the 2017 plan year.

Sample Plan Designs - HSA

In-Force Plan Designs

PUBLIC SECTOR CLIENT #1
EXECUTIVE SUMMARY OF GROUP HEALTH PLAN QUOTES

JANUARY 1, 2017 - DECEMBER 31, 2017

		HDHP HSA T14/TF4			BALANCE POS T29		
		Network			Network		
	Deductible:	\$1,600 (\$3,200 Family)*			\$0		
	HSA Seed	\$1,350 + \$125 for Skin Screening + \$125 HA Completion			n/a		
	Embedded Deductible:	Yes, Family Coverage			N/A		
	Calendar or Policy Year:	Calendar			Calendar		
	Coinsurance:	20%			15%		
	Maximum Out-of-Pocket:	\$3,200 (\$6,400 Family)			\$2,500 (\$5,000 Family)		
	(Includes Deductible):	Yes			N/A		
	(Includes Copay):	Yes			Yes		
	(Includes Rx):	Yes			Yes		
	PHYSICIAN SERVICES						
	Office Visit Copay:	Deductible + Coinsurance			\$20		
	Specialist Copay:	Deductible + Coinsurance			\$35		
	Workforce Wellness Copay	\$0			\$0		
	Chiropractic Copay:	Deductible + Coinsurance			\$15		
	HOSPITAL/ EMERGENCY SERVICES						
	Inpatient Hospital Per Admission Copay:	Deductible + Coinsurance			\$200		
	Emergency Room Copay:	Deductible + Coinsurance			\$100		
	Urgent Care Copay:	Deductible + Coinsurance			\$60		
	Outpatient Surgical Facility Copay:	Deductible + Coinsurance			\$0		
	Ambulatory Surgery Center:	Deductible + Coinsurance			\$0		
	DIAGNOSTIC SERVICES						
	Lab, X-Ray & Diagnostics Outpatient:	Deductible + Coinsurance			\$0		
	Lab, X-Ray & Major Diagnostics Outpatient: (CT, PET, MRI, MRA)	Deductible + Coinsurance			\$0		
	PREVENTIVE ADULT WELLNESS	\$0			\$0		
	PRESCRIPTION						
	Deductible:	Calendar Year Deductible			N/A		
	Tier 1:	\$3			\$3		
	Tier 2:	\$10 (\$15 Walgreens)			\$10 (\$15 Walgreens)		
	Tier 3:	\$30 (\$35 Walgreens)			\$30 (\$35 Walgreens)		
	Tier 4:	\$55 (\$60 Walgreens)			\$55 (\$60 Walgreens)		
	Tier 5:	\$125			\$125		
	Mail Order Prescription:	\$2 / \$9 / \$29 / \$54 (31 day supply)			\$2 / \$9 / \$29 / \$54 (31 day supply)		
LIFETIME MAXIMUM		Unlimited			Unlimited		
		Non-Network			Non-Network		
	Deductible:	\$3,000 (\$6,00 Family)			\$500 (\$1,500 Family)		
	Coinsurance:	40%			30%		
	Maximum Out-of-Pocket:	\$6,000 (\$12,000 Family)			\$5,000 (\$10,000 Family)		
	Per Occurrence Deductible (Inpatient):	N/A			N/A		
	Per Occurrence Deductible (Outpatient Surgery):	N/A			N/A		
		Enrollment	Premium	EE Contribution	Enrollment	Premium	EE Contribution
EMPLOYEE		231	\$568.48	\$0.00	4	\$936.21	\$353.60
EMPLOYEE + SPOUSE		30	\$977.78	\$393.56	0	\$1,610.29	\$1,001.74
EMPLOYEE + CHILD(REN)		8	\$977.78	\$393.56	0	\$1,610.29	\$1,001.74
FAMILY		43	\$1,136.95	\$546.62	1	\$1,872.43	\$1,253.80

Public Sector Client #1 - 1,200 Lives
EXECUTIVE SUMMARY OF GROUP HEALTH PLAN QUOTES

SEPTEMBER 1, 2016 - AUGUST 31, 2017

	HSA 5FV Network	PREMIUM 7JP Network	STANDARD 5FK Network
Deductible:	\$3,000 (\$6,000 Family)	\$2,500 (\$5,000 Family)	\$3,000 (\$9,000 Family)
HSA Seed	n/a	n/a	n/a
Embedded Deductible:	Yes	Yes	Yes
Calendar or Policy Year:	Policy	Policy	Policy
	20%	0%	50%
Maximum Out-of-Pocket:	\$4,000 (\$8,000* Family) (*\$6,850 Single only max)	\$2,500 (\$5,000 Family)	\$6,350 (\$12,7000 Family)
(Includes Deductible):	Yes	Yes	Yes
(Includes Copays:)	Yes	Yes	Yes
(Includes Rx:)	Yes	Yes	Yes
Office Visit Copay:	Deductible + Coinsurance	\$25	\$50
Specialist Copay:	Deductible + Coinsurance	\$30	\$75
Chiropractic Copay:	Deductible + Coinsurance	\$25	\$50
HOSPITAL/ EMERGENCY SERVICES			
Inpatient Hospital Per Admission Copay:	Deductible + Coinsurance	Deductible	Deductible + Coinsurance
Emergency Room Copay:	Deductible + Coinsurance	\$250	\$250
Urgent Care Copay:	Deductible + Coinsurance	\$50	\$100
Outpatient Surgical Facility Copay:	Deductible + Coinsurance	\$300	Deductible + Coinsurance
Ambulatory Surgery Center:	Deductible + Coinsurance	\$300	Deductible + Coinsurance
DIAGNOSTIC SERVICES			
Lab, X-Ray & Diagnostics Outpatient:	Deductible + Coinsurance	\$0	\$0
Lab, X-Ray & Major Diagnostics Outpatient: (CT, PET, MRI, MRA)	Deductible + Coinsurance	\$200	\$100
ADULT WELLNESS	\$0	\$0	\$0
PRESCRIPTION:			
Deductible:	Policy Year Deductible	N/A	N/A
Tier 1:	\$10	\$10	\$10
Tier 2:	\$30	\$30	\$45
Tier 3:	\$50	\$50	\$80
Tier 4:	N/A	N/A	N/A
Mail Order Prescription:	2.5x Copay (90 day supply)	2.5x Copay (90 day supply)	2.5x Copay (90 Day Supply)
LIFETIME MAXIMUM:	Unlimited	Unlimited	Unlimited
	Non-Network	Non-Network	Non-Network
Deductible:	N/A	N/A	N/A
Coinsurance:	N/A	N/A	N/A
Maximum Out-of-Pocket:	N/A	N/A	N/A
Per Occurrence Deductible (Inpatient):	N/A	N/A	N/A
Per Occurrence Deductible (Outpatient Surgery):	N/A	N/A	N/A

PREMIUM EQUIVALENT RATES

	Premium Rate	Employer	Employee
Employee Only	\$546.14	\$491.74	\$54.40
Employee + Spouse	\$1,286.07	\$491.74	\$794.33
Employee + Child(ren)	\$1,220.83	\$491.74	\$729.09
Family	\$1,552.79	\$491.74	\$1,061.05

Premium	Employer	Employee
\$563.87	\$491.74	\$72.13
\$1,312.70	\$491.74	\$820.96
\$1,246.12	\$491.74	\$754.38
\$1,585.09	\$491.74	\$1,093.35

Premium	Employer	Employee
\$722.46	\$491.74	\$230.72
\$1,661.25	\$491.74	\$1,169.51
\$1,576.67	\$491.74	\$1,084.93
\$2,007.28	\$491.74	\$1,515.54

Sample Plan Designs - HSA & HRA

In-Force Plan Designs

HSA & HRA Interaction Overview

HSA AHOU CHOICE PLUS RX 125

Network	
Deductible:	\$2,000 (\$4,000 Family)
HSA Seed	\$500 Individual Coverage \$1,000 Dependent Coverage
HRA Fund	\$1,500 Individual \$4,000 Dependent Coverage
Embedded Deductible:	No
Calendar or Policy Year:	Calendar
Coinsurance:	0%
Maximum Out-of-Pocket:	\$3,000 (\$6,000 Family)
(Includes Deductible):	Yes
(Includes Copay):	Yes
(Includes Rx):	Yes
PHYSICIAN SERVICES	
Office Visit Copay:	\$30 + Deductible
Specialist Copay:	\$60 + Deductible
Chiropractic Copay:	\$30 + Deductible
HOSPITAL/ EMERGENCY SERVICES	
Inpatient Hospital Per Admission Copay:	\$500 + Deductible
Emergency Room Copay:	\$350 + Deductible
Urgent Care Copay:	\$75 + Deductible
Outpatient Surgical Facility Copay:	\$300 + Deductible
Ambulatory Surgery Center:	\$300 + Deductible
DIAGNOSTIC SERVICES	
Lab, X-Ray & Diagnostics Outpatient:	Deductible
Lab, X-Ray & Major Diagnostics Outpatient: (CT, PET, MRI, MRA)	\$300 + Deductible
PREVENTIVE ADULT WELLNESS	
	\$0
PRESCRIPTION	
Deductible:	Calendar Year Deductible
Tier 1:	\$10
Tier 2:	\$35
Tier 3:	\$60
Tier 4:	N/A
Mail Order Prescription:	2.5x's Copay (90 day supply)
LIFETIME MAXIMUM	
	Unlimited
Non-Network	
Deductible:	\$5,000 (\$10,000 Family)
Coinsurance:	50%
Maximum Out-of-Pocket:	\$10,000 (\$20,000 Family)
Per Occurrence Deductible (Inpatient):	N/A
Per Occurrence Deductible (Outpatient Surgery):	N/A

Employer HSA Funds First	
Employee Only	\$500
Employee + Spouse	\$1,000
Employee + Child	\$1,000
Family	\$1,000
Employee Responsible for Next	
Employee Only	\$1,000
Employee + Spouse	\$1,000
Employee + Child	\$1,000
Family	\$1,000
Employer HRA Funds Last	
Employee Only	\$1,500
Employee + Spouse	\$4,000
Employee + Child	\$4,000
Family	\$4,000

Note: Employee Responsibility can be funded by an HSA contribution.

PREMIUM RATES

Employee Only
Employee + Spouse
Employee + Child(ren)
Family

Premium Rate	Employer	Employee
\$521.72	\$521.72	\$0.00
\$1,210.43	\$521.71	\$688.72
\$935.78	\$521.71	\$414.07
1586.78	\$521.71	\$1,065.07

Employee Healthcare



Current Cost

- FY 15/16 Employer Cost – \$1,863,867
- We Had a Rate Increase of – 13.3 %
- FY 16/17 Employer Cost – \$2,068,154
- Projected Rate Increase – 17.5%
- FY 17/18 Projected Cost – \$2,430,081

Rate Increase / Decrease History

- 2015 – 6.5
- 2014 – 6.0
- 2013 – 4.0
- 2012 – 3.8
- 2011 – (5.4)
- 2010 – 11.3
- 2009 – 9.13
- 2008 – 3.0
- 2007 – 5.4
- 2006 – 16.6
- 2005 – 4.1

Current Coverage Census

- Employees only – 111
- Employees + Spouse – 17
- Employee + Child(ren) – 27
- Family – 31
- Total – 186 employees with approx. 357 insured members

Detailed Census

- **City cost to provide 186 employees and dependent coverage (\$2,068,154)**
- Employer provided at 100%
 - City cost to provide 13 dependents (Director and Deputy) (\$111,718)
- Employer dependent coverage at 75% (Supervisors)
 - City cost to provide 20 dependents coverage (\$141,421)
- Employer dependent coverage at 50% (Hired prior 10/1/04)
 - City cost to provide 32 dependents coverage (\$286,157)
- Employee providing dependent coverage at 75% (Supervisor)
 - 20 employees pay 25% of dependents coverage (\$44,076)
- Employee providing dependent coverage at 50% (Hired prior 10/1/04)
 - 32 employees pay 50% of dependents coverage (\$120,372)
- Employee providing dependent coverage at 100% (Hired after 10/1/04)
 - 10 employees pay 100% of dependents coverage (\$83,184)

Cost Today

(Base Plan - HMO G42 Plan)

	Current	Projected
	Monthly	Renewal (17.5%) Monthly
• Employee -	\$767.50	\$901.81 (\$134.31)
• Employee + Spouse -	\$1,312.43	\$1,542.11 (\$229.68)
50%	\$656.22	\$771.06 (\$114.84)
• Employee + Child(ren) -	\$ 1,312.43	\$ 1,542.11 (\$229.68)
50%	\$656.22	\$771.06 (\$114.84)
• Family -	\$1,604.08	\$1,884.79 (\$280.71)
50%	\$802.04	\$942.40 (\$140.36)

The Committee

In December of 2016 the City Manager discussed the Group Health sustainability with the City Council and subsequently a committee was established to review:

- International Union of Operators Engineers – Tiana DeWees
- International Association of Firefighters – Herb Epstein
- Police Benevolent Association – Dan Kohler
- Supervisors Group – Bob Polizzi
- Dept. Directors and Deputy Directors – Brenda DeWees
- Citizen – Brandon Beck (HR Director for Boston Whaler)
- City Council – Councilman Dan Blazi
- Research guidance provided by our Insurance Broker Brown & Brown

Goals

- Ensure the committee is made-up with representation from all aspects of the employee segment as well as City Council and a citizen.
- Create a Group Health Insurance benefit that was sustainable into the future.
- Create a plan that allowed the City of Edgewater to provide an opportunity for assistance with dependent healthcare coverage to all future employees dependents equally.
- Create a plan whereas future dependent healthcare insurance was not considered a benefit for only those that had been promoted to a supervisor or above position but rather equally offered to all future employees.

Recommendations

- Create a Health Savings Account (HSA) and make that the “Base Plan” for all new employees hired after 10/1/17.
- All existing employees hired prior to 10/1/17 will be “Grandfathered” with their existing plan to include the dependent coverage benefit they are presently eligible for.
- All promotions after 1/1/18 will be provided the HSA Plan which is the “Base Plan”
- Employees will still be able to “buy-up” to either the HMO or POS Plans but will have to pay the cost difference

Health Savings Account (HSA)

Monthly	Premiums	EE Contrib.	ER Contrib.
• Employee -	\$603.61	\$0.00	\$603.61
• Employee + Spouse -	\$1,032.17	\$214.28	\$817.89
• Employee+Child(ren) -	\$1,032.17	\$214.28	\$817.89
• Family -	\$1,261.54	\$328.96	\$932.57

How an HSA Works

Annually	Base HSA	HSA Incentive*	Total City Incentive
• Employee Only -	\$1,300	\$200	\$1,500
• Employee + Spouse -	\$1,500	\$400	\$1,900
• Employee+Child(ren) -	\$1,500	\$200	\$1,700
• Family -	\$1,850	\$400	\$2,250

* Incentive include Personal Health Assessment (PHA) and Physical by a physician

HSA Plan vs HMO Plan

Deductible:	\$1,500 (\$3,000 Family)
Embedded Deductible:	No
Calendar or Policy Year:	Policy
Coinsurance:	10%
Maximum Out-of-Pocket:	\$3,000 (\$6,000 Family)
(Includes Deductible):	Yes
(Includes Copay):	Yes
(Includes Rx):	Yes
PHYSICIAN SERVICES	
Office Visit Copay:	Deductible + Coinsurance
Specialist Copay:	Deductible + Coinsurance
Chiropractic Copay:	Deductible + Coinsurance
HOSPITAL/ EMERGENCY SERVICES	
Inpatient Hospital Per Admission Copay:	Deductible + Coinsurance
Emergency Room Copay:	Deductible + Coinsurance
Urgent Care Copay:	Deductible + Coinsurance
Outpatient Surgical Facility Copay:	Deductible + Coinsurance
Ambulatory Surgery Center:	Deductible + Coinsurance
DIAGNOSTIC SERVICES	
Lab, X-Ray & Diagnostics Outpatient:	Deductible + Coinsurance
Lab, X-Ray & Major Diagnostics Outpatient: (CT, PET, MRI, MRA)	Deductible + Coinsurance
WORKFORCE WELLNESS	\$0
PREVENTIVE ADULT WELLNESS	\$0
PRESCRIPTION	
Deductible:	Calendar Year Deductible
Tier 1:	\$3
Tier 2:	\$10 (\$15 Walgreens)
Tier 3:	\$30 (\$35 Walgreens)
Tier 4:	\$55 (\$60 Walgreens) / Tier 5 - \$125
Mail Order Prescription:	\$6 / \$27 / \$87 / \$162 (90 Day Supply)
LIFETIME MAXIMUM	Unlimited
	Non-Network
Deductible:	N/A
Coinsurance:	N/A
Maximum Out-of-Pocket:	N/A

Deductible:	\$0
Embedded Deductible:	N/A
Calendar or Policy Year:	Calendar
Coinsurance:	0%
Maximum Out-of-Pocket:	\$1,500 (\$3,000 Family)
(Includes Deductible):	N/A
(Includes Copay):	Yes
(Includes Rx):	No
PHYSICIAN SERVICES	
Office Visit Copay:	\$20
Specialist Copay:	\$35
Chiropractic Copay:	\$15
HOSPITAL/ EMERGENCY SERVICES	
Inpatient Hospital Per Admission Copay:	\$200 / per admit
Emergency Room Copay:	\$100
Urgent Care Copay:	\$60
Outpatient Surgical Facility Copay:	\$0
Ambulatory Surgery Center:	\$0
DIAGNOSTIC SERVICES	
Lab, X-Ray & Diagnostics Outpatient:	\$0
Lab, X-Ray & Major Diagnostics Outpatient: (CT, PET, MRI, MRA)	\$0
WORKFORCE WELLNESS	\$0
PREVENTIVE ADULT WELLNESS	\$0
PRESCRIPTION	
Deductible:	N/A
Tier 1:	\$3
Tier 2:	\$10 (\$15 Walgreens)
Tier 3:	\$30 (\$35 Walgreens)
Tier 4:	\$55 (\$60 Walgreens) / Tier 5 - \$100
Mail Order Prescription:	\$6 / \$27 / \$87 / \$162 (90 Day Supply)
LIFETIME MAXIMUM	Unlimited
	Non-Network
Deductible:	N/A
Coinsurance:	N/A
Maximum Out-of-Pocket:	N/A

How an HSA Works

Annually	Base HSA Deductible	Total City Incentive
• Employee Only - (PHA & Wellness Visit)	\$1,500	\$1,500/year
• After 3 yrs with City	\$1,500	\$4,500

Employee Needs Surgery \$10,000 Expense

WFW visit for initial diagnosis - \$0 out of pocket

Out-Patient Surgery - \$0 out of pocket to employee for deductible (\$1,500 funded by City)

\$0 out pocket to employee for coinsurance (\$850 funded by City)

\$2,150 HSA Account Balance

\$650 remaining out of pocket (covered by City)

\$1,500 balance carried over into the next year's HSA account

How the Future Employee Benefits

HSA Description

	2018 (Projected - Not Final)
Employee Coverage Max Contribution	\$3,450
Family Coverage Maximum Contribution	\$6,850
Age 55+ - Catch Up Contribution	\$1,000
Spouse - Catch Up Contribution (separate HSA)	\$1,000
Account Owner	Employee
Roll-Over of Funds	100% of Remaining Funds

Plan Design Requirements

	2018 (Projected - Not Final)
Individual Minimum Deductible	\$1,350
Family Minimum Deductible	\$2,700
Individual Maximum Out-of-Pocket	\$6,650
Family Maximum Out-of-Pocket	\$13,300

Examples of Eligible/Qualified Expenses

Acupuncture	Hearing Aids & Batteries
Alcohol & Drug Addiction Treatment	Surgeries (non-cosmetic)
Breast Reconstruction Surgery	Nursing Services
Dental Treatment	Physical Therapy
Diagnostic Tests & Devices	Psychiatric Care
Doctor's Visits	Smoking Cessation
Prescriptions	Contact Lenses
Eyeglasses	Vision Exams
Over the Counter Medications (restricted listing)	Lodging

Additional Eligible/Qualified Expenses

Health Insurance for people age 65+ (except Medicare Supplement Policies)
COBRA Premiums
Long Term Care Premiums
Health Premiums for People Receiving Unemployment Compensation

Estimated Savings to the City

	Total Premium	*City HSA Seed	City Annual Cost (inc. HSA)	% Change
Current Cost	\$2,315,786	n/a	\$2,068,154	
Estimated Renewal @ 17.5%	\$2,728,855	n/a	\$2,481,222	20%
Estimated Modified Renewal @ 17.5%	\$2,463,256	\$98,200	\$2,307,933	12%

Year over year estimated increase: \$239,779

- Estimated City HSA Seed amount is illustrative in nature and will depend on the migration to the HSA Plan.
- The Estimated Modified Renewal includes migration assumptions that 25% of the HMO enrollment for the “Employees Hired Before 10/2004” and 50% of the “Employees Hired After 10/2004” classifications will migrate to the HSA Plan.
- Actual Migration will differ and will impact the resulting annual totals.
- The Estimated Renewal & Estimated Modified Renewal are based on an estimated 17.5% increase, effective 1/1/2018.
- The illustrated rates and plan designs are illustrated in nature only and do not represent a firm offer.

Direction Required

- Do we modify any aspects of the committee's recommended Healthcare Plan?
- Does the City Manager prepare the FY18 budget based on the committee's recommended Healthcare Plan?
- Does the City Manager begin labor agreement discussions based on the committee's recommended Healthcare Plan becoming effective January 1, 2018?

Any Additional Questions?

THANK YOU

City of Ormond Beach

Brown & Brown became Agent of Record for The City of Ormond Beach in 2009. Similar to The City of Edgewater, The City of Ormond Beach also had two \$0 deductible low copay plans with FHC for many years. We did extensive analysis on claims and plan utilization to customize and file a new plan design with FHC for the City, without increasing out of pocket costs to employees. This change implemented a low \$250 deductible on one plan the City offered and this saved the City \$400,000 in the first year.

Over the next 5 years, we were able to negotiate renewals under the City's budget without making any plan changes, even though claims experience was increasing each year. In 2015, the City's loss ratio went up to 112% and the FHC gave the City a 33% renewal increase, which was well above budget for the City. Brown & Brown and the City Manager decided it was time to consider moving to a high deductible health plan and better educate employees on the cost of medical services, engage more with preventative screenings and management of chronic conditions with the goal of reducing health care cost long term. Therefore, Brown & Brown worked with FHC to create a new high deductible health plan as a base plan. This plan was designed by Brown & Brown and FHC to include the lowest deductible possible to be HSA compliant, yet allowed employees and the City to fund a bank account to cover the deductible expenses for employees.

Brown & Brown was able to convince FHC to reduce the renewal to 20% and extended the renewal contract from 12 months (starting October 1, 2015) to 15 months so that the renewal would align with a calendar year, so the City could start the high deductible health/HSA plan in January. The result of these renewal negotiations allowed the City to only have to take the 20% increase for 3 months and then by implementing the HSA plan in January the City ended up saving \$350,000, which allowed the City to fund enough money into employees' HSA bank accounts to cover the majority of the deductible. This kept the employee's total deductible responsibility at \$250, which was the same as the plan they had previously.

When making this change to the high deductible health plan, Brown & Brown worked with FHC to run various custom claims and utilization reports, so we could implement ways to reduce the employees' out of pocket expenses, while still being compliant with the high deductible health plan requirements. Brown & Brown organized regular meetings between the City's HR team and City Manager with FHC's leadership team (CEO, CFO, Medical Director and Pharmacy Director) to discuss ways to reduce claims costs. Through these meetings, we determined the main conditions that needed more solutions to help reduce high-cost claimants were diabetes, hypertension, skin cancer and cholesterol. Therefore, Brown & Brown conducted an RFP for the City to review proposals for near site clinics so that the City could offer free services and medications to employees to address these conditions. The City came close to awarding Florida Hospital a near site clinic contract, which would cost the City a little over \$100,000 a year.

During this RFP process, Brown & Brown met with FHC to discuss the services Florida Hospital was going to offer the City through this contract and determine if there was a way FHC could offer similar services at a lower cost. Through these efforts, FHC was able to put together a clinic model specifically for the City. We reduced the extended hour clinic copay to \$0 and FHC started offering free skin cancer screenings to City employees (employees could earn \$125 in HSA dollars). We also

worked with FHC to create a list of medications that treat diabetes, hypertension and cholesterol and we negotiated low-cost copays for these medications. The City covered the cost of these copays for these particular medications so that employees with these conditions would have no cost barrier to staying on medications to treat their conditions. We also promoted free programs through FHC to manage diabetes. In addition, employees could earn additional HSA dollars by attending educational sessions on various wellness topics and for attesting to not using any tobacco products. Jessica Scott also offered free bootcamp workout classes at 5am for City of Ormond employees.

The City developed a wellness team and this team met quarterly with FHC and Brown & Brown to review utilization/claim reports to track progress and to continue to evolve the program. These changes had a significant impact on the next renewal. The loss ratio was reduced by over 40% in one year, the number of high-cost claimants reduced significantly, and the renewal was negotiated from the a15% increase to 4%. This left additional funds to be used towards future benefit enhancements for City employees. Brown & Brown continued to do presentations for the Board to keep them abreast of the health plan strategy, utilization, trends and successes. By the 2018 renewal, claims had reduced so significantly that Brown & Brown was able to negotiate a -2% decrease.

The City has been able to keep the same HSA plan design in place since implementing it almost 10 years ago. Overall, the City's loss ratio averaged around 75%, until 2021. The City ended up having claims spike up to 105% due to some new high cost claimants. FHC threatened to give the City an over 30% increase, which had not been budgeted. Brown & Brown engaged with FHC's CEO to convince FHC to agree to split the renewal increase between 2 years and offer an 15% increase for 2022 and a 18% increase for 2023. By 2023, the loss ratio started to drop again down to 94%. While not yet a favorable loss ratio, Brown & Brown was able to analyze claims and prove to FHC that the group will continue to trend lower in claims and therefore, we were able to negotiate the 18% increase down to 5%. Through the efforts of Brown & Brown over the last 16 years, the City has averaged under a 3% rate increase, which has included 4 years of decreases. For the 2025 renewal, Brown & Brown negotiated a 4% increase which the Board approved, but Brown & Brown continued to run claims analysis after that meeting to track claims activity and found the loss ratio to decrease further. Therefore, Brown & Brown went back to FHC to ask them to consider lowering the renewal to 1% and FHC agreed.

Even though many of our government clients have had long term success with FHC and HSA plans, the medical industry continues to evolve with new products in the market. We continue to educate our clients on new trends and products and propose competitive plans often. We believe it is important to re-evaluate the benefits program regularly and compare the current offerings to competitive options such as: self-funded plans, captives, consortiums, level funded plans/alternative funding, reference based pricing models and additional new fully insured carriers in the market. In addition, we analyze claims quarterly to identify areas of focus so we can bring resources to improve issues and thus reduce cost while ensuring our clients employees are getting the best care.

Welcome to the City of Ormond Beach: **BENEFITS OPEN ENROLLMENT** **2015**



Agenda

- Renewal Summary
- Benefits: Oct 1, 2015 – Dec 31, 2015
- Benefits: January 1, 2016 – Dec 31, 2015
- Carrier Introductions
- Open Enrollment Processing



Renewal Summary

- Continued increase in health care costs
 - Affordable Care Act
 - Claims experience
 - Insurance market
- Past increases:
 - 2015 – 30%
 - 2014 – 14%
 - 2013 – 13%
- Consumer driven health care

Overview 2015 - 2016

Oct 1, 2015 – Dec 31, 2015	Jan 1, 2016 – Dec 31, 2016
HMO	HDHP
POS	POS
FSA	FSA
	HSA
Dental	
Life	
Vision	
Voluntary Insurance	

High Deductible Health Plan (HDHP)

Same providers, network, and wellness advantages as our HMO plan.

- ❑ You can still go to the same doctors
- ❑ You can still use the same pharmacy
- ❑ You will still get the care you have come to expect from FHCP

The difference is you will have to pay the “real” costs (i.e. the provider’s negotiated rates) up to your deductible.

How does a HDHP work?

- **Phase 1:** Deductible

The Employee pays the full amount of the provider's negotiated rate with FHCP until the deductible has been satisfied.

The City will fund all but \$250 of the employee-only deductible.

- **Phase 2:** Co-insurance

Once the deductible is met, the employee's responsibility drops to a percentage of the negotiated rate.

- **Phase 3:** Maximum Out of Pocket

Once the out of pocket is met, all covered medical and pharmacy expenses are covered at 100%

The Plan Details

	HDHP	HMO Plan
Deductible	1,600 / 3,200	250/ 750
Embedded Deductible	NO	YES
Coinsurance	20%	10%
Max Out-of-Pocket	3,200/ 6,400	2,000 / 4,000
Includes Deductible	YES	YES
Includes Co-pays	N/A	YES
Includes RX	YES	YES
Annual Wellness Visits	No Cost	No Cost
Annual Labs	No Cost	No Cost
FHCP Wellness Clinic	\$10 Co-pay	\$10 Co-pay
Family Practice, Pediatrician Sick Visit	Deductible + Coinsurance	\$20 Copay
Specialist Visit	Deductible + Coinsurance	\$35 Copay
Chiropractic Visit	Deductible + Coinsurance	\$15 Copay
Hospital Admit	Deductible + Coinsurance	Deductible + Coinsurance
ER Visit	Deductible + Coinsurance	\$100 Copay
Urgent Care Center	Deductible + Coinsurance	\$50 Copay
Out Patient Surgery	Deductible + Coinsurance	Deductible + Coinsurance
Lab/X-Ray/Advanced Imaging	Deductible + Coinsurance (at an independent testing facility)	\$0 / \$35 / \$150 Copay (at an independent testing facility)
Gym Membership	Included	Included

Redirecting Premiums

per paycheck :

City pays 100% of base premium for full time employees	HMO 10/1/15-12/31/15	HDHP 1/1/16-12/31/16	HDHP Savings
Employee	\$0	\$0	\$0 + unused HSA
Employee + Children	\$252.06	196.78	\$55.28 + unused HSA
Employee + Spouse	\$252.06	196.78	\$55.28 + unused HSA
Family	\$350.07	273.31	\$76.77 + unused HSA

Health Savings Account



OR



Core Values

- **Tax Savings** – the money contributed to your HSA through payroll deduction is pre-tax - reducing your taxable income and helping you save on taxes you pay
- **Tax-Free Spending** - the money you use from your HSA to pay for qualified medical expenses is never taxed
- **Tax-Free Earnings** – the money in the account earns interest, tax-free
- If you do not use the money in your HSA it is yours to keep!

2016 HSA Contribution Limits

- **\$3,350 (single) and \$6,750 (family)**
 - Age 55 or older - additional election of \$1,000
- **City** will contribute **\$1350** to your HSA Account
- **Your** voluntary contributions:
 - \$77 per pay = \$1848 annually
 - \$1350 (city) + \$1848 (you) = \$3198 (annual family deductible)

What can I Use the HSA to Pay For?

- ☐ Acupuncture
- ☐ Alcoholism treatment
- ☐ Ambulance services
- ☐ Artificial limb or prosthesis
- ☐ Artificial teeth
- ☐ Birth control pills
- ☐ Braille books/magazines
- ☐ Car adaptations
- ☐ Chiropractors
- ☐ Christian Science practitioners
- ☐ Contact lenses
- ☐ Crutches
- ☐ Dental work and orthodontics
- ☐ Diagnostic devices
- ☐ Doctor's fees
- ☐ Drug addiction treatment
- ☐ Eyeglasses
- ☐ Eye surgery
- ☐ Fertility enhancement
- ☐ Smoking Cessation
- ☐ Hearing aids and hearing aid batteries
- ☐ Hospital services
- ☐ Insulin
- ☐ Laboratory fees
- ☐ Lactation assistance supplies
- ☐ Prescription medicines or drugs
- ☐ Nursing home
- ☐ Nursing services
- ☐ Operations or surgery
- ☐ Psychiatric care
- ☐ Psychologist
- ☐ Telephone equipment for hearing or visually impaired
- ☐ Therapy or counseling
- ☐ Transplants
- ☐ Transportation for medical care
- ☐ Vasectomy
- ☐ Wheelchair
- ☐ X-rays
- ☐ Guide dog

Can I use the money for anything else?

It could be tempting, but you really shouldn't.

- The HSA process is regulated by the **Internal Revenue Service**.
- HSA distributions used for any purpose other than the qualified medical expenses will be taxable, and the appropriate tax rules will apply.

Protect yourself from audit; save all receipts with your regular tax documentation.

All Other Benefits

- Dental (Standard Insurance)
- Vision (Humana)
- Life, AD&D, LTD (Standard)
 - Employer paid benefits
- Voluntary Life (Standard)
- Voluntary Insurance (Colonial)
 - Critical Illness
 - Cancer
 - Accident
 - Universal Life

Dental Insurance

Provider: Standard

Employee cost per paycheck (2x/month):

City pays 100% of base premium for full time employees (\$33.49)	
Employee	\$0
Family	\$30.72



Vision Insurance

Provider: Humana

Employee cost per paycheck (2x/month):

City pays 100% of base premium for full time employees (\$3.62)	
Employee	\$0
Family	\$3.96



Flexible Spending Accounts (FSAs)

- **3 month plan year!**
- Set aside pre-tax dollars to cover expenses
- Two types:
 - Health Care Flexible Spending Account
 - Dependent Care Flexible Spending Account



Health Care FSA

- Set aside pre-tax dollars to pay for items not covered by health insurance, such as:
 - Co-payments for doctor visits, prescriptions, etc.
 - Deductible expenses for medical and dental care
 - Out-of-pocket costs for glasses, contact lenses, & dental care
- Contribute up to **\$625 during 3 month plan year**
 - Oct 1, 2015 – Dec 31, 2015
- USE IT OR LOSE IT
- Amount you choose to set aside for the year comes pre-loaded onto a debit card
- A list of eligible expenses is available at www.irs.gov
- KEEP YOUR RECEIPTS



Dependent Care FSA

- Set aside pre-tax dollars to pay for qualified child care expenses, such as:
 - Full time child care
 - Summer programs
 - Before and after school programs
- Contribute up to **\$1250 during 3 month plan year**
 - Oct 1, 2015 – Dec 31, 2015
- USE IT OR LOSE IT
- You may only spend what has accrued
- Submit receipts for reimbursement
- KEEP YOUR RECEIPTS



Your HSA and FSA working together in 2016

- IRS rules state you cannot have both an HSA and a general-purpose health FSA since both apply funds toward your medical expenses.
- A limited-purpose FSA allows you to continue to contribute to an HSA. You maximize your savings and tax benefits by restricting your FSA reimbursement to only vision and dental expenses.
- Beginning Jan 1, 2016, the City will offer a limited-purpose FSA for employees who have selected the HSA.

Electing Benefits

After Open Enrollment Meetings HR Training Room

Tuesday, September 1st

11:00 a.m. - 1:00 p.m.

3:00 pm. – 5:00 p.m.

Wednesday, September 2nd

11:00 a.m. - 1:00 p.m.

3:00 pm. – 5:00 p.m.

Thursday, September 3rd

11:00 a.m. - 1:00 p.m.

3:00 pm. – 5:00 p.m.

Friday, September 4th

8:00 a.m. - 5:00 p.m.

Questions?





2017 Utilization & Strategy Review

October 3, 2017

Presented By:

Claire Whitley – City of Ormond Beach, Human Resources Director

Jessica Scott – Brown & Brown, Senior Vice President



Agenda

- Q3 2017 Utilization Review
- RFP Results
- 2018 Plan Considerations
- Timeline



Plan Utilization Overview



Combined Monthly Utilization Overview

Plan Year	Month	H.S.A. Plan		POS Plan		HMO Plan		Combined Total	
		Paid Claims	Paid Premium	Paid Claims	Paid Premium	Paid Claims	Paid Premium	Paid Claims	Paid Premium
2016	January	\$40,460	\$215,889	\$1,527	\$2,701	\$100,842	\$0	\$142,829	\$218,590
2016	February	\$116,068	\$216,982	\$867	\$3,601	\$22,245	\$0	\$139,180	\$220,583
2016	March	\$125,695	\$216,042	\$3,044	\$4,501	\$1,375	\$0	\$130,114	\$220,543
2016	April	\$234,988	\$212,588	\$2,931	\$4,501	\$53,720	\$0	\$291,639	\$217,089
2016	May	\$86,240	\$210,124	\$2,445	\$4,501	\$4,714	\$0	\$93,399	\$214,625
2016	June	\$195,485	\$212,602	\$2,009	\$4,501	\$10,164	\$0	\$207,658	\$217,103
2016	July	\$169,610	\$212,128	\$1,193	\$4,501	\$1,026	\$0	\$171,829	\$216,629
2016	August	\$137,051	\$210,795	\$1,015	\$4,501	\$85,291	\$0	\$223,357	\$215,296
2016	September	\$251,461	\$209,960	\$3,889	\$3,601	\$84	\$0	\$255,434	\$213,561
2016	October	\$150,471	\$213,069	\$17,991	\$3,601	\$0	\$0	\$168,462	\$216,670
2016	November	\$200,529	\$212,281	\$8,619	\$2,701	\$2,549	\$0	\$211,697	\$214,982
2016	December	\$140,966	\$212,281	\$3,938	\$2,701	\$0	\$0	\$144,904	\$214,982
2017	January	\$94,143	\$222,571	\$2,114	\$1,872	\$1,098	\$0	\$97,355	\$224,443
2017	February	\$95,053	\$221,434	\$2,189	\$1,872	\$0	\$0	\$97,242	\$223,306
2017	March	\$192,034	\$222,002	\$1,133	\$1,872	\$665	\$0	\$193,832	\$223,874
2017	April	\$129,777	\$221,683	\$747	\$1,872	\$0	\$0	\$130,524	\$223,555
2017	May	\$129,167	\$224,380	\$433	\$1,872	\$1,216	\$0	\$130,816	\$226,252
2017	June	\$181,387	\$227,209	\$2,452	\$1,872	\$0	\$0	\$183,839	\$229,081
2017	July	\$157,239	\$225,027	\$1,532	\$1,872	\$0	\$0	\$158,771	\$226,899
2017	August	\$140,043	\$223,871	\$1,249	\$936	\$0	\$0	\$141,292	\$224,807
2017 YTD Totals		\$1,118,843	\$1,788,177	\$11,849	\$14,040	\$2,979	\$0	\$1,133,671	\$1,802,217
2015 Loss Ratio		Plan Implemented 1/1/2016		153%		110%		112%	
2016 Loss Ratio		72%		108%		Plan Terminated 1/1/2016		84%	
Rolling 12 month Loss Ratio		71%		174%		Plan Terminated 1/1/2016		72%	
2017 YTD Loss Ratio		63%		84%		Plan Terminated 1/1/2016		63%	

*July 2016-June 2017 was the time period used for the renewal. The loss ratio for that time period was **76%**.



Large Claims Summary

2017 YTD (1/1/2017 - 8/31/2017)

Total Paid	\$291,388
# of Claimants	4

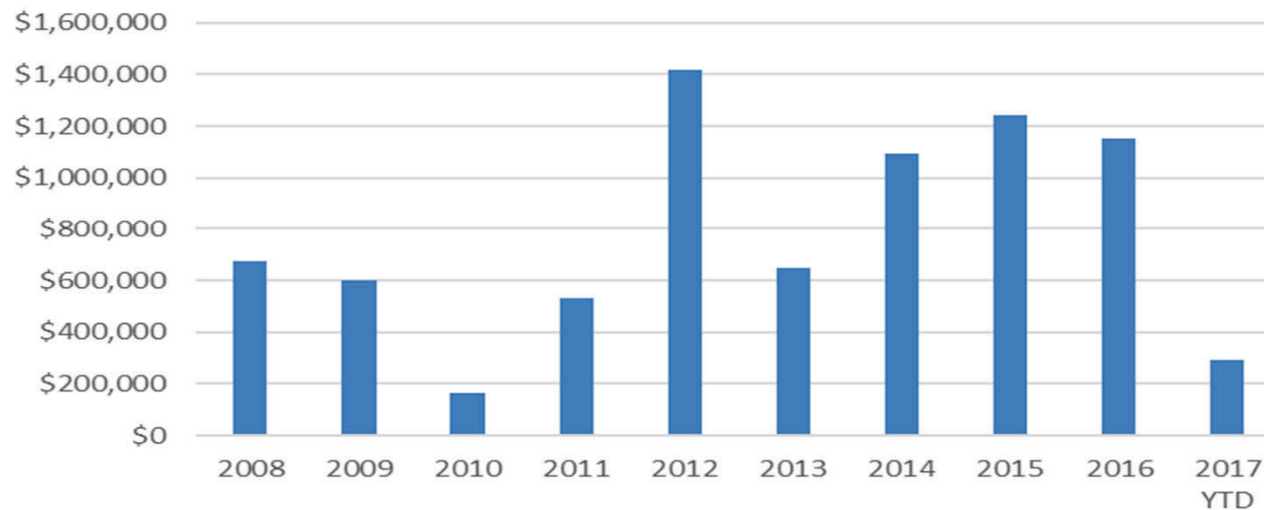
2016 Plan Year

Total Paid	\$1,151,721
# of Claimants	8

2015 Plan Year

Total Paid	\$1,244,048
# of Claimants	9

Large Claim History 2007-2017 YTD



\$0 Copay Medication Program

- Program was implemented in Jan 2017
- Objective was to ensure there are no cost barriers to obtaining maintenance medications

Year-to-date summary of program through August 2017

Total Rx	Total Paid by City	Average Cost per Rx
513	\$4,957	\$9.66



\$0 Copay Medication Summary (1/2)

Drug Class	Drug Name	Total Rx	Total Paid by City
Blood Pressure	Amlodipine	49	\$285
	Atenolol	17	\$114
	Benazepril	7	\$33
	Carvedilol	2	\$18
	Furosemide	21	\$81
	Hydrochlorothiazide	39	\$146
	Lisinopril	67	\$381
	Lisinopril/Hydrochlorothiazide	17	\$60
	Losartan	48	\$975
	Metoprolol Tartrate	22	\$119
	Telmisartan	17	\$300
	Triamterene/Hydrochlorothiazide	1	\$9
Total		307	\$2,521



\$0 Copay Medication Summary (2/2)

Drug Class	Drug Name	Total Rx	Total Paid by City
Diabetes	Glimepride	36	\$168
	Glipzide	5	\$15
	Metformin HCL	31	\$144
	Metformin HCL ER	18	\$200
Total		90	\$527
Cholesterol	Atorvastatin Calcium	36	\$620
	Pravastatin Sodium	10	\$240
	Pravastatin Calcium	7	\$94
	Simvastatin	44	\$880
Total		97	\$1,834
Heart	Warfarin Sodium	19	\$75
Total		19	\$75



Emergency Room Utilization

	2015		2016		2017	
Month	Enroll	Visits	Enroll	Visits	Enroll	Visits
January	584	14	501	4	490	3
February	579	8	505	5	488	3
March	576	17	501	4	489	4
April	575	10	491	3	489	5
May	581	8	485	7		
June	578	5	491	5		
July	580	7	488	2		
August	577	11	486	5		
September	576	7	484	4		
October	538	3	489	3		
November	534	7	485	4		
December	532	8	484	2		
Average Total	568	105	491	48	489	15
Δ from Prior Year			-14%	-54%	-2%	-6%



Office Visit Utilization

	2015					2016					2017				
Month/ Year	Total Enrolled	Wkdy Visits	Ext Hours	Wkend Visits	Total Visits	Total Enrolled	Wkdy Visits	Ext Hours	Wkend Visits	Total Visits	Total Enrolled	Wkdy Visits	Ext Hours	Wkend Visits	Total Visits
Jan	584	61	10	3	74	501	32	8		40	489	57	16	3	76
Feb	579	41	10	1	52	505	43	6	2	51	487	38	10	1	49
Mar	576	51	7	2	60	501	40	14	1	55	488	53	11	1	65
Apr	575	64	13	5	82	491	33	5	2	40	488	33	2	2	37
May	581	47	10	2	59	485	44	8	1	53	498	42	9		51
Jun	578	51	6	1	58	491	57	8	1	66	505	56	8	2	66
Jul	580	59	5		64	488	32	6		38					0
Aug	577	48	11	3	62	486	40	10		50					0
Sept	576	45	12		57	484	45	8		53					0
Oct	538	54	4		58	488	33	6		39					0
Nov	534	52	8	2	62	484	49	8		57					0
Dec	532	61	10	1	72	483	57	12	1	70					0
Total		634	106	20	760		505	99	8	612		279	56	9	344

Other Visits	2015	2016	2017
Doctor's on Demand		7	6
Member Education Visits	23	52	5
Nurse Clinical Visits (BP, WGT Checks..)	99	94	66
Total	122	153	77



Personal Health Assessment Overview

- Personal Health Assessments (PHA) were conducted in Q1 2017.
- Aggregated information is shared with the City for increased awareness around risks that membership have.
- 217 people participated (\$125 HSA funds)
- High risk areas were identified as the following:
 - Blood Pressure: 80.6% of respondents at risk (borderline or high risk)
 - Nutrition (self-reported): 77.9% of respondents at risk (borderline or high risk)
 - Weight: 77.3% of respondents at risk (borderline or high risk)
 - Diabetes: 74.2% of respondents at risk (borderline or high risk)

***According to the CDC, about 75 million adults have high blood pressure, which is roughly 1 in 3 adults.**

****The average age of the City of Ormond Beach is 47. According to the CDC blood pressure levels by age, 37% of men aged 45-54 have HBP, and 35% of women in the same age bracket have HBP.**



Skin Cancer Screening Overview

- Program provided free skin cancer screenings by FHC specialists/providers starting Jan 2017
- Employees received \$125 towards HSA Account for participating
- 97 employees have participated to date
- Results from screenings (PCP data not included):
 - Participated at Dermatology Location: 86
 - Had Prior Cancer Diagnosis: 4
 - Had Biopsy: 6
 - Had Cancer Diagnosis After Screening: 0
 - Have Follow Up: 19



2017 - Individual Deductible & Out of Pocket Accumulation

2017 Plan Year Progress (January - June)		
	Deductible	Out-of-Pocket
Employees that met Deductible / Out of Pocket Max	31	9
Utilizing Subscribers	206	

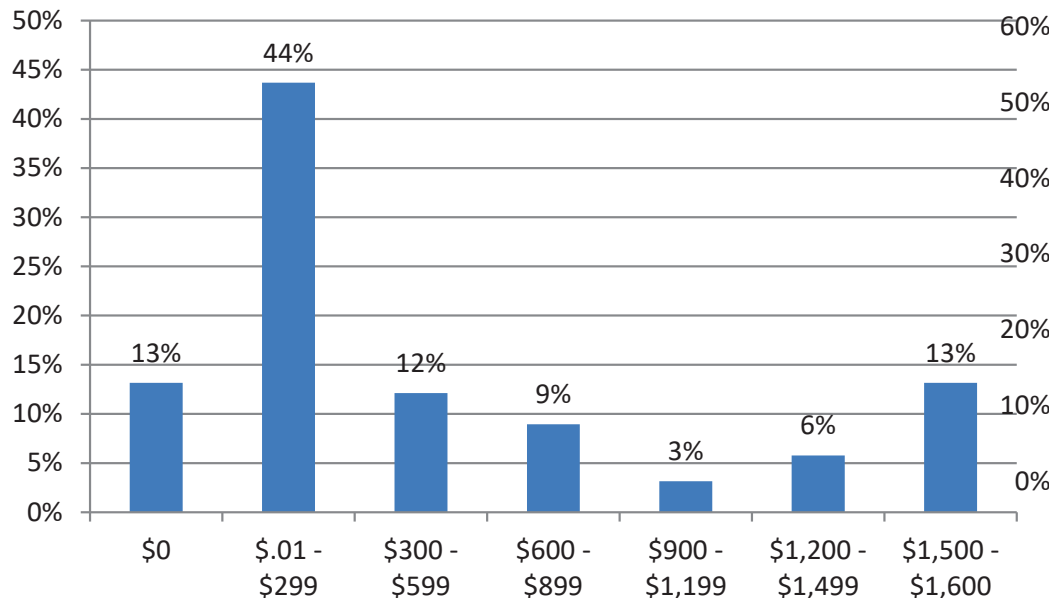
Coverage Details		
	Deductible	Out-of-Pocket
In-Network	\$1,600	\$3,200

2016 Calendar Year		
	Deductible	Out-of-Pocket
Employees that met Deductible / Out of Pocket Max	51	13
Utilizing Subscribers	232	

Coverage Details		
	Deductible	Out-of-Pocket
In-Network	\$1,600	\$3,200
*Subscribers with HSA Funds Remaining (Estimated)		70%

*Majority of employees had at least \$750 roll over

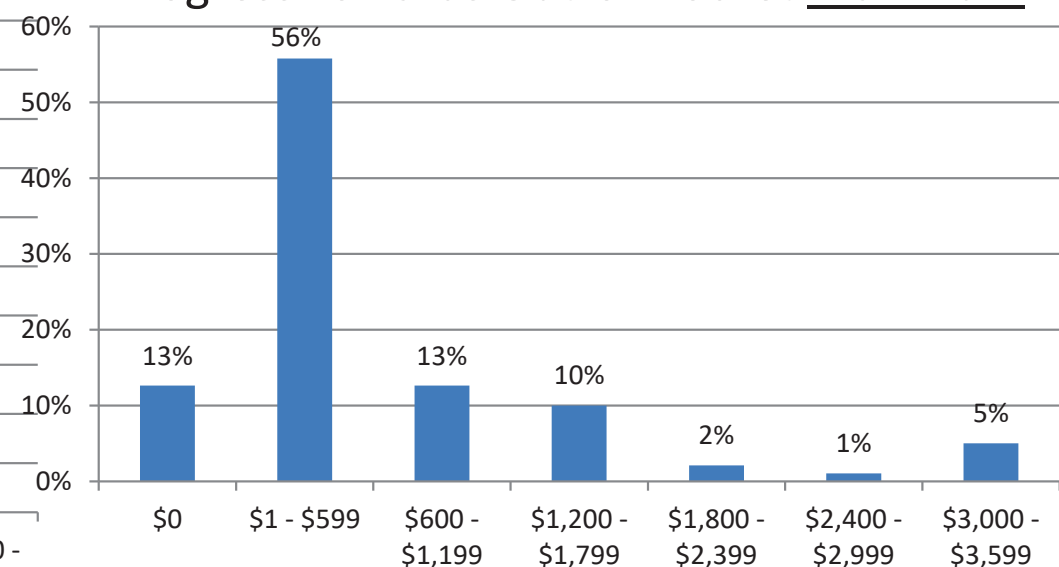
Progress Towards Deductible



*\$.01-\$299 contained 27% of utilizers for 2016, and \$1,500-\$1,600 contained 24% of utilizers.



Progress Towards Out-of-Pocket Maximum



*\$.1-\$599 contained 45% of utilizers for 2016, and \$600-\$1,199 contained 21% of utilizers.



2017 - Family Deductible & Out of Pocket Accumulation

2017 Plan Year Progress Towards Deductible (January - June)

	Deductible	Out-of-Pocket
Employee that met Deductible / Out of Pocket Max	7	0
Utilizing Subscribers w/ Dependent Coverage	93	

Coverage Details

	Deductible	Out-of-Pocket
In-Network	\$3,200	\$6,400

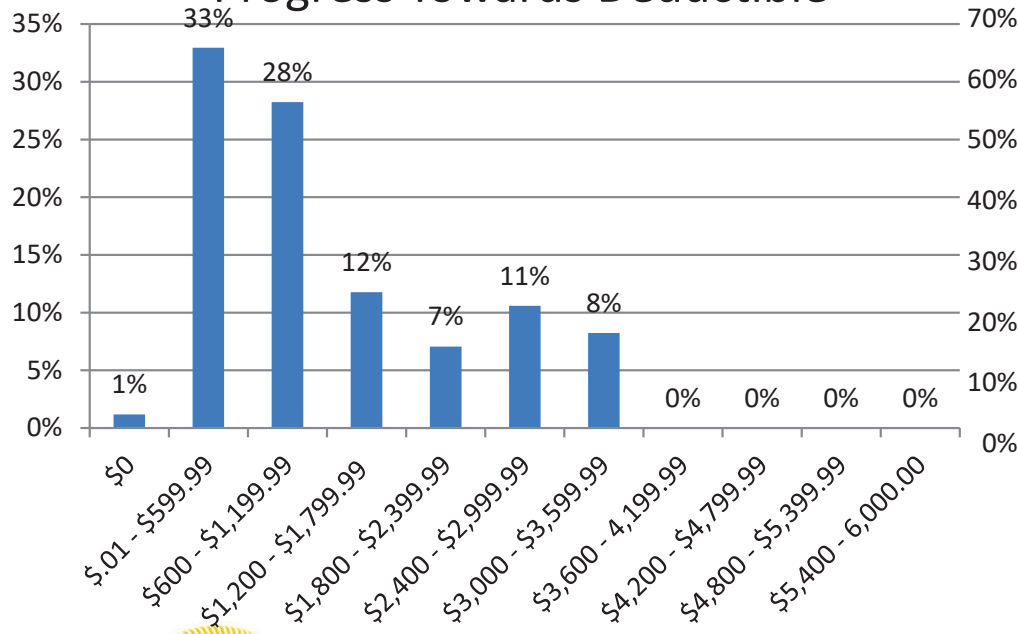
2016 Calendar Year

	Deductible	Out-of-Pocket
Employee that met Deductible / Out of Pocket Max	26	4
Utilizing Subscribers w/ Dependent Coverage	81	

Coverage Details

	Deductible	Out-of-Pocket
In-Network	\$3,200	\$6,400
Subscribers with HSA Funds Remaining (Estimated)		30%

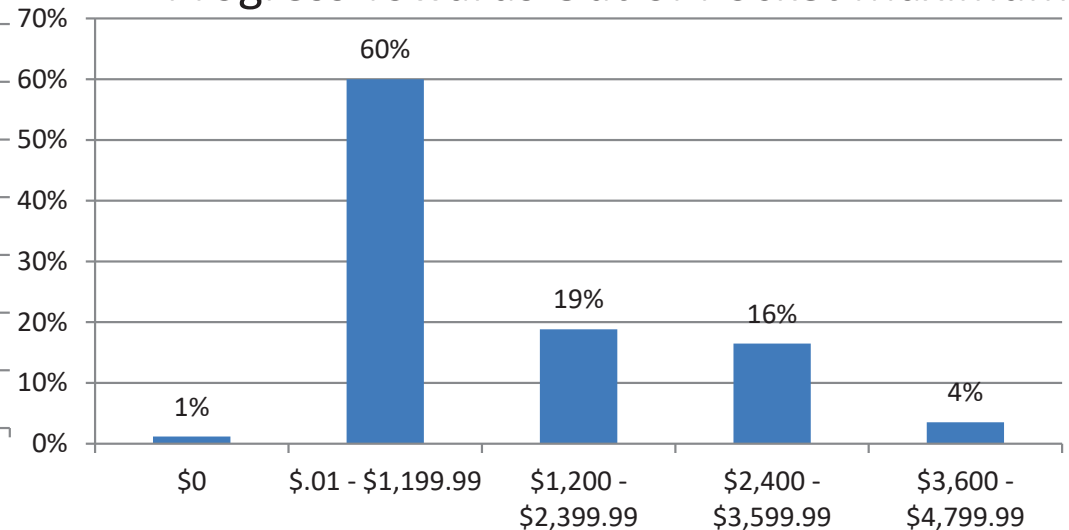
Progress Towards Deductible



*\$.01-\$319.99 contained 12% of utilizers for 2016, and \$2,880-\$3,200 contained 40% of utilizers.



Progress Towards Out of Pocket Maximum



*\$.01-\$999 contained 25% of utilizers for 2016, and \$4,000-\$4,999 contained 14% of utilizers.



RFP Results



Medical Plan Results

	Current FHC HDHP	Alternate FHC HDHP
Premium Rates	2% decrease	.04% increase
Deductible	\$1600/\$3200 (\$2700 pp)	\$1350/\$2700
Out of Pocket Max	\$3200/6400 (\$3200 pp)	\$3000/\$6000
Savings/Cost Increase	\$56,000 savings	\$10,694 increase
HSA Funding		
Fund Full Deductible (current approach)	\$1600 x 335 = \$536,000	\$1350 x 335 = \$452,250
Total Plan Cost to City	\$722,632	\$644,021
Union recommendation		Fund \$1600 Total plan cost: \$727,771

Plan Changes:

Current Plan: embedded deductible increases from \$2600 to \$2700

All FHC Plans: Specialty Rx from \$125 copay to 15% and 25%



Additional Considerations

- Allocate dollars for wellness incentives
- Matching funds

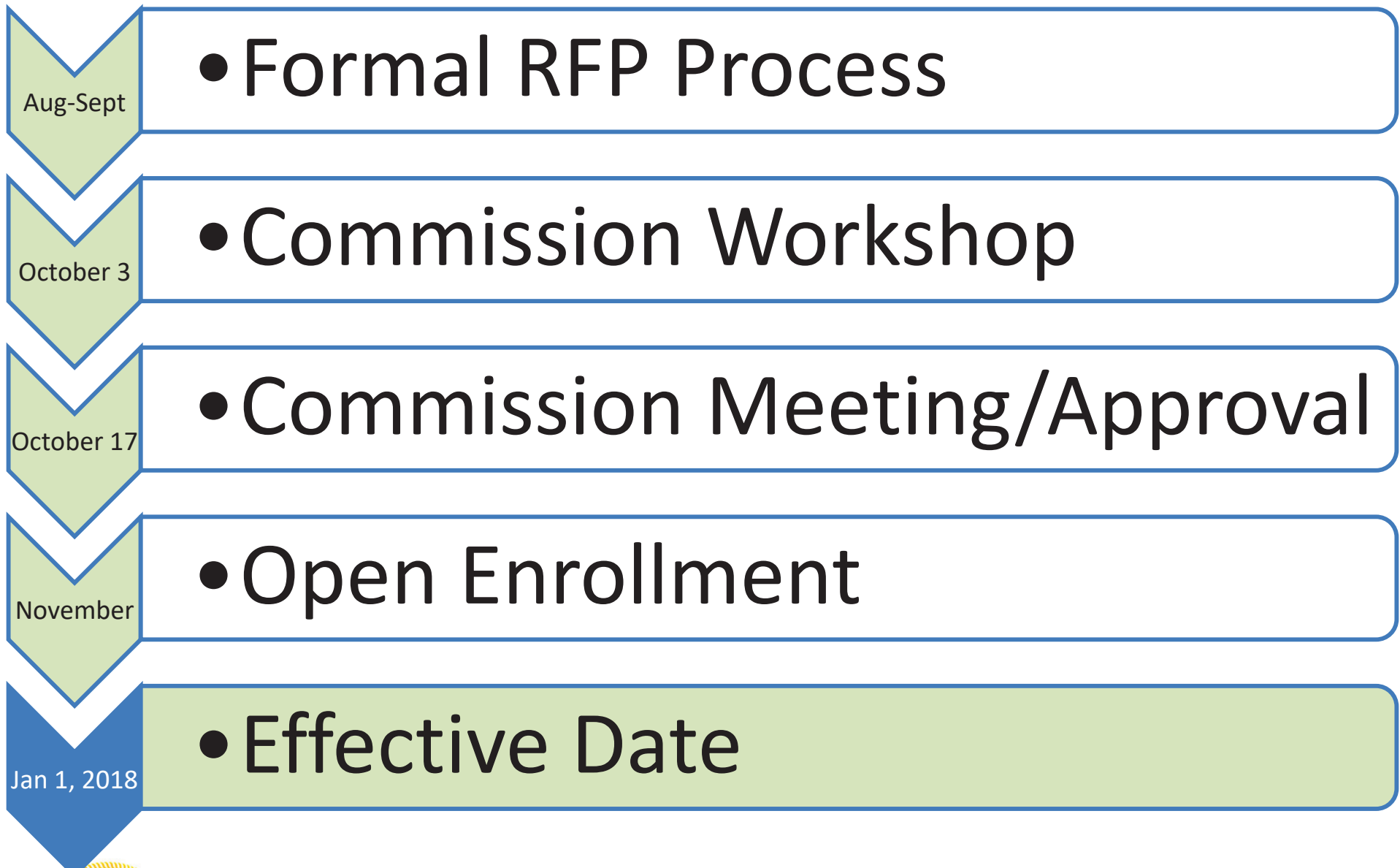


Ancillary Plan Results

- Dental
 - 5% increase from Standard with 6% renewal rate cap next plan year
- Life
 - No increase with 2 year rate hold
- Long Term Disability
 - No increase with a 2 year rate hold



Next Steps



Medical Plan Comparison

Rate Summary					
Line of Coverage: Medical - Fully Insured					
Carrier	Status	Rate Guarantee	Annual Premium	\$ vs. Current	% vs. Current
FHC	Current		\$2,801,646		
FHC	Renewal	1 year	\$2,801,646	\$0	0.0%
FHC	Revised	1 year	\$2,745,609	(\$56,037)	-2.0%
FHC	Alternate 3	1 year	\$2,812,340	\$10,694	0.4%
FHCA	Option 1	1 year	\$2,709,189	(\$92,457)	-3.3%
FHCA	Option 2	1 year	\$2,632,593	(\$169,053)	-6.0%
UHC	Option 1	1 year	\$3,077,699	\$276,053	9.9%
Line of Coverage: Medical - Self Funded					
		Expected	Maximum	(Based on Maximum)	
UHC	\$100k	\$3,034,837	\$3,544,026	\$742,380	26.5%
	\$125k	\$2,921,476	\$3,435,808	\$634,162	22.6%
	\$150k	\$2,843,540	\$3,363,016	\$561,370	20.0%
FGHS (Benecon)	\$70k	\$2,905,964	\$3,099,146	\$297,500	10.6%



Current vs. Renewal

	Current		Revised Renewal	
Vendor	Florida Healthcare		Florida Healthcare	
Plan Name	HSA T14/TF4		Balance T29	
Plan Type	HSA		POS	
Plan Details	Network		Network	
	Single	Family	Single	Family
Plan Deductible	\$1,600	\$3,200 (\$2,600 per person)	\$0	\$0
Embedded Deductible:	Yes		Yes	
Calendar or Policy Year:	Calendar		Calendar	
Coinsurance:	20%		15%	
Maximum Out-of-Pocket:	\$3,200	\$6,400 (\$3,200 per person)	\$2,500	\$5,000
(Includes Deductible, Copay, Rx)	Yes, Yes, Yes		N/A, Yes, Yes	
Physician Services				
Office Visit:	Deductible + Coinsurance		\$20	
Specialist:	Deductible + Coinsurance		\$35	
Chiropractic:	Deductible + Coinsurance		\$15	
Hospital / Emergency Services				
Inpatient Hospital Per Admission:	Deductible + Coinsurance		\$200	
Emergency Room:	Deductible + Coinsurance		\$100	
Urgent Care:	Deductible + Coinsurance		\$60	
Outpatient Surgical Facility:	Deductible + Coinsurance		\$0	
Ambulatory Surgery Center:	Deductible + Coinsurance		\$0	
Diagnostic Services				
Lab, X-Ray & Diagnostics Outpatient:	Deductible + Coinsurance		\$0	
Advanced Imaging Services (MRI, MRA, PET, CT):	Deductible + Coinsurance		\$0	
Prescription Drug				
Deductible:	Calendar Year Deductible		N/A	
Prescription Tier	\$3 / \$10 / \$30 / \$55 / \$125 Walgreen's (\$15 / \$35 / \$60 / N/A)		\$3 / \$10 / \$30 / \$55 / \$125 Walgreen's (\$15 / \$35 / \$60 / N/A)	
Mail Order Prescription (90 Day Supply):	\$6 / \$27 / \$87 / \$162 / N/A		\$6 / \$27 / \$87 / \$162 / N/A	
Non-Network Plan Details	Non-Network		Non-Network	
Plan Deductible	\$3,000	\$6,000 (\$3,000 per person)	\$500	\$1,500
Coinsurance:	40%		30%	
Maximum Out-of-Pocket:	\$6,000	\$12,000 (\$6,000 per person)	\$5,000	\$10,000
Per Occurrence Deductible (Inpatient/Outpatient):	N/A		N/A	
Plan Rates Current Enrollment	Current		Revised Renewal	
Employee:	250	\$568.48	2	\$557.11
Employee + Spouse:	32	\$977.78	0	\$958.22
Employee + Child(ren):	13	\$977.78	0	\$958.22
Family:	40	\$1,136.95	0	\$1,114.21
Estimated Monthly Premiums:	335	\$231,598	2	\$226,966
Estimated Annual Premiums:		\$2,779,177		\$2,723,590
Rate Change from Current (%):				-2.0%
Estimated Grand Total Annual Premiums:		\$2,801,646		\$2,745,609
PEPY		\$8,313		\$8,147
Rate Change from Current (%):				-2.0%
Rate Change from Current (\$):				-\$56,037
City Cost to fund employee on premium and full deductible				\$2,821,289



Current vs. Alternate

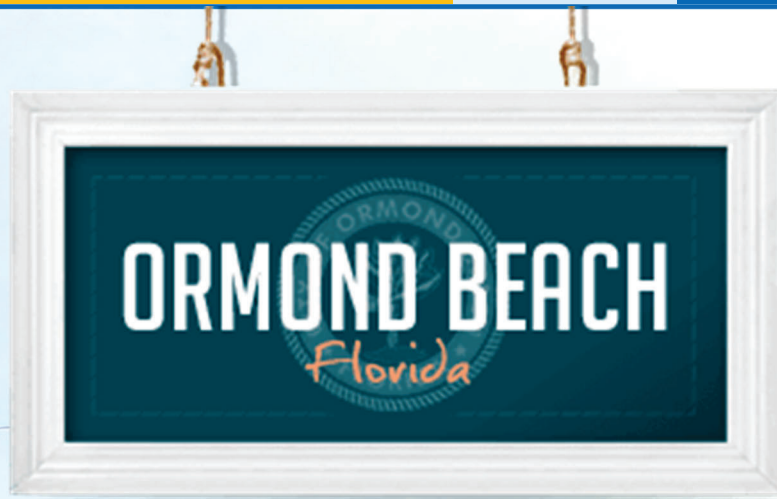
	Current		Alternate	
Vendor	Florida Healthcare		Florida Healthcare	
Plan Name	HSA T14/TF4		HSA HDHP T95	
Plan Type	HSA		POS HSA	
Plan Details	Network		Network	
	Single	Family	Single	Family
Plan Deductible	\$1,600	\$3,200 (\$2,600 per person)	\$0	\$0
Embedded Deductible:	Yes		No	
Calendar or Policy Year:	Calendar		Calendar	
Coinsurance:	20%		20%	
Maximum Out-of-Pocket:	\$3,200	\$6,400 (\$3,200 per person)	\$2,500	\$5,000
(Includes Deductible, Copay, Rx)	Yes, Yes, Yes		N/A, Yes, Yes	
Physician Services				
Office Visit:	Deductible + Coinsurance		\$20	
Specialist:	Deductible + Coinsurance		\$35	
Chiropractic:	Deductible + Coinsurance		\$15	
Hospital / Emergency Services				
Inpatient Hospital Per Admission:	Deductible + Coinsurance		\$200	
Emergency Room:	Deductible + Coinsurance		\$100	
Urgent Care:	Deductible + Coinsurance		\$60	
Outpatient Surgical Facility:	Deductible + Coinsurance		\$0	
Ambulatory Surgery Center:	Deductible + Coinsurance		\$0	
Diagnostic Services				
Lab, X-Ray & Diagnostics Outpatient:	Deductible + Coinsurance		\$0	
Advanced Imaging Services (MRI, MRA, PET, CT):	Deductible + Coinsurance		\$0	
Prescription Drug				
Deductible:	Calendar Year Deductible		N/A	
Prescription Tier	\$3 / \$10 / \$30 / \$55 / \$125 Walgreen's (\$15 / \$35 / \$60 / N/A)		\$3 / \$10 / \$30 / \$55 / \$125 Walgreen's (\$15 / \$35 / \$60 / N/A)	
Mail Order Prescription (90 Day Supply):	\$6 / \$27 / \$87 / \$162 / N/A		\$6 / \$27 / \$87 / \$162 / N/A	
Non-Network Plan Details	Non-Network		Non-Network	
Plan Deductible	\$3,000	\$6,000 (\$3,000 per person)	\$500	\$1,500
Coinsurance:	40%		30%	
Maximum Out-of-Pocket:	\$6,000	\$12,000 (\$6,000 per person)	\$5,000	\$10,000
Per Occurrence Deductible (Inpatient/Outpatient):	N/A		N/A	
Plan Rates Current Enrollment	Current		Alternate	
Employee:	250	\$568.48	2	\$936.21
Employee + Spouse:	32	\$977.78	0	\$1,610.29
Employee + Child(ren):	13	\$977.78	0	\$1,610.29
Family:	40	\$1,136.95	0	\$1,872.43
Estimated Monthly Premiums:	335	\$231,598	2	\$1,872
Estimated Annual Premiums:		\$2,779,177		\$22,469
Rate Change from Current (%):				0.4%
	Current			
Estimated Grand Total Annual Premiums:		\$2,801,646		\$2,812,340
PEPY		\$8,313		\$8,345
Rate Change from Current (%):				0.4%
Rate Change from Current (\$):				\$10,694
City Cost to fund employee on premium and full deductible				\$2,770,262



Ancillary Comparison

Rate Summary						
Line of Coverage: Dental						
Carrier	Status	Rate Guarantee	Annual Premium	\$ vs. Current	% vs. Current	% of provider disruption
Standard	Current		\$277,554			56%
Standard	Renewal	1 year	\$315,033	\$37,479	13.5%	56%
Standard	Revised	1 year	\$291,432	\$13,878	5.0%	56%
UHC		1 year	\$310,298	\$32,744	11.8%	
Metlife		1 year	\$277,554	\$0	0.0%	49%
Humana		1 year	\$298,177	\$20,623	7.4%	44%
Guardian		1 year	\$325,178	\$47,624	17.2%	63%
Florida Combined		1 year	\$316,418	\$38,864	14.0%	56%
Delta Dental		1 year	\$296,121	\$18,567	6.7%	57%
Aetna		1 year	\$293,309	\$15,755	5.7%	59%
Line of Coverage: Life						
Carrier	Status	Rate Guarantee	Annual Premium	\$ vs. Current	% vs. Current	
Standard	Current		\$83,315			
Standard	Renewal	2 years	\$83,315	\$0	0.0%	
Hartford		3 years	\$62,597	(\$20,718)	-24.9%	
Symetra		3 years	\$83,315	\$0	0.0%	
Florida Combined		2 years	\$89,241	\$5,926	7.1%	
Aetna		3 years	\$247,116	\$163,801	196.6%	
Line of Coverage: LTD						
Carrier	Status	Rate Guarantee	Annual Premium	\$ vs. Current	% vs. Current	
Standard	Current		\$36,965			
Standard	Renewal	2 years	\$36,965	\$0	0.0%	
Hartford		2 years	\$40,325	\$3,360	9.1%	
Symetra		3 years	\$34,444	(\$2,521)	-6.8%	
FCL		2 years	\$36,965	\$0	0.0%	
Aetna		2 years	\$35,285	(\$1,680)	-4.5%	





2025 EMPLOYEE BENEFITS

22 S. Beach Street

Ormond Beach, FL 32174

386-676-3253 | www.ormondbeach.org



Benefits Overview

The City of Ormond Beach benefits are offered to full time employees. Employees are eligible to enroll in benefits on the first of the month after 30 days of employment. This material provides an overview of the upcoming benefit options and enrollment instructions.

Medical Insurance

The City offers a high deductible health care plan (HDHP) through Florida Health Care Plans. Employees enrolled in the HDHP are eligible to receive Health Savings Account (HSA) funds.

Dental & Vision Insurance

Dental and Vision insurance is provided through Standard insurance to assist employees and their families in maintaining dental health.

Supplemental Benefits

Colonial & LegalShield offers voluntary benefits to help protect your income, and provide financial security and legal assistance.

Life and Disability Insurance

- ◆ Employer provided Life and Long Term Disability Insurance.
- ◆ Employees may purchase additional voluntary life insurance coverage for themselves and dependents and Short Term Disability for themselves.

Health Savings Account (HSA)

The City provides HSA accounts to employees enrolled in the HDHP health care plan. For the 2025 plan year, the City will fund up to \$1,850 in employee accounts:

- ◆ \$1,400 at the beginning of the plan year
- ◆ Additional \$450 in HSA funds for participating in wellness events:
 - ◆ \$125 skin cancer screening
 - ◆ \$125 Personal Health Assessment
 - ◆ \$100 Tobacco Affidavit or cessation program
 - ◆ \$100 Wellness activities
- ◆ Eligible employees who are not employed at the beginning of the plan year will receive the City contribution on a pro-rated basis.
- ◆ HSA funds rollover year to year and are yours to keep.
- ◆ Employees can voluntarily contribute additional pre-tax dollars.

Changes can only be made to your plan elections at Open Enrollment or during qualifying life events such as marriage, divorce, birth, death, or a change in a dependent's insurance or student status.



2025 Enrollment Instructions

Benefits Period: January 1 - December 31, 2025



ENROLL NOW ONLINE!

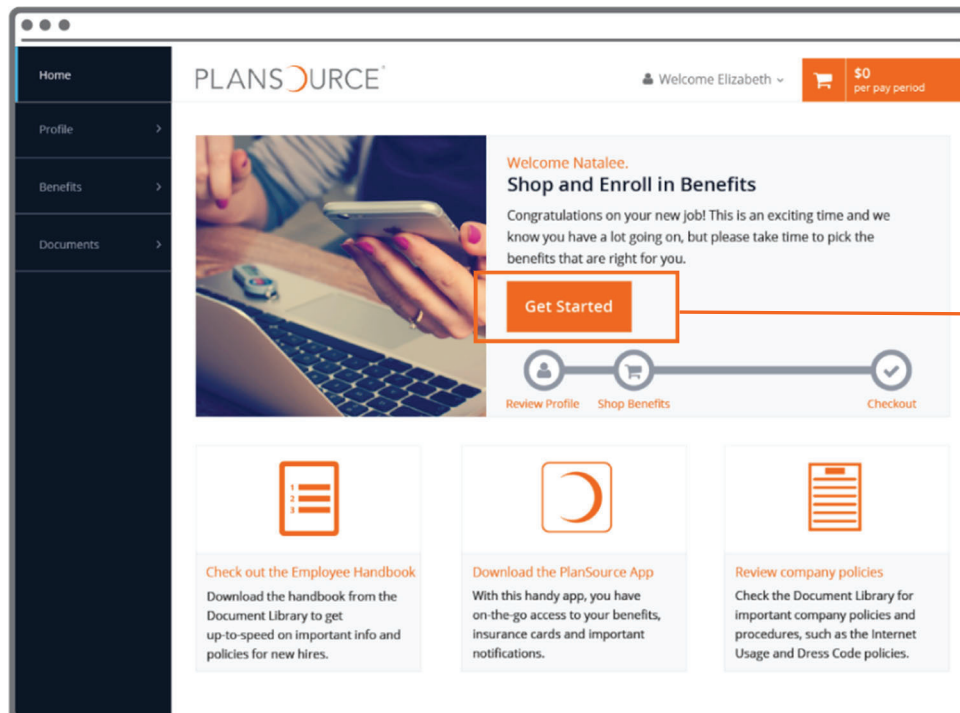
Human Resources is happy to help you with your enrollment, or use the directions below to enroll yourself.

Note: Meet with our new local agent to enroll in Colonial and LegalShield

Enroll through our benefits portal at <https://benefits.plansource.com/>

Username: first letter of your first name, the first 6 letters of your last name, and the last 4 digits of your social security number. For example, employee John Hancock (social XXX-45-6789) would have the following user name: jhancoc6789

Password: Minimum 12 characters. At least one number and one special character. Example - Password123!



Homepage

On the Homepage, click "Get Started" to begin.



2025 Enrollment Instructions

Enroll in Benefits

Profile

First, you'll be asked to review and update your profile and ensure that all information listed about yourself and your family members is correct.

Shop for Benefits

You can then begin selecting your benefit coverages .

Educational material about the specific plan type is available at the top of the page.



2025 Enrollment Instructions

Plan Details

The plan detail page will give you information about each plan, including deductible, cost per pay period and projected costs.

Select Plan

To select a plan, indicate which family members are covered by clicking “edit family covered” and select the card for each family member you’d like to be on the plan.

Click “Update Cart” to choose the plan.

Shopping Cart

The shopping cart displays a running total of your combined benefits costs and shows your progress. You will need to select or decline a plan in each benefit type before you can check out.

Checkout

To finalize your choices, click “Review and Checkout and then “Checkout.” **You must complete the checkout process in order to be enrolled in benefits.**



Employee Premiums

January 1, 2025 through December 31, 2025

Premiums listed are employee's cost per payroll. Premium deductions are applied to the first two payrolls of each month.

Florida Health Care Plans - MEDICAL RATES PER PAYCHECK	
	HDHP
Employee Only	\$0.00
Employee + Spouse	\$261.75
Employee + Child(ren)	\$261.75
Employee + Family	\$363.54



The Standard - DENTAL RATES PER PAYCHECK	
Employee Only	\$0.00
Employee + Family	\$37.72

The Standard - VISION RATES PER PAYCHECK	
Employee Only	\$0.00
Employee + Family	\$4.38

The Standard - SHORT TERM DISABILITY RATES AND CALCULATOR	Employee's Age	Rate (Per \$10 of benefit)
Step 1: Annual Salary _____ / 52 = Weekly	Under 30	\$0.624
Step 2: Weekly Salary _____ x .60 % = *Weekly Benefit _____	30-34	\$0.695
Step 3: Weekly Benefit _____ / 10 = # of units _____	35-39	\$0.548
Step 4: # of units _____ x Rate _____ = Monthly Premium	40-44	\$0.513
Step 5: Take your monthly Premium _____ x 12 months = Annual Premium _____	45-49	\$0.617
Step 6: Divide Annual Premium _____ / by 24 to get semi-monthly payroll deduction _____	50-54	\$0.715
	55-59	\$0.981
*Subject to maximum weekly benefit	60+	\$1.202

The Standard—VOLUNTARY LIFE INSURANCE RATES: EMPLOYEE/SPOUSE/CHILD				Employee's Age	Rate (Per \$1000 of total coverage)
	Purchased in increments of:	Guarantee issue amount	Maximum amount of voluntary coverage available	Under 30	\$0.10
Employee	\$10,000	\$150,000	\$300,000	30-34	\$0.11
				35-39	\$0.13
				40-44	\$0.19
				45-49	\$0.29
Spouse	\$5,000	\$30,000	up to 100% of the coverage secured by employee, maximum \$50,000	50-54	\$0.42
				55-59	\$0.62
				60-64	\$1.13
Child(ren)	n/a	\$5,000/\$10,000	\$5,000/\$10,000	65-69	\$1.94
				70-74	\$2.15
				75+	\$4.10

Note: Child rate is \$0.20 per \$1,000



Florida Healthcare - HDHP Medical

Benefits	Employee Only Plan		Family Plan	
	In-Network	Out of Network	In-Network	Out of Network
Health Savings Account (H.S.A.)	\$1,400* contributed by The City		\$1,400* contributed by The City	
Deductible	\$1,650	\$3,000	\$3,300 Ind/\$3,300 Family**	\$3,300 Ind/\$6,600 Family
Annual Out-of-Pocket Maximum	\$3,300	\$6,000	\$3,300 Ind/\$6,600 Family	\$6,000 Ind/\$12,000 Family
Lifetime Maximum	unlimited		unlimited	
PCP/Doctor Office Visits	Deductible + 20% coinsurance	Deductible + 40% coinsurance	Deductible + 20% coinsurance	Deductible + 40% coinsurance
Routine Preventive Care	Covered in Full	Deductible + 40% coinsurance	Covered in Full	Deductible + 40% coinsurance
Specialist Visits	Deductible + 20% coinsurance	Deductible + 40% coinsurance	Deductible + 20% coinsurance	Deductible + 40% coinsurance
Chiropractic Visits	Deductible + 20% coinsurance	Deductible + 40% coinsurance	Deductible + 20% coinsurance	Deductible + 40% coinsurance
Emergency Room	Deductible + 20% coinsurance	Deductible + 20% coinsurance	Deductible + 20% coinsurance	Deductible + 20% coinsurance
Urgent Care Center	Deductible + 20% coinsurance	Deductible + 20% coinsurance	Deductible + 20% coinsurance	Deductible + 20% coinsurance
Hospital Inpatient	Deductible + 20% coinsurance	Deductible + 40% coinsurance	Deductible + 20% coinsurance	Deductible + 40% coinsurance
Hospital Outpatient (incl. lab/x-ray)	Deductible + 20% coinsurance	Deductible + 40% coinsurance	Deductible + 20% coinsurance	Deductible + 40% coinsurance
Lab/X-ray (Independent Testing Facility)	Deductible + 20% coinsurance	Deductible + 40% coinsurance	Deductible + 20% coinsurance	Deductible + 40% coinsurance
Advanced Imaging (Independent Testing Facility)	Deductible + 20% coinsurance	Deductible + 40% coinsurance	Deductible + 20% coinsurance	Deductible + 40% coinsurance
Prescription Copays	FHCP Network Pharmacy	Walgreens Network Pharmacy	FHCP Network Pharmacy	Walgreens Network Pharmacy
Preventive Generic	\$0	Not Covered	\$0	Not Covered
Preferred Generic	Deductible + \$3 copay	Deductible + \$15 copay	Deductible + \$3 copay	Deductible + \$15 copay
Non-preferred Generic	Deductible + \$10 copay	Deductible + \$15 copay	Deductible + \$10 copay	Deductible + \$15 copay
Preferred Brand	Deductible + \$30 copay	Deductible + \$35 copay	Deductible + \$30 copay	Deductible + \$35 copay
Non-preferred Brand	Deductible + \$55 copay	Deductible + \$60 copay	Deductible + \$55 copay	Deductible + \$60 copay
Specialty Pref/Non Pref	15% Coins/25% Coins	Not Covered	15% Coin/25% Coin	Not Covered

Provider networks and prescription drug formularies may change from time to time, so visit your carrier's website periodically and check your plan's prescription drug formulary. Florida Health Care Plans' member services can assist with drug pricing also.

Percentages shown are the coinsurance amount you pay after you meet the deductible. Out of network coinsurance is based on reasonable and customary (R&C) charges determined by the plan.

*The City of Ormond Beach will contribute \$1,400 for the 2025 plan year (prorated based on date of enrollment) to an HSA account for each employee who enrolls in the High Deductible Health Plan. The City will offer opportunities to earn an additional \$450 throughout the year.

**Individual must satisfy \$3,300 before deductible is met on the in-network family plan.



Medical Benefits

High Deductible Health Plan (HDHP)

On an HDHP plan, there are three phases: Deductible, Coinsurance and Out-of-Pocket Maximum. In the Deductible phase, members pay the full contracted costs of services until they meet the deductible. In the Coinsurance phase, members will pay 20% of services and prescription co-pay until they meet the Out-of-Pocket Maximum. When the Out-of-Pocket Maximum is met, the plan will pay 100% of all services for the remainder of the plan year. Deductible and out-of-pocket maximum are calculated on a calendar year basis. Deductible and out-of-pocket maximums have different rates for in-network and out-of-network providers.

Health Savings Accounts (HSA)

A health savings account (HSA) combines high deductible health insurance with a tax-favored savings account. Money in the savings account can help pay the costs of qualified medical expenses not covered by medical insurance for you and your dependents. Money left in the savings account earns interest and is yours to keep.

- EMPLOYEE OWNED ACCOUNT
- Pre-tax contributions
- *The City will contribute \$1,400 to each eligible employee's Health Savings Account (HSA) upon enrolling in the HDHP
- The City will contribute up to an additional \$450 to HSA account upon completion of Wellness Incentives
- Pay for qualified medical expenses. (See IRS Publication 502 for a list of qualified medical expenses).
- Maximum annual contribution:
 - Employee only: \$4,300, Family: \$8,550
 - Age 55 or older – additional election of \$1,000

*The City of Ormond Beach will contribute up to \$1,850; \$1,400 plus up to an additional \$450 in wellness incentives for the 2025 plan year (prorated based on date of enrollment) to an HSA account for each employee who enrolls in the High Deductible Health Plan. Please refer to page 14-15 for a list of Health Savings Account (HSA) frequently asked questions.

Flexible Spending Accounts (FSA)

A flexible spending account (FSA) is a tax-advantaged account that allows you to set aside pre-tax dollars to pay for qualified medical expenses not covered by medical insurance for you and your dependents. With an FSA you can set up an annual amount that is available to you immediately and pay for it on your biweekly payroll. Money not used on eligible expenses by the end of the year is lost.

Full Health Care FSA :

- Pre-tax contributions
- Employees who are not enrolled in the HDHP may contribute pre-tax dollars to pay for any IRS eligible expenses not covered by insurance.
- *Maximum annual contribution: \$3,300.

Limited Purpose Health Care FSA (HDHP option):

- Pre-tax contributions
- Employees enrolled in the HDHP who also have an HSA may contribute pre-tax dollars to pay for **vision** and **dental** expenses not covered by insurance.
- *Maximum annual contribution: \$3,300.

Dependent Care FSA:

- Pre-tax contributions
- Available to all benefit eligible employees to help pay for before/after school, day care, summer programs
- Maximum annual contribution: \$5,000



Medical Benefits

2025 Wellness Incentives

The city will contribute up to \$450 in Wellness Incentives for each employee enrolled in the HDHP for 2025.

\$125 - Personal Health Assessment (PHA)

FHCP provides an event for employees to participate in the PHA and receive \$125 to their HSA. Activities include a personal history screening, BMI calculations, glucose stick test, blood pressure test, and consultation with a physician. This is offered in February only. Employees must be enrolled in HDHP by February 1 to participate.

\$125 - Skin Cancer Screenings

Free skin cancer screenings are available through an FHCP provider. Employees who complete this and return the approved form receive \$125 to their HSA. No follow-up treatment is required. Additional services are at the cost of the employee. This is available all plan year.

\$100 - Tobacco Free Affidavit

(or cessation program)

Employees who sign our tobacco free affidavit receive \$100 to their HSA. Employees who are not tobacco free may complete an approved cessation program and receive wellness dollars also. This is available all plan year.

\$100 - Wellness Activities

Employees who participate in a designated number of activities will receive \$100 to their HSA. Activities will include Online Webinars, challenges, sporting activities, activity tracking events, and many more. Details will be provided throughout the year. This is available all plan year.

HSA and FSA Provider Information



Health Savings Accounts (HSA)

can be accessed at

<https://uba.tasconline.com>

800-422-4661 Customer Service



Flexible Spending Account (FSA)

can be accessed at

<https://uba.tasconline.com>

800-422-4661 Customer Service





WHERE TO GO

WHEN YOU NEED MEDICAL ATTENTION

Your Primary Care Physician (PCP) office is your Medical Home and is the first place to call with any health care needs and questions. Your physician has your history and is often able to help you.

PRIMARY CARE PHYSICIAN



Reasons to see your Primary Care Physician include:

Chronic Conditions like:

- Hypertension/High Blood Pressure
- Diabetes/High Blood Sugar
- High Lipids/Cholesterol
- Heart Disease
- Arthritis
- Depression

Acute Conditions like:

- Headache and/or fever
- Urinary tract infection
- Minor injuries
- Low back pain

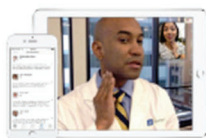
Coordination of Care

- After Hospital, Skilled Nursing Home or Home Health Discharge
- After ER Evaluation

Benefits of visiting PCP

- Low copay for most plans
- Medical history is available
- Established relationship with your physician and clinical staff

DOCTOR ON DEMAND



Reasons to use a video visit with a physician include:

- Cough, cold or flu
- Minor strains & sprains
- Bronchitis & sinus infection
- Skin & eye issues
- Upset stomach
- Urinary tract/bladder infections
- Rashes
- Pediatric issues
- Psychological issues
- Visit with a licensed therapist

Benefits of using Doctor On Demand:

- Low copay and 24/7 hours
- Board certified physicians
- Licensed psychologists
- Use smartphone or tablet
- Available throughout U.S.
- Use when PCP/EHCC are unavailable to you

Download the app from the App Store on your smartphone or tablet today!

EXTENDED HOURS CARE CENTERS



Reasons to visit an EHCC include:

- Acute minor trauma
- Cough, cold or flu
- Strains & sprains
- Minor allergic reactions
- Immunizations
- Low back pain
- Placement of stitches for a cut/laceration
- Removal of stitches
- Urinary tract/bladder infections

Benefits of visiting an EHCC:

- Multiple locations in Volusia and Flagler Counties with physicians and advanced practitioners
- WorkForce Wellness rider is accepted
- Same-day appointments
- Shorter wait time
- Significant savings over ER

If your local FHCP Extended Hours Care Center is closed, please consider visiting the nearest FHCP participating Urgent Care Center.

EMERGENCY ROOM



Reasons to visit the Emergency Room include:

- Any life-threatening emergency
- Any severe illness or injury
- Unresponsiveness
- Chest pain
- Weakness on one side
- Inability to speak
- Spine or head injury
- Mental status change
- Difficulty breathing
- Uncontrolled bleeding
- Poisoning





Medical Benefits



GREAT NEWS! FREE MEDICATION to Help Keep You Healthy!

Effective June 1st, 2022, the medications listed below are free when filled at your FHCP Pharmacy or FHCP Pharmacy Mail Order.

CHOLESTEROL

- Atorvastatin 10mg, 20mg, 40mg, 80mg Tablet
- Lovastatin 10mg, 20mg, 40mg Tablet
- Pravastatin 10mg, 20mg, 40mg, 80mg Tablet
- Rosuvastatin 5mg, 10mg, 20mg, 40mg Tablet
- Simvastatin 5mg, 10mg, 20mg, 40mg, 80mg Tablet

DIABETES

- Metformin 500mg, 850mg, 1000mg Tablet
- Metformin ER 500mg, 750mg Tablet
- Novolin 70/30 Insulin 10ml vial, Flexpen
- Novolin N Insulin 10ml vial, Flexpen
- Novolin R Insulin 10ml vial, Flexpen

HEART & BLOOD PRESSURE

Angiotensin Converting Enzyme (ACE) Inhibitor

- Benazepril 5mg, 10mg, 20mg, 40mg Tablet
- Enalapril 2.5mg, 5mg, 10mg, 20mg Tablet
- Lisinopril 2.5mg, 5mg, 10mg, 20mg, 30mg, 40mg Tablet
- Lisinopril/HCTZ 10-12.5mg, 20-12.5mg, 20-25mg Tablet
- Quinapril 5mg, 10mg, 20mg, 40mg Tablet
- Ramipril 1.25mg, 2.5mg, 5mg, 10mg Tablet

Beta-Blocker

- Atenolol 25mg, 50mg, 100mg Tablet
- Carvedilol 3.125mg, 6.25mg, 12.5mg, 25mg Tablet
- Metoprolol 25mg, 50mg, 100mg Tablet
- Metoprolol ER 25mg, 50mg, 100mg, 200mg Tablet
- Nebivolol 2.5mg, 5mg, 10mg, 20mg Tablet

Angiotensin Receptor Blocker (ARB)

- Irbesartan 75mg, 150mg, 300mg Tablet
- Losartan 25mg, 50mg, 100mg Tablet
- Losartan/HCTZ 50-12.5mg, 100-12.5mg, 100-25mg Tablet
- Olmesartan 5mg, 20mg, 40mg Tablet
- Olmesartan/HCTZ 20-12.5mg, 40-12.5mg, 40-25mg Tablet
- Telmisartan 20mg, 40mg, 80mg Tablet
- Valsartan 40mg, 80mg, 160mg, 320mg Tablet

Calcium Channel Blocker

- Amlodipine 2.5mg, 5mg, 10mg Tablet

Platelet Aggregation Inhibitor

- Clopidogrel 75MG Tablet

RESPIRATORY

- Fluticasone/Salmeterol 100-50mcg, 250-50mcg, 500-50mcg Inhaler

DON'T SEE YOUR MEDICATION?
Show this list to your doctor to see if there is a medication above that could work for you instead.





Dental Benefits

Dental Benefits At A Glance

Benefit	In Network	Out of Network
Calendar Year Deductible (CYD) Individual/Family	Deductible is waived for Preventive Care	
	\$50/\$150	\$50/\$150
Preventive	100%	100%*
Basic (Includes Perio/Endo)	80% (Calendar Year Deductible Applies)	80% Calendar Year Deductible Applies
Major	80% (Calendar Year Deductible Applies)	80% Calendar Year Deductible Applies
Orthodontia (Child)	50% up to \$1,000 (Lifetime)	50% up to \$1,000 (Lifetime)
Calendar Year Max	\$1,500 combined	\$1,500 combined

For more information and to find providers visit

<https://dentalnetworkpartners.ameritas.com/>



*Paid at 90% of UCR (usual and customary charges).
You may be balanced billed when using Out of Network providers.



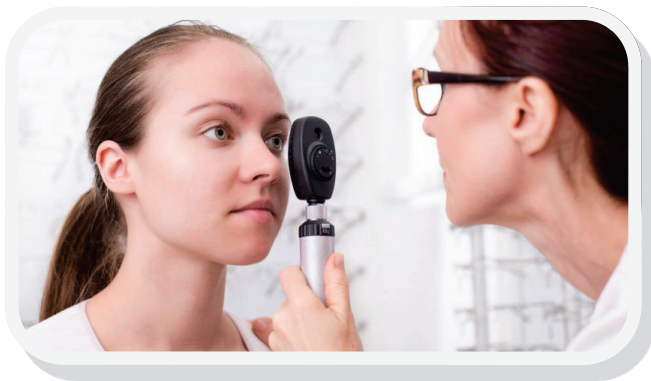


Vision Benefits

Vision Benefits At A Glance		
Eye Exam: \$10 Copay Materials: \$25 Copay		Every 12 months
Prescription Lenses One pair of new prescription lenses, if required by a change in prescription, covered in full.		Every 12 months
Frames Frame of your choice covered up to \$105 Allowance		Every 24 months
Contact Lens Care When you choose contacts instead of glasses, your \$105 allowance applies to the cost of your contacts and any contact lens exam (fitting and evaluation). This exam is in addition to your vision exam to ensure proper fit of contacts. If you choose contact lenses you will be eligible for frames 12 months from the date the contact lenses were obtained. If contact lenses are medically necessary, they are covered in full at in-network providers.		Every 12 months

Note: The vision network is VSP Choice & Affiliates. Frequencies are not based on a calendar year but are based on the date the service was rendered, then another 12 or 24 months before the next service is eligible.

This plan also offers discounts on Lasik surgery procedures. For more information and to find a provider visit <https://www.standard.com>





Life & Disability Benefits

Group Life and AD&D Insurance

The City provides a Group Life and AD&D insurance plan for all full-time employees **at no cost to the employee**. Each employee is covered at 1x their annual salary with a maximum of \$100,000. The City also offers a Group Life / AD&D benefit for spouse \$5,000 and Child \$2,000.

Long Term Disability

All full-time employees are provided Long Term Disability insurance through the City of Ormond Beach **at no cost to the employee**. This income protection is provided in the event that you become injured or disabled and cannot work for a long period of time. Your income replacement benefit would equal 50% of your average monthly earnings. The maximum monthly benefit you can receive is \$5,000. Benefits will begin after you have been unable to work for 180 days due to a covered illness or accident and will continue to be paid up to your Social Security Normal Retirement Age.

Other Voluntary Benefits:

Voluntary Short Term Disability

This voluntary benefit provides income protection in the event that you become injured or disabled and cannot work for a short period of time. Your income replacement benefit would equal 60% of your average weekly earnings. The maximum weekly benefit you can receive is \$1,500. Benefits will begin after you have been unable to work for 7 days due to a covered illness or accident and will continue to be paid up to 25 weeks. See the age banded rates and calculation on page 5.

Voluntary Life Insurance

Voluntary life insurance for yourself or your dependents may be purchased in addition to your Group Life Insurance. Rates for employee/spouse are subject to employee's age at enrollment.

Summary of Voluntary Life Insurance	
Guaranteed Issue	\$150,000
Minimum Benefit Amount	\$10,000
Maximum Benefit Amount	\$300,000
Increments of...	\$10,000
Spouse Coverage	
Spouse Guarantee Issue	\$30,000
Minimum Benefit Amount	\$5,000
Maximum Benefit Amount	\$50,000
Increments of...	\$5,000
Child(ren) Coverage	
Live birth - 29 years	\$5,000/ \$10,000

Plan premium rates are outlined on page 5

Supplemental Insurances

Supplemental plans offered by Colonial Life are Cancer, Accident, Universal Life, and Critical Illness.

More information is available at: <https://learn.coloniallife.com/city-of-ormond-beach-dpc-2/p/1>



HSA Frequently Asked Questions

What is a Health Savings Account?

A Health Savings Account (HSA) works with a high deductible health plan (HDHP), and lets you set aside a portion of your paycheck—before taxes— into an account to help you pay for medical expenses that aren't covered by your plan. It can also help you plan for future medical expenses. The City places \$1,400* into an HSA for employees who have elected the HDHP, and up to an additional \$450 in wellness incentives .

You'll be issued a **debit card** you can use at point-of-sale to pay for approved medical expenses. You can request distributions online for any purchases not made with your debit card. Payment will be made based on your available funds and may be sent via direct deposit.

How do I manage my HSA?

Your Health Savings Account (HSA) is your account; the HSA dollars are your dollars. Since you are the account holder or HSA beneficiary, *you* manage your HSA account. You may choose when to use your HSA dollars or when *not* to use your HSA dollars. HSA dollars pay for any eligible expense. Most commonly, the HSA account holder will use HSA dollars to pay the out-of-pocket expenses associated with their high-deductible health plan, such as a deductible or coinsurance.

What expenses are eligible for reimbursement from my HSA?

HSA dollars may be used for qualified medical expenses incurred by the account holder and his or her spouse and dependents. Qualified medical expenses are outlined within IRS Section 213(d). In summary, IRS Section 213(d) states that "the expense has to be primarily for the prevention or alleviation of a physical or mental defect or illness." See IRS Publication 502 for a list of qualified medical expenses at <https://www.irs.gov/pub/irs-pdf/p502.pdf>.

Are dental and vision care qualified medical expenses under an HSA?

Yes, as long as these are deductible under the current rules. For example, cosmetic procedures, like cosmetic dentistry, would not be considered qualified medical expenses.

Can my HSA dollars be used for retirement health care costs?

Yes, but only for expenses eligible for reimbursement.

When can I start using my HSA dollars?

You can use your HSA dollars immediately following your HSA account activation and once contributions have been made.

What if I have HSA dollars left in my account at year-end?

The money is yours to keep. It will continue to earn interest and will be available for you and your health care costs next year. Any dollars left in your HSA account at year-end will automatically roll over into next year's HSA account.

*The City of Ormond Beach will contribute \$1,400 for the 2025 plan year (prorated based on date of enrollment) to an HSA account for each employee who enrolls in the High Deductible Health Plan. The City will offer opportunities to earn an additional \$450 throughout the year.



HSA Frequently Asked Questions

What expenses are NOT eligible for reimbursement from my HSA?

The following expenses may not be reimbursed from an HSA:

- Premiums for Medicare supplemental policies
- Expenses covered by another insurance plan
- Expenses incurred prior to the date the HSA was established
- Over-the-counter drugs purchased without a prescription, except insulin

Can I use the money in my account to pay for my dependents' medical expenses?

You can use the money in the account to pay for the medical expenses of yourself, your spouse or your dependent children. You can pay for expenses of your spouse and dependent children even if they are not covered by your HDHP.

When do I contribute to my HSA account, and how often can I?

You, your employer or others can contribute to your HSA account through payroll deductions or as a lump sum deposit. You can contribute as often as you like, provided your and your employer's total annual contributions do not exceed the maximum IRS limits of **\$4,300** for individual coverage or **\$8,550** for family coverage. Individuals who are age 55 or older are eligible to make "catch-up" contributions up to \$1,000.

How do I pay my physician or network facility at time of service with my HSA dollars?

You may request that the network provider submit your claim to your health plan. You should make sure that your provider has your most up-to-date insurance information. Once the medical claim has been processed, if applicable, out-of-pocket expenses will be billed. At this time you may choose to use your HSA debit card or you may choose to pay for any out-of-pocket expenses with your own money and receive reimbursement check at a later date. You should always ask that your medical claim be submitted to the health plan before you seek reimbursement from your HSA. This procedure will ensure that provider discounts are applied. Also, remember to keep all medical receipts and Explanations of Benefits for tax purposes.

What happens to my HSA dollars if I leave my employer?

The funds are yours to keep. You may elect one of the following options:

- Leave your funds in the current HSA account
- Transfer your funds to an HSA with your new employer
- Transfer your funds to another qualifying account within 60 days

Can the funds in an HSA be invested?

Yes, you can invest the funds in your HSA. The same types of investments permitted for IRAs are allowed for HSAs, including stocks, bonds, mutual funds and certificates of deposit.

Who can I contact about my account?

There are several ways to obtain assistance, TASC Customer Care 800-422-4661.



Supplemental/Voluntary Benefits

Colonial Life.

Pam Woodsome
Account Exec / Benefits Counselor
pamela.woodsomes@ColonialLifeSales.com
(386) 444-9160 (direct)



At Colonial Life, we're here to provide peace of mind and protect your lifestyle when life throws unexpected challenges your way. Offered through your employer, our voluntary benefits help protect your income and provide financial security for you and your family.

WITH MOST PLANS:

- Coverage is available for your spouse and eligible dependent children.
- Benefits are payable directly to you, unless you specify otherwise.
- You can continue coverage when you retire or change jobs, with no increase in premiums.
- You may receive benefits regardless of any insurance you may have with other companies.

I can never say enough positive things about Colonial Life for helping me. We never know what struggles or obstacles lie before us, but we can prepare for the worst while we hope and pray for the best.

— Paula Lee, Colonial Life customer

To enroll or learn more about your options below, connect with your Colonial Life benefits counselor.

Accident insurance — Pays a range of benefits for simple and complex accidents - whether it's a fall or a car accident, you can count on us to support you. **New plan! Benefits for alternative medicine & more!**

Cancer insurance — Pays you a range of benefits to help cover medical and non-medical expenses related to a cancer diagnosis and treatment. **Eligibility: 5 years cancer treatment free (2 if breast cancer).**

Critical Illness insurance — Pays you a lump sum (\$10K - \$70K) to help cover your expenses related to a covered critical illness, such as a heart attack or stroke. Subsequent diagnosis benefit. **\$30K is guaranteed issue during Open Enrollment.**

Hospital Indemnity insurance — Pays benefits directly to you to help cover the cost of a hospital stay, outpatient surgery, or diagnostic procedure, regardless of what your health insurance may pay. **Guaranteed issue during Open Enrollment.**

Life insurance — Provides peace of mind and financial protection to your family members if you pass away. Colonial sells Whole and Term, both portable with no change in premium when you change jobs or retire.



Click here for benefits summaries and videos.

<https://learn.coloniallife.com/city-of-ormond-beach-dpc-2/p/1>

1. Accident, Cancer, Critical Illness and Hospital Indemnity insurance are limited benefit policies. This information is not intended to be a complete description of the insurance coverage available. The insurance or its provisions may vary or be unavailable in some states. The insurance has exclusions and limitations which may affect any benefits payable. For cost and complete details of coverage, call or write your Colonial Life benefits counselor or the company.

Insurance products are underwritten by Colonial Life & Accident Insurance Company, Columbia, SC.
ColonialLife.com

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Legal Shield



To learn more and to enroll, please visit <https://shieldbenefits.com/ormondbeach/overview> or scan the QR code below

Have You Ever...

- ☐ Needed your Will prepared or updated?
- ☐ Signed a contract?
- ☐ Received a moving traffic violation?
- ☐ Worried about being a victim of identity theft?
- ☐ Been concerned about your child's identity?
- ☐ Had social media accounts? (Facebook, Instagram, Twitter, LinkedIn, Youtube)

The LegalShield Membership Includes:

- Dedicated Law Firm Direct access, no call center
- Legal Advice/Consultation On unlimited personal issues
- Letters/Calls Made on your behalf
- Contracts/Documents Reviewed Up to 15 pages
- Residential Loan Document Assistance For the purchase of your primary residence
- Will Preparation - Living Will, Health Care Power of Attorney
- Speeding Ticket Assistance Upload your speeding ticket from the mobile app directly to law firm
- IRS Audit Assistance (Begins with the tax return due April 15th of the year you enroll)
- Trial Defense (If named defendant/respondent in a covered civil action suit)
- Uncontested Divorce, Separation, Adoption and/or Name Change Representation (Available 90 days after enrollment)
- 25% Preferred Member Discount (Bankruptcy, criminal charges, DUI, personal injury, etc.)
- 24/7 Emergency Access For covered situations

The IDShield Membership Includes:

- Credit Monitoring Continuous credit monitoring through Experian
- Online Privacy Management IDShield provides consultation and guidance on ways participants can protect their privacy and personally identifiable information across the internet and on their smart devices.
- Reputation Management & Score Scans social media accounts for existing content that could be damaging to participants' online reputation. Ranks your online reputation risk by giving you a score based off the content found on your social media accounts.
- Financial Account Monitoring Accounts monitored include checking, savings, employer 401k accounts, loans and more.
- \$3 Million Protection Policy Coverage for lost wages, legal defense fees, stolen funds and more
- Unlimited Service Guarantee Ensures that we won't give up until your identity is restored!
- Identity Restoration Performed by Licensed Private Investigators to restore your identity to its pre-theft status.
- 24/7 Emergency Access In the event of an identity theft emergency

Plan	Family Price	Individual Price
LegalShield	\$9.48 SEMI-MONTHLY	\$9.48 SEMI-MONTHLY
IDShield	\$9.48 SEMI-MONTHLY	\$4.48 SEMI-MONTHLY
Combined	\$16.95 SEMI-MONTHLY	\$13.95 SEMI-MONTHLY



Put your law firm and identity theft protection in the palm of your hand with the LegalShield and IDShield mobile apps!

Pre-Paid Legal Services, Inc. ("PPLSI") provides access to legal services offered by a network of provider law firms to LegalShield members through membership-based participation. Neither LegalShield nor its officers, employees or sales associates directly or indirectly provide legal services, representation, or advice. See a legal plan for complete terms, coverage, amounts and conditions. IDShield is a product of LegalShield. LegalShield provides access to identity theft protection and restoration services. For complete terms, coverage and conditions, please see an identity theft plan. All Licensed Private Investigators are licensed in the state of Oklahoma. An Identity Fraud Protection Plan ("Plan") is issued through a nationally recognized carrier. LegalShield/IDShield is not an insurance carrier. This covers certain identity fraud expenses and legal costs as a result of a covered identity fraud event. See a Plan for complete terms, coverage, conditions, limitations, and family members who are eligible under the Plan.

FOR MORE INFORMATION PLEASE CONTACT AN INDEPENDENT ASSOCIATE:

Daniel Gonzalez or Barry Olfert
Daniel 305-282-1839 Barry 954-655-2446
Email: barryolfert@gmail.com



C_FUER



Retirement Plans

Pension Plans

The City of Ormond Beach currently provides three defined benefit pension plans for full-time City employees: the General Employees' Pension Plan (for employees hired before 12/19/2012), The Firefighters' Pension Trust Fund and the Police Officers' Pension Trust Fund. The plans are administered through a board of trustees as established by Chapter 16 of the Code of Ordinances. The Plans are funded according to annual actuarial valuation analysis. Employees' contributions and benefits vary according to the plan membership with the City contributing the remaining amount necessary for financial solvency.

	General Employees (hired before 12/20/2012)	Police Officers (hired prior to 8/21/2012)	Police Officers (hired 8/21/2012 - 05/31/2014)	Police Officers (hired on or after 06/01/2014)	Firefighters (hired prior to 5/20/2014)	Firefighters (hired on or after 5/20/2014)
Employee Contribution	4% of base earnings	9% of total compensation	9% of total compensation	9% of total compensation	8.4% of total compensation	8.4% of total compensation
Multiplier	2.5% x CS x AMC	3.3% x CS x AMC	2.75% x CS x AMC	2.75% x CS x AMC	3.37% x CS x AMC	2.75% x CS x AMC
Normal Retirement Age	Age 62 & 5 yrs CS, OR age 55 w/yrs CS + age = 85	Age 60, OR age 55 + 10 yrs CS, OR the completion of 20 yrs CS	Age 60, OR age 55 + 10 yrs CS, OR the completion of 20 yrs CS	Age 60, OR 55 + 10 yrs CS, OR 52 + 25 yrs CS	Age 60, OR age 55 + 10 yrs CS, OR the completion of 20 yrs CS	Age 60, OR age 55 + 10 yrs CS, OR age 52 + 25 yrs CS
Average Monthly Compensation	1/12 average salary for best 5 years	1/12 average salary for best 5 years of last 10 years	1/12 average salary for best 5 years of last 10 years	1/12 average salary for best 5 years of last 10 years	1/12 average salary for best 5 years	1/12 average salary for best 5 years
Vesting Criteria	5 years CS	10 years CS	10 years CS	10 years CS	10 years CS	10 years CS
CS = Credited Service AMC = Average Monthly Compensation						

401a Money Purchase Plan

General Employees (non- Fire/Police) who are full-time and hired after 12/19/2012, participate in The City of Ormond Beach's 401a Money Purchase Plan. This is a defined contribution plan qualified under Section 401(a) of the IRS code. Eligible employees automatically become a participant in this plan upon hire. The City contributes 9% of eligible compensation to this plan on a tax deferred basis. Contributions are made on behalf of the employee every pay period and each participant is set up with an individual plan account to which the contributions are made. Employees direct the investment of their retirement funds. Employees become fully vested in the City's contribution after **5 years of credited service**. The plan is administered by MissionSquare and Vantage Trust Company sponsors the investment options offered under the plan. Visit <https://www.missionsq.org/x40.html> for more information.



Deferred Compensation Plans

Voluntary Deferred Compensation Plans - 457

In addition to the City's Pension and Money Purchase plans, the City also makes two deferred compensation plans available to full-time eligible employees through MissionSquare and Nationwide. Deferred compensation is a program that allows you to invest today for your retirement. Federal taxes are deferred until your assets are withdrawn, usually during retirement when you may be in a lower tax bracket. Under Section 457 of the IRS Code, you may defer each year a maximum of 100% of your gross compensation or an annual dollar limit, whichever is less. The limit for 2025 is \$23,500 or \$31,000 for those age 50 and over. Both plans allow you to increase, decrease, stop or restart contributions as often as you wish, without fees or penalties.

- ◆ You reduce your current income taxes while investing for retirement
- ◆ Your earnings accumulate tax-deferred
- ◆ You can dollar-cost average through convenient payroll deductions
- ◆ If you are age 50 (or older), you are allowed to make additional "catch up" contributions
- ◆ It's portable. If you change jobs, you can consolidate your savings in most other public sector employers' 457 plans, qualified 401 plans, tax sheltered 401(b) annuity plans or an IRA.
- ◆ If you retire or leave service of the City, there is no penalty for withdrawals.



Voluntary Roth IRA

The City offers full-time eligible employees the opportunity to enroll in a Roth IRA plan also. A Roth IRA is a special retirement account where you pay taxes on your contributions now and then all future withdrawals are tax free. Because contributions are "your money", you can withdraw from your contributions, but not your earnings, any time, tax and penalty free. The IRS limits for contributions to a Roth IRA for 2025 are \$7,000 or \$8,000 for those age 50 and over. The Roth IRA available through MissionSquare allows you to increase, decrease, stop or restart contributions as often as you wish, without fees or penalties.

- ◆ Tax free growth - Earnings are not subject to income tax as long as you have the account for at least 5 years and are at least 59 1/2 years of age.
- ◆ Direct contributions can be withdrawn at any time, tax free.
- ◆ There are no required minimum distributions like a 401(k).
- ◆ Inheritance - Assets can be passed on to





Work/Life Balance Benefits

Paid Time Off

Taking time away from work is important. Time away allows us to relax and recuperate, to enjoy our families and personal hobbies, and to attend to responsibilities we have outside of the workplace. In recognition of the importance of time away, the City of Ormond Beach provides paid time off to all active, full-time employees and a pro-rated amount to part time employees. Personal leave covers time off for vacation, personal issues, illness and observance of holidays not recognized by the City.

Years of Service	Hours Accrued per Year	
	General, Police, & Non-bargaining	Fire
1st year through 4th year	144 hours	1st year 132
		2nd yr - 4th yr 168 hrs.
5th year through 9th year	168 hours	228 hours
10th year through 14th year	192 hours	264 hours
15th year through 19th year	216 hours	300 hours
20th year and beyond	240 hours	20th yr - 24th yr 336 hrs.
		25th yr and beyond 396 hrs.

City Observed Holidays

Holiday pay is provided to all eligible full time and part time employees.

- ◆ Good Friday
- ◆ Memorial Day
- ◆ Independence Day
- ◆ Labor Day
- ◆ Veterans Day
- ◆ Thanksgiving Day
- ◆ Day after Thanksgiving
- ◆ Christmas Day
- ◆ New Year's Day
- ◆ Martin Luther King's Birthday
- ◆ One (1) floating holiday, as designated by the City

The City will designate an alternate day if holiday falls on a weekend

Work/Life Balance Benefits

Education Reimbursement



The City of Ormond Beach encourages all employees to seek educational opportunities to improve their potential for promotion and broaden their knowledge. To facilitate this program, the City has an education reimbursement program whereby the City may pay the tuition costs for courses leading to a degree or courses that are job related. Reimbursement of approved courses is subject to the availability of funds. Eligible full-time employees must have completed 12 months of employment with the City to participate. All individual courses must be approved prior to the beginning of each course to be considered for reimbursement under this policy.

Employee Assistance Program



The City of Ormond Beach provides you and your family, at no cost, access to qualified counselors, financial professionals, legal advisors and more through the Employee Assistance Program. The EAP provides professional services to address relationship/family issues, parenting issues, personal and/or workplace stress, legal issues, financial issues, elder care, depression, and more. Unlimited access to telephone consultations is available as well as three face-to-face confidential sessions per year per issue with a counselor, financial planner and/or legal advisor. All services are provided with complete confidentiality, 24 hours a day, 7 days a week.

For more information please call 1 (888)-293-6948 or visit www.healthadvocate.com/standard3





Contact Information

Benefit Provider Contacts

Medical - Florida Health Care Plans

386-676-7100

800-321-1227

Group # 128

www.fhcp.com



Dental - The Standard

800-547-9515

Group # 753274

www.standard.com



Vision - The Standard

800-547-9515

Group # 753274

www.standard.com



Life/ AD&D/Short Term/Long-Term Disability - The Standard

Life 800-628-8600

STD—800-368-2859

LTD—800-368-1135

Group # 753274

www.standard.com



HSA, FSA, Dependent Care - TASC

800-422-4661 (FSA/DCA/ HSA)

Group # 4102-8243-3782 (FSA/DCA/
HSA)

www.uba.tasconline.com



Employee Assistance Program - The Standard

888-293-6948

www.standard.com



Supplemental Benefits - Colonial Life Insurance

Pam Woodsome

Direct—386-444-9160

Local Office 888—756—6701

www.coloniallife.com



Legal and Identity Protection - LegalShield

Daniel Gonzalez

Direct—(305)282-1839

www.legalplanbenefits.com/ormondbeach



Human Resources Contacts

City of Ormond Beach

Samantha Potts

HR Manager

Samantha.Potts@ormondbeach.org

386-676-3228

Quinn Wichlei

HR Generalist - Recruiting

Quinn.wichlei@ormondbeach.org

386-676-3324

Angela Gibbs

HR Generalist - Payroll/Benefits

Angela.Gibbs@ormondbeach.org

386-676-3253

Ashley Shaffer

HR Assistant

Ashley.shaffer@ormondbeach.org

386-676-1209

	FHC WFW		Florida Hospital Memorial Medical Center		The Doctors Center		Care Here		In House Physicians	
Facility Currently in place	Yes		Yes		No		No		No	
Primary Care (Main Location)	461 South Nova Rd., Ormond Beach		125 Hand Ave, Suite F, Ormond Beach		The Doctors Center will work with the city to secure a building space for them which is in a central location for a majority of employees.		Care Here can assist the city in finding a location but the lease will be additional cost.		In House Physicians cost for building space is not included in current RFP. The vendor would assist the city in finding a building that is in a central location of majority of employees. The vendor could also seek out current physician facilities that have extra space. They could then work out a partnership and rent or lease space from doctor to control cost.	
Out-Patient Imaging	6 Locations		3 Locations							
Blood Drawing / Collection Locations	461 S. Nova Rd., Ormond Beach	Florida Hospital Memorial Medical Center (Daytona Beach)								
	350 Clyde Morris Blvd., Daytona Beach	Florida Hospital Ocean Side (Ormond Beach)								
	740 Dunlawton Ave., Port Orange	Florida Hospital Memorial Medical Center at the Pavilion at (Port Orange)								
	139 N. Ridgewood Ave., Edgewater	Florida Hospital Imaging (Ormond Beach)								
	309 Palm Coast Pkwy., Palm Coast	Daytona Beach Shores Laboratory Services (Daytona Beach Shores)								
	2777 Enterprise Rd., Orange City	Florida Hospital Laboratory Services (Ormond Beach)								
937 N. Spring Garden Ave., DeLand										
Outpatient Rehabilitation Services	No, provided by Ability at multiple locations		4 Locations							
Urgent Care	Yes		4 Locations							
Facility Fees included in RFP	Yes		Yes		*Yes. This fee is \$6,000 that is included in the \$24,000 a month admin fee.		*No. The estimated cost for office build out is \$30,000.		*No. The cost for Build out can range anywhere from \$10 pepm to \$30 pepm depending on facility decisions	
Services	Offered	Not Offered	Offered	Not Offered	Offered	Not Offered	Offered	Not Offered	Offered	Not Offered
Primary Care	X		X		X		X		X	
Urgent Care	X		X		X		X		X	
Well Visits	X		X		X		X		X	
Preventative Care	X		X		X		X		X	
Disease Identification and Treatment	X		X		X		X		X	
Laboratory Services/ Laboratory Draws	X		X		X		X		X	
Case Management	X		X		X		X		X	
Utilization Management	X		X		X		X		X	
X-Ray Services	X		X		X		X		X	
Coordination of Care with Outpatient and Inpatient Providers	X		X		X		X		X	
Physical Therapy	X		X		X		X		X	
Health Risk Appraisals	X		X		X		X		X	
Wellness Coaching	X			X	X		X		X	
Disease Management	X				X		X		X	
Data Management		X			X		X		X	
24 Hour Nurse line	X			X	X		X		X	

	FHC WFW		Florida Hospital Memorial Medical Center		The Doctors Center		Care Here		In House Physicians	
Occupational Health Services	Offered	Not Offered	Offered	Not Offered	Offered	Not Offered	Offered	Not Offered	Offered	Not Offered
Ergonomic assessments		X		X	X		X		X	
Drug and Alcohol Testing	X		X		X		X		X	
Return to Work (RTW) Management		X		X	X		X		X	
Physical Therapy		X		X	X		X		X	
Safety and injury prevention		X		X	X		X		X	
Pre-placement and fitness for duty exams	X		X		X		X		X	
Disease education and management	X				X		X		X	
Compliance Programs		X		X	X		X		X	
Half Tablet program		X		X	X		X		X	
Generic Maximization program	X			X	X		X		X	
Brown Bag program	X			X		X	X		X	
Antibiotic Management Program		X		X		X	X		X	
Mail Service Delivery of Prescriptions	X			X	X		X		X	
Coordination of care with PBM/DM/Health Plan		X		X	X		X		X	
Compounds (Describe level of compound service)		X		X	X		X		X	
OTC Program		X		X	X		X		X	
D.O.T. Testing	X		X		X		X		X	
Lab Services	Offered	Not Offered	Offered	Not Offered	Offered	Not Offered	Offered	Not Offered	Offered	Not Offered
Blood Bank	X		X		X		X		X	
Microbiology	X		X		X		X		X	
Hematology	X		X		X		X		X	
Histology	X		X		X		X		X	
Cytology	X		X		X		X		X	
Chemistry	X		X		X		X		X	
Special Chemistry	X		X		X		X		X	
Urinalysis	X		X		X		X		X	
Serology	X		X		X		X		X	
Drug Screening for Employment	X		X		X		X		X	
Hours of Operation	7 am - 7 pm Monday to Friday at all Volusia locations Saturday 8 am - 12 pm at 3 Locations		Monday 8-5 Tuesday 8-4:30 Wednesday 8-5 Thursday 8-4:30 Friday 8:30-4:30		40 hours a week		20 Provider Hours each week		The city will Decide Scheduled Hours (about 16-20 hours). Nurse Practitioner Available 16 hours per week.	
Pricing			Monthly Fee: \$25,000 Estimated Annual Cost: \$300,000		Admin Fee: \$24,000/mo. Staff Cost: \$27,776/mo. Stress Test Treadmill Suite: \$450/mo. Supplies/Labs: \$2500/mo. (estimate) Total Estimated Monthly: \$54,726 Estimated Annual Cost: \$656,712 Estimated Annual HRA Cost: \$13,440		Program Fee: \$92,736 Estimated Cost for Build out: \$30,000 Medical Staff: \$197,600 Pharmacy: \$43,680 Lab Services & Supplies: \$37,440 Estimated Year One cost: \$401,456		Set up Fee: \$45,000 Monthly Fee: \$13,268.39 Estimated Annual Cost: \$204,220.68	



Q1 2016 Utilization Review & 2017 Plan Options

Presented By:

Jessica Scott – Brown & Brown, Vice President

Brandon Savage – Brown & Brown, Director of Risk Management

Claire Whitley – City of Ormond, Human Resources Director



Agenda

- Q1 2016 Utilization Review
 - Monthly Utilization Summary By Plan
 - Medication Trends
 - Highest Cost & Utilized Medications
 - ER and Work Force Wellness Utilization
 - Large Claim Summary
- 2017 Plan Year RFP
- Renewal Timeline & Next Steps



Plan Utilization Overview



Combined Monthly Utilization Overview

Plan Year	Month	All Plans - Premium & Paid Claims	
		Paid Claims	Paid Premium
2015 Plan Year	June	\$173,095	\$236,952
	July	\$311,918	\$236,414
	August	\$305,578	\$235,188
	September	\$153,047	\$234,650
	October	\$211,270	\$290,968
	November	\$253,178	\$290,523
2016 Plan Year	December	\$273,621	\$291,027
	January	\$145,263	\$218,590
	February	\$140,528	\$220,583
	March	\$133,348	\$220,543
	April	\$295,150	\$217,089
	May	\$103,590	\$214,625
		\$2,499,587	\$2,907,151
2015 Plan Year Loss Ratio		100%	
Most Recent 12 Month Loss Ratio		86%	
2016 (YTD) Loss Ratio		75%	



Pharmacy Summary (YTD vs. 2015)

Month	2016 (YTD) Pharmacy Paid Claims	2015 (YTD) Pharmacy Paid Claims
January	\$2,955	\$36,978
February	\$6,848	\$29,982
March	\$7,548	\$43,544
April	\$16,479	\$53,675
May	\$16,035	\$51,021
Total	\$49,865	\$215,200

Through 5 Months, Pharmacy claims have decreased by 77% compared to the same period during the 2015 plan year. Part of this may be attributed to membership having not yet met the plan deductible for the H.S.A. plan, as well as consumerism.



High Cost Medications

Utilization Period April 1, 2015 - March 31, 2016 (YTD)

Ranking by Spend	Drug Name	Paid Claims	Associated Condition	# of Scripts	Cost per Script
1	Viekira Pak	\$33,128	Hepatitis C	2	\$16,564
2	Nimodipine	\$13,298	Antihypertensive	8	\$1,662
3	Zortress	\$20,490	Cancer	13	\$1,576
4	Reyataz	\$11,450	HIV	13	\$881
5	Spiriva	\$10,646	Bronchodilator	25	\$426
6	Tradjenta	\$10,480	Diabetes	34	\$308
7	Levemir	\$15,987	Diabetes	54	\$296
8	Humalog	\$11,739	Diabetes	41	\$286
9	Novolin	\$12,014	Diabetes	44	\$273
10	Crestor	\$9,835	Cholesterol	58	\$170
		\$149,067		292	\$511



Most Prescribed Medications

Utilization Period

April 1, 2015 - March 31, 2016 (YTD)

Ranking by Volume	Drug Name	Total Paid Claims	Therapeutic Class	Drug Tier	# of Scripts	Cost per Script	On Discount Medication List
1	Levothyroxine	\$4,250	Thyroid	1	357	\$12	-
2	Lisinopril	\$3,650	Antihypertensives	1	236	\$15	Yes
3	Omeprazole	\$5,487	Ulcer Drugs	2	206	\$27	Yes
4	Atorvastatin	\$4,673	Antihyperlipidemics	2	196	\$24	Yes
5	Alprazolam	\$1,313	Antianxiety Agents	2	160	\$8	-
6	Hydrocodone	\$1,099	Analgesic-narcotics	2	160	\$8	-
7	Hydrochlorothiazide	\$1,479	Diuretics	1	159	\$7	Yes
8	Amloipine	\$1,700	Calcium Blockers	2	157	\$9	-
9	Simvastatin	\$2,737	Antihypertensives	2	139	\$12	Yes
10	Pantoprazole	\$2,151	Ulcer Drugs	2	108	\$25	Yes
11	Losartan	\$1,253	Antihypertensives	2	105	\$20	Yes
12	Gabapentin	\$1,436	Anticonvulsants	2	97	\$13	-
13	Sertraline	\$1,161	Antidepressants	2	97	\$12	Yes
14	Escitalopram	\$1,612	Antidepressants	2	94	\$17	Yes
15	Tramadol	\$914	Analgesics-narcotics	2	94	\$10	-
16	Metoprolol	\$1,200	Beta Blockers	1	92	\$13	Yes
17	Amoxicillin	\$586	Penicillins	2	84	\$7	-
18	Bupropion	\$1,551	Antidepressants	2	82	\$19	-
19	Fluticasone	\$1,095	Decongestant	2	81	\$14	Yes
20	Duloxetine	\$2,434	Antidepressants	2	80	\$30	-
Totals		\$75,747			2,884		

The Discount Medication List includes medications available at \$4 & \$12 copays.



Historical Large Claims

(Paid Claims Exceeding \$50,000)

January 1, 2016 - May 31, 2016

Total Paid	\$338,214
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# of Claimants	2
----------------	---

Most Recent 12 Months - June 1, 2015 - May 31, 2016

Total Paid	\$1,065,189
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# of Claimants	9
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Prior 12 Months - June 1, 2014 - May 31, 2015

Total Paid	\$1,649,111
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# of Claimants	7
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Individual Deductible & Out of Pocket Accumulation

Calendar Year to Date Progress Towards Deductible

	H.S.A.
# that have met due to Medical Costs	1
# that have met due to Pharmacy Costs	2
# that have met due to Combined Costs	16
Total	19

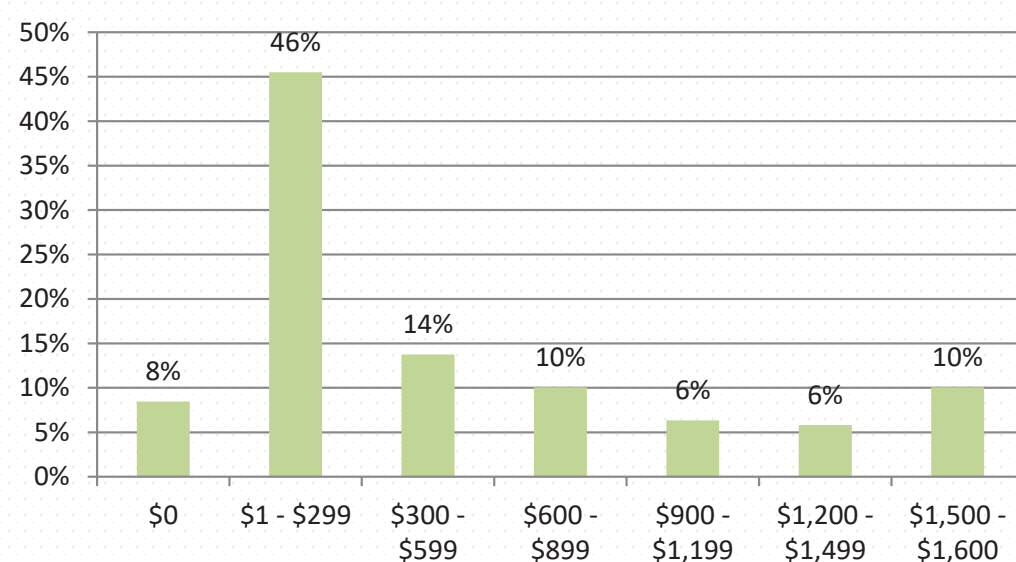
Calendar Year to Date Progress Towards Out-of-Pocket Maximum

	H.S.A.
# that have met due to Medical Costs	0
# that have met due to Pharmacy Costs	0
# that have met due to Combined Costs	4
Total	4

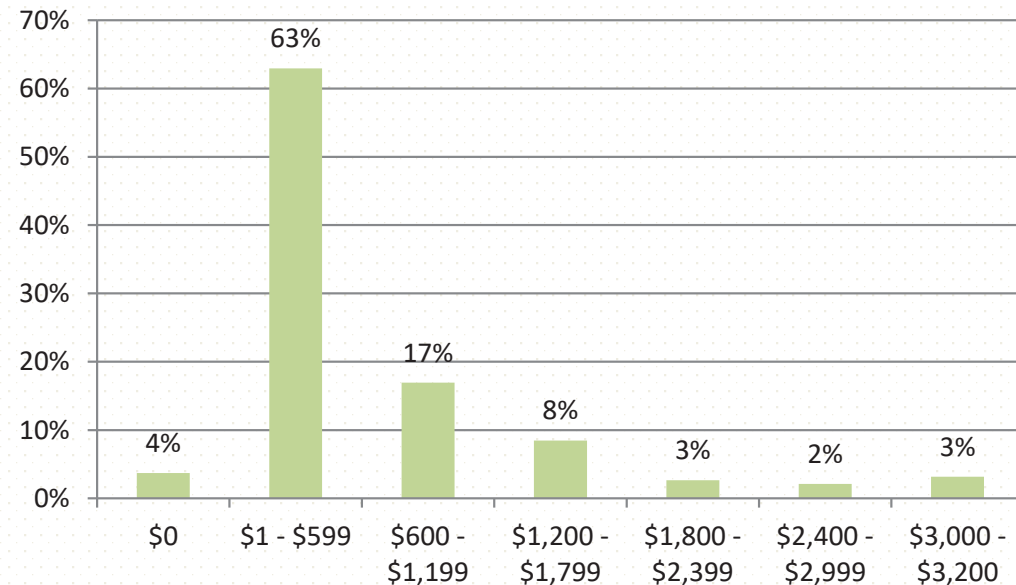
Coverage Details

	H.S.A.	
In-Network	Deductible \$1,600	Out-of-Pocket \$3,200
Utilizing Subscribers		189

Progress Towards Deductible



Progress Towards Out-of-Pocket Maximum



Member Deductible & Out-of-pocket information is estimated as of 5/31/2016



Family Deductible & Out of Pocket Accumulation

Calendar Year to Date Progress Towards Deductible

	H.S.A.
# that have met due to Medical Costs	0
# that have met due to Pharmacy Costs	0
# that have met due to Combined Costs	7
Total	7

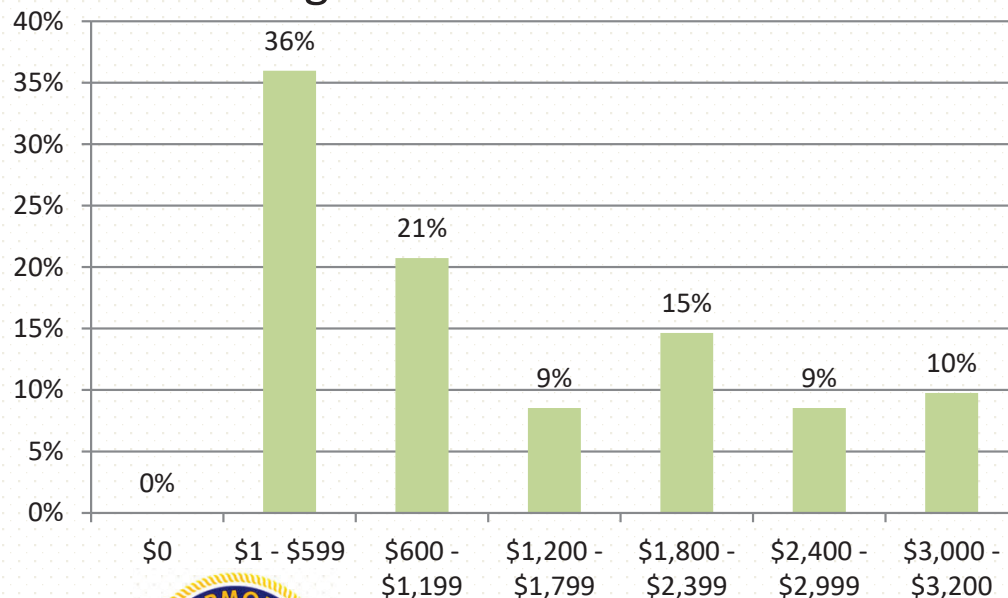
Coverage Details

	H.S.A.	
In-Network	Deductible \$3,200	Out-of-Pocket \$6,400
Utilizing Subscribers w/ Dependent Coverage		82

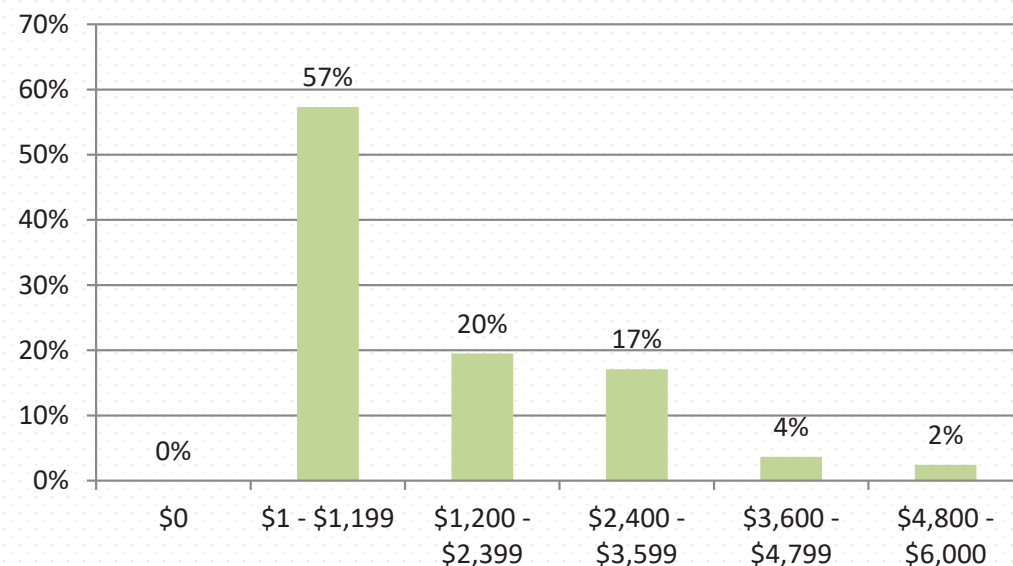
Calendar Year Progress Towards Out-of-Pocket Maximum

	H.S.A.
# that have met due to Medical Costs	0
# that have met due to Pharmacy Costs	0
# that have met due to Combined Costs	0

Progress Towards Deductible



Progress Towards Out of Pocket Maximum



Member Deductible & Out-of-pocket information is estimated as of 5/31/2016



Workforce Wellness Office Visit & ER Summary

2016 YTD - Office Visits

Month	Enrolled	Weekday Visits	Weekday Extended Hours	Weekend Visits	Total Visits	ER Visits
January	501	32	8	0	40	4
February	505	43	6	2	51	5
March	501	40	14	1	55	4
April	491	33	5	2	40	-
May	485	38	8	1	47	-
Total		186	41	6	233	13

2015 YTD - Office Visits

Month	Enrolled	Weekday Visits	Weekday Extended Hours	Weekend Visits	Total Visits	ER Visits
January	584	61	10	3	74	14
February	579	41	10	1	52	8
March	576	51	7	2	60	17
April	575	64	13	5	82	-
May	581	47	10	2	59	-
Total		264	50	13	327	39



2017 Plan Year Renewal & Marketing Plan Options & Timeline



2017 Plan Year & RFP Process

Preparing RFP to include the following options:

1. Renewal of Current Plans (POS & HSA)
2. Solicitation of an alternative HSA Plan to embed deductible
 - This option was not available last year
3. Solicitation of an HMO Buy-up option
 - To provide prescription and doctor copays
 - Not eligible for HSA dollars per the IRS
4. Review of Self-Funded & Level Funded Options

Clinic

- Bid process to hire a physician to monitor/manage employees' chronic conditions monthly and provide free medications
- Conditions to be treated will include: diabetes, high blood pressure, and high cholesterol
- Skin cancer screenings will also be conducted



National Self-Funded Plan Statistics

- More than half of U.S. workers are covered by some type of self-funded medical plan
- Generally, the larger the company, the more likely it is to self-fund

**Percentage of Covered Workers in Self-Funded Plans,
By Firm Size**



Partially or completely self-funded plans, source: Kaiser/HRET Employer Health Benefits Annual Survey, 2015, www.kff.org.



Local Governments Funding Status

#	Local Government	Fully Insured	Self-Insured	On-Site or Near-Site Clinic
1	City of Ormond Beach	Yes	-	-
2	City of Holly Hill	Yes	-	-
3	City of Deland	Yes	-	Yes
4	City of Flagler Beach	Yes	-	-
5	City of Daytona Beach	Yes	-	-
6	City of Edgewater	Yes	-	-
7	City of New Smyrna Beach	Yes	-	-
8	Town of Ponce Inlet	Yes	-	-
9	Volusia County School District	Yes	-	-
10	City of Port Orange	Yes	-	Yes
11	City of Palm Coast	-	Yes	Yes
12	Flagler County	-	Yes	Yes
13	Flagler County School District	-	Yes	Yes
14	Volusia County	-	Yes	-
15	City of Daytona Beach Shores	-	Yes	-
Totals		10	5	5



Benefits of Self Funding

- Potential for retaining savings when claims are low
- Assess tolerance for risk based on affordability
- Not subject to state health insurance premium taxes (2-3% savings)



Next Steps & Timeline



2017 Renewal & RFP Process Timeline

August 1

- RFP is advertised and open for 30 days

August 31

- B&B receives responses and reviews responses with staff and identified employee representatives

September
1 - 14

- Recommendations are provided to the City Commission



Provide a list of all public employee benefit clients for the past three years. Provide contact information for at least three employee benefit municipal clients, with at least one of those being a municipal client with a HDHP.

Founded by the Brown family in Daytona Beach, Florida in 1939, Brown & Brown has grown into one of the largest insurance intermediaries in the world over the past 84 years. From the beginning, Brown & Brown has always focused on building meaningful relationships with our clients and with our communities, based on trust and service. Our core philosophy is: Always do what's best for our clients.

Our Employee Benefits division is made up of experts that work with you to understand your values, goals, and objectives. ***We make your people our business.*** Our seasoned professionals will help you optimize your employee benefits programs. Whether improving employee attraction and retention, getting the most out of your vendor partners, or assessing the most suitable technology to meet your needs, our thoughtful and customer-specific solutions help to ensure your peace of mind.

Our team currently services the Employee Benefits needs of more than **45 local governments** in the State of Florida. We are confident in our ability to continue to provide the highest quality service and results to the City. Below are some of our public sector Employee Benefits clients in Florida:

- City of Sarasota
- City of Lighthouse Point
- City of Daytona Beach
- City of Daytona Beach Shores
- City of Ocala
- Broward Metropolitan Planning Organization
- Glades County Schools
- City of Davenport
- New Smyrna Beach Utilities Commission
- City of Longwood
- FL Dept of Financial Services – Division of Rehab and Liquidation
- City of Edgewater
- Embry Riddle Univ
- Flagler County Schools
- City of Port Orange
- City of Bradenton
- Town of Ponce Inlet
- Fernandina Beach
- Lafayette County
- Bethune-Cookman Univ
- City of Debary
- City of Deland
- City of Ormond Beach
- Lake Highland Preparatory School, Inc
- Volusia County Schools
- Madison County BOCC
- City of Madison
- Washington County
- City of Chipley
- Stetson University
- City of Belleview
- Madison County Schools
- City of Casselberry
- City of New Smyrna Beach
- City of Groveland
- City of Holly Hill Employment Corporation
- City of Palm Coast
- PSCC Education LLC – Primrose Schools
- City of St. Cloud
- City of Eagle Lake
- City of Davenport
- City of Lake Alfred
- City of Dade City
- Union County
- Clay County Utility Authority
- City of Edgewater
- City of Flagler Beach
- City of S Daytona Employment Corp
- St Petersburg College
- City of Monticello

Current Brown & Brown Employee Benefit Municipal Client Information

Client Name:	City of Deland
Address:	120 S Florida Ave, Deland, FL 32720
Client Contact:	Carrie Laskey, laskyc@deland.org

Client Name:	City of New Smyrna Beach
Address:	1800 Turnbull Bay Road, New Smyrna Beach, FL 32168
Client Contact:	Heather Kidd, hkidd@cityofnsb.com

Client Name:	City of Palm Coast
Address:	160 Lake Ave, Palm Coast, FL 32164
Client Contact:	Renina Fuller, rf Fuller@palmcoastgov.com

Provide examples of informational literature, power points, enrollment and plan summaries, or other client materials the firm created for municipal clients with similar employee benefit programs.

Common questions about HSAs



There's a lot of information out there about health savings accounts (HSAs). To highlight what you need to know, here are some of the most common questions that people ask, especially during open enrollment time.

Q: What can I use my HSA for?

A: You can use the funds in your HSA to pay for qualified medical expenses like:



Doctor's office visits, lab fees and medical procedures



Dental care, including extractions and braces



Vision care, including contact lenses, prescription sunglasses and LASIK surgery



Prescription medications and over-the-counter treatments

Keep in mind that when you are age 65 or over, your HSA can be used as extra income. That means you have the option to withdraw your funds for anything, including nonqualified expenses, without incurring a withdrawal penalty. However, you'll still need to pay income tax on it.

If you're under 65, you'll be hit with a 20% penalty for using your HSA money on nonqualified expenses, plus you'll pay income tax.

Q: What are the benefits of an HSA?

A: HSAs are tax-advantaged accounts that help people save and pay for [qualified medical expenses](#). Your HSA lets you:

- Contribute money through payroll contributions before it's taxed
- Grow your funds income tax-free
- Make income tax-free withdrawals for qualified medical expenses
- Carry over available dollars from year to year
- Keep all funds in it even if you change jobs, switch health plans or retire
- Pay for qualified medical expenses for a spouse or tax dependent
- Consolidate any other HSAs you may have into one HSA for extra convenience



Remember: Your HSA contributions are either tax-deductible or pre-tax (if made by payroll deduction). You may contribute directly to your HSA from your personal account and deduct that from your federal tax return. Most states also recognize HSA contributions as a deduction but a few do not. Similarly, a few states tax interest earned on your HSA. See IRS Publication 969, or consult a tax advisor to see how your state treats HSA contributions.

Q: Who qualifies for an HSA?

A: To be eligible to open an HSA, you must have a qualifying high-deductible health plan (HDHP) that meets IRS guidelines for the annual deductible and out-of-pocket maximum.

You also cannot be:

- Covered by any other health plan that is not an HDHP
- Currently enrolled in Medicare or TRICARE
- Claimed as a dependent on another individual's tax return
- A recipient of Department of Veterans Affairs (VA) benefits within the past 3 months, except for preventive care. If you are a veteran with a disability rating from the VA, this exclusion does not apply.

Q: What is a qualifying HDHP?

A: For 2025, qualifying HDHPs are at least \$1,650 in deductibles for individual coverage and \$3,300 for family coverage, and out-of-pocket not exceeding \$8,300 for individual coverage and \$16,600 for family coverage.

Q: What happens to my HSA if I am no longer covered by an HDHP?

A: While you can no longer contribute to your HSA, your HSA funds are yours to keep and use for life.

Q: Are health insurance premiums considered qualified medical expenses?

A: No, but exceptions include qualified long-term-care insurance, COBRA health care continuation coverage and any health plan maintained while receiving unemployment compensation under federal or state law. For those 65 and older, you can typically use your HSA to pay for Medicare premiums for Medicare Parts A, B, C (Medicare HMO and PPO plans) and D. Premiums for Medigap policies are not qualified medical expenses.

Q: How much can I contribute to an HSA?

A: For 2025, the IRS set annual contribution limits of \$4,300 for individual coverage and \$8,550 for family coverage.

Primary account holders ages 55 or older can contribute an additional \$1,000 each year. Spouses may also contribute an additional \$1,000 if they are over age 55; however, they must contribute to an HSA set up in their own name.



Remember: Any contributions made by you, or by anyone else, count toward the annual contribution edit for specificity limit.

Q: How can I make contributions?

A: There are 2 easy ways to make a deposit:



1 Payroll deductions through your employer, if available



2 Online, using your personal bank account

Q: When can contributions be made?

A: Contributions for a taxable year can be made any time within that year and up until the tax filing deadline for the following year, which is typically **April 15**.

Q: Can I reimburse myself for expenses prior to my enrollment in an HSA?

A: No. Qualified medical expenses may be reimbursed only if the expenses are from after the date your HSA was established.

Q: Is there a time limit for reimbursing myself?

A: You can reimburse yourself at any time for expenses you paid for out of pocket. There is no time limit, but the expenses must have been incurred since you opened your HSA.

Q: How can I use my HSA to pay for qualified expenses?

A: You can use your HSA payment card, online bill pay, or pay out of pocket and then pay yourself back using HSA funds.

Q: Can I use my HSA to pay for non-health-related expenses?

A: Yes. However, any amount that is taken out of your HSA and not used exclusively to pay for qualified medical expenses for you, your spouse or your eligible tax dependents is subject to income taxes and an additional 20% IRS penalty, except in the case of distributions made after your death, disability or reaching age 65.

Q: What happens if my HSA contributions exceed the annual contribution limit?

A: If you contribute more than the IRS annual contribution limit, you have until the tax-filing deadline to withdraw excess contributions. If excess contributions are not withdrawn by the tax-filing deadline, an annually assessed excise tax of 6% will be imposed on any excess amount.

Q: Is tax reporting required for an HSA?

A: Yes. You must complete IRS form 8889 each year with your tax return to report total deposits and withdrawals from your account. You do not need to itemize. For more information about tax rules, including distribution information, consult a tax advisor.

Q: What happens to my HSA when I die?

A: If you are married and your spouse is listed as your beneficiary, they will become the owner of the account and assume it as their own. If you are unmarried, your account will cease to be an HSA. The money in your account will pass to your beneficiaries or become a part of your estate, and it will be subject to applicable taxes.

Q: Can I invest my HSA dollars?

A: Yes, you can choose to invest your HSA dollars once you reach your investment threshold.



Ready to enroll?

Enrolling in an HSA is quick and easy because it's built into your employer's benefit options. Review your materials today so you don't miss your chance to sign up.

Looking for more HSA resources?

Scan the QR code, or go to [hsa.optum.com](#) to learn more.

Investments are not FDIC insured, are not bank issued or guaranteed by Optum Financial or its subsidiaries, including Optum Bank, and are subject to risk including fluctuations in value and the possible loss of the principal amount invested.

2025 Annual Open Enrollment Frequently Asked Questions (FAQ)

Health Savings Account (HSA)

➤ ***What are the triple tax advantages?***

Contribute income tax-free money, grow the savings with income tax-free interest and investment growth, and spend on qualified expenses – all income tax-free.

➤ ***Which plan do I need to enroll in to sign up for the HSA?***

The HSA Medical Plan.

➤ ***Who is the HSA vendor?***

EBC – Employee Benefits Corporation.

➤ ***Do I have to contribute to the HSA if I enroll under the HDHP?***

No. If you enroll under the HSA medical plan, it is optional for you to contribute to the savings account.

➤ ***How much is my employer contributing to my HSA?***

- \$250 Single coverage
- \$500 Employee + Dependents

➤ ***Do I have access to the full amount I contributed on day 1 like I would with the FSA?***

No. You will only have access to the amount that's been accumulated per paycheck.

➤ ***What if I leave my employer? What happens to my HSA?***

Your HSA goes with you wherever you go.

➤ ***How much can I contribute to the HSA? Can I change the contribution amount?***

\$4,300 for Single and \$8,550 for Family. If you are 55 or older, you may contribute an additional \$1,000 as catchup. All maximum contributions must include your employer's contributions. You may change contributions anytime throughout the year.

➤ ***Does this mean that if you have a husband and wife both 55 or older that you can contribute an extra 2k?***

Yes, if you are 55 or older and have family coverage on an HSA, you can still make the "catch-up" contribution of an additional \$1,000 per year to your HSA, regardless of whether you have family coverage; this applies to each eligible spouse on the plan who is 55 or older.

➤ ***Can I contribute \$8,550 to my HSA with a family plan and my spouse contribute a separate \$4,300 with a single plan to combine the annual contribution limit of \$12,850?***

No, a family may only contribute a maximum of \$8,550 in total. You may do one of the following:

- Split the family plan contribution evenly between the spouses.
- Allocate it unevenly, according to a specific division both parties have agreed on.
- Put 100% in one spouse's account.

➤ ***What happens to the money if I don't use it all by the end of the year?***

The funds will rollover year after year, they do not expire. This includes your employer's contributions.

➤ ***Can the HSA be used on my dependents even if they are not enrolled on my plan?***

Yes. Your HSA dollars can be spent on qualified expenses for any taxable dependents even if they are not enrolled on your plan.

2025 Annual Open Enrollment

Frequently Asked Questions (FAQ)

➤ ***What if I have an FSA and want to enroll in the HSA next year to have both?***

EBC has an “Auto Convert” feature. With this feature, participants that are currently enrolled in a standard health FSA and also enroll in an HSA will automatically have the funds in their standard FSA converted to a limited purpose health FSA to maintain HSA eligibility. The maximum rollover for LPFSA is \$660.

➤ ***With the HSA do I have to upload receipts like I have to do with the FSA?***

You do not need to submit any receipts or documentations. However, it's a good idea to save health care bills and documentation in case of an IRS audit.

➤ ***Can I be reimbursed if you forget your card like an FSA?***

Yes. You may use any form of payment on qualifying expenses and as long as you keep the receipt and/or EOB, you can be reimbursed.

➤ ***How do I create an account with EBC?***

You can get started by creating your online account on www.ebcflex.com.

➤ ***Is there a mobile app I can download?***

Yes. Download EBC Mobile in the App Store OR Google Play.

➤ ***Can I invest the funds in my HSA?***

Yes, once your account reaches the minimum of \$1,000 cash balance, you can start investing. There are three different investment models to choose from: Managed, Self-Directed, and Brokerage.

➤ ***Where can I find more information on investments with my HSA?***

Learn more about your investment opportunities in your online account:

- After you log in to your online account, select your HSA tile.
- Click on your HSA balance.
- Select **Learn More About Investments**.

➤ ***Could my transaction be declined?***

Your card may be declined if the merchant does not accept the Benefits Card, your purchase is not an eligible expense, or if you attempt to use your card for expense that exceeds your available balance.

➤ ***What if I have leftover funds in my HSA but want to switch to a copay plan at the next annual open enrollment?***

Not to worry! You may still use your HSA funds on qualifying expenses as you would even on a copay plan. You just cannot contribute pre-tax dollars to the HSA if you are not on a qualified medical plan.

➤ ***What can I spend my HSA on?***

You can spend it on qualified medical, dental and vision expenses. To find a complete list of HSA qualifying expenses, please visit IRS Publication 502 at <https://www.irs.gov/pub-irs-pdf/p502> or access www.ebcflex.com/EligibleExpenses.

➤ ***Can I take my HSA money out of the account?***

Yes. You can take the money out at any time, but you will be subject to a penalty and pay taxes if you are under the age of 65. Once you are 65, you may take the money out penalty free, but subject to taxes if it is for a non-eligible expense.

➤ ***What if I spend my HSA on a non-eligible expense?***

You may be subject to a penalty and taxes by the IRS if you are audited or the card could be declined.

2025 Annual Open Enrollment Frequently Asked Questions (FAQ)

Health Savings Account (HSA) – Medicare Specific

➤ ***Can I contribute to my HSA after I enroll in Medicare?***

No, you can no longer contribute to your HSA after you enroll in Medicare. This is because Medicare, including Original Medicare, Supplemental coverage, or Advantage plans, does not qualify as a high-deductible health plan, and you must be enrolled in an HDHP to contribute to an HSA. Once you enroll in any part of Medicare, including Parts A or B, you are no longer eligible to make HSA contributions.

➤ ***Can I be enrolled in Medicare and use an HSA?***

While you can be enrolled in Medicare and have an HSA, you cannot contribute after you have enrolled in Medicare. If you have funds available in your HSA, you can use them to pay for qualified medical expenses, even after you enroll in Medicare.

➤ ***Can I still use the money in my HSA after I enroll in Medicare?***

Generally, yes, you can still use the money in your HSA to pay for qualified medical expenses, even after you enroll in Medicare. However, you will no longer be able to deduct your contributions to your HSA on your federal income taxes.

➤ ***If I enroll in Medicare, should I close my HSA?***

Generally, you do not need to close your HSA if you enroll in Medicare. You can keep your HSA open and continue to use it to pay for qualified medical expenses. However, you will no longer be able to contribute to it.

➤ ***What happens to the money in my HSA if I enroll in Medicare and am no longer eligible to contribute to it?***

In most instances, the money is yours once you have contributed funds to an HSA. You can continue using it to pay for qualified medical expenses and even withdraw funds for non-qualified expenses. However, any funds withdrawn for non-qualified expenses will be subject to income tax based on the tax bracket you fall into, and if you are under age 65, you will be assessed a 20% penalty.

➤ ***I have a spouse who is not enrolled in Medicare. Can they still contribute to an HSA?***

Yes, your spouse not enrolled in Medicare can contribute to an HSA even if you are. They can even use the funds to help pay for your medical expenses not covered by Medicare. However, they cannot list any contributions as deductions on their federal income taxes.

➤ ***I am enrolled in Medicare. Can I open a new HSA?***

No, you cannot open a new HSA if you are enrolled in Medicare. You can only open a new account if you are covered through a high-deductible health plan.

➤ ***How much can I contribute to the HSA? Can I change the contribution amount?***

\$4,300 for Single and \$8,550 for Family. If you are 55 or older, you may contribute an additional \$1,000 as catchup. All maximum contributions must include your employer's contributions. You may change contributions anytime throughout the year.

➤ ***Who should I contact if I have specific questions about how Medicare will affect my HSA?***

For specific questions about how your Medicare coverage will impact your HSA, contact your HSA administrator or a tax professional.

2025 Annual Open Enrollment Frequently Asked Questions (FAQ)

HSA Medical Plan vs. Copay Medical Plan

Scenario #1: Bella elects Employee Only coverage and is having out-patient surgery at an in-network facility.

<u>HSA Plan</u> Deductible = \$2,000 / Out-of-Pocket Max = \$4,000		<u>Copay Plan</u> Deductible = \$1,500 / Out-of-Pocket Max = \$4,000	
Total Cost of Surgery	\$10,000.00	Total Cost of Surgery	\$10,000.00
Bella's Deductible	\$2,000.00	Bella's Deductible	\$1,500.00
Remaining Amount	\$8,000.00	Remaining Amount	\$8,500.00
Bella's 20% Coinsurance (20% of \$8,000)	\$1,600.00	Bella's 30% Coinsurance (30% of \$8,500)	\$2,550.00
Bella's Total Member Responsibility	\$3,600.00	Bella's Total Member Responsibility	\$4,050.00
Security First HSA Contribution	- \$250.00	Security First HSA Contribution	\$0.00
Bella's Net Member Responsibility	\$3,350.00	Bella's Net Member Responsibility	\$4,050.00
Annual Premium for HSA Plan	\$0.00	Annual Premium for Copay Plan	\$1,799.98
Bella's Total Cost (Ded, Coins. & Premium)	\$3,350.00	Bella's Total Cost (Ded, Coins. & Premium)	\$5,849.98

After this procedure, Bella's deductible will be satisfied. She will be responsible for 20% of all covered medical expenses and/or the appropriate Prescription drug copay until she pays an additional \$400 out of pocket. Once that additional \$400 is paid, all covered medical expenses and prescriptions will be covered at 100%

After this procedure, Bella's deductible and annual out-of-pocket maximum will be satisfied. All covered medical expenses and prescriptions will be covered at 100%.

2025 Annual Open Enrollment Frequently Asked Questions (FAQ)

HSA Medical Plan vs. Copay Medical Plan

Scenario #2: Sam elects Employee & Spouse coverage. Sam is going to have Advanced Imaging-MRI at an in-network facility.

<u>HSA Plan</u> Deductible = \$4,000 / Out-of-Pocket Max = \$8,000		<u>Copay Plan</u> Deductible = \$1,500 / Out-of-Pocket Max = \$4,000	
Total Cost of MRI	\$5,000.00	Total Cost of MRI	\$5,000.00
Sam's Deductible	\$4,000.00	Sam's Deductible	\$1,500.00
Remaining Amount	\$1,000.00	Remaining Amount	\$3,500.00
Sam's 20% Coinsurance (20% of \$1,000)	\$200.00	Sam's 30% Coinsurance (30% of \$3,500)	\$1,050.00
Sam's Total Member Responsibility	\$4,200.00	Sam's Total Member Responsibility	\$2,550.00
Security First HSA Contribution	\$500.00	Security First HSA Contribution	\$0.00
Sam's Net Member Responsibility	\$3,700.00	Sam's Net Member Responsibility	\$2,550.00
Annual Premium for HSA Plan	\$5,005.00	Annual Premium for Copay Plan	\$9,199.84
Sam's Total Cost (Ded, Coins. & Premium)	\$8,705.00	Sam's Total Cost (Ded, Coins.& Premium)	\$11,749.84

After this procedure, Sam's deductible will be satisfied. He will be responsible for 20% of all covered medical expenses and/or the appropriate Prescription drug copay until he pays an additional \$3,800 out of pocket. Once that additional \$3,800 is paid, all covered medical expenses and prescriptions will be covered at 100%.

After this procedure, Sam's deductible will be satisfied. He will be responsible for 30% of all covered medical expenses and/or the appropriate Prescription drug copay until he pays an additional \$250 out of his pocket. Once the additional \$250 is paid, all covered medical expenses and prescriptions will be covered at 100%.

2025 Annual Open Enrollment Frequently Asked Questions (FAQ)

HSA Medical Plan vs. Copay Medical Plan

Scenario #3: Lenny elects Employee & Child coverage. His child, Ben, broke his arm and is going to the ER.

<u>HSA Plan</u> Deductible = \$4,000 / Out-of-Pocket Max = \$8,000		<u>Copay Plan</u> Deductible = \$1,500 / Out-of-Pocket Max = \$4,000	
Total Cost of ER	\$5,750.00	Total Cost of ER	\$600.00
Lenny's Deductible	\$4,000.00	Ben's Deductible	\$1,500.00
Remaining Amount	\$1,750.00	Remaining Amount	\$1,500.00
Lenny's 20% Coinsurance (20% of \$1,750)	\$350.00	Ben's 30% Coinsurance (30% of \$250)	
Lenny's Total Member Responsibility	\$4,350.00	Ben's Total Member Responsibility	\$600.00
Security First HSA Contribution	\$500.00	Security First HSA Contribution	\$0.00
Lenny's Net Member Responsibility	\$3,850.00	Ben's Net Member Responsibility	\$600.00
Annual Premium for HSA Plan	\$2,907.06	Annual Premium for Copay Plan	\$7,614.00
Lenny's Total Cost (Ded, Coins. & Premium)	\$6,757.06	Lenny's Total Cost (Ded, Copay & Premium)	\$8,214.00

After this procedure, Lenny's family deductible will be satisfied. He will be responsible for 20% of all covered medical expenses and/or the appropriate Prescription drug copay until he pays an additional \$3,650 out of pocket. Once that additional \$3,650 is paid, all covered medical expenses and prescriptions will be covered at 100%.

After this procedure, Lenny's deductible will not be satisfied because copays do not track towards the deductible, only towards the out-of-pocket maximum. Lenny will continue to pay copay for services that are subject to a copay and for services that are subject to his deductible. Once he meets his out-of-pocket maximum of \$4,000, then all covered medical expenses and prescriptions will be covered at 100%.

2025 Annual Open Enrollment Frequently Asked Questions (FAQ)

HSA Medical Plan vs. Copay Medical Plan

Scenario #4: Tasha elects Employee Only Coverage. Tasha has an Inpatient Hospital Stay at an in-network facility.

<u>HSA Plan</u> Deductible = \$2,000 / Out-of-Pocket Max = \$4,000		<u>Copay Plan</u> Deductible = \$1,500 / Out-of-Pocket Max = \$4,000	
Total Cost of Inpatient Hospital Stay	\$3,000.00	Total Cost of ER	\$3,000.00
Tasha's Deductible	\$2,000.00	Tasha's Deductible	\$1,500.00
Remaining Amount	\$1,000.00	Remaining Amount	\$1,500.00
Tasha's 20% Coinsurance (20% of \$1,000)	\$200.00	Tasha's 30% Coinsurance (30% of \$1,500)	\$450.00
Tasha's Total Member Responsibility	\$2,200.00	Tasha's Total Member Responsibility	\$1,950.00
Security First HSA Contribution	\$250.00	Security First HSA Contribution	\$0.00
Tasha's Net Member Responsibility	\$1,950.00	Tasha's Net Member Responsibility	\$1,950.00
Annual Premium for HSA Plan	\$0.00	Annual Premium for Copay Plan	\$1,799.98
Tasha's Total Cost (Ded, Coins. & Premium)	\$1,950.00	Tasha's Total Cost (Ded, Copay & Premium)	\$3,749.98

After this procedure, Tasha's deductible will be satisfied. She will be responsible for 20% of all covered medical expenses and/or the appropriate Prescription drug copay until she pays an additional \$1,800 out of pocket. Once that additional \$1,800 is paid, all covered medical expenses and prescriptions will be covered at 100%.

After this procedure, Tasha's deductible will be satisfied. She will be responsible for 30% of all covered medical expenses and/or the appropriate Prescription drug copay until she pays an additional \$2,050 out of her pocket. Once the additional \$2,050 is paid, all covered medical expenses and prescriptions will be covered at 100%.

Volusia County Schools 2024-2025

T28 HMO & FHCP Medvantage Plan

	Florida Health Care Plans	
	HMO – T28	HMO Med-Advantage - 040
	In-Network	In-Network
Monthly Premium	\$111.03 (\$66.62 per pay)	\$185 (Medicare Part B)
Annual Deductible Single/Family	\$3,500 / \$7,000	\$0
Prescription Drug Deductible	(Integrated w/Medical)	\$295 Part D Drugs (Tiers 4 & 5)
Coinsurance (Member Pays)	15%	20%
Out of Pocket Max Single/Family	\$8,000 / \$16,000	\$5,100 / NA
Physician Services		
PCP Copay	\$20	\$0
Specialist Copay	\$35	\$30
Preventive Care		
Routine Physical Exam, Well Child, Immunization	\$0	\$0
Preferred Fitness Program (Gym Access)	\$0	\$0
Extended Hour Care Centers (WFW)		
Per Visit	\$8	\$0
Hospital Services		
Inpatient	\$300/Day (\$1,500 Max) AD	\$320/Day (Days 1-6)
Outpatient	\$250 (ASC) / \$500 (Hospital)	\$200 (ASC) / \$250 (Hospital)
Emergency Services		
Emergency Visit / Urgent Care	\$400 / \$75	\$125 / \$30
Ambulance Services	\$100	\$265
Lab, X-ray, & Diagnostics		
Lab and Radiology	Lab \$0 / \$25 (OP) X-ray \$20 / \$75 (OP)	Lab \$0 / \$0 (OP) X-ray \$10 / \$50 (OP)
Advanced Imaging	\$175 / 15% AD (OP)	\$10 / \$200 (OP)
Other Services		
Chiropractic	\$15 (20 visit limit)	\$20 (No visit limit)
Acupuncture	Not Covered	\$20 (20 visit limit)
Occupational, Physical and Speech Therapy	\$15 (20 Visit limit)	\$20 (No visit limit)
Home Health Care	\$15 (60 Visit limit)	\$0 (No visit limit)
Prescription Drugs		
Retail (31 Day Supply)	FHCP / Walgreens	FHCP / Walgreens
Preferred Generic	\$3 / \$20	\$0 / \$17
Non-Pref Generic	\$12 / \$20	\$5 / \$20
Preferred Brand	\$35 / \$40	\$44 / \$47
Non-preferred Brand	\$60 / \$65	25% AD
Pre-approved specialty drug formulary	Preferred: 15% Coins Non-Preferred: 25% Coins	Preferred: 29% AD Non-Preferred: 29% AD
Mail Order (up to 93 day supply)		
Preferred Generic/Non-Pref Generic/ Preferred Brand/ Non- preferred Brand	\$6 / \$33 / \$102 / \$177	\$0 / \$12 / \$129 / 25% AD

HMO prescriptions are available at FHCP retail and mail order pharmacies. Select Walgreens (listed on FHCP.com) can ONLY be used from 6pm to 8am Monday - Friday and all-day Saturday, Sunday and holidays

Med-Advantage prescriptions NOTE: Med-Advantage medication costs are subject to Medicare Part D guidelines, and DO NOT count towards the Annual Out-of-Pocket Maximum

AD = After Deductible

ASC = Ambulatory Surgical Center Facility

OP = Outpatient Facility

Volusia County Schools 2024-2025

LT7 HMO 2 & FHCP Medvantage Plan

	Florida Health Care Plans	
	HMO – LT7	HMO Med-Advantage - 040
	In-Network	In-Network
Monthly Premium	\$0	\$185 (Medicare Part B)
Annual Deductible Single/Family	\$5,850 / \$11,700	\$0
Prescription Drug Deductible	(Integrated w/Medical)	\$295 for Part D Drugs
Coinsurance (Member Pays)	25%	20%
Out of Pocket Max Single/Family	\$9,200 / \$18,400	\$5,100 / NA
Physician Services		
PCP Copay	\$35	\$0
Specialist Copay	\$50	\$30
Preventive Care		
Routine Physical Exam, Well Child, Immunization	\$0	\$0
Preferred Fitness Program (Gym Access)	\$0	\$0
Extended Hour Care Centers (WFW)		
Per Visit	\$8	\$0
Hospital Services		
Inpatient	25% AD	\$320/Day (Days 1-6)
Outpatient	\$2,000 (ASC) / 25% AD (Hospital)	\$200 (ASC) / \$250 (Hospital)
Emergency Services		
Emergency Visit / Urgent Care	25% AD / 25% AD	\$125 / \$30
Ambulance Services	25% AD	\$265
Lab, X-ray, & Diagnostics		
Lab and Radiology	Lab \$0 / 25% AD (OP) X-ray \$50 / 25% AD (OP)	Lab \$0 / \$0 (OP) X-ray \$10 / \$50 (OP)
Advanced Imaging	\$750 / 25% AD (OP)	\$10 / \$200 (OP)
Other Services		
Chiropractic	25% AD (20 visit limit)	\$20 (No visit limit)
Acupuncture	Not Covered	\$20 (20 visit limit)
Occupational, Physical and Speech Therapy	25% AD (20 Visit limit)	\$20 (No visit limit)
Home Health Care	25% AD (60 Visit limit)	\$0 (No visit limit)
Prescription Drugs		
Retail (31 Day Supply)	FHCP / Walgreens	FHCP / Walgreens
Preferred Generic	\$3 / \$20	\$0 / \$17
Non-Pref Generic	\$12 / \$20	\$5 / \$20
Preferred Brand	\$35 / \$40	\$44 / \$47
Non-preferred Brand	\$60 / \$65	25% AD
Pre-approved specialty drug formulary	Preferred: 15% Coins Non-Preferred: 25% Coins	Preferred: 29% AD Non-Preferred: 29% AD
Mail Order (up to 93 day supply)		
Preferred Generic/Non-Pref Generic/ Preferred Brand/ Non- preferred Brand	\$6 / \$33 / \$102 / \$177	\$0 / \$12 / \$129 / 25% AD

HMO prescriptions are available at FHCP retail and mail order pharmacies. Select Walgreens (listed on FHCP.com) can ONLY be used from 6pm to 8am Monday - Friday and all-day Saturday, Sunday and holidays

Med-Advantage prescriptions NOTE: Med-Advantage medication costs are subject to Medicare Part D guidelines, and DO NOT count towards the Annual Out-of-Pocket Maximum

AD = After Deductible

ASC = Ambulatory Surgical Center Facility

OP = Outpatient Facility

Example #1

Bella elects Employee Only coverage. Bella is going to have outpatient surgery at an in-network facility.

HSA Plan Deductible = \$2,000 / Out-of-Pocket Max = \$4,000		Copay Plan Deductible = \$1,500 / Out-of-Pocket Max = \$4,000	
Total Cost of Surgery	\$10,000.00	Total Cost of Surgery	\$10,000.00
Bella's Deductible	\$2,000.00	Bella's Deductible	\$1,500.00
Remaining Amount	\$8,000.00	Remaining Amount	\$7,500.00
Bella's 20% Coinsurance	\$1,600.00	Bella's 30% Coinsurance	\$2,250.00
Bella's Total Member Responsibility	\$3,600.00	Bella's Total Member Responsibility	\$3,750.00
Security First HSA Contribution	\$250.00	Security First HSA Contribution	\$0.00
Bella's Net Member Responsibility	\$3,350.00	Bella's Net Member Responsibility	\$3,750.00
Annual Premium for HSA Plan	\$0.00	Annual Premium for Copay Plan	\$1,799.98
Bella's Total Cost <i>(Ded, Coins. & Premium)</i>	\$3,350.00	Bella's Total Cost <i>(Ded, Coins. & Premium)</i>	\$5,549.98

After this procedure, Bella's deductible will be satisfied. She will be responsible for 20% of all covered medical expenses and/or the appropriate Prescription drug copay until she pays an additional \$400 out of pocket. Once that additional \$400 is paid, all covered medical expenses and prescriptions will be covered at 100%.

After this procedure, Bella's deductible will be satisfied. She will be responsible for 30% of all covered medical expenses and/or the appropriate Prescription drug copay until she pays an additional \$250 out of her pocket. Once the additional \$250 is paid, all covered medical expenses and prescriptions will be covered at 100%.

NOTE: Plan cost assumes non-tobacco status and \$0-\$50,000 salary range

Example #2

Sam elects Employee & Spouse coverage. Sam is going to have Advanced Imaging-MRI at an in-network facility.

HSA Plan Deductible = \$4,000 / Out-of-Pocket Max = \$8,000		Copay Plan Deductible = \$1,500 / Out-of-Pocket Max = \$4,000	
Total Cost of MRI	\$5,000.00	Total Cost of MRI	\$5,000.00
Sam's Deductible	\$4,000.00	Sam's Deductible	\$1,500.00
Remaining Amount	\$1,000.00	Remaining Amount	\$3,500.00
Sam's 20% Coinsurance	\$200.00	Sam's 30% Coinsurance	\$1,050.00
Sam's Total Member Responsibility	\$4,200.00	Sam's Total Member Responsibility	\$2,550.00
Security First HSA Contribution	\$500.00	Security First HSA Contribution	\$0.00
Sam's Net Member Responsibility	\$3,700.00	Sam's Net Member Responsibility	\$2,550.00
Annual Premium for HSA Plan	\$5,005.00	Annual Premium for Copay Plan	\$9,199.84
Sam's Total Cost <i>(Ded, Coins. & Premium)</i>	\$8,705.00	Sam's Total Cost <i>(Ded, Coins. & Premium)</i>	\$11,749.84

After this procedure, Sam's deductible will be satisfied. He will be responsible for 20% of all covered medical expenses and/or the appropriate Prescription drug copay until he pays an additional \$3,800 out of pocket. Once that additional \$3,800 is paid, all covered medical expenses and prescriptions will be covered at 100%.

After this procedure, Sam's deductible will be satisfied. He will be responsible for 30% of all covered medical expenses and/or the appropriate Prescription drug copay until he pays an additional \$250 out of his pocket. Once the additional \$250 is paid, all covered medical expenses and prescriptions will be covered at 100%.

NOTE: Plan cost assumes non-tobacco status, no spousal surcharge and \$0-\$50,000 salary range

Example #3

Lenny elects Employee & Child coverage. His child, Ben, broke his arm and is going to the ER.

HSA Plan Deductible = \$4,000 / Out-of-Pocket Max = \$8,000		Coplay Plan Deductible = \$1,500 / Out-of-Pocket Max = \$4,000	
Total Cost of ER	\$5,750.00	Total Cost of ER	\$600.00
Lenny's Deductible	\$4,000.00	Ben's Deductible	\$1,500.00
Remaining Amount	\$1,750.00	Remaining Amount	\$1,500.00
Lenny's 20% Coinsurance	\$350.00	Ben's 30% Coinsurance	\$0.00
Lenny's Total Member Responsibility	\$4,350.00	Ben's Total Member Responsibility	\$600.00
Security First HSA Contribution	\$500.00	Security First HSA Contribution	\$0.00
Lenny's Net Member Responsibility	\$3,850.00	Ben's Net Member Responsibility	\$600.00
Annual Premium for HSA Plan	\$2,907.06	Annual Premium for Copay Plan	\$6,354.14
Lenny's Total Cost <i>(Ded, Coins. & Premium)</i>	\$6,757.06	Lenny's Total Cost <i>(Ded, Copay & Premium)</i>	\$6,954.14

After this procedure, Lenny's family deductible will be satisfied. He will be responsible for 20% of all covered medical expenses and/or the appropriate Prescription drug copay until he pays an additional \$3,650 out of pocket. Once that additional \$3,650 is paid, all covered medical expenses and prescriptions will be covered at 100%.

After this procedure, Ben's deductible will not be satisfied because copays do not track towards the deductible, only towards the out-of-pocket maximum. Ben will continue to pay copay for services that are subject to a copay and for services that are subject to his deductible. Once he meets his out-of-pocket maximum of \$4,000, then all covered medical expenses and prescriptions will be covered at 100%.

NOTE: Plan cost assumes non-tobacco status, no spousal surcharge and \$0-\$50,000 salary range

Example #4

Tasha elects Employee Only Coverage. Tasha has an Inpatient Hospital Stay at an in-network facility.

HSA Plan Deductible = \$2,000 / Out-of-Pocket Max = \$4,000		Copay Plan Deductible = \$1,500 / Out-of-Pocket Max = \$4,000	
Total Cost of Inpatient Hospital Stay	\$3,000.00	Total Cost of ER	\$3,000.00
Tasha's Deductible	\$2,000.00	Tasha's Deductible	\$1,500.00
Remaining Amount	\$1,000.00	Remaining Amount	\$1,500.00
Tasha's 20% Coinsurance	\$200.00	Tasha's 30% Coinsurance	\$450.00
Tasha's Total Member Responsibility	\$2,200.00	Tasha's Total Member Responsibility	\$1,950.00
Security First HSA Contribution	\$250.00	Security First HSA Contribution	\$0.00
Tasha's Net Member Responsibility	\$1,950.00	Tasha's Net Member Responsibility	\$1,950.00
Annual Premium for HSA Plan	\$0.00	Annual Premium for Copay Plan	\$1,799.98
Tasha's Total Cost <i>(Ded, Coins. & Premium)</i>	\$1,950.00	Tasha's Total Cost <i>(Ded, Copay & Premium)</i>	\$3,749.98

After this procedure, Tasha's deductible will be satisfied. She will be responsible for 20% of all covered medical expenses and/or the appropriate Prescription drug copay until she pays an additional \$1,800 out of pocket. Once that additional \$1,800 is paid, all covered medical expenses and prescriptions will be covered at 100%.

After this procedure, Tasha's deductible will be satisfied. She will be responsible for 30% of all covered medical expenses and/or the appropriate Prescription drug copay until she pays an additional \$2,050 out of her pocket. Once the additional \$2,050 is paid, all covered medical expenses and prescriptions will be covered at 100%.

NOTE: Plan cost assumes non-tobacco status, no spousal surcharge and \$0-\$50,000 salary range

About these Coverage Examples:

This is not a cost estimator. Treatments shown are just examples of how this plan might cover medical care. Your actual costs will be different depending on the actual care you receive, the prices your providers charge, and many other factors. Focus on the cost sharing amounts (deductibles, copayments and coinsurance) and excluded services under the plan. Use this information to compare the portion of costs you might pay under different health plans. Please note these coverage examples are based on self-only coverage.

Simple Fracture (in-network emergency room visit and follow up care)		Managing type 2 Diabetes (a year of routine in-network care of a well-controlled condition)	
HMO – T28	HMO Med-Advantage - 040	HMO – T28	HMO Med-Advantage - 040
Plan's overall deductible \$3500	Plan's overall deductible \$0	Plan's overall deductible \$3500	Plan's overall deductible \$0
Specialist copayment \$35	Part D Rx Deductible \$295	Specialist copayment \$35	Part D Rx Deductible \$295
Hospital (ER) copay \$400	Specialist copayment \$30	Hospital (facility) copay \$400	Specialist copayment \$30
Other copayment \$400	Hospital (ER) copay \$125	Other coinsurance 15%	Hospital (facility) copay \$125
	Other copayment \$300		Other coinsurance 20%
This EXAMPLE event includes services like: Emergency room care (including medical supplies) Diagnostic test (x-ray) Durable medical equipment (crutches) Rehabilitation services (physical therapy)		This EXAMPLE event includes services like: Primary care physician office visits (including disease education) Diagnostic tests (blood work) Prescription drugs Durable medical equipment (glucose meter)	
Total Example Cost \$2,800		Total Example Cost \$5,600	
In this example, member would pay:	In this example, member would pay:	In this example, member would pay:	In this example, member would pay:
<i>Cost Sharing</i>	<i>Cost Sharing</i>	<i>Cost Sharing</i>	<i>Cost Sharing</i>
Deductibles \$0	Deductibles \$0	Deductibles \$0	Deductibles \$0
Copayments \$900	Copayments \$455	Copayments \$1,100	Copayments \$315
Coinsurance \$40	Coinsurance \$0	Coinsurance \$0	Coinsurance \$0
<i>What isn't covered:</i> Limits or exclusions \$0		<i>What isn't covered:</i> Limits or exclusions \$20	
Total member pays \$940	Total member pays \$455	Total member pays \$1,120	Total member pays \$335

The plan would be responsible for the other costs of these EXAMPLE covered services.

For more information on Medicare or ACA Individual options for yourself or family members, please contact:

Romonita McKissick

OR

Laura Radford

386-676-7100 Ext. 7881

386-676-7100 Ext. 7882

About these Coverage Examples:

This is not a cost estimator. Treatments shown are just examples of how this plan might cover medical care. Your actual costs will be different depending on the actual care you receive, the prices your providers charge, and many other factors. Focus on the cost sharing amounts (deductibles, copayments and coinsurance) and excluded services under the plan. Use this information to compare the portion of costs you might pay under different health plans. Please note these coverage examples are based on self-only coverage.

Simple Fracture (in-network emergency room visit and follow up care)		Managing type 2 Diabetes (a year of routine in-network care of a well-controlled condition)	
HMO 2 – LT7	HMO Med-Advantage - 040	HMO 2 – LT7	HMO Med-Advantage - 040
Plan's overall deductible \$5850	Plan's overall deductible \$0	Plan's overall deductible \$5850	Plan's overall deductible \$0
Specialist copayment \$50	Part D Rx Deductible \$295	Specialist copayment \$50	Part D Rx Deductible \$295
Hospital (ER) coinsurance 25%	Specialist copayment \$30	Hosp (facility) coinsurance 25%	Specialist copayment \$30
Other coinsurance 25%	Hospital (ER) copay \$125	Other coinsurance 25%	Hospital (facility) copay \$125
	Other copayment \$300		Other coinsurance 20%
This EXAMPLE event includes services like: Emergency room care (including medical supplies) Diagnostic test (x-ray) Durable medical equipment (crutches) Rehabilitation services (physical therapy)		This EXAMPLE event includes services like: Primary care physician office visits (including disease education) Diagnostic tests (blood work) Prescription drugs Durable medical equipment (glucose meter)	
Total Example Cost \$2,800		Total Example Cost \$5,600	
In this example, member would pay:	In this example, member would pay:	In this example, member would pay:	In this example, member would pay:
<i>Cost Sharing</i>	<i>Cost Sharing</i>	<i>Cost Sharing</i>	<i>Cost Sharing</i>
Deductibles \$2300	Deductibles \$0	Deductibles \$0	Deductibles \$0
Copayments \$300	Copayments \$455	Copayments \$1,200	Copayments \$315
Coinsurance \$0	Coinsurance \$0	Coinsurance \$0	Coinsurance \$0
<i>What isn't covered:</i> Limits or exclusions \$0		<i>What isn't covered:</i> Limits or exclusions \$20	
Total member pays \$2,600	Total member pays \$455	Total member pays \$1,220	Total member pays \$335

The plan would be responsible for the other costs of these EXAMPLE covered services.

For more information on Medicare or ACA Individual options for yourself or family members, please contact:

Romonita McKissick

OR

Laura Radford

386-676-7100 Ext. 7881

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Enhanced Access and Cost Savings for Your Healthcare Needs

Florida Health Care Plans is proud to provide Volusia County School Board employees with convenient and affordable healthcare services.

By utilizing FHCP or in-network outpatient **Ambulatory Service Centers**, employees can save money on routine procedures, imaging, or screenings while receiving high-quality care at independent facilities.

Ambulatory Service Center Locations

Volusia	Address	City	Services
FHCP Ambulatory Surgery Center	2777 Enterprise Rd.	Orange City	1, 2
Atlantic Surgery Center	541 Health Blvd.	Daytona Beach	1, 2
AH Surgery Center Blue Springs	1053 Medical Center Dr., Ste. 201	Orange City	1
East Coast Surgery Center	1871 LPGA Blvd.	Daytona Beach	1
Wellness Avenue Surgery Center	2863 Wellness Avenue	Orange City	1
Surgery Center of Volusia LLC	3635 S. Clyde Morris Blvd., Ste. 500	Port Orange	1, 2
AH Surgery Center Port Orange	1185 Dunlawton Avenue Ste. 100	Port Orange	2
Alliance Specialty Surgery Center	1545 Hand Ave., Ste. A2	Ormond Beach	1
New Smyrna Beach Ambulatory	612 Palmetto Street	New Smyrna Beach	1
Physicians Ambulatory Surgery Center	300 Clyde Morris Blvd., # B	Ormond Beach	1, 2
Tomoka Surgery Center LLC	345 Clyde Morris Blvd., Ste. 300	Ormond Beach	3
Volusia Endo Surgery Center	550 Memorial Circle Ste. G	Ormond Beach	2
Brevard			
Space Coast Endoscopy CTR	1974 Rockledge Blvd., Ste. 102	Rockledge	2

1. Outpatient Surgical Procedures (e.g. Hernia Repair, Gallbladder removal)
2. Gastroenterology Procedures (e.g. Colonoscopy, Endoscopy)
3. Ocular Outpatient Surgical Procedures (e.g. Cataract)

Quality Insurance. Affordable Plans.

INDIVIDUALS | FAMILIES | EMPLOYERS | MEDICARE

FHCP.COM



**Florida
Health Care
Plans**



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Ambulatory Service Center Locations

Seminole	Address	City	Services
Heathrow Surgery Center, LLC	942 International Pkwy.	Lake Mary	1
Lake Mary Surgery Center, LLC	460 Saint Charles Ct.	Lake Mary	1, 2
Rinehart Surgery Center	392 Rinehart Rd., Ste. 1090	Lake Mary	1
Advent Health Surgery CTR Lake Mary	917 Rinehart Rd., Ste. 1001	Lake Mary	1
Currency Circle Surgery Center	835 Currency Cir., Ste. 1021	Lake Mary	1
Advanced Heart & Vasc Surg Center	1615 Dr. Martin Luther King Jr. Blvd.	Deltona	1
St. Johns			
St. Augustine Endoscopy	40 Groover Loop Ste. 100	St. Augustine	2
Orange			
Maitland Surgery Center	790 Concourse Pkwy. S., Ste. 100	Maitland	1
Lakeview Surgery Center LLC	7448 Docs Grove Circle	Orlando	1
Endo-Surgical CTR of Florida	100 North Dean Road Ste. 102	Orlando	2

1. Outpatient Surgical Procedures (e.g. Hernia Repair, Gallbladder removal)
2. Gastroenterology Procedures (e.g. Colonoscopy, Endoscopy)
3. Ocular Outpatient Surgical Procedures (e.g. Cataract)

COST ESTIMATOR

Know before you go! Before any procedure, imaging or screening, call Florida Health Care Plans' Cost Estimator to learn more about your out-of-pocket expenses and to find the best, most affordable option.

(386) 615-5068 or (800) 352-9824, ext. 5068

*Locations and services are subject to change. For more information, please contact FHCP Member Services at (386) 676-7100 or visit FHCP.com for the most up-to-date listing of facility locations.

Quality Insurance. Affordable Plans.

INDIVIDUALS | FAMILIES | EMPLOYERS | MEDICARE

FHCP.COM



Florida
Health Care
Plans®



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WHERE TO GO FOR CARE

Call your primary care provider, even after hours, if you are unsure where to go.

Note: This is a general guide. Cost, hours and available treatment will vary.



\$0-\$15 Copay

Telehealth

When you're not feeling well or need care fast, schedule a visit in minutes with a board-certified doctor.

OPEN: 24/7/365

GOOD FOR:

- Cold and flu
- Ear pain
- Pink eye
- Sinus problems
- Urinary tract infections

capitalhealth.com/amwell

Use Service Key CHP when you enroll in Amwell



\$15 Copay

Primary Care Physician

Consider this home base for managing your health care. Your primary care provider knows your medical history best.

OPEN: Weekdays. Some offices have early, late and weekend appointments. Providers are typically on call.

GOOD FOR:

- Annual physicals
- Routine screenings
- Vaccines
- Sprains and strains
- Chronic conditions
- Medicine refills
- Anxiety and depression



\$50 Copay

Urgent Care Center

Immediate care for conditions that are not life-threatening. Shorter average wait times than the emergency room.

OPEN: Usually every day, morning to early evening.

GOOD FOR:

- Asthma
- Cuts requiring stitches
- Broken bones
- Concussions
- Vomiting and diarrhea



\$100 + 25% Coinsurance

Emergency Room

Immediate care for life-threatening conditions, including heart attack and stroke.

OPEN: 24/7/365

GOOD FOR:

- Fever in a child younger than three months
- Chest pain
- Shortness of breath
- Sudden numbness, weakness or speech difficulty
- Severe belly pain
- Coughing or vomiting blood
- Uncontrolled bleeding
- Mental health crisis



\$100 + 25% Coinsurance

Freestanding Emergency Room

Services do not include trauma care; can look similar to an urgent care center, but medical bills may be 10 times higher.

OPEN: 24/7/365

GOOD FOR:

- Most major injuries except trauma
- Severe pain

Create a Member Portal and look up in-network Providers and Facilities:
<https://capitalhealth.com>

	FHC WFW		Florida Hospital Memorial Medical Center		The Doctors Center		Care Here		In House Physicians	
Facility Currently in place	Yes		Yes		No		No		No	
Primary Care (Main Location)	461 South Nova Rd., Ormond Beach		125 Hand Ave, Suite F, Ormond Beach		The Doctors Center will work with the city to secure a building space for them which is in a central location for a majority of employees.		Care Here can assist the city in finding a location but the lease will be additional cost.		In House Physicians cost for building space is not included in current RFP. The vendor would assist the city in finding a building that is in a central location of majority of employees. The vendor could also seek out current physician facilities that have extra space. They could then work out a partnership and rent or lease space from doctor to control cost.	
Out-Patient Imaging	6 Locations		3 Locations							
Blood Drawing / Collection Locations	461 S. Nova Rd., Ormond Beach	Florida Hospital Memorial Medical Center (Daytona Beach)								
	350 Clyde Morris Blvd., Daytona Beach	Florida Hospital Ocean Side (Ormond Beach)								
	740 Dunlawton Ave., Port Orange	Florida Hospital Memorial Medical Center at the Pavilion at (Port Orange)								
	139 N. Ridgewood Ave., Edgewater	Florida Hospital Imaging (Ormond Beach)								
	309 Palm Coast Pkwy., Palm Coast	Daytona Beach Shores Laboratory Services (Daytona Beach Shores)								
	2777 Enterprise Rd., Orange City	Florida Hospital Laboratory Services (Ormond Beach)								
937 N. Spring Garden Ave., DeLand										
Outpatient Rehabilitation Services	No, provided by Ability at multiple locations		4 Locations							
Urgent Care	Yes		4 Locations							
Facility Fees included in RFP	Yes		Yes		*Yes. This fee is \$6,000 that is included in the \$24,000 a month admin fee.		*No. The estimated cost for office build out is \$30,000.		*No. The cost for Build out can range anywhere from \$10 pepm to \$30 pepm depending on facility decisions	
Services	Offered	Not Offered	Offered	Not Offered	Offered	Not Offered	Offered	Not Offered	Offered	Not Offered
Primary Care	X		X		X		X		X	
Urgent Care	X		X		X		X		X	
Well Visits	X		X		X		X		X	
Preventative Care	X		X		X		X		X	
Disease Identification and Treatment	X		X		X		X		X	
Laboratory Services/ Laboratory Draws	X		X		X		X		X	
Case Management	X		X		X		X		X	
Utilization Management	X		X		X		X		X	
X-Ray Services	X		X		X		X		X	
Coordination of Care with Outpatient and Inpatient Providers	X		X		X		X		X	
Physical Therapy	X		X		X		X		X	
Health Risk Appraisals	X		X		X		X		X	
Wellness Coaching	X			X	X		X		X	
Disease Management	X				X		X		X	
Data Management		X			X		X		X	
24 Hour Nurse line	X			X	X		X		X	

	FHC WFW		Florida Hospital Memorial Medical Center		The Doctors Center		Care Here		In House Physicians	
Occupational Health Services	Offered	Not Offered	Offered	Not Offered	Offered	Not Offered	Offered	Not Offered	Offered	Not Offered
Ergonomic assessments		X		X	X		X		X	
Drug and Alcohol Testing	X		X		X		X		X	
Return to Work (RTW) Management		X		X	X		X		X	
Physical Therapy		X		X	X		X		X	
Safety and injury prevention		X		X	X		X		X	
Pre-placement and fitness for duty exams	X		X		X		X		X	
Disease education and management	X				X		X		X	
Compliance Programs		X		X	X		X		X	
Half Tablet program		X		X	X		X		X	
Generic Maximization program	X			X	X		X		X	
Brown Bag program	X			X		X	X		X	
Antibiotic Management Program		X		X		X	X		X	
Mail Service Delivery of Prescriptions	X			X	X		X		X	
Coordination of care with PBM/DM/Health Plan		X		X	X		X		X	
Compounds (Describe level of compound service)		X		X	X		X		X	
OTC Program		X		X	X		X		X	
D.O.T. Testing	X		X		X		X		X	
Lab Services	Offered	Not Offered	Offered	Not Offered	Offered	Not Offered	Offered	Not Offered	Offered	Not Offered
Blood Bank	X		X		X		X		X	
Microbiology	X		X		X		X		X	
Hematology	X		X		X		X		X	
Histology	X		X		X		X		X	
Cytology	X		X		X		X		X	
Chemistry	X		X		X		X		X	
Special Chemistry	X		X		X		X		X	
Urinalysis	X		X		X		X		X	
Serology	X		X		X		X		X	
Drug Screening for Employment	X		X		X		X		X	
Hours of Operation	7 am - 7 pm Monday to Friday at all Volusia locations Saturday 8 am - 12 pm at 3 Locations		Monday 8-5 Tuesday 8-4:30 Wednesday 8-5 Thursday 8-4:30 Friday 8:30-4:30		40 hours a week		20 Provider Hours each week		The city will Decide Scheduled Hours (about 16-20 hours). Nurse Practitioner Available 16 hours per week.	
Pricing			Monthly Fee: \$25,000 Estimated Annual Cost: \$300,000		Admin Fee: \$24,000/mo. Staff Cost: \$27,776/mo. Stress Test Treadmill Suite: \$450/mo. Supplies/Labs: \$2500/mo. (estimate) Total Estimated Monthly: \$54,726 Estimated Annual Cost: \$656,712 Estimated Annual HRA Cost: \$13,440		Program Fee: \$92,736 Estimated Cost for Build out: \$30,000 Medical Staff: \$197,600 Pharmacy: \$43,680 Lab Services & Supplies: \$37,440 Estimated Year One cost: \$401,456		Set up Fee: \$45,000 Monthly Fee: \$13,268.39 Estimated Annual Cost: \$204,220.68	

POPULATION HEALTH &
WELL-BEING

May Is Mental Health Awareness Month

Dr. Joel Axler, MD,
National Behavioral Health Leader



May is Mental Health Awareness Month, a time to emphasize the importance of mental well-being and destigmatize conversations around mental health. This presents a unique opportunity for employers to cultivate a workplace environment that supports employee mental health. Prioritizing workforce mental health is not just a moral imperative but also a strategic investment in the well-being and productivity of your team.

Mental Health: The Employee Experience



Half (**52%**) of employees reported feeling burned out in the past year because of their job, and 37% reported feeling so overwhelmed it made it hard to do their job.¹



The American Psychological Association reports that work-related stress can lead to a **wide range of health problems**, including risk of heart disease, obesity and depression.²



US businesses lose more than **\$300 billion** annually in absenteeism, turnover, diminished productivity and medical, legal and insurance costs related to mental health or substance use issues.³



A significant majority (**92%**) of workers stated that it is very (57%) or somewhat (35%) important to them to work for an organization that values their emotional and psychological well-being.⁴

¹NAMI | National Alliance on Mental Illness - nami.org

²American Psychological Association - apa.org

³American Institute of Stress: Workplace Stress - stress.org

⁴American Psychological Association - apa.org

Prioritizing Mental Health in the Workplace

These facts are a sobering reminder of the toll poor mental health takes on U.S. workers and their employers. The good news is that employers can play an important role in raising mental health awareness, reducing stigma and creating supportive work environments. Potential steps include the following:

- Understand the importance of mental health
- Promote open dialogue
- Evaluate current mental health benefits (e.g., programs available, utilization rates) and identify opportunities for improvement
- Launch mental health awareness and anti-stigma campaigns
- Offer mental health training and education across all levels of the organization
- Demonstrate leadership support and commitment
- Celebrate success stories
- Collect employee feedback to understand their needs and priorities (e.g., surveys, focus groups, employee resource groups)
- Explore ways to provide employees with flexibility and control over their work
- Promote free, confidential mental health screenings such as [Mental Health America's online screening tool](#)

Download **Mental Health America's Workplace Mental Health Toolkit** for more tips, tools and resources.

CLICK TO LEARN MORE

How We Can Help

The Brown & Brown Population Health & Well-Being consulting team works with employers to help increase employee engagement, reduce medical costs and increase productivity. Our experienced consultants provide customized solutions to address mental health and substance use issues, focused primarily on four key areas:

- 1 Mental and Behavioral Health Strategy
- 2 Educational Communications
- 3 Training, Webinars and Thought Leadership
- 4 Vendor Selection and Management

Because we recognize that mental health is a leading business issue for employers, our team created the **Mental Health Solution Toolkit*** to help employers support the mental health needs of employees and their families.

The toolkit is designed to help employers:

- **Quantify the impact** of behavioral health conditions on the organization (medical and Rx spend, prevalence rates, absenteeism)
- **Build a business case for action** and a strategic roadmap for addressing your organization's mental health needs
- **Address stigma and increase organizational awareness** of mental health symptoms and resources
- **Improve access** to low/no-cost resources for employees and their families

*The Mental Health Solution Toolkit and our Population Health & Well-Being consulting services are designed for employers with 200 or more employees.

Learn More

Connect with your local Brown & Brown representative or [click here](#) to learn more about our population health and well-being capabilities, including our **Mental Health Solution Toolkit** for employers.

Register Today!

Please join us on **Tuesday, May 6, 2025, from 12-1 pm ET** for a mental health-focused webinar titled Grit. No Quit: 4 Keys to Building Mental Toughness and Unlocking the Endurance Mindset. Special guests include Brown & Brown President & CEO Powell Brown and Aaron Hunnel, MS, Founder of Comprehensive Health & Wellness.



JOIN US ON

**Tuesday,
May 6, 2025
12-1 PM ET**

REGISTER NOW →



How Brown & Brown Can Help

Connect with our Brown & Brown team to learn about our knowledge in your industry, how we build our risk mitigation strategies and how we can aid your business in building a cost-saving program.



Find Your Solution at [BBrown.com](https://www.BBrown.com)

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Long Term Strategy for The City of Ormond Beach: Benefits Program

Presented By:

Brown & Brown, Jessica Scott

Vice President

City of Ormond Beach, Claire Whitley

H.R. Director



FHC Renewal Proposal With No Changes

- Current Plans Effective October 1, 2014-2015
 - Total Annual Premium: \$2,864,862
 - Annual City Cost: \$2,014,309

- Renewal Plans with No Changes Effective October 1, 2015-2016
 - Total Annual Premium: \$3,728,101
 - Annual City Cost: \$2,621,324

30% Increased cost to The City: \$607,015

City had budgeted for a 15% increase

What Warranted This Increase?

- Claims Paid out by FHC vs. Premiums Received = 100% Loss Ratio
 - Break Even for FHC is 80% loss ratio

- 9 Large Claimants Reported totaling **\$1,244,048**
 - Large Claimants = 41% of all Claims Paid
 - Cancer, Hepatitis C, Renal Disease, and Heart Disease
 - Challenges in getting prognosis and treatments specifics

Alternative Options Explored

- Fully Insured bids from Aetna, Humana, and United Healthcare
 - Annual increase 32%-43%
- Self-Funded Options
 - Annual increase 18%-40% at expected cost
 - Annual increase 39%-66% at maximum cost
 - Lasers for 5 high claimants - potential financial liability of almost \$1 million

Florida Healthcare Selected Plans for January 1, 2016-2017

- HSA Plan T94 & POS Plan T29
 - Total Annual Premium: \$2,745,994
 - Annual City Cost: \$1,967,796

1.5% Increased cost to The City: \$32,199

- City Funded HSA Accounts at \$1,350 per Employee:
\$297,912 Annually

16% Increased cost to The City: \$297,912

Florida Healthcare Selected Plans for January 1, 2016-2017

- HSA Plan T94
 - Total Annual Premium: \$2,745,994
 - Annual City Cost: \$1,967,796

1.5% Increased cost to The City: \$32,199

- City Funded HSA Accounts at \$1,350 per Employee: \$297,912 Annually

16% Increased cost to The City: \$297,912

- Overall Premium Increase for HSA Plan T94 & POS Plan T29 = 13%

Average of 20% savings compared to alternative options explored

Why Was the HSA Plan Selected?

The City's goal is to provide a balance of the best quality health coverage, while maintaining affordable premiums within the City's budget

- Achieved enough savings so that The City could fund employees' health savings accounts to offset the cost of the higher deductible
- Allows employees the opportunity to put pre-tax dollars into a health savings account to pay for medical expenses
 - What is not spent each year rolls over

Why Was the HSA Plan Selected?

- Gives The City the ability to explore more creative options to fund employees' health savings accounts
- Employees can now see what the cost of services really are versus thinking it's just a copay
- As health care costs continue to rise, employers are looking for strategic and long term solutions to reduce costs while maintaining comprehensive plans for their employees

Benchmarking: Other Local Cities Offering a HSA Plan

- City of Holly Hill
 - Funds \$1,900 per employee annually

- City of Palm Coast
 - Funds \$1,500 per employee annually
 - Up to \$750 additional match for those with dependent coverage

- City of Daytona Beach
 - Funds close to \$1,900 per employee annually

Short Term Strategy

- Continuing to educate employees on using the HSA plan and bank account
- Offer tools to help employees become better consumers of their healthcare and lower their personal healthcare cost
 - Rx cost comparison websites
 - Workforce Wellness (\$5 Copay)
 - Free Annual Physicals
 - Doctor on Demand (\$40 Copay)
- Quarterly meetings between the City Manager, H.R. Department, Brown & Brown and FHC's top management
 - Discuss strategy to improve employees' experience and resources
 - Better understand claims and what measures to take to lower them
- Requested customized monthly and quarterly reports from FHC
 - Track employee's expenses as they relate to meeting deductibles and out of pocket costs on HSA plan
 - Understand status of large claims

Future Strategy and Options

The purpose of these meetings is to develop a five year strategy that encompasses the goals we have outlined and explores the following options:

- **Near-Site Employee Clinic**
 - A free service to employees for primary and urgency care needs
 - Bid these services in 2016 to implement for 2017
 - Funds have already been budgeted to implement
- **Customizing a POS Buy-Up plan**
 - More affordable option for employees that prefer a traditional plan
 - Alternative solution for employees with dependent coverage
- **Determine future HSA funding by The City**

Feedback from City Commission

- Are there additional goals that we should be considering?
- What other information would you like us to provide at future meetings?



Brown & Brown
INSURANCE®

DAYTONA BEACH

City of Ormond Beach

Q4 2024 Health Plan Performance Summary

Presented By

Jessica Scott
Senior Vice President



Presented by Brown & Brown of Florida, Inc.



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2 Monthly Claims & Enrollment

3 Key Indicators

4 High Cost Medications

5 Large Claim Summary



Presented by Brown & Brown of Florida, Inc.

Executive Summary

	Start Date	End Date
Current Period:	1-Jan-24	1-Dec-24
Prior Period:	1-Jan-23	1-Dec-23

Total Cost

\$2,613,330	Gross Claim Cost
7%	Increase vs. Prior Period
\$3,330,171	Total Paid Premium
2%	Increase vs. Prior Period
78%	Current 12 Month Loss Ratio
75%	Prior 12 Month Loss Ratio

High Cost Claimants

\$1,532,687	> \$25,000 Paid (Med & Rx)
\$1,380,504	Paid in Prior Period
22	Claimants Exceeding \$25,000
19	Claimants in Prior Period
59%	% of Total Claim Cost (Current)
57%	% of Total Claim Cost (Prior)

Inpatient Facility

224	Inpatient Days/1000 Members
19%	Increase vs. Prior Period
47	Inpatient Admission/ 1000 Members
7%	Increase vs. Prior Period
5	Average Length of Inpatient Stay
13.2%	Increase vs. Prior Period

Medical Financial Summary

\$467,768	Inpatient Spend
-35%	Decrease vs. Prior Period
\$635,336	Outpatient Spend
20%	Increase vs. Prior Period
\$803,643	Professional & Clinic Spend
11%	Increase vs. Prior Period

Pharmacy Financial Summary

\$519,097	Current Pharmacy Spend
54%	Increase vs. Prior Period
\$388,137	Cost of Top 10 Medications
41%	Increase vs. Prior Period
75%	Cost of Top 10 Medications as % of Total
82%	% of Total Spend in Prior Period

Outpatient Facility

124	Emergency Room Visits/1000 Members
14%	Increase vs. Prior Period
406	Other Outpatient Visits/ 1000 Members
-4%	Decrease vs. Prior Period
531	Total Outpatient Visits/ 1000 Members
-1%	Decrease vs. Prior Period



Presented by Brown & Brown of Florida, Inc.



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Large Claim Summary



Presented by Brown & Brown of Florida, Inc.

UW PAID CLAIM DETAIL

CITY OF ORMOND BEACH

START
PERIOD: 202401 202412

PAID

			ENROLLMENT		PREMIUM	CAPITATION			FEE FOR SERVICES CLAIMS							
GRPID	SBCGRP	MONTH	CONTRACTS	MEMBERS	PREMIUM	CAPITATED	CLINIC	TOTAL CAP	IP	OP	PHYSICIAN	OTHER	TOTAL MEDICAL	PHARMACY	GRAND TOTAL	MLR
ALL ALL ALL	ALL	202401	329	441	\$ 272,041	\$ 156	\$ 54,624	\$ 54,780	\$ 51,825	\$ 96,876	\$ 21,925	\$ 5,360	\$ 175,985	\$ 30,176	\$ 260,941	95.9%
		202402	330	441	\$ 272,242	\$ 221	\$ 38,652	\$ 38,873	\$ 88,270	\$ 38,779	\$ 11,656	\$ 4,231	\$ 142,936	\$ 38,219	\$ 220,028	80.8%
		202403	329	441	\$ 272,041	\$ 9	\$ 51,065	\$ 51,074	\$ 18,660	\$ 87,149	\$ 10,405	\$ 10,412	\$ 126,627	\$ 35,306	\$ 213,007	78.3%
		202404	331	447	\$ 274,714	\$ 341	\$ 52,613	\$ 52,954	\$ -	\$ 52,134	\$ 19,283	\$ 5,578	\$ 76,995	\$ 25,325	\$ 155,274	56.5%
		202405	330	447	\$ 273,996	\$ 1,999	\$ 58,886	\$ 60,886	\$ 80,206	\$ 42,148	\$ 27,822	\$ 4,275	\$ 154,451	\$ 27,285	\$ 242,622	88.5%
		202406	333	451	\$ 276,746	\$ 1,393	\$ 41,275	\$ 42,668	\$ 23,905	\$ 58,911	\$ 14,845	\$ 5,798	\$ 103,458	\$ 32,342	\$ 178,468	64.5%
		202407	337	452	\$ 277,665	\$ 5,608	\$ 50,000	\$ 55,608	\$ 53,896	\$ 54,955	\$ 41,519	\$ 11,944	\$ 162,314	\$ 55,442	\$ 273,364	98.5%
		202408	341	458	\$ 281,582	\$ 3,580	\$ 53,165	\$ 56,745	\$ 55,576	\$ 30,704	\$ 23,098	\$ 21,682	\$ 131,060	\$ 55,627	\$ 243,432	86.5%
		202409	340	453	\$ 279,166	\$ 1,984	\$ 55,704	\$ 57,688	\$ 16,445	\$ 43,442	\$ 28,590	\$ 5,893	\$ 94,370	\$ 70,234	\$ 222,292	79.6%
		202410	343	457	\$ 281,784	\$ 1,600	\$ 41,350	\$ 42,950	\$ 34,793	\$ 55,852	\$ 22,250	\$ 10,862	\$ 123,757	\$ 71,930	\$ 238,636	84.7%
		202411	345	455	\$ 282,502	\$ 2,073	\$ 47,253	\$ 49,326	\$ 3,210	\$ 48,663	\$ 26,877	\$ 14,791	\$ 93,540	\$ 34,916	\$ 177,783	62.9%
		202412	348	461	\$ 285,692	\$ 3,043	\$ 57,164	\$ 60,207	\$ 40,981	\$ 16,219	\$ 24,122	\$ 3,658	\$ 84,980	\$ 42,295	\$ 187,482	65.6%
GRAND TOTAL			4,036	5,404	\$ 3,330,171	\$ 22,008	\$ 601,751	\$ 623,758	\$ 467,768	\$ 625,832	\$ 272,393	\$ 104,482	\$ 1,470,475	\$ 519,097	\$ 2,613,330	78.5%
00F128 TF4 POS	ALL	202401	60	172	\$ 78,773	\$ 2	\$ 22,463	\$ 22,465	\$ 51,825	\$ 28,054	\$ 14,099	\$ 1,816	\$ 95,794	\$ 26,115	\$ 144,374	183.3%
		202402	59	170	\$ 77,537	\$ 158	\$ 17,494	\$ 17,652	\$ 28,488	\$ 13,410	\$ 7,132	\$ 2,600	\$ 51,631	\$ 32,062	\$ 101,344	130.7%
		202403	60	172	\$ 78,773	\$ 4	\$ 20,794	\$ 20,798	\$ 18,660	\$ 38,890	\$ 8,119	\$ 8,656	\$ 74,325	\$ 26,351	\$ 121,475	154.2%
		202404	62	178	\$ 81,445	\$ 21	\$ 19,969	\$ 19,990	\$ -	\$ 44,319	\$ 10,804	\$ 3,074	\$ 58,197	\$ 16,462	\$ 94,650	116.2%
		202405	62	179	\$ 81,445	\$ 1,131	\$ 29,963	\$ 31,094	\$ 5,796	\$ 18,522	\$ 21,485	\$ 2,933	\$ 48,736	\$ 17,256	\$ 97,087	119.2%
		202406	64	182	\$ 83,478	\$ 1,144	\$ 20,618	\$ 21,763	\$ 3,996	\$ 3,761	\$ 6,770	\$ 1,708	\$ 16,235	\$ 19,063	\$ 57,060	68.4%
		202407	63	178	\$ 81,523	\$ 3,653	\$ 28,329	\$ 31,982	\$ 20,857	\$ 22,469	\$ 28,006	\$ 3,492	\$ 74,823	\$ 41,881	\$ 148,686	182.4%
		202408	61	178	\$ 80,411	\$ 1,257	\$ 30,426	\$ 31,683	\$ 55,576	\$ 22,690	\$ 12,946	\$ 8,047	\$ 99,259	\$ 42,621	\$ 173,563	215.8%
		202409	58	171	\$ 76,557	\$ 793	\$ 16,289	\$ 17,082	\$ 16,445	\$ 9,462	\$ 18,085	\$ 2,944	\$ 46,937	\$ 25,446	\$ 89,465	116.9%
		202410	59	173	\$ 77,738	\$ 532	\$ 12,558	\$ 13,090	\$ -	\$ 16,665	\$ 9,058	\$ 5,828	\$ 31,551	\$ 27,319	\$ 71,960	92.6%
		202411	58	168	\$ 76,301	\$ 664	\$ 14,624	\$ 15,288	\$ -	\$ 3,893	\$ 12,130	\$ 5,375	\$ 21,397	\$ 24,552	\$ 61,237	80.3%
		202412	60	173	\$ 78,773	\$ 1,553	\$ 27,320	\$ 28,873	\$ 15,578	\$ 1,051	\$ 12,699	\$ 1,424	\$ 30,752	\$ 26,507	\$ 86,131	109.3%
GRAND TOTAL			726	2,094	\$ 952,754	\$ 10,912	\$ 260,849	\$ 271,761	\$ 217,222	\$ 223,183	\$ 161,333	\$ 47,899	\$ 649,637	\$ 325,634	\$ 1,247,032	130.9%
00I128 TF4 POS	ALL	202401	269	269	\$ 193,268	\$ 155	\$ 32,161	\$ 32,315	\$ -	\$ 68,822	\$ 7,826	\$ 3,543	\$ 80,191	\$ 4,061	\$ 116,567	60.3%
		202402	271	271	\$ 194,705	\$ 64	\$ 21,158	\$ 21,221	\$ 59,782	\$ 25,369	\$ 4,524	\$ 1,630	\$ 91,305	\$ 6,157	\$ 118,684	61.0%
		202403	269	269	\$ 193,268	\$ 5	\$ 30,271	\$ 30,276	\$ -	\$ 48,260	\$ 2,286	\$ 1,756	\$ 52,302	\$ 8,955	\$ 91,532	47.4%
		202404	269	269	\$ 193,268	\$ 320	\$ 32,644	\$ 32,964	\$ -	\$ 7,815	\$ 8,479	\$ 2,504	\$ 18,798	\$ 8,863	\$ 60,624	31.4%
		202405	268	268	\$ 192,551	\$ 868	\$ 28,923	\$ 29,791	\$ 74,410	\$ 23,626	\$ 6,337	\$ 1,342	\$ 105,715	\$ 10,029	\$ 145,535	75.6%
		202406	269	269	\$ 193,268	\$ 249	\$ 20,656	\$ 20,905	\$ 19,908	\$ 55,150	\$ 8,076	\$ 4,089	\$ 87,224	\$ 13,279	\$ 121,408	62.8%
		202407	274	274	\$ 196,142	\$ 1,955	\$ 21,671	\$ 23,626	\$ 33,039	\$ 32,486	\$ 13,514	\$ 8,452	\$ 87,490	\$ 13,562	\$ 124,678	63.6%
		202408	280	280	\$ 201,172	\$ 2,323	\$ 22,739	\$ 25,062	\$ -	\$ 8,015	\$ 10,152	\$ 13,635	\$ 31,801	\$ 13,007	\$ 69,870	34.7%
		202409	282	282	\$ 202,609	\$ 1,191	\$ 39,415	\$ 40,606	\$ -	\$ 33,980	\$ 10,505	\$ 2,948	\$ 47,433	\$ 44,788	\$ 132,827	65.6%
		202410	284	284	\$ 204,045	\$ 1,068	\$ 28,792	\$ 29,860	\$ 34,793	\$ 39,188	\$ 13,191	\$ 5,034	\$ 92,206	\$ 44,611	\$ 166,677	81.7%
		202411	287	287	\$ 206,201	\$ 1,409	\$ 32,629	\$ 34,038	\$ 3,210	\$ 44,770	\$ 14,747	\$ 9,416	\$ 72,143	\$ 10,364	\$ 116,546	56.5%
		202412	288	288	\$ 206,919	\$ 1,490	\$ 29,844	\$ 31,334	\$ 25,404	\$ 15,168	\$ 11,423	\$ 2,234	\$ 54,228	\$ 15,789	\$ 101,350	49.0%
GRAND TOTAL			3,310	3,310	\$ 2,377,417	\$ 11,096	\$ 340,902	\$ 351,997	\$ 250,546	\$ 402,649	\$ 111,060	\$ 56,583	\$ 820,838	\$ 193,463	\$ 1,366,298	57.5%

UW PAID MEMBER DETAIL

CITY OF ORMOND BEACH

START END
PERIOD: 202401 202412

PAID

			SUBSCRIBER COUNT				MEMBER COUNT			
GRPID	SBGRP	MONTH	EMP ONLY	EMP & SPOUSE	EMP & CHILDREN	FAMILY	EMP ONLY	EMP & SPOUSE	EMP & CHILDREN	FAMILY
ALL ALL ALL	ALL	202401	269	25	12	23	269	50	38	84
		202402	271	24	12	23	271	48	38	84
		202403	269	24	13	23	269	48	40	84
		202404	269	25	13	24	269	50	40	88
		202405	268	24	14	24	268	48	43	88
		202406	269	25	15	24	269	50	44	88
		202407	273	26	14	24	273	51	41	87
		202408	280	24	12	25	280	48	38	92
		202409	282	21	12	25	282	42	37	92
		202410	284	21	14	24	284	42	43	88
		202411	287	21	14	23	287	42	43	83
		202412	288	22	15	23	288	44	46	83
GRAND TOTAL			3,309	282	160	285	3,309	563	492	1,041

00F128 TF4 POS	ALL	202401	-	25	12	23	-	50	38	84
		202402	-	24	12	23	-	48	38	84
		202403	-	24	13	23	-	48	40	84
		202404	-	25	13	24	-	50	40	88
		202405	-	24	14	24	-	48	43	88
		202406	-	25	15	24	-	50	44	88
		202407	-	25	14	24	-	49	41	87
		202408	-	24	12	25	-	48	38	92
		202409	-	21	12	25	-	42	37	92
		202410	-	21	14	24	-	42	43	88
		202411	-	21	14	23	-	42	43	83
		202412	-	22	15	23	-	44	46	83
GRAND TOTAL		-	281	160	285	-	561	492	1,041	

001128 T14 POS	ALL	202401	269	-	-	-	269	-	-	-
		202402	271	-	-	-	271	-	-	-
		202403	269	-	-	-	269	-	-	-
		202404	269	-	-	-	269	-	-	-
		202405	268	-	-	-	268	-	-	-
		202406	269	-	0	-	269	-	0	-
		202407	273	1	0	-	273	1	0	-
		202408	280	-	-	-	280	-	-	-
		202409	282	-	-	-	282	-	-	-
		202410	284	-	-	-	284	-	-	-
		202411	287	-	-	-	287	-	-	-
		202412	288	-	-	-	288	-	-	-
GRAND TOTAL			3,309	1	0	-	3,309	1	0	-



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Large Claim Summary



Presented by Brown & Brown of Florida, Inc.

UTIL & COST KEY INDICATOR

CITY OF ORMOND BEACH

PAID	START	END	202301	202401		
			202312	202412		
			PERIOD 1	PERIOD 2	% (+/-)	DIFFERENCE
AVERAGE ENROLLMENT						
Subscribers			325	336	3.5%	
Members			450	450	0.2%	
ENROLLMENT MONTHS					(Decr)	
Subscribers			3,900	4,036	3.5%	
Members			5,396	5,404	0.2%	
PAYMENTS						
Inpatient Facility			\$ 714,430	\$ 467,768	-34.5%	\$ (246,662)
Outpatient Facility			\$ 531,122	\$ 635,336	19.6%	\$ 104,214
Total Facility			\$ 1,245,552	\$ 1,103,103	-11.4%	\$ (142,449)
Professional			\$ 721,391	\$ 803,643	11.4%	\$ 82,253
Capitation			\$ 6,238	\$ 22,008	252.8%	\$ 15,770
Other (DME, MedInj, Ambulance, etc.)			\$ 125,799	\$ 165,478	31.5%	\$ 39,680
Pharmacy			\$ 336,016	\$ 519,097	54.5%	\$ 183,081
GRAND TOTAL			\$ 2,434,996	\$ 2,613,330	7.3%	\$ 178,335
PAYMENTS PMPM						
Inpatient Facility			\$ 132.39	\$ 86.55	-34.6%	\$ (45.84)
Outpatient Facility			\$ 98.42	\$ 117.56	19.4%	\$ 19.13
TOTAL FACILITY			\$ 230.82	\$ 204.11	-11.6%	\$ (26.71)
Professional			\$ 133.68	\$ 148.70	11.2%	\$ 15.02
Capitation			\$ 1.16	\$ 4.07	252.3%	\$ 2.92
Other (DME, MedInj, Ambulance, etc.)			\$ 23.31	\$ 30.62	31.3%	\$ 7.31
Pharmacy			\$ 62.27	\$ 96.05	54.3%	\$ 33.78
TOTAL PROFESSIONAL			\$ 451.23	\$ 483.55	7.2%	\$ 32.31
OTHER KEY PAYMENT INDICATORS:						
Inpatient Payments Per Day			\$ 8,405.06	\$ 4,631.36	-44.9%	\$ (3,773.70)
Inpatient Payments Per Admission			\$ 35,721.50	\$ 22,274.65	-37.6%	\$ (13,446.85)
Outpatient Payments/Visit			\$ 2,213.01	\$ 2,658.31	20.1%	\$ 445.30
Professional Payments/Procedure			\$ 136.25	\$ 163.53	20.0%	\$ 27.28
Pharmacy Payments/Script			\$ 79.31	\$ 112.63	42.0%	\$ 33.32
INPATIENT FACILITY						
Inpatient Days/1000 Members			189	224	18.6%	\$ 35.24
Inpatient Admissions/1000 Members			44	47	4.8%	\$ 2.15
Average Length of Inpatient Stay			4.25	4.81	13.2%	\$ 0.56
SNF Days/1000 Members			0	0	0.0%	\$ -
SNF Admissions/1000 Members			0	0	0.0%	\$ -
Average Length of SNF Stay			0.00	0.00	0.0%	\$ -
OUTPATIENT FACILITY						
Emer. Rm Visits/1000 Members			109	124	14.1%	\$ 15.38
Other Outpatient Visits/1000 Members			425	406	-4.3%	\$ (18.41)
Total Outpatient Visits/1000 Members			534	531	-0.6%	\$ (3.03)
PHYSICIAN						
Professional Services/1000 Members			9,793	9,430	-3.7%	\$ (363.44)



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Large Claim Summary



Presented by Brown & Brown of Florida, Inc.

RX TOP 10



**Florida
Health Care
Plans®**



An Independent Licensee of the Blue Cross and Blue Shield Association

CITY OF ORMOND BEACH

START 202401

END 202412

ORDER	DRUGNAME	SCRIPT COUNT	PAID
1	VERZENIO	8	\$ 112,306
2	TUKYSA	6	\$ 56,872
3	OLUMIANT	12	\$ 43,450
4	DUPIXENT	13	\$ 32,793
5	MEKINIST	2	\$ 28,909
6	TAFINLAR	2	\$ 26,629
7	RINVOQ	4	\$ 23,036
8	ENBREL	10	\$ 22,932
9	ELIQUIS	45	\$ 22,926
10	BYDUREON	37	\$ 18,284



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Presented by Brown & Brown of Florida, Inc.

CITY OF ORMOND BEACH

LARGE CLAIMANT DETAIL

START	202401
END	202412

NBR	RELCD	DIAG DESC	IP	OP	PROF	OTHER	RX	TOTAL
1	Self	Malignant melanoma of other part of trunk	59,111	167,299	20,100	8,853	56,963	312,326
2	Spouse	Secondary malignant neoplasm of brain	37,302	90,106	33,373	4,436	74,194	239,411
3	Self	Encounter for antineoplastic chemotherapy	-	4,354	1,146	167	112,323	117,990
4	Spouse	Cerebral infrc due to thombos of left middle cerebral artery	70,486	-	8,834	1,001	2,474	82,795
5	Self	Encounter for attention to colostomy	61,770	1,094	8,348	597	468	72,277
6	Self	Radiculopathy, cervical region	8,670	41,277	15,160	3,229	1,468	69,806
7	Spouse	Sarcoid myocarditis	-	10,806	21,433	2,480	32,613	67,332
8	Spouse	Squamous cell carcinoma of skin of left lower limb, including hip	-	36,313	16,923	1,284	655	55,175
9	Self	Non-ST elevation (NSTEMI) myocardial infarction	46,646	-	7,402	2	202	54,252
10	Spouse	Calculus of gallbladder w acute cholecyst w/o obstruction	47,081	-	5,749	298	223	53,351
11	Self	Displaced trimalleolar fracture of left lower leg, init	33,039	13,090	4,030	1,479	-	51,638
12	Self	Testicular hypofunction	-	-	1,202	33	43,607	44,842
13	Self	Transient cerebral ischemic attack, unspecified	28,488	-	5,740	1,828	4,014	40,071
14	Self	TYPE 2 DIABETES MELLITUS WITH KETOACIDOSIS WITHOUT COMA	19,298	-	8,945	1,874	7,196	37,313
15	Self	Acute pharyngitis, unspecified	-	-	412	193	32,899	33,503
16	Self	Unspecified atrial fibrillation	19,908	362	1,543	7,792	3,759	33,365
17	Spouse	Generalized anxiety disorder	-	6,161	17,517	3,879	2,297	29,853
18	Self	Tachycardia, unspecified	-	17,029	7,455	4,923	205	29,611
19	Self	Displaced transverse fx shaft of humerus, left arm, init	-	25,548	1,085	2,045	-	28,678
20	Spouse	Pre-existing diabetes mellitus, type 2, in childbirth	15,578	3,111	6,830	1,836	166	27,520
21	Self	Type 2 diabetes mellitus with hyperglycemia	-	-	6,801	6,733	12,929	26,462
22	Dependent	Major depressv disorder, recurrent severe w/o psych features	9,792	12,088	2,518	2	716	25,116

Provide resumes for the firm owners, key management personnel, and dedicated account team including account executive, client representatives, and any other administrative support personnel interacting with the city.

Jessica Scott, Senior Vice President

Jessica Scott will serve as the primary contact (Account Executive) for The City of Ormond Beach and will work together with the assigned team at Brown & Brown to ensure needs are being met on a daily basis. Jessica has 20 years of benefits consulting experience with Brown & Brown, in the Account Executive role. Prior to Brown & Brown, Jessica worked for a technology company in sales from the time she graduated college until starting her career at Brown & Brown. Jessica will be responsible for leading the team in all aspects of the health & welfare engagement. She will provide strategic advice and support on all facets of the employee benefit plans; including, but not limited to, plan design strategy, funding alternatives, implementation, administration, Board and committee presentations, resolving escalated service/claim issues and compliance.

Jessica has been working with both local and statewide public entity clients for the duration of her career. Jessica grew up in Ormond Beach and went to college at Furman University in Greenville, SC, where she obtained her Bachelor of Arts degree in Psychology. Jessica holds her Florida Life & Health (2-15) License.

Areas of specialization include but are not limited to:

- Annual renewal strategy/negotiations
- Managing RFP process for benefits program
- Working closely with Insurance Committees to establish renewal calendars, and with RFP design and management, vendor selection, and negotiations
- Presentations to Boards, Committees, Unions, etc.
- Quarterly claims reviews to include Executive Summaries and recommendations to accomplish budgetary goals
- Customized FHCP reports and programs specific to FHCP's client's goals
- Management of high deductible health plans
- Educating on new products and trends in the marketplace
- Compliance oversight
- Wellness program design, implementation, and ongoing initiatives
- Benefit technology vendor selection, implementation and on-going support
- Transitioning clients from fully insured to self-funded health plans and assessing financial feasibility
- Onsite/near-site clinic consulting to include RFP process, vendor selection, and ongoing coordination between clinic vendor and health plan
- Retiree benefit consulting/Medicare education and enrollment assistance
- Open enrollment/new hire planning and presentations

J. Hyatt Brown CPCU, CLU – Chairman of the Board

Mr. Hyatt Brown was our Chief Executive Officer from 1993 to 2009 and our President from 1993 to December 2002 and served as President and Chief Executive Officer of our predecessor corporation from 1961 to 1993. He was a member of the Florida House of Representatives from 1972 to 1980 and Speaker of the House from 1978 to 1980. Mr. Brown served on the Board of Directors of International Speedway Corporation, a publicly held company, until 2019, and he previously served on the Board of Directors of Verisk Analytics, Inc. (formerly Insurance Services Office). Mr. Brown is a member of the Board of Trustees of Stetson University, of which he is a past Chairman, and the Florida Council of 100. Mr. Hyatt Brown's sons, J. Powell Brown and P. Barrett Brown, are employed by us as President and Chief Executive Officer, and as Executive Vice President and President – Retail Segment, respectively. His son, J. Powell Brown, has served as a director since October 2007.

J. Powell Brown, CPCU – Chief Executive Officer

Mr. Powell Brown was named Chief Executive Officer in July 2009. He has been our President since January 2007 and was appointed to be a director in October 2007. Prior to 2007, he served as one of our Regional Executive Vice Presidents starting in 2002. Mr. Brown was previously responsible for overseeing certain or all parts of our segments and worked in various capacities throughout the Company since joining us in 1995. Powell serves on the board of Camp Boggy Creek, a non-profit camp for chronically ill children. He is a member of the board of trustees of The Institutes and serves as secretary of The Council board (formerly CIAB). He is also on The Juilliard School Board of Trustees. He is the son of our Chairman, J. Hyatt Brown, and the brother of P. Barrett Brown, our Executive Vice President and President – Retail Segment.

P. Barrett Brown – President of Retail Segment

As president of the Retail segment, Barrett Brown is responsible for leading Brown & Brown's growing number of retail offices across the country and in select global markets. He also oversees Brown & Brown University, the company's technical sales, service and leadership training program that provides vital training for Brown & Brown teammates throughout the organization. Barrett began his insurance career in the commercial account department at Chubb Group of Insurance Companies in 1996 before transitioning to Brown & Brown in 1999. During his time with the company, he has led various Brown & Brown entities and continues to serve as a Retail regional president with offices in Florida, Georgia, Massachusetts, Missouri, Wisconsin and Ireland.

Barrett's emphasis has been on revamping marketing infrastructure and improving business development efforts for the Retail segment. He has a disciplined focus on doing what is best for our customers and is driven to deliver agile solutions and improved customer experiences today and into the future. Barrett believes that teammates are the lifeblood of our business. He remains true to the Brown & Brown vision of being in the people recruiting and enhancing business, which includes finding talent, mentoring and aligning teammates across the business and giving them the opportunity to grow and succeed within the organization. He resides in Georgia with his wife and two children.

Barrett is a graduate of the University of Florida.

Steve Farmer, Executive Vice President

Steve Farmer is responsible for Brown & Brown's Daytona Beach office including sales, service, and operations. Steve has over 25 years of insurance industry experience with Brown & Brown and has worked with many public entities over his career. Steve will serve as a resource in expediting the resolution of any critical matters with top management at the insurance companies on behalf of our customers and their employees. Steve is the only Key Personnel contact listed with authority to enter into a contract on behalf of the company.

Matt Montgomery, Sales Leader

Matt Montgomery leads the Brown & Brown Sales team with almost 20 years of experience in Federal and State Government and more than a decade representing Florida Local Government Property, Casualty and Employee Benefits Programs. Matt is particularly adept at aiding clients with presentations to executive staff and elected officials in order to achieve programmatic objectives around budget, plan administration, long term vision, and industry trends. As part of his duties as Sales Leader, Matt not only drives strategic sales initiatives but also mentors and develops his sales team, equipping them with the knowledge and skills needed to deliver outstanding benefit solutions. Mr. Montgomery earned his bachelor's degree in philosophy from Florida State University. He holds his Florida 2-15 Life, Health and Variable Annuities as well as 2-20 General Lines Agents license.

Mike Rusin, Employee Benefits Leader – Daytona Beach

Mike Rusin is responsible for the overall performance of the Daytona Beach Employee Benefits Division. The team consists of about 50 teammates focusing on Service, Analytics, Marketing, Enrollment/Implementation and Wellness. Mike has been with Brown & Brown since 2015. Prior to Brown & Brown, Mike spent 5 years with JPMorgan Chase in various operational and leadership roles. He is originally from Georgia, where he attended Georgia State University and obtained his bachelor's degree in political science. Mike serves on the Board of Directors for Port Orange – South Daytona Rotary Club and on an advisory committee for Salty Family Services, a non-profit based in Ormond Beach, FL. Mike holds a Florida Insurance license for Life, Variable Annuities & Health

Laurie Nelson, Service Leader

Laurie Nelson serves as our Service Leader and has over 24 years of insurance industry experience. She will assist with any escalated service issues and will ensure access to the dedicated Account Manager someone to solve problems for the city's employees or retirees. Laurie started her insurance career in 1994 with a local TPA as an Account Manager. Brown & Brown purchased the TPA and Laurie moved into an Account Manager role with Brown & Brown for 10 years. She was promoted to Service Manager with Brown & Brown 8 years ago and continues to lead the Account Management team today in this role.

Theresa Muscovitz, Sr. Account Manager

Theresa Muscovitz will serve as the dedicated Account Manager City of Ormond Beach, acting as the primary point of contact for all day-to-day needs and concerns. She is committed to providing personalized support and ensuring a smooth experience for every member of the City. Whether it's addressing billing issues, navigating claims appeals, resolving pharmacy denials or delays, answering eligibility questions, or offering clear explanations of benefits and services, Theresa will

be there every step of the way. Her goal is to offer timely, efficient, and reliable assistance, making sure all matters are handled with care and attention. You can count on Theresa to provide the expertise and support needed to resolve any issues and help you understand the details of your benefits.

Christina Higgs, Analytical Consultant

Christina Higgs is an Analytical Consultant with the goal of delivering health plan data in a meaningful way. She joined the Analytics team 5 years ago and consults with a book of self-funded clients ranging from 100 to 1,500 lives. Christina analyzes performance on a monthly, quarterly, and annual claim basis where she measures plan performance against plan funding and identifies cost drivers and trends. She also analyzes group demographics, plan valuations, benchmarking, and manages state filings. Christina consults on renewal strategy, working with our actuarial team on financial projections and plan design recommendations or carrier network changes when needed. She has experience navigating reporting portals, working with carrier contacts directly to get the data needed, and managing our data warehouse. She has always called Florida home. Prior to Brown & Brown Christina served her community as an educator specializing in mathematics. She earned her bachelor's degree at the University of Central Florida and holds a Florida Life & Health (2-15) License.

Amy Cannon, Compliance Liaison

Amy Cannon leads our Compliance Department and services as a compliance liaison with our National Regulatory and Legislative Strategy Team. Amy brings a wealth of expertise to her role, with a solid foundation of 7 years in Employee Benefits. Known for her meticulous attention to detail and a proactive approach, she is skilled at identifying potential compliance issues before they arise and ensuring that operations run smoothly, ethically, and efficiently. With a keen eye for detail and a passion for regulatory adherence, she monitors local, state, and national compliance regulations. Her leadership skills have enabled her to effectively train teams, conduct audits, and mitigate risks, while fostering a culture of compliance with our customers. Amy came to Brown & Brown in 2018 after managing a dental practice in the local area. She works continuously on developing ways to grow her team while simultaneously contributing to the collaboration of strengthening our local presence. Amy holds the Florida 2-15 Life & Health License.

Sonya Murphy, Senior Implementation Specialist

Sonya Murphy will be the dedicated Implementation Specialist. Her responsibilities will focus in and around the time of open enrollment but will also engage new employees per the direction of Katmai. Sonya has an excellent understanding of all lines of coverage that we offer and has worked with all carriers through new business and renewals. She is well versed in handling an array of questions, comments, and concerns from employees and will host as many meetings as required during open enrollment. Sonya holds the Florida 2-15 Life & Health License

Ashley Diaz, Population Health Consultant

Ashley Diaz is a member of Brown & Brown's National Population Health team. She brings over 7 years of experience consulting in workforce wellness, health, and productivity in the middle-market. Ashley has worked with employers in every major industry with workforces ranging from 100 to 10,000 employees. Ashley is certified through the Wellness Council of America (WELCOA) and holds a Florida Life & Health (2-15) License. She earned a B.A. in Communication and Media Studies from Stetson University. Prior to joining the Brown & Brown team, Ashley spent 3 years in Human Resource Information system (HRIS) consulting and training.

Specialization includes:

- Analyzing employers' cost and productivity drivers, and current programs and resources to identify areas of opportunity
- Implementing innovative evidence-based solutions
- Identifying barriers that prevent employees from thriving across all dimensions of wellbeing

Lindsey McClammy, Brokerage Leader

Lindsey McClammy oversees the employee benefits brokerage/marketing team. Over the past 14 years, she has served as the department's small business leader, then as senior marketing analyst, and subsequently developed into a leader with strong carrier relationships to get deals done for our clients. Lindsey earned her Bachelor of Arts in Communications from the University of West Florida and holds a Florida Life & Health (2-15) License along with licenses throughout the US.

Areas of specialization include:

- Fully Insured and Self-Funded RFP specifications
- Carrier negotiations
- New carrier relationship development
- Contribution modeling and develop customized ad hoc reports with insurance carriers to help facilitate with plan decisions throughout the year
- Conduct annual benefit survey of other local companies, which includes level of benefits and
- Premiums

Hailey Cronk, Sr. Marketing Analyst

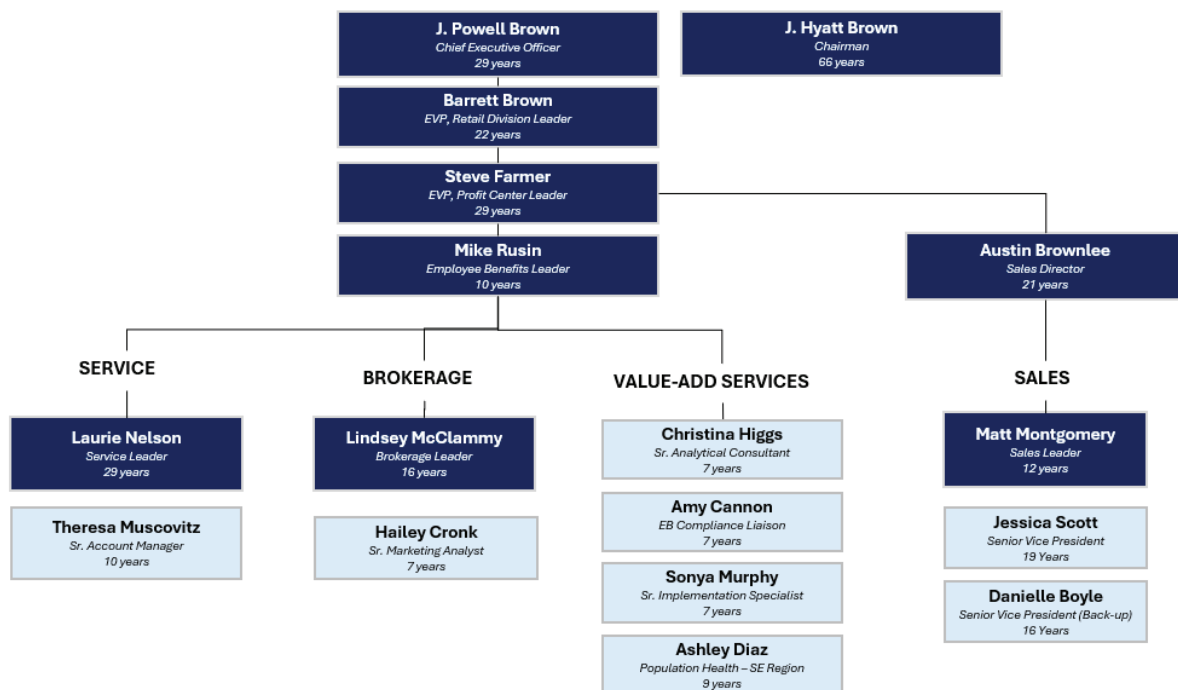
Hailey Cronk is one of our Senior Market Analysts, she's responsible for managing a book of business in the large market segment, specializing in self-funded employers over 1,000 lives. She is responsible for negotiating terms and pricing with carriers, evaluating coverage options for clients, and facilitating the overall renewal process. Hailey has been with Brown & Brown since 2018. Prior to Brown & Brown, she attended the University of North Florida and obtained her bachelor's degree in business administration. Hailey holds a 2-15 Florida Insurance license for Life, Variable Annuities & Health and a Group Benefits Disability Specialist certification.

Identify years of experience for each team member, as required in the minimum qualifications, listing only those years providing employee benefits broker of record services to municipalities of similar size, in the state of Florida, with a similar scope of service.

See organizational chart below to view each team member's years of experience.

Provide an organizational chart showing reporting structures for all key staff and dedicated team members.

EB Department: City of Ormond Beach



Include three professional references for the individual designated to serve as the city's primary point of contact.

Name:	Julie A. Christine, PHRP, CPM
Title:	Human Resources Director
Company:	City of Edgewater
Address:	104 N. Riverside Drive, Edgewater, FL 32132
Telephone Number:	386-424-2400, Ext. 1701
Email:	jachristine@cityofedgewater.org

Name:	Stephanie A. Workman
Title:	Executive Director Human Resources
Company:	Volusia County Schools
Address:	200 North Clara Avenue, Deland, FL 32720
Telephone Number:	386-734-7190
Email:	saworkma@volusia.f12.fl.us

Name:	Jeaneen Witt
Title:	Human Resources Manager
Company:	City of Holly Hill
Address:	1065 Ridgewood Avenue, Holly Hill, FL 32117
Telephone Number:	386-248-9440
Email:	jwitt@hollyhillfl.org

Section 3

Scope of Services

Section 3: Scope of Services

The selected firm must be able to provide the following tasks and services, however, this is not intended to be an exhaustive list:

Brown & Brown confirms our ability and understanding of the requested Scope of Services outlined below. We consider these our core competencies and deliver a very similar scope to the majority of our current clients. Our public sector expertise allows us to consistently deliver on these items with the highest level of efficiency and customer service.

Scope of Services	Agree	Disagree
1. Conduct an annual bidding process, carrier negotiations, and employee benefit plan selection in coordination with City leadership and established goals and objectives, including providing high quality health care, remaining fiscally responsible, minimizing provider disruption, improving employee health outcomes, and delivering excellent customer service.	✓	
2. Compile and present plan utilization data to the city on a quarterly basis with appropriate analysis, recommendations, and forecasting.	✓	
3. Leverage relationships with carriers to effectively and satisfactorily resolve member issues; communicating directly with members and carriers throughout process with little assistance from City staff.	✓	
4. Handle all claim inquiries, billing issues, complaints, and all other benefit related issues on behalf of the city with a high level of customer service and efficiency. Identify dedicated staff, with sufficient experience and knowledge, responsible for resolving both routine and complex issues on a daily basis.	✓	
5. Assign a primary contact who will be reasonably available for meetings and calls, present at City Commission meetings and workshops as needed, and responsive to inquiries the same day, including holidays and weekends.	✓	
6. Coordinate all aspects of the City's annual personal health assessment and health fair for employees to include testing (including weight, BMI, blood pressure, cholesterol, and various other biometric and lifestyle risk factors), producing individual and group reports and analysis, individual employee coaching services, and representation from other benefit programs and educational resources.	✓	
7. Collect and provide employee benefit coverage and cost benchmarking data relative to other municipalities in the area.	✓	
8. Provide information on health care trends and updates on relevant regulatory changes to ensure compliance.	✓	

9. Provide Consolidated Omnibus Budget Reconciliation Act (COBRA) administrative services in compliance with federal and state regulations, at no additional cost to the city.	✓	
10. Provide professional advice and guidance to ensure continued compliance with the Affordable Care Act (ACA), Health Insurance Portability and Accountability Act (HIPPA), Internal Revenue Service (IRS), and other state and federally mandated benefits and regulations.	✓	
11. Continue existing coverage and strategic initiatives with current provider network and level of benefits to avoid disruption in employee healthcare treatments, to the extent possible under financial and regulatory constraints. Provide cost and disruption analysis for any proposed renewal plan change.	✓	
12. Design customized wellness incentives based on claims utilization data and best practices, and provide follow up metrics, analysis, and recommendations to encourage positive health outcomes.	✓	
13. Conduct all aspects of annual open enrollment, to include collating employee benefit enrollment packages, conducting in-person presentations for staff, and processing individual enrollments at various city facilities for a period of two weeks each year.	✓	
14. Provide and manage employee benefits enrollment platform and HSA/FSA banking relationship to facilitate benefits administration efforts, at no cost to the city and preferably utilizing current vendors to avoid disruption.	✓	
15. Create electronic and printable annual benefit summaries utilizing the city's current design standards, as well as other documents as requested.	✓	
16. Facilitate quarterly in person meetings between insurance carrier's Chief Medical Officer, pharmacy manager, and other key personnel, and City leadership staff; prepare agendas and objectives for each meeting to review claims data, resolve case management issues, and identify opportunities for improvement; and memorialize and follow up on agreed upon action points.	✓	

Section 4

Fees

Section 4: Fees

Provide the firm's fee structure

Brown & Brown is proposing a flat fee in lieu of commissions in the amount of **\$50,000.00**.

Section 5

Required Forms

**City of Ormond Beach
Request for Proposals (RFP)
Employee Benefits Broker of Record
(RFP No. 2025-45)**

VERIFICATION OF EMPLOYMENT STATUS USING E-VERIFY SYSTEM

1. Undersigned firm warrants it **IS** currently registered with the U.S. Department of Homeland Security's E-Verify system, **and** is compliant with the requirements of Sections 448.09 and 448.095, *Florida Statutes*.
2. Undersigned firm warrants it **has not** had any contracts terminated as a result of violations of Sections 448.09 or 448.095, *Florida Statutes*, that prohibit it from contracting with a public agency.
3. Undersigned firm warrants that if it enters into an agreement with a subcontractor, an express provision shall be included in all of its subcontracts requiring subcontractors, who perform work or provide services pursuant to the contract, to use the E-Verify system to verify employment eligibility of all new employees hired by the subcontractor during the contract term.
4. Undersigned firm understands that any subcontractor must provide the contractor with an affidavit stating that the subcontractor does not employ, contract with, or subcontract with an unauthorized alien, and the contractor understands it shall maintain any such affidavits for the duration of the contract, and the contract with the subcontractor must be immediately terminated if the City has a good faith belief that the subcontractor knowingly violated Section 448.09 (1), *Florida Statutes*.
5. Undersigned firm understands that in the event the City has a good faith belief that the contractor has knowingly violated Section 448.09 (1), *Florida Statutes*, the City shall terminate the contract, and the contractor may not be awarded a public contract for a period of at least one (1) year after the date of termination. The contractor may be held liable for any additional costs incurred by the City as a result of termination of the contract.

Brown & Brown Insurance Services
COMPANY NAME
[Signature]
AUTHORIZED SIGNATURE
STEVE FARMER
NAME
Executive Vice President
TITLE
5/9/2025
DATE

**City of Ormond Beach
Request for Proposals (RFP)
Employee Benefits Broker of Record
(RFP No. 2025-45)**

RFP RESPONSE FORM

THIS RESPONSE IS SUBMITTED TO:

Purchasing Coordinator
City of Ormond Beach
22 S. Beach Street
Ormond Beach, Florida 32174

The undersigned SUBMITTER proposes and agrees, if this Submittal is accepted, to enter into a Contract with the CITY that reflects the items of this Request for Proposal (RFP) and to provide all services, as specified or indicated in the RFP Documents, in full accordance with the terms and conditions set forth in therein.

SUBMITTER accepts all of the terms and conditions of the General Conditions. SUBMITTER will sign the Contract) and submit the Contract security (when applicable) and other documents required by the Contract Documents within ten (10) days after the date of CITY's Notice of Award.

In submitting this information, SUBMITTER represents, as more fully set forth in the Agreement, that:

SUBMITTER has examined copies of all the RFP Documents and of the following Addenda:

Addendum Date

Addendum Number

Receipt of all of which is hereby acknowledged.

This Submittal is genuine and not made in the interest of or on behalf of any undisclosed person, firm or corporation and is not submitted in conformity with any agreement or rules of any group, association, organization or corporation; SUBMITTER has not directly or indirectly induced or solicited any other Submitter to submit a false or sham Submittal; SUBMITTER has not solicited or induced any person, firm or a corporation to refrain from bidding; and SUBMITTER has not sought by collusion to obtain for himself any advantage over any other Bidder or over the CITY.

THIS RESPONSE IS SUBMITTED BY:

COMPANY NAME: Brown & Brown Insurance Services, Inc.

VENDOR/CONTRACTOR LICENSE NUMBER: L007011

ADDRESS: 300 S. Beach St. Daytona Beach, FL 32114

PHONE NO.: 386-239-8836

FAX NO.: _____

SUBMITTER'S NAME: Jessica Scott

(Typed or Printed in Ink)

TITLE: Senior Vice President

AUTHORIZED SIGNATURE: I, _____
hereby



(Original signature required in each document)

declare that I have read and fully understand the RFP Documents and, including the General Conditions and the Scope of Work, and that I am duly authorized to sign and submit this Submittal.

The CITY reserves the right to reject any and all Submittals, to waive informalities, and to accept any Submittal or parts thereof as the CITY, in its sole discretion, determines to be in the best interest of the CITY.

PROPOSER: PLEASE ENSURE THAT YOU HAVE SIGNED THE RFP RESPONSE FORM OF THIS REQUEST FOR PROPOSAL. OMISSION OF A SIGNATURE ON THAT PAGE MAY RESULT IN REJECTION OF YOUR PROPOSAL.

THIS PAGE MUST BE COMPLETED AND RETURNED WITH YOUR PROPOSAL

City of Ormond Beach
CONFLICT, NON-CONFLICT OF INTEREST STATEMENT
LITIGATION STATEMENT

1.

☒ To the best of our knowledge, the undersigned firm has no potential conflicts of interest due to any other clients or contracts for this project.

[] The undersigned firm, by attachment to this form, submits information which may be a potential conflict of interest due to other clients or contracts for this project.

2.

☒ The undersigned firm has had no litigation on any project in the last five (5) years.

[] The undersigned firm, by attachment to this form, submits a summary and disposition of individual cases of litigation during the past five (5) years.

Brown & Brown Insurance Services, Inc.
COMPANY NAME


AUTHORIZED SIGNATURE

Steve Farmer
SIGNER'S NAME (PRINT OR TYPE)

Executive Vice President
TITLE

05/20/2025
DATE

THIS PAGE MUST BE COMPLETED AND RETURNED WITH YOUR PROPOSAL

**City of Ormond Beach
Request for Proposals (RFP)
Employee Benefits Broker of Record
(RFP No. 2025-45)
CITY OF ORMOND BEACH, FLORIDA
DRUG-FREE WORKPLACE CERTIFICATION**

IDENTICAL OR "TIE" SUBMITTALS: Preference shall be given to businesses with drug-free workplace programs. Whenever two or more proposals which are equal in respect to price, quality, and service are received by the State or by any political subdivision for the procurement of commodities or contractual services, a bid received from a business that certifies that it has implemented a drug-free workplace program shall be given preference in the award process. Established procedures for processing tie bids will be followed if none of the tied vendors have a drug-free workplace program. In order to have a drug-free workplace program, a business shall:

- 1) Publish a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the workplace and specifying the actions that will be taken against employees for violations of such prohibition.
- 2) Inform employees about the dangers of drug abuse in the workplace, the business's policy of maintaining a drug-free workplace, any available drug counseling, rehabilitation, and employee assistance programs, and the penalties that may be imposed upon employees for drug abuse violation.
- 3) Give each employee that engages in providing the commodities or contractual services that are under bid a copy of the statement specified in subsection (1).
- 4) In the statement specified in subsection (1), notify the employees that, as a condition of working on the commodities or contractual services that are under bid, the employee will abide by the terms of the statement and will notify the employer of any conviction of, or plea of guilty or nolo contendere to, any violation of Chapter 893 or of any controlled substance law of the United States or any state, for a violation occurring in the workplace no later than five (5) calendar days after such conviction.
- 5) Impose sanctions on, or require the satisfactory participation in a drug abuse assistance or rehabilitation program if such is available in the employee's community, by any employee who is so convicted.
- 6) Make a good faith effort to continue to maintain a drug-free workplace through implementation of this section.

Brown & Brown Insurance Services, Inc.
Company Name
SEF
Authorized Signature
STEVE FARMER
Print Name
Executive Vice President
Title



AFFIDAVIT OF COMPLIANCE WITH SECTION 287.138, FLORIDA STATUTES

**AFFIDAVIT OF COMPLIANCE WITH SECTION 287.138, FLORIDA STATUTES
CONTRACTING WITH FOREIGN ENTITIES OF CONCERN**

The undersigned ("Affiant"), on behalf of the entity listed below ("Entity"), hereby attests under penalty of perjury as follows:

1. Affiant is the Executive Vice President of Brown & Brown Insurance Services, Inc.
(Title) (Business Name)
which does business in the State of Florida, hereinafter called the "Entity".
2. Entity is not owned by the government of a foreign country of concern, as defined in Section 287.138 (1) (c), Florida Statutes.
3. The government of a foreign country of concern does not have a controlling interest in Entity, as defined in Section 287.138 (1)(a), Florida Statutes.
4. Entity is not organized under the laws of, and does not have a principal place of business in, a foreign country of concern.
5. Entity is not owned or controlled by the government of a foreign country of concern.
6. For purposes of this affidavit, a foreign country of concern means the People's Republic of China, the Russian Federation, the Islamic Republic of Iran, the Democratic People's Republic of Korea, the Republic of Cuba, the Venezuelan regime of Nicolas Maduro, or the Syrian Arab Republic, including any agency of or any other entity of significant control of such foreign country of concern, as defined in Section 287.138(1)(c), Florida Statutes.

The undersigned is authorized to execute this affidavit on behalf of the Entity.

Date: May 9, 20 25 Signed: [Signature]

Entity: Brown & Brown Insurance Services, Inc. Name: Steve Farmer

Title: EXECUTIVE VICE PRESIDENT

STATE OF: Florida COUNTY OF: Volusia

The foregoing instrument was acknowledged before me by means of ☐ physical presence or ☒ online notarization, this 9th day of May, 20 25, by Steve Farmer and who: ☒ Is personally known to me; or

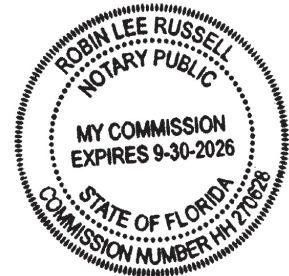
☐ has produced _____ as identification.

[Signature]

Notary Public, State of Florida at Large:

Printed Name/Seal of Notary, Commission and Expiration Date:

My commission expires: 9/30/2026



This document must be completed and returned with your Submittal



City of Ormond Beach Request For Proposals #2025-45

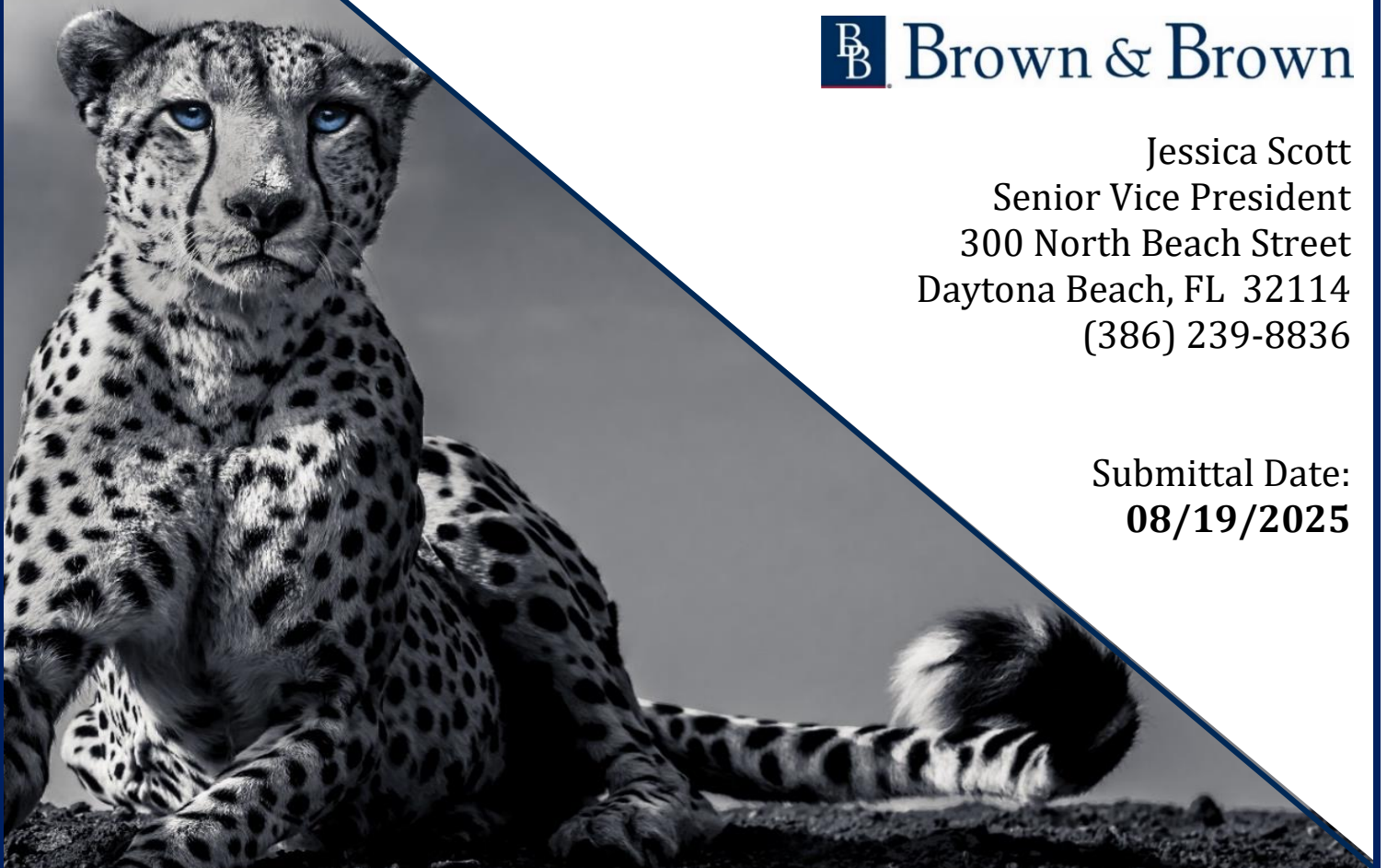
Employee Benefits Broker of Record Services
Supplemental Information

Response Prepared By:
Brown & Brown Insurance Services, Inc.



Jessica Scott
Senior Vice President
300 North Beach Street
Daytona Beach, FL 32114
(386) 239-8836

Submittal Date:
08/19/2025



Your response should be limited to information pertaining to a Florida municipality client with an HDHP, as stipulated in the RFP under Section IV. Minimum Qualifications, #5 and #6, on page 9 as follows:

- 5. Demonstrated ability and success in design and implementation of a high deductible health care plan (HDHP).**
- 6. Demonstrated ability and success implementing various strategies to complement the HDHP, including a no-cost urgent care clinic, wellness incentives, and reduced or no cost prescription plan, or substantially similar strategies to maintain high quality and cost-effective coverage.**

City of Ormond Beach

Brown & Brown became Agent of Record for The City of Ormond Beach in 2009. During our first year as the City's consultant, we performed several months of claims and utilization analysis to identify trends and areas of opportunity to lower claims and save The City money, while still maintaining a desirable plan design for City employees. We worked with The City's purchasing department to put out a public bid for proposals. We reviewed proposals from various fully insured and level funded carriers. The City was facing a 25% increase to keep the same \$0 deductible plan design with FHC. Through our negotiations we were able to negotiate the increase to 15% with no plan changes, however we determined a better long-term strategy would be to design a customized plan for The City with FHC. Through our historical claims and utilization analysis we determined a \$250 deductible would be appropriate for more major services, such as hospitalization and surgery. Then we customized copays for other routine services, including low copays to drive employees to visit their primary care and get diagnostic and preventative testing in effort to reduce high-cost claims. We used the introduction of a deductible as an opportunity to teach employees what the actual cost of services are, when they use their plan. With no deductible in place currently for hospitalization and surgeries, employees had no idea what these services were costing the plan, and this was contributing to the increasing cost of premiums for The City. We conducted extensive open enrollment meetings with employees, where we educated them on what a deductible was and on tools available to research the cost of services at hospitals and outpatient centers so they could make better informed decisions on where to seek care and save themselves and the plan money. The result of our efforts this first year consulting for The City was \$400,000 in savings.

In 2011, Brown & Brown had several local City clients interested in near site or onsite clinics. We interviewed several clinic models and conducted a full RFP to negotiate clinic services and pricing for our local Cities. Through this bid process, we determined building and operating an onsite or near site clinic would cost each City anywhere from \$100,000 to \$300,000 a year depending on services offered at the clinic. Because these costs were not feasible for most of our Cities, we also engaged with FHC, as the current health carrier for the majority of our local Cities. We were able to negotiate an agreement that FHC would be able to develop, staff and offer similar clinic services within their own locations and offer these services for low copays to our mutual City clients. This model would eventually evolve into the workforce wellness rider/extended hour clinics they have available today for all FHC clients. During this year, we implemented these clinic services for The City of Ormond

Beach at no cost and City employees could access these services for a \$10 copay. The services included primary care, urgent care, lab, prescriptions, and diagnostic testing.

Now that this new clinic model was available to The City of Ormond Beach's employees in 2012, we worked with the HR team to build an actual wellness program for The City. We developed the "Wellness Cove", which was a wellness committee consisting of Brown & Brown, HR, the City Manager, Finance, Union and department representatives. This group would meet quarterly to review utilization data and trends analyzed and presented by Brown & Brown. The group would share ideas and develop wellness initiatives that were appropriate for The City's population. This group was responsible for the following throughout the year:

- Review ER vs FHC clinic utilization, to determine how we could drive more utilization to the lower cost FHC clinics and promote preventative screenings and acute care to reduce catastrophic claimants
- Review benchmarking data Brown & Brown would regularly update so The City could compare their benefits plans with other local Cities
- Promote establishing a relationship with a Primary Care doctor to stay compliant with preventative screenings and management of chronic conditions
- Implement and conduct an annual health fair where FHC would perform health screenings, biometrics, and nutrition counseling and we would bring in various vendors from the community to provide resources to City employees for health and wellness
- Increase physical activity through gym utilization and teams who would compete throughout the year with walking, weight loss and other physical challenges
 - Brown & Brown helped FHC secure contracts with several local gyms to expand the list of free gyms The City's employees could access
 - Jessica Scott conducted free bootcamp classes at 5am a couple days a week for City employees
- Create and distribute monthly wellness communications
- Developed the annual Mayors Fitness Challenge where local Cities would compete with weight loss and physical challenges

In 2015, the Affordable Care Act implemented ACA reporting requirements, which meant employers who offered group health plans would have to start completing this report in 2016 to stay compliant. In response to this, Brown & Brown partnered with a Benefit Administration Platform, Plansource, to offer various services to our clients, including the ability to perform ACA reporting. The system included additional capabilities to streamline processes for our clients including housing all the census and health plan data each year (including premium deductions and contributions, plan design details, etc.). The platform also migrated paper enrollments to an online enrollment platform, which fed directly into the system and streamlined the whole enrollment process. Brown & Brown developed an in-house technology team so that we had the ability to perform onsite training of the system with our clients. Brown & Brown provided and still provides this system and our services to The City of Ormond Beach at no cost. In addition, The City's dedicated Account Manager at Brown & Brown is able to help the HR department trouble shoot any issues and

questions that arise, help HR update the system with changes and assist HR with ACA reporting through the system each year.

In 2015, during our quarterly claims reviews with the Ormond team, we determined the loss ratio was spiking due to several large claimants and over the past couple of years we were fighting slightly higher renewal increases. We started having conversations about alternative funding and new plan designs to be considered, including an HSA plan. We performed an extensive RFP process to review self-funded, level-funded, fully insured, consortium and captive options with various carriers. We conducted Board workshops to educate the Board on self-funding and alternative plan design structures, such as HSA's and health reimbursement accounts (HRA). Through the RFP process, with The City's loss ratio spiking to 118%, FHC responded with a 30% increase to keep the current plan design. We received self-funded bids with BlueCross coming in at \$2 million more than current rates and the lowest bid with Meritain at \$1 million over current rates. The consortium was competitive with the FHC renewal, however, the Board did not feel comfortable leaving FHC and going with another carrier that year. The most competitive fully insured bid from Aetna came in at \$70,000 more than FHC's renewal. Since the Board did not feel it was in The City's best interest to move from FHC, we got creative with FHC and negotiated a 2 year offer where they would lower the renewal to a 20% increase for Year 1 and a not to exceed renewal at 15% for Year 2. However, after reviewing multiple plan designs within FHC to reduce cost, we found that implementing the lowest deductible HSA plan would keep the City's cost right around current. The Board agreed that moving to an HSA plan with FHC was in the best interest of The City employees considering this would be a big change and they did not want to also have employees go through doctor changes too. Therefore, we were able to negotiate with FHC a short contract from 10/1-12/31 to keep the current plan design and move to the HSA plan design on January 1, 2016. This allowed us to move The City's renewal date from October 1st to January 1st so that the new HSA deductible aligned with the calendar year to make for a smoother transition. This resulted in keeping The City's cost very close to flat for 2016 plan year and The City was able to fund \$1350 of the \$1600 deductible in HSA dollars for employees, leaving \$250 liability on employees which matched the \$250 deductible they had in place with their prior plan design. Brown & Brown spent the last few months of 2015 putting together education communications on how HSA plans work, and we conducted several group and one on one meetings with City employees to ensure that by January, they would feel comfortable with their new plan design. In addition, we also worked very closely with the Medicare eligible employees on alternative options they could consider to The City's new HSA plan. We still continue to provide education and alternative options for employees who become Medicare eligible so they can make the best financial decision based on options available to them.

In 2016, now that we had the HSA plan design in place, it was important to find ways to support employees through this big transition. Brown & Brown and The City created a committee with FHC who would meet quarterly. The committee consisted of The City Manager, Assistant City Manager, HR Department, Finance Department, Jessica Scott from Brown & Brown, and FHC leadership including CEO, CFO, Chief Medical Director, Pharmacy Director, and Wellness Director. During these meetings, The City had the appropriate audience to resolve any issues that came up with the plan very quickly, we would review claims data and discuss ways FHC could improve services for members. The outcome of these meetings was:

- Improvements to FHC pharmacies, including ability to process manufacturer coupons at the pharmacies, which saved HSA members money on expensive medications
- Improvements to FHC member portal
- Revision of FHC's Explanation of Benefits process and statements to include more helpful information for HSA members such as claims discounted cost, member cost responsibility, dollars tracking to deductibles and out of pocket maximums
- Improvements to FHC's cost estimator tools so HSA members had more transparency in costs for services to make better informed decisions
- Expansion of Doc-On-Demand and Telehealth services available to FHC HSA members

The City was also focused on ways to offer free or reduced cost services to promote engagement in preventative screenings, management of chronic conditions, and seeking care early in efforts to keep claims cost down. While the FHC clinics were still achieving high utilization, we wanted to expand on the convenience and scope of free services The City could possibly offer employees. Therefore, Brown & Brown conducted an RFP process for near site clinic services, where we negotiated bids from all of the local hospital systems and other clinic vendors. We were able to negotiate the most competitive contract with Florida Hospital at \$106,000 annually. However, Brown & Brown was ultimately able to negotiate the same services with FHC at less than \$20,000 annually as a lower cost alternative. These services included:

- \$0 clinic copay for primary care, urgent care, labs, diagnostic testing
- Free health risk assessments
- Free Skin Cancer Screenings
- Free Educational Seminars throughout the year
- Free management of chronic high cholesterol, high blood pressure, and diabetes
- Free medications for chronic conditions
 - This was the only cost The City paid for monthly based on prescription quantities filled each month at \$3 or \$10 per script
- \$3 copay for medications not available on the \$0 list
- Free blood pressure clinics

By implementing this more extensive clinic model with FHC instead of Florida Hospital, The City saved \$90,000.

After only a year on the HSA plan, The City's loss ratio had decreased to 84%. For the 2017 January renewal, Brown & Brown conducted an RFP process where we again reviewed fully insured, level funded and self-funded options. However, all options came back higher than the 4% increase we negotiated with FHC. We did survey employees after the first year with the HSA plan and there were complaints with the dependent deductible being so high. Therefore, Brown & Brown was able to enhance the current HSA plan with an embedded deductible, where we kept the deductible amounts the same for single, but for family we were able to cap one person at \$2600 instead of having to meet the entire \$3200 deductible. The employee survey results also included requests to add another plan design (non-HSA) with a lower deductible and copays, as an option to offer along with the HSA. We reviewed these options with The Board, but The Board decided it would be better to continue to

invest in the success of the HSA plan and add an additional \$250 on top of the \$1350 HSA dollars they were giving to employees enrolled in the HSA. The \$250 would be an additional incentive that employees could earn by doing their health assessment and skin cancer screening each year.

By the end of 2017, The City was having great success with the HSA plan design:

- Loss ratio was down to 72% while negotiating the FHC renewal
- Large claims had decreased by 50%
- We were able to report high compliance with the free chronic medication list only costing The City \$7000 annually
- ER visits decreased by over 50%
- FHC clinic visits increased by 20%
- Member education visits doubled
- Health assessment participation was reported at 67%
 - Results from the assessments determined:
 - 80% of population was at risk for high Blood Pressure
 - 74% of the population was diabetic or at risk
 - 40% of the population was compliant with an annual skin cancer screening

After final renewal negotiations, Brown & Brown achieved a -2% decrease with FHC on the current HSA plan. With the over \$54,000 in savings, The Board was able to increase HSA dollar incentives for a total of \$1800 for every employee as outlined below:

- Maintain \$1350 for all HSA enrolled employees
- Maintain current wellness incentives (\$250 total)
 - \$125 Health Assessment
 - \$125 Skin Cancer
 - Add Additional incentive (pick one or more)
 - \$100 non-smoking affidavit or complete program
 - \$100 attend at least four wellness lunch and learn programs
 - Nutrition, stress reduction, fitness, financial planning, etc.

By the end of 2018, when Brown & Brown negotiated the 2019 renewal:

- The FHC loss ratio was stabilizing in the 70's at 76%.
- High claimants were still at the same level as 2017
- Employees continued to have high utilization with the free chronic medication list, with The City's cost increasing slightly to \$10,000
- ER continued to decrease from the year prior another 5%
- Consistent utilization at FHC clinics with a 10% increase over prior year
- Health Assessment participation was in the same range as the year before at 65% with the following results:
 - The population at risk for cholesterol decreased by -46%

- The population reporting high blood pressure reduced by -17%
- The diabetic at risk population was better managed through medication and lifestyle
- Skin cancer screenings increased by 15%
- Tobacco free participation = 60% of the population
- Lunch and learn participation = 90% of the population

The final renewal RFP resulted in the most competitive bid from Cigna at a 2% increase. FHC was negotiated to a 3% increase and The Board voted to stay with FHC and continue the HSA dollar incentives at the same level since they were seeing great results.

For the 2019 renewal, The City's loss ratio continued to stay low at 72%. The health assessment participation remained high at 70% and we found that high risk conditions had trended all the way down to only 5% of the population. Skin cancer screenings continued to increase slightly year over year. With these great results, Brown & Brown was able to negotiate a -3% decrease with FHC for the 2020 renewal. This resulted in \$73,000 in savings to The City.

However, unfortunately after 2020, COVID had a negative impact on claims for most employers, with The City of Ormond also being impacted. By the time of the 2022 plan year negotiations, The City's loss ratio had spiked to 116% with 18 high-cost claims accounting for \$2.1 million in cost. This was a trend we were seeing across the board post COVID, as employees had to put off seeking services while most providers were closed, contributing to more severe conditions and higher claims. FHC proposed a 33% renewal for the 2022 plan year. Brown & Brown performed a bid process, and the lowest bid came in from UHC at a 28% increase. Brown & Brown negotiated a 2-year contract with FHC to reduce the Year 1 renewal to 15% and Year 2 would be a not to exceed 18% increase, to spread the increase over 2 years vs having to take a large hit in one year. We were also able to expand on the HSA dollar incentives in addition to the \$1350 for enrolling on the HSA plan:

- \$450 in wellness incentives consisting of the following:
 - \$125: Skin Cancer Screening
 - \$125 Personal Health Assessment (PHA)
 - \$100 Tobacco Free Affidavit/Cessation
 - \$100 Wellness Action Team Activity – Consisting of any 2 of the following:
 - Mayor's Health & Fitness Challenge
 - 4 Lunch & Learns
 - Annual Physical
 - 12 FHCP Gym Visits (in any 1 quarter)
 - 1 FHCP Action Plan
 - 1-on-1 with FHCP Dietician
 - 1-on-1 with FHCP Nutritionist
 - 1 FHCP Member Education Class
 - Community Walk/Run/Race

By the 2023 renewal, claims did trend back down to 75% loss ratio. We were still reporting a higher number of high-cost claimants, but we were able to negotiate a 5% increase with FHC (despite the

18% renewal cap negotiated the year period with the 2 Year contract). This saved The City's budget \$373,00.

Brown & Brown has been able to continue to negotiate lower than market and City budget renewals by achieving at flat renewal for the 2024 plan year and a 1% increase for the 2025 plan year. We do continue to see breast cancer as a concern as we evaluate high-cost claims, but we have also been able to promote better compliance with those screenings at 75% vs FHC's benchmark at 70%. Brown & Brown continues to focus on ways The City can promote and incentivize preventive screenings, as we feel that is the best way to try to mitigate high-cost claimants and have a better chance of recovering from a catastrophic diagnosis. We understand The City has had a great long-term partnership with FHC, however, we continue to make sure The City is educated on competitive options within the marketplace. We recently offered education to HR and The City Manager on Curative, as an example. We will continue to perform aggressive RFP processes to negotiate options that will bring value and savings to The City's benefit plan, as that is one of the many responsibilities we have in consulting for our clients. While the HSA plan design should always be evaluated, we are proud to report the following statics The City has achieved with the HSA being in place:

- Average loss ratio prior to the implementation of the HSA: 108%
- Average loss ratio after the implementation of the HSA: 84%
- Brown & Brown has negotiated 4 renewal decreases in span of 16 years (with a non-HSA plan and HSA plan)
- Brown & Brown has negotiated an overall average increase of 3% over the 16-year partnership with The City

Ormond has been my home and community since childhood. It has truly been an honor to serve as the consultant for my hometown for the last 16 years. I have always had The City's employees' best interest at heart, and I believe that has shown through in my efforts successfully negotiating a competitive health plan for The City each and every year. I am thankful you have chosen me and Brown & Brown as your partner and look forward to continuing to serve in that capacity into the future.

Southwest Florida Water Management District (SWFWMD)

A current Special District client, employing approximately 540 individuals, partnered with Brown & Brown as their Broker of Record in 2020. The client is and continues to be self-funded and at the time, had Cigna as their health insurance carrier. At the time of engagement, enrollment in the High-Deductible Health Plan (HDHP) was notably low, despite the District offering employer contributions of \$750 for employee-only coverage and \$1,000 for all other tiers into Health Savings Accounts (HSAs).

Recognizing the opportunity to improve plan adoption and cost efficiency, Brown & Brown implemented a comprehensive employee education strategy aimed at increasing awareness and understanding of the HDHP and HSA benefits. While enrollment gradually improved year over year, the pace of migration to the HDHP remained below expectations for both Brown & Brown and the District.

In 2022, Brown & Brown conducted a detailed benchmarking analysis and presented multiple strategic options to enhance the District's HSA contribution structure. Based on these insights, the District elected to increase its employer HSA contributions for the 2023 plan year to \$1,000 for employee-only coverage and \$1,500 for all other tiers. This adjustment yielded significant results: HDHP enrollment surged, leading to an estimated \$1,000,000 reduction in claims spend for the 2023 plan year alone. Continued education efforts have sustained this momentum, with average annual claims cost savings approaching \$900,000.

Brown & Brown remains actively engaged in evaluating the District's plan design and contribution strategies to ensure ongoing competitiveness with peer organizations. This collaborative, data-driven approach has not only enhanced employee engagement but also delivered measurable financial benefits to the District.

City of Edgewater

City of Edgewater has been a Brown & Brown client for 20 years. During the first decade of our relationship, the City offered 2 medical plans through FHC with \$0 deductibles and each plan had very low copays. The average loss ratio for that decade was 85% and we were negotiating double digit renewals most years, which would result after negotiations with an average renewal of a 7% increase.

Brown & Brown performed a plan design and financial analysis and determined that the City could benefit by introducing a high-deductible health/HSA plan. However, before implementing a new plan design structure, Brown & Brown and the City Manager decided that it would be best to form an insurance committee including union representatives and department leaders so Brown & Brown could educate this group on what a high-deductible plan is and how it works. Over the next couple of years Brown & Brown worked with the City's leadership team and Insurance Committee doing the following:

- Reviewed claims with the City to analyze trends and determine what resources were needed to address escalating claims
- Set up meetings with FHC leadership (CEO, Medical Director, Pharmacy Director) and City leadership to discuss lower cost or free services FHC could offer to keep employees engaged in healthcare without cost barriers on a high-deductible health plan
 - This led to FHC agreeing to reducing the cost of their clinics from a \$10 copay to a \$0 copay on all plans
 - FHC also agreed they would expend services at their clinic for diagnostics, primary care and urgent care
- Performed financial analysis on alternative plan designs and savings the City could recognize by making minor changes to plans
 - Evaluated and introduced the idea of including a health reimbursement account to pair with alternative plans with deductibles
- Reviewed the City's current contribution structures and modeled alternative structures to implement the HSA plan as a third plan option
- Educated the insurance committee and employees on HSA plans and HRA plans
- Made presentations to the Board on HSA and HRA plans, claims impact, financial impact and long-term strategy recommendations

The final outcome of the 2 years of planning with the City's leadership and employees resulted in the following:

- Negotiated a 15-month contract with FHC to move the City's effective date from October to January so that deductible plans would reset each calendar year
- Introduced 3 plans with FHC – HSA, \$250 deductible HMO plan, \$0 deductible POS plan
- The financial impact to the City for the plan changes was over \$150,000 in savings
 - The City used this savings to fully fund the \$250 deductible through an HRA (employees would get reimbursed in full for the deductible if they had services subject to the \$250)

- The City fully covers the HSA plan deductible through an HSA Account
 - Employees must complete a preventative screening each year to be eligible for \$200 of the funding in the HSA account
- Reduced the FHC extended hour clinic copay from \$10 to \$0 on all plans
- Grandfathered current employees with their same deductions or free plans based on their level of service and years with the City
 - The HSA plan became a free option for current employees to have the opportunity to build an HSA bank account over time since the City funds the bank account every year
- The HSA plan became the free base plan for all newly hired employees
 - New employees had to buy up if they wanted the \$250 deductible or \$0 deductible plan

During open enrollment for the new plans, Brown & Brown conducted many educational presentations on HSA and HRA plans with employees. We met one on one with employees to field their individual questions and help them determine what plan was the best fit for their individual needs. We also did extensive training on FHC's cost estimator tools to help employees understand the cost of services on the HSA and deductible plan and educated on steerage to lower cost options for the plan and for themselves. Education also included ways to reduce costs for medications on all plans by using various resources Brown & Brown provides.

After almost a decade, the City has continued to offer these same 3 medical plans with FHC. When we first implemented the HSA plan, we only had 20 employees enrolled (out of 200). As of 2025, there are 125 employees enrolled in the plan. The City's loss ratio has trended down to 71% over the last decade and Brown & Brown has negotiated renewals that have averaged under 3%. This average has included a -2% and flat renewal since the plan design changes were implemented. Since the plan renewals continue to be negotiated under the City's budget year over year, the City has been able to continue to fully fund the HSA deductible and \$250 HRA.

Brown & Brown has just completed the negotiations for the City's January 2026 renewal, which we have secured a flat renewal with FHC with no plan changes.

City of Holly Hill

City of Holly Hill has been a Brown & Brown client for over 15 years. The City has had their medical plans through FHC for over 20 years. They started with 2 traditional copay plans: one with \$0 deductible and one with a \$250 deductible for several years and eventually added a high deductible/HSA plan as a third option. The HSA plan included the lowest deductible available, however, this plan had the lowest enrollment since employees were more comfortable enrolling in the low-deductible copay plans.

We developed a multi-year strategy to do a lot of education on the benefits of an HSA plan with employees, including Brown & Brown setting up one-on-one meetings with employees to talk specifically about their individual needs on a plan and to help them understand how the plan could benefit each of them. We continued to keep the employee only tier premiums free on all plans, but the City contributed over the high deductible health plan deductible amount to the HSA bank account for any employees who enrolled.

Our long-term strategy was to eventually eliminate the \$0 deductible copay plan first and then eliminate the additional copay plan, once we started to get more enrollment and interest in the high-deductible health plan. The City formed an insurance committee, who met quarterly with Brown & Brown and the FHC wellness team to develop a wellness engagement plan, where employees would receive funds for their HSA account by participating in preventative screenings and wellness activities. Brown & Brown also negotiated free FHC clinic visits for members on the HSA plan and options for free medications on the plan to help drive interest into the plan.

By 2019, the City made the decision to only offer the HSA plan as a single option to all employees. Brown & Brown was able to move the City's effective date from October to January to better align the plan deductible with a calendar year and Brown & Brown was able to negotiate a flat renewal for a 15-month contract period with FHC for the medical plan. By making this change, the City's loss ratio has averaged 75% with the high-deductible health plan and Brown & Brown has negotiated an average renewal of under 2% for the last 7 years with FHC while keeping the same HSA plan design. Within that time period, Brown & Brown has negotiated 3 flat renewals for the City.

With the savings Brown & Brown has negotiated over this period of time, the City is able to continue to fund over \$2,000 a year into the employees' HSA bank accounts each year, if the employees stay compliant with preventative visits during each year. The City also continues to pay 100% for the employee only tier so employees do not have to pay any premium for the plan.



City of Ormond Beach

22 South Beach Street
Ormond Beach, Florida 32174
Telephone (386) 676-3223

REQUEST FOR PROPOSALS

PROPOSER ACKNOWLEDGEMENT FORM

THIS FORM MUST BE COMPLETED AND RETURNED WITH YOUR PROPOSAL

RFP TITLE: Employee Benefits Broker of Record Services
RFP NUMBER: 2025- 45
RFP OPENING DATE & TIME: May 21, 2025 at 3:00 pm
RFP OPENING LOCATION: City Hall Training Room at Ormond Beach City Hall
PRE-PROPOSAL MEETING DATE & TIME: None
PRE-SUBMITTAL MEETING: N/A

Submittals Received After The Above Date And Time Will Not Be Accepted.

PROPOSER'S NAME: Brown & Brown Insurance Services, Inc.

PROPOSER'S MAILING ADDRESS: 300 North Beach Street

CITY-STATE-ZIP: Daytona Beach, FL 32114

F.E.I.N.: 59-0691921

PHONE NUMBER: (386) 239-8836

EMAIL: Jessica.Scott@bbrown.com

If returning as a "No Submittal", please state reason (s) _____

I certify that this Proposal is made without prior understanding, agreement, or connection with any corporation, firm, or person submitting a Proposal for the same materials, services, supplies, or equipment, and is in all respects fair and made without collusion or fraud. I agree to abide by all conditions of this RFP and certify that I am authorized to sign this RFP for the Proposer. In submitting a RFP to the City of Ormond Beach, the Proposer offers and agrees that if the Proposal is accepted, the Proposer will convey, assign or transfer to the City of Ormond Beach all rights, title, and interest in and to all causes of action it may now or hereafter acquire under the Antitrust laws of the United States and the State of Florida for price fixing relating to the particular commodities or services purchased or acquired by the City of Ormond Beach. At the City's discretion, such assignment shall be made and become effective at the time the City tenders final payment to the Proposer.

X

AUTHORIZED SIGNATURE (MANUAL)

Steve Farmer

NAME (TYPED)

Executive Vice President

TITLE

5/20/2025

DATED



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

8/21/2025

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an **ADDITIONAL INSURED**, the policy(ies) must have **ADDITIONAL INSURED** provisions or be endorsed. If **SUBROGATION** IS **WAIVED**, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Brown & Brown RS Insurance Services, LLC 6 Concourse Pkwy, Ste 2300 Atlanta, GA 30328 www.bbinsurance.com	CONTACT NAME: Risk Solutions Critical Services PHONE (A/C, No, Ext): (404) 460-1400 x 4 E-MAIL ADDRESS: rscerts@bbrown.com FAX (A/C, No): INSURER(S) AFFORDING COVERAGE INSURER A: Travelers Property Casualty Company of America INSURER B: The Continental Insurance Company INSURER C: The Charter Oak Fire Insurance Company INSURER D: XL Specialty Insurance Company INSURER E: Lloyds INSURER F:	NAIC # 25674 35289 25615 37885
INSURED Brown & Brown, Inc. PO 2412 Daytona Beach FL 32115-2412		

COVERAGES**CERTIFICATE NUMBER:** 86793719**REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	☒ COMMERCIAL GENERAL LIABILITY ☐ CLAIMS-MADE ☒ OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: ☒ POLICY ☐ PRO-JECT ☐ LOC ☒ OTHER: Deductible \$50,000			TC2J-GLSA-9527B874-TIL-25	1/1/2025	1/1/2026	EACH OCCURRENCE \$1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$1,000,000 MED EXP (Any one person) \$5,000 PERSONAL & ADV INJURY \$1,000,000 GENERAL AGGREGATE \$10,000,000 PRODUCTS - COMP/OP AGG \$2,000,000 \$
A	☐ AUTOMOBILE LIABILITY ☐ ANY AUTO ☐ OWNED AUTOS ONLY ☐ SCHEDULED AUTOS ☒ HIRED AUTOS ONLY ☒ NON-OWNED AUTOS ONLY ☒ Deductible \$50,000			TC2J-CAP-9527B862-TIL-25	1/1/2025	1/1/2026	COMBINED SINGLE LIMIT (Ea accident) \$2,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
B	☒ UMBRELLA LIAB ☒ OCCUR ☐ EXCESS LIAB ☐ CLAIMS-MADE ☐ DED ☒ RETENTION \$ -0-			6011849429	1/1/2025	1/1/2026	EACH OCCURRENCE \$5,000,000 AGGREGATE \$5,000,000 \$
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A	UB-1R870198-25-51-K (AOS) UB-1R861269-25-51-R (AZ, WI, MA)	1/1/2025 1/1/2025	1/1/2026 1/1/2026	☒ PER STATUTE ☐ OTH-ER E.L. EACH ACCIDENT \$1,000,000 E.L. DISEASE - EA EMPLOYEE \$1,000,000 E.L. DISEASE - POLICY LIMIT \$1,000,000
D	INS AGENTS/BROKERS PROFESSIONAL LIAB E&O			US00106979E025A	1/1/2025	1/1/2026	Each Wrongful Act \$20,000,000 Aggregate \$20,000,000 Limit \$15,000,000
E	Cyber Liability			B0146CYUSA2501654	1/1/2025	1/1/2026	

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Named Insured: Brown & Brown Insurance Services, Inc., 300 North Beach St., Daytona Beach, FL 32114

CERTIFICATE HOLDERCity of Ormond Beach
22 South Beach Street
Ormond Beach FL 32174**CANCELLATION**

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE **Brown & Brown RS Insurance Services, LLC**

Brown & Brown RS Insurance Services, LLC

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ACORD 25 (2016/03)

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RESOLUTION NO. 2025-134B

A RESOLUTION ACCEPTING THE PROPOSAL OF FOUNDATION RISK PARTNERS CORP. REGARDING EMPLOYEE BENEFITS BROKER OF RECORD SERVICES; AUTHORIZING THE EXECUTION OF AN AGREEMENT AND PAYMENT THEREFOR; REJECTING ALL OTHER PROPOSALS; AND SETTING FORTH AN EFFECTIVE DATE.

WHEREAS, the City solicited proposals for employee benefits broker of record services (the Project) (City RFP No. 2025-45), in accordance with Section 2-300, *Code of Ordinances*, and

WHEREAS, the City's evaluation committee reviewed the two (2) proposals received and determined that the most advantageous proposal for the City is the proposal submitted by Foundation Risk Partners Corp. to provide employee benefits broker of record services in the amount of \$85,000.00 annually, plus optional services for Compliance Support in the amount of \$6,500.00, plus Benefits Administration Technology in the amount of \$7,602 for a total annual amount of \$99,102.00 (\$297,306.00 for the initial three-year term), (a copy of said proposal being incorporated in the contract which is attached hereto and incorporated herein by reference), and

WHEREAS, the City Manager has certified that sufficient funds for the services have been appropriated to the credit of the General Fund and have not been appropriated for any other purpose, now therefore,

BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF ORMOND BEACH, FLORIDA, THAT:

SECTION ONE. The proposal of Foundation Risk Partners Corp. to provide employee benefits broker of record services for the City is hereby accepted.

SECTION TWO. All other proposals relative to the aforescribed Project shall be deemed rejected upon the execution of an agreement with Foundation Risk Partners Corp.

SECTION THREE The Mayor and the City Manager are hereby authorized and directed to execute an Agreement between the City and Foundation Risk Partners Corp. for the Project in an amount of \$297, 306.00 for the initial three-year term and to pay the cost thereof from the General Fund.

SECTION FOUR. This Resolution shall take effect immediately upon its adoption.

APPROVED AND AUTHENTICATED this 3rd day of September, 2025.

JASON LESLIE
Mayor

ATTEST:

SUSAN CARROLL DAUDERIS
City Clerk

AGREEMENT

THIS AGREEMENT is made and entered into by and between the **City of Ormond Beach** (“City”), a Florida municipal corporation, 22 South Beach Street, Ormond Beach, Volusia County, Florida and **Foundation Risk Partners Corp.** (“Contractor”), 780 W. Granada Boulevard, Ormond Beach, FL 32174, and in consideration of the mutual promises and covenants herein contained, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree to the following:

1. **Scope of Work.** The Proposal, “Employee Benefits Broker of Record Services” (RFP No. 2025-45) attached hereto as Exhibit “A”, is incorporated herein by reference and is a material part of this Agreement. The Contractor shall fully comply with the terms and conditions described in the attached exhibit.
2. **Term.** This Agreement shall be effective on September 23, 2025 and shall have an initial term of three (3) years and will be automatically renewed for two (2) additional one-year periods unless either party provides at least ninety (90) days prior written notice of their intent not to renew.
3. **Consideration.** Contractor shall perform the services for the annual amount of \$99,102.00 as follows:

Core Brokerage & Consulting/	
COBRA Administration	\$85,000.00
Compliance Support	\$ 6,500.00
Benefits Administration Technology	\$ 7,602.00
-
- Contractor shall prepare and submit invoices to the City at the address set forth in Paragraph 9 of this Agreement. All such invoices shall be paid by the City within thirty (30) days.
4. **Delivery.** Contractor shall complete the project within the time frame set forth on Exhibit “A”.
5. **Termination of Agreement.**
 - (a) The City Commission shall have the right to terminate the Agreement in the event the Contractor files any petition or proceeding for bankruptcy relief, or is adjudicated to be bankrupt or insolvent, or fails to pay just debts as they ordinarily become due; or for a material breach of this agreement that remains uncured for at least thirty days after prior written receipt of a notice of violation of same.
 - (b) This Agreement may not be terminated by the Contractor.
6. **Assignment.** The Contractor shall not assign, convey or transfer all or any part of this Agreement, or all or any part of Contractor’s interest herein, or all or any part of any interest

in the Contractor, without the prior written consent of the City Commission, which consent shall not be unreasonably withheld.

7. **Complete Agreement.** This Agreement, including the provisions set forth in the exhibit attached hereto and incorporated by reference herein, constitutes the entire and complete agreement of the parties, and the promises and covenants herein contained shall survive the life of this Agreement.
8. **Amendment to Agreement.** Any amendment, change, or modification of this Agreement must be in writing and fully executed by both parties.
9. **Notices.** All notices which are required by this Agreement shall be provided to the parties at the following addresses, or such other addresses as may be requested in writing by either party:

City of Ormond Beach
Joyce Shanahan, City Manager
(copy to City Attorney)
22 South Beach Street
Ormond Beach, FL 32174

Foundation Risk Partners
Eric Brewer, Co-Client Executive
780 W. Granada Boulevard
Ormond Beach, FL 32174

10. **Sovereign Immunity.** The City expressly retains and reserves all rights, privileges, immunities, and benefits of sovereign immunity. This provision shall be construed broadly in favor of the City.
11. **Venue.** The terms and conditions of this Agreement shall be construed and enforced under the laws of the State of Florida. Any action or proceeding, either at law or in equity, regarding this Agreement shall be brought in the circuit court, Seventh Judicial Circuit in and for Volusia County, Florida. Venue in any other jurisdiction or forum, whether it be any other circuit, state or federal venue, is hereby expressly waived.
12. **Waiver of Conditions.** No waiver by the City of any condition or breach of performance by the Contractor shall constitute an irrevocable, continuing, or subsequent waiver by the City of the same condition or breach of performance, or of any other condition or other breach of performance.
13. **Severability.** If any part of this Agreement is declared to be unenforceable or void by a court of competent jurisdiction, the remaining parts of the Agreement shall remain in full force and effect as long as the services to be provided by the Contractor are not materially affected, altered or impaired as a result of said judicial declaration.
14. **Conflicting Provisions.** In the event of any conflict between the provisions of this Agreement and any exhibits, the provision most favorable to the City shall control and shall be given full force and effect.

15. **Indemnification.** The City, its agents, employees, and officials, both elected and appointed, shall be indemnified and held harmless by Contractor from any and all liabilities, claims, and causes of action which may arise out of the willful, negligent, or unlawful acts or omissions of the Contractor or its subcontractors in the performance of this Agreement, unless such claims are a result of the City's sole negligence, as determined by the final decision maker of such claim.
16. **Duty to Defend.** The Contractor shall defend all suits and administrative actions, including all appellate proceedings, brought against the City, its agents, employees, and officials, both elected and appointed and shall pay all attorneys' fees and costs associated with the City's legal defense, as may be selected by the City, arising from all claims and causes of action described in Section 15 above. Such payment on behalf of the City shall be in addition to any and all other legal or equitable remedies available to the City and shall not be considered to be the City's exclusive remedy.
17. **Contractor's Insurance.** The Contractor shall purchase and maintain for the entire life of this Agreement, including any and all approved time extensions, until its final acceptance by the City, such insurance as will protect the Contractor from claims under Workers' Compensation, disability benefit laws or other similar employee benefit laws; from claims for damages because of bodily injury, occupational sickness or disease, or death of Contractor's employees; from claims insured by usual or unusual injury liability coverage; from claims or injury to or destruction of tangible property and from claims insured by usual Commercial General Liability coverage. This includes loss of use resulting therefrom, any or all of which may arise out of the Contractor's operations under this Agreement, whether such operations be by the Contractor, or by any Subcontractor, or by anyone directly or indirectly employed by any of them or for whose acts any of them may be legally liable. The Contractor's deductibles/self-insured retentions shall be disclosed to the City and may be disapproved by the City, and may be reduced or eliminated at the sole discretion of the City. The Contractor is responsible for the amount of any deductible or self-insured retention.
18. **Types of Insurance and Limits of Liability**

The insurance required herein shall be written for not less than any limits of liability specified and incorporated as part of the Contract Documents or as required by law, whichever is greater, and shall include and not limited to the following:

- (a) Workers' Compensation Insurance in statutory limits for the State of Florida with Coverage B - Employer's Liability limits of not less than:

\$100,000 Each Accident Bodily Injury by Accident
\$100,000 Each Employee Bodily Injury by Disease
\$500,000 Policy Limit Bodily Injury by Disease

Certificate of Exemptions. If the contractor has a State-issued Certificate of Exemption, the contractor may provide a copy in place of the requirement for

coverage. However, if the contractor subcontracts or retains any other person or entity to perform under the contract, that person or entity must provide proof of workers' compensation insurance as required by law or provide a Certificate of Exemption.

It is the intent of the City that any individual who either contracts directly with the city or performs any work on behalf of any such contractor be covered by workers' compensation insurance or have a valid exemption from said coverage.

(If applicable to the Project, the policy must include benefits under the United States Longshoremen's and Harbor Workers' Act and the Jones Act coverage--all maritime coverage.)

(b) Commercial General Liability Insurance shall be written on a coverage form as broad as Insurance Services Office (ISO) Form CG 00 01 11 85, or its successor form, including but not limited to the following coverage (any deviation shall be noted on the Certificates of Insurance):

- a. Premises, Operations, Products and Completed Operations
- b. Owners' & Contractors' Protective
- c. Products & Completed Operation
- d. Explosion, Collapse & Underground Conditions
- e. Blanket Contractual Liability
- f. Personal Injury Liability
- g. Broad Form Property Damage Endorsement, including Completed Operations
- h. Independent Contractors
- i. Watercraft--Owned and Non-Owned (if applicable, endorsement must be included in General Liability policy or a separate Protection & Indemnity Policy must be written)
- j. Pollution Liability (if applicable)
- k. Asbestos Abatement (if applicable)
- l. Fire Damage Liability

Certain coverage outlined above may not be required if they do not relate to the Project, as may be determined at the sole discretion of the City.

Commercial General Liability Coverage shall be written on an occurrence basis and the limits shall be no less and not limited to the following amounts:

Limits (not less than)

\$1 Million Each Occurrence

\$2 Million General Aggregate

\$1 Million Aggregate Products & Completed Operations

NOTE: Commercial General Liability Coverage must be purchased on either a project basis (separate policy per contract) or an endorsement allocating an aggregate limit per location or specified project.

- (c) Automobile Liability Insurance is required if an Automobile(s) is used in the performance of the contract.

ISO Symbol 1 (Any Auto), or alternatively a combination of Symbol 2 (Owned Autos), Symbol 8 (Hired Autos), and Symbol 9 (Non-Owned Autos), and limits shall be no less than:

\$1 Million	Combined Single Limit for Bodily Injury and Property Damage
-------------	--

- (d) Excess Liability

For contracts \$250,000 or greater an Excess Liability Policy of at least but not limited to \$1,000,000 in addition to the scheduled underlying policies for Commercial General Liability, Automobile Liability and Employers' Liability, the Contractor shall also provide an Excess Liability Policy with a maximum self-insured retention not to exceed \$25,000 per occurrence.

- (e) Builder's Risk

Contractor shall purchase Builder's Risk Insurance for any contracts that are deemed to be vertical construction on an All-Risk policy, and shall also include coverage for wind, hail, and named storm. Limits of coverage shall be at least and not limited to the value of the project.

- (f) Professional Liability, Malpractice and/or Errors and Omissions

The Contractor shall purchase and maintain professional liability, malpractice, or errors or omissions insurance with minimum limits of \$1,000,000 per occurrence. If a claims made form of coverage is provided, the retroactive date of coverage shall be no later than the inception date of claims made coverage, unless the prior policy was extended indefinitely to cover prior acts. Coverage shall be extended beyond the policy year either by a supplemental extended reporting period (ERP) of as great a duration as is available, and with no less coverage and with reinstated aggregate limits, or by requiring that any new policy provides a retroactive date no later than the inception date of claims made coverage.

19. Requirements for Certificates of Insurance.

- (a) With the execution of this Agreement, the Contractor shall provide certificates of such insurance acceptable to the City. These certificates and insurance policies shall contain a provision that the coverage under the policies will not be canceled, non-renewed or materially changed until at least **thirty (30)** days' prior written notice

of such cancellation, non-renewal or change [except for nonpayment of premium, which shall be **ten (10)** days] has been given to the City. The Contractor shall be required to replace any expired or canceled policies in like amount and coverage to the satisfaction of the City. The Certificate of Insurance shall be the ACCORD FORM 25-S (7/90), or its successor form, and shall be made a part of this Agreement.

- (b) New certificates of insurance shall be provided to the City at least fifteen (15) days prior to coverage renewals.
- (c) If requested by the City, the Contractor shall furnish complete copies of the Contractor's insurance policies, forms and endorsements.
- (d) For Commercial General Liability coverage the Contractor shall, at the option of the City, provide an indication of the amount of claims payments or reserves chargeable to the aggregate amount of liability coverage. If the Commercial General Liability form of coverage includes an annual aggregate limitation on the amount of insurance provided, a separate project aggregate limit may be required by the City for the given contract.
- (e) If the Contractor fails to obtain and maintain for the life of the Agreement the insurance required hereby or to replace any such expired or canceled policy, the City may obtain and maintain such insurance with such company as it deems satisfactory. Any amounts expended by the City in payment of premiums for such insurance shall be deducted by the City from the amount due the Contractor for the work covered by the Agreement.
- (f) **Policies of Insurance**
 - 1. Except as otherwise provided herein, all insurance policies shall be issued by insurers licensed to do business in the State of Florida on an admitted basis or which is an eligible surplus lines insurer in the State of Florida, and any such insuring company is required to have a minimum financial rating of (A-) in the latest edition of "Best's Key Rating Guide", published by A. M. Best Co., Inc., or some similarly nationally recognized rating authority, including Standard and Poors and Demotech.
 - 2. For Workers' Compensation coverage only, self-insurance programs are acceptable with a minimum A- rated reinsurance carriers; written confirmation is required.
 - 3. All policies of insurance or certificates thereof referred to herein shall be deposited with the City Clerk.
 - 4. The City shall be named an Additional Insured on General Liability and Automobile Liability policies of insurance and certificates thereof.

20. **Enforcement of Costs.** If any legal action or other proceeding is brought for the enforcement of this Agreement, or because of an alleged dispute, breach, default, or misrepresentation in connection with any provision of this Agreement, the successful or prevailing party or parties shall be entitled to recover reasonable attorneys' fees, court costs, and all expenses even if not taxable court costs (including, without limitation, all such fees, costs and expenses incident to arbitration, appellate, bankruptcy, and post-judgment proceedings), incurred in that action or proceeding or any appeal, in addition to any other relief to which the party or parties may be entitled. Attorneys' fees include legal assistant fees, expert witness fees, investigative fees, administrative costs, and all other charges billed by the attorney for the prevailing party.
21. **Compliance With Laws.** Contractor shall comply with all applicable federal, state and local laws and regulations.
22. **Compliance With Florida Public Records Law.** Contractor expressly agrees that it shall comply with the public records law provided in Florida Statutes, Chapter 119, and specifically to:
- (a) Keep and maintain public records required by the City to perform the contracted service.
 - (b) Upon request from the City Clerk, provide the City with a copy of the requested records or allow the records to be inspected or copied within a reasonable time at a cost that does not exceed the cost provided in Chapter 119, Florida Statutes, or as otherwise provided by law.
 - (c) Ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law for the duration of the contract term and following completion of the contract if the contractor does not transfer the records to the City.
 - (d) Upon completion of the contract, transfer at no cost, to the City all public records in possession of the contractor or keep and maintain public records required by the City to perform the service. If the contractor transfers all public records to the City upon completion of the contract, the contractor shall destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. If the contractor keeps and maintains public records upon the completion of the contract, the contractor shall meet all applicable requirements for retaining public records. All records stored electronically must be provided to the City, upon request from the City Clerk, in a format that is compatible with the information technology systems of the City.
 - (e) Failure of the Contractor to comply with Public Records Law as provided by Florida Statutes, Chapter 119, shall subject the Contractor to penalties under Chapter 119.10 and subject this Agreement to termination for cause by the City.

IF THE CONTRACTOR HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO THE CONTRACTOR'S DUTY TO PROVIDE PUBLIC RECORDS

**RELATING TO THIS CONTRACT, CONTACT THE CUSTODIAN OF
PUBLIC RECORDS AT:**

**CITY CLERK
22 SOUTH BEACH STREET
ORMOND BEACH, FLORIDA 32175. (386)677-0311
CITYCLERK@ORMONDBEACH.ORG**

Ref: Fla. Stat. §119.0701(2016)

23. **Limitation of Remedy and Liability.** Contractor and Owner expressly waive any claim for consequential damages against the other including but not limited to, a waiver of claims for diminished bonding capacity, loss of financing, loss of business reputation, lost profits on other projects or other lost opportunity damage claims.

Contractor expressly agrees that any claim (tort, contract, claim in equity, or otherwise) by Contractor for damages against Owner shall not exceed the total amount of the contract price, less any amounts actually paid to the Contractor by the Owner.

24. **Waiver of Right to Jury Trial.** THE PARTIES HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT WHICH ANY PARTY MAY HAVE TO TRIAL BY JURY IN RESPECT OF ANY PROCEEDING, LITIGATION OR COUNTERCLAIM BASED ON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY. IF THE SUBJECT MATTER OF ANY LAWSUIT IS ONE IN WHICH THE WAIVER OF JURY TRIAL IS PROHIBITED, NO PARTY TO THIS AGREEMENT SHALL PRESENT AS A NON-COMPULSORY COUNTERCLAIM IN ANY SUCH LAWSUIT ANY CLAIM BASED ON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT. FURTHERMORE, NO PARTY TO THIS AGREEMENT SHALL SEEK TO CONSOLIDATE ANY SUCH ACTION IN WHICH A JURY TRIAL CANNOT BE WAIVED.

25. **Verification of Employment Status Using E-Verify System**

- (a) Section 448.09, *Florida Statutes*, makes it unlawful for any person to knowingly employ, hire, recruit, or refer, either for herself or himself, or on behalf of another, for private or public employment within the state, an alien who is not duly authorized to work in the United States. Contractor warrants that it is registered with the U.S. Department of Homeland Security's E-Verify system, and is compliant with the requirements of Sections 448.09 and 448.095, *Florida Statutes*.
- (b) Contractor agrees that if the contractor enters into an agreement with a subcontractor, the subcontractor must provide the contractor with an affidavit stating that the subcontractor does not employ, contract with, or subcontract with an unauthorized alien, and contractor warrants it shall maintain any such affidavits for the duration of

the contract. If the City has a good faith belief that a subcontractor knowingly violated Section 448.09 (1), the City shall promptly notify the contractor and order the contractor to immediately terminate the contract with the subcontractor.

- (c) In the event the City has a good faith belief that the contractor has knowingly violated Section 448.09 (1), *Florida Statutes*, the City shall terminate the contract, and as provided by statute, the contractor may not be awarded a public contract for at least one (1) year after the date of termination. The contractor may also be held liable for any additional costs incurred by the City as a result of the termination of the contract.

26. **No Conflict of Interest.** The Contractor warrants and agrees that neither it, nor any of its employees, agents, officers, directors, shareholders and independent contractors are, or will become, under contract with or accept compensation from any individual, business, corporation or governmental entity that has the possibility of an adverse interest to those of the City of Ormond Beach. The Contractor and its officers, directors, shareholders, employers, agents and subcontractors, agree not to provide any services or assistance to any entity directly or indirectly relating to the services provided to the City and to immediately notify the City Manager and City Attorney of any contact with any entity that has, or potentially has, a conflict of interest with the City of Ormond Beach. This provision shall be interpreted as broadly as possible to prevent any potential or actual conflict of interest presently or in the future by the Contractor.

27. **Effective Date.** This Agreement shall become effective upon the date last signed by the parties hereto.

IN WITNESS WHEREOF, the undersigned parties have caused this Agreement to be signed on the dates indicated hereinbelow.

DATED this ____ day of _____, 2025.

Witnesses:

CITY OF ORMOND BEACH

Print Name: _____

By: _____
JASON LESLIE
Mayor

Print Name: _____

By: _____
JOYCE SHANAHAN
City Manager

DATED this _____ day of _____, 2025.

Witnesses:

FOUNDATION RISK PARTNERS CORP.

By: _____

Print Name: _____

Print Name: _____

Title: _____

Attest: _____

Print Name: _____

Print Name: _____

Title: _____



Request for Proposals

2025-45

Employee Benefits Broker of Record Services

DUE DATE:

May 21, 2025 @ 3:00 P.M.

ORIGINAL

Eric Brewer

Co-Client Executive

485 N. Keller Road, Suite 101

Maitland, FL 32751

(407) 612-6355

Eric.Brewer@foundationrp.com

John Kern

Co-Client Executive

485 N. Keller Road, Suite 101

Maitland, FL 32751

(407) 612-6343

John.Kern@foundationrp.com



780 W. Granada Blvd.
Ormond Beach, FL 32174
Phone: (407) 612-6343

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Tab 1
Cover Letter

May 21, 2025
City of Ormond Beach
Rob Hart, Purchasing Coordinator
22 South Beach Street
Ormond Beach, FL 32174



Re: RFP 2025-45 Employee Benefits Broker of Record Services

Dear Mr. Hart and Members of the Evaluation Committee,

On behalf of Foundation Risk Partners Public Entity Services, we would like to thank you for the opportunity to respond to the solicitation "RFP 2025-45 Employee Benefits Broker of Record Services". We look forward to your review of the enclosed response.

Foundation Risk Partners will serve and partner with the City of Ormond Beach ("City") in helping to execute the City's goal of procuring the very best Employee Benefits insurance program now and into the future. Our aim is to develop a trusted partnership that feels like a true extension of staff; a partnership that understands, develops, and provides solutions to your needs. Our team is collaborative, forward thinking, creative, and has the proven technical knowledge and capabilities to deliver best in class services while driving down costs. Foundation Risk Partners will focus on the following key areas of concern:

1. We are committed to the City of Ormond Beach, Volusia County and their community:
 - a. Local office at 780 W. Granada Blvd. Ormond Beach, FL 32174
 - b. Employing 100+ Volusia County tax paying citizens
2. Our **extensive experience working with Florida Health Care Plans (FHCP)**, currently serving **14 clients** enrolled in their plans.
3. Keep the City sunshine & procurement compliant according to FL Statutes 112.08
4. Execute the strategic employee benefits goals of Ms. Shanahan, Ms. Potts, and staff.
5. Engage the members on the City's plan with a multi-channeled education and communication strategy that helps members understand and appreciate the benefit options offered through the City, while also driving improved claim utilization that contains cost year-over-year.
6. Provide extraordinary customer service from a single point of contact, supported by a team that gives the City scalability and responsiveness during peak times of the year like Open Enrollment.
7. Leverage our resources, self-funding, and self-insurance pool expertise to bring new markets, innovation, and insurer competition to the City's benefits program to drive down costs.
8. Deploy senior level specialists to improve and provide alternatives to your program: including commission meeting support, presentations, claims advocacy, stop loss brokerage, pharmacy benefits management (consulting, clinical, & contract review), specialty drug audit spends, wellness, compliance, and employee/retiree education meetings.
9. Deploy our technology specialist resources; benefits administration/onboarding, client portal, claims trend analysis, benchmarking, high-cost claim audit, access to HR Live, and more.

We are committed to perform and exceed the "Scope of Services" outlined in this RFP. We attest, that if selected, Foundation Risk Partners is willing to meet any location, budget, task orders.

Sincerely,

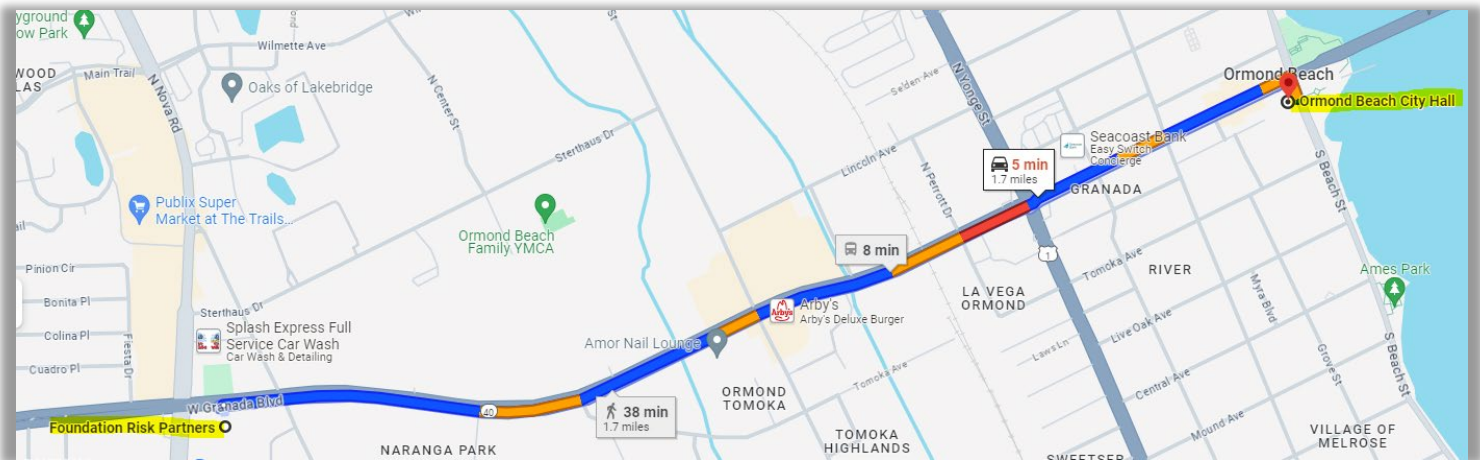
A handwritten signature in blue ink that reads "Eric Brewer".

Eric Brewer, Co-Client Executive

A handwritten signature in blue ink that reads "John Kern".

John Kern, Co-Client Executive

Local Presence – FRP Headquarters Distance to City Hall



Foundation Risk Partners Moves Corporate Headquarters to New 33,000 Sq ft. Space

Foundation Risk Partners / September 22, 2023 /



On September 15, 2023, Foundation Risk Partners (FRP) moved the corporate headquarters to a new location: 780 W. Granada Blvd., Ormond Beach, Florida, 32174. Since the next phase of FRP's business requires a space that can accommodate the continued growth, training and development of our insurance brokerage, we have acquired a newly renovated 33,000 square-foot three-story office and event space ... [Read More](#)

FRP - Ormond Beach Community Involvement

FRP CARES

Foundation Risk Partners is dedicated to supporting organizations and families in need through our regional Cares networks of community outreach.

Foundation Risk Partners and its subsidiaries are proud to help lead the way in helping families, individuals and communities in need of help. It not only strengthens our internal corporate culture by way of fellowship but reminds us all why we do what we do - to protect what matters most to you. And for many of our neighbors, close and far, a helping hand, food, shelter and support can make a world of difference. The FRP family is kind and compassionate and prioritizes helping others so that tomorrow will be better than today.

35+

NONPROFITS
SUPPORTED

≈\$75K

AVERAGE DONATED
EACH YEAR

>10K

VOLUNTEER
HOURS PER YEAR

275

SEATS ON
EXECUTIVE BOARDS

ANNUALLY

Please see below a list of some of the various Boards our employees sit on:

- Ormond Beach Historical Society Board
- Ormond Beach Chamber of Commerce Board
- Ormond Beach Main Street Board
- Ormond Beach Rotary
- Boys & Girls Club of Volusia County

Additional Community Involvement:

- Over 20 employees have completed Ormond Beach Leadership Class
- Take Stock in Children
- Women United Volusia
- Early Learning Coalition
- Ormond Beach Memorial Art
- Pace Center for Girls

Tab 2

Minimum Qualifications

1. **Have at least five (5) years of experience providing similar employee benefits broker services to municipalities of similar size, in the state of Florida, with a similar scope of services as identified above.**

Public Entity Expertise:

Foundation Risk Partners Public Entity Services is a specialty division that exclusively serves Florida's public entities. We provide cost effective solutions to meet the diverse insurance needs of Florida's governmental entities, including municipalities, counties, schools, special districts, and authorities. Our leadership has served both in local and State level government and our staff are subject matter experts in public sector insurance. We serve over 70 public entity clients in the State of Florida.

We speak "Public Entity" and draw from our experience from other public agencies to better serve you. We were built from the ground up to exclusively serve Florida public agencies, and our team is dedicated to public sector risk and employee benefits consulting. This focus was by design, as the nuances of local government and the risks/benefits local public agencies face are truly unique to not only government, but Florida government. Our team lives, eats, and sleeps Florida public entity and we love what we do.

Our focus is and always will be putting the needs of our clients first. We are a performance-based company that focuses on *serving those that serve others* within our areas of expertise. When it comes to public entities, we believe we offer a different approach than our competitors in that we understand not only the nuances of public sector brokerage, but also how to create and optimize insurance programs that drive real results.

Company Timeline

January 26, 2010:

Acentria was organized with an effective date of January 26, 2010 (formerly known as Legends Insurance Solutions, LLC ("LIS") formed March 9, 2009).

January 31, 2017:

Foundation Risk Partners, Corp. ("FRP") was organized as a Delaware corporation on January 31, 2017 and authorized to do business in Florida as of February 24, 2017.

November 1, 2017:

On or about November 1, 2017, FRP acquired substantially all the assets of Acentria, Inc., a Florida corporation.

Today:

FRP continues to operate 50+ locations in Florida and the southeastern United States using the dba Acentria and/or Acentria Insurance while maintaining the same or similar business model and leadership since 2010.

How we Differ from our Competitors:

We take pride in being a firm that understands the importance of creativity and continued thought leadership, backed with world-class service and execution. We understand that each client is unique and it's our job as a partner to identify and address the unique challenges and needs for each of our clients. As a privately held company, we have the flexibility of a boutique firm with the reach of a national firm.

We speak Government:

The practice believes in public service and is dedicated to reducing program cost, mitigating risk, and functioning as an extension of your staff. We understand the bid process and public record laws while maintaining familiarity with the constantly changing and complex statutes that apply to governmental organizations. This specialized knowledge is especially vital when negotiating renewal and program changes with insurance carriers and health insurance consortiums.

Our seasoned team members are subject matter experts in their core competencies:

The team identified to serve the City's benefits program includes seasoned professionals that bring collectively more than 100 years of benefits experience to the table along with different perspectives. These varied backgrounds and expertise, coupled with FRP's collegial approach, will enable valuable feedback to the City from all points of view, including finance, associate experience, and ease of administration.

We use resources to deliver data-driven decisions that lead to enhanced long-term strategies that align with your culture and benefit philosophies:

We will draw data from your workforce; this process will help you gain insights that are specific to the City and will provide insightful, targeted, actionable solutions that drive meaningful savings and improved productivity. We will use our data engine to measure the impact of the solutions we implement to drive continuous improvement.

We focus attention on day-to-day client needs:

Unlike consulting firms, we do not work on a per-hour basis. Rather, we are measured on client satisfaction. Our concierge-level of service has and remains a keystone of our company philosophy throughout our history. As our firm grows and evolves, we continue to make investments in our infrastructure, services, and personnel, but our approach to support always remains constant for the client and their member base. Our service is hands-on, continuous, and personal.

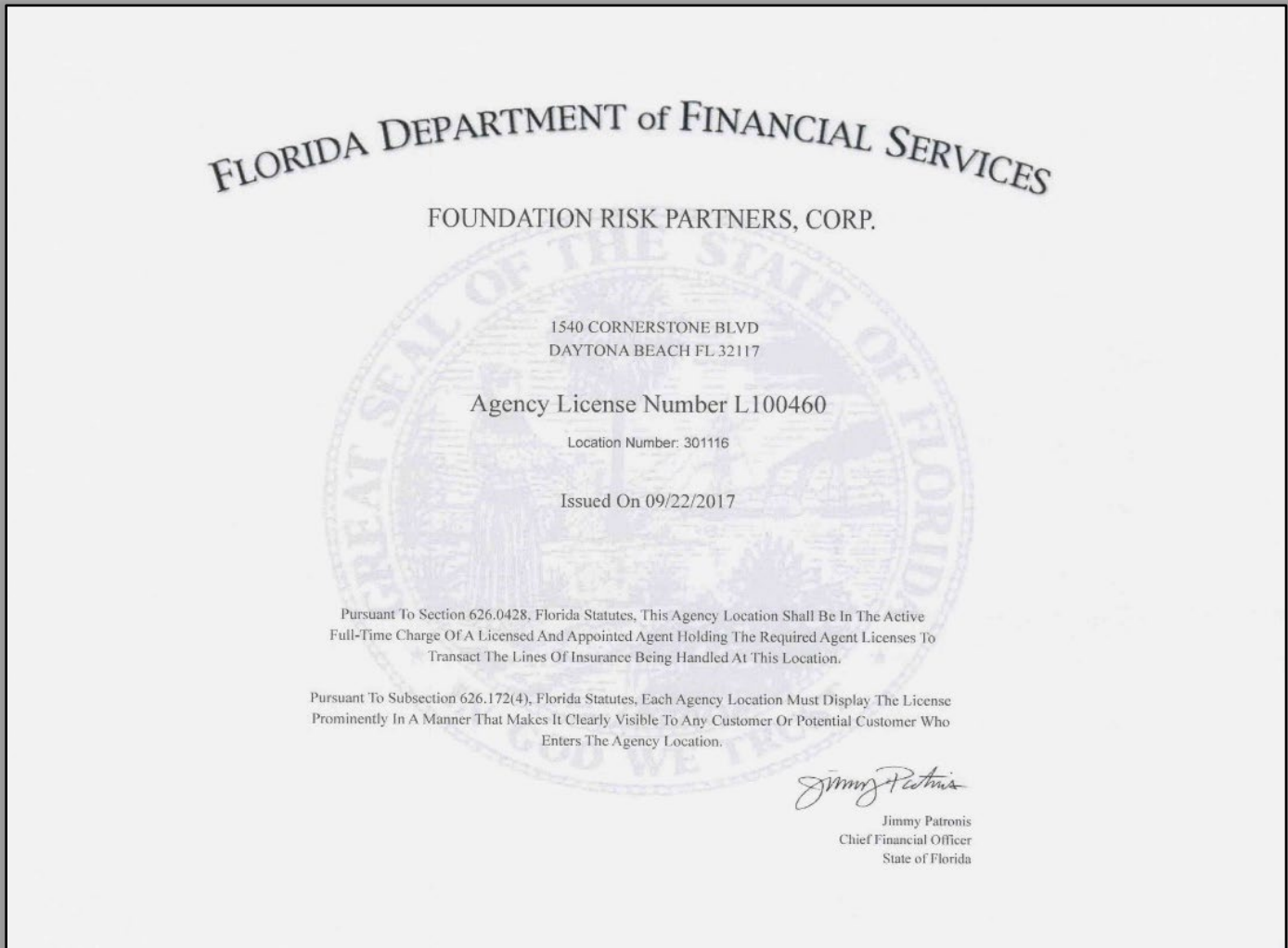
We have unfettered access to enterprise-wide account teams and all levels of senior management:

Our privately held status allows our clients the comfort of knowing they, not shareholders, are our No. 1 priority. Moreover, FRP is a flat organization with limited hierarchical structure. This means our clients have access to not just their account teams, but all levels of senior management and expertise that resides in all parts of our organization, which reinforces the statement that clients are our No. 1 priority.

2. Be licensed to transact insurance brokerage business in the state of Florida.

We affirm that we are duly licensed and in good standing with the State of Florida. Please note we are pending an address change on our corporate insurance license below.

Please see our Certificate of Good Standing on the following page.



State of Florida Department of State

I certify from the records of this office that FOUNDATION RISK PARTNERS, CORP. is a Delaware corporation authorized to transact business in the State of Florida, qualified on February 24, 2017.

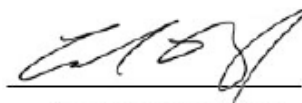
The document number of this corporation is F17000000884.

I further certify that said corporation has paid all fees due this office through December 31, 2025, that its most recent annual report/uniform business report was filed on February 27, 2025, and that its status is active.

I further certify that said corporation has not filed a Certificate of Withdrawal.

*Given under my hand and the
Great Seal of the State of Florida
at Tallahassee, the Capital, this
the Seventeenth day of March,
2025*




Secretary of State

Tracking Number: 1912817774CU

To authenticate this certificate, visit the following site, enter this number, and then follow the instructions displayed.

<https://services.sunbiz.org/Filings/CertificateOfStatus/CertificateAuthentication>

3. Demonstrate the broker has successfully provided employee benefits broker services to at least three other municipalities, in the state of Florida, with a similar scope of services as identified above.

We affirm that we meet this requirement. We serve over 70 public entity clients in the State of Florida. Please see our case studies on pages 19-23 for additional information on how we've secured favorable outcomes for our public entity clients.

Client Name	City of Winter Garden
Name of contact	Frank Gilbert
Contact Phone Number	407-656-4111 ext. 2247
Contact Email Address	Frank.gilbert@cwgdn.com

Client Name	City of North Miami
Name of contact	Laura Woodley
Contact Phone Number	305-895-9862
Contact Email Address	lwoodley@northmiamifl.gov

Client Name	City of Miami Beach
Name of contact	Lorena Bravo
Contact Phone Number	305.673.7524
Contact Email Address	LorenaBravo@miamibeachfl.gov

4. Services must have been provided in the past five years prior to the issuance of this RFP.

We affirm services have been provided in the past five years prior to issuance of this RFP.

5. Demonstrated ability and success in design and implementation of a high deductible health care plan (HDHP).

We have a proven track record in the successful design, implementation, and ongoing management of High Deductible Health Plans (HDHPs), tailored to meet the strategic goals of cost control and employee engagement.

Our approach begins with a detailed financial and demographic analysis to determine the feasibility and potential impact of HDHP adoption. We work closely with HR and finance teams to model plan design scenarios, including integration with Health Savings Accounts (HSAs), or Health Reimbursement Accounts (HRA) and benchmark those options against peer organizations and industry standards.

Our team has implemented HDHPs for employers ranging in size from 50 to 2,500+ employees, achieving measurable results such as:

- **Cost savings of 8–15%** in the first year of implementation through reduced premiums and more efficient utilization.
- **Increase in employee HAS/HRA participation by 60%** through targeted education and engagement strategies.

- **Customized plan designs** that preserve access to high-value care and reduce disruption, including layered networks and preventive care carve-outs.

We also provide robust employee communication and education strategies to ensure plan understanding and adoption, including on-site meetings, webinars, benefits decision tools, and ongoing support during open enrollment.

Post-implementation, we track performance metrics and conduct annual reviews to refine plan design, maintain compliance, and ensure the plan continues to meet both employer and employee needs.

We serve the following clients that have a high deductible health plan with a health savings account or a health reimbursement account:

- *DeSoto County School District – HRA*
- *Hardee County BOCC - HSA*
- *Hendry County School District – HRA and HSA*
- *Hardee County School District – HRA*
- *Jackson County BOCC - HRA*
- *North Miami Beach – HSA*
- *Miami Beach - HSA*
- *Okaloosa County School District – HRA*
- *Suwannee County School District – HSA*

6. Demonstrated ability and success implementing various strategies to complement the HDHP, including a no-cost urgent care clinic, wellness incentives, and reduced or no cost prescription plan, or substantially similar strategies to maintain high quality and cost-effective coverage.

We understand that a successful HDHP implementation often requires complementary strategies to mitigate member out-of-pocket exposure and support overall plan satisfaction. Our team has extensive experience designing and deploying integrated solutions that enhance HDHP offerings while promoting cost-effective, high-quality care.

Key strategies we've successfully implemented include:

- **Wellness Incentive Programs:** We design customized wellness initiatives that reward employees for preventive care, chronic condition management, and engagement in healthy behaviors. Incentives include HSA contributions, premium discounts, or gift cards. One client achieved a 72% participation rate in annual wellness screenings, contributing to early detection and lower long-term claims costs.
- **Reduced or No-Cost Prescription Plans:** Leveraging tiered formularies, copay assistance programs, and strategic PBM contracting, we've implemented reduced-cost prescription strategies for maintenance medications, including \$0 generics for chronic conditions like hypertension and diabetes. This has improved medication adherence and reduced downstream medical costs.

- **Substantially Similar Strategies:** For employers with unique needs, we have implemented alternatives such as:
 - **Onsite and near-site health clinics** offering primary care and wellness services at no or reduced cost.
 - **Virtual care solutions**, including 24/7 telemedicine access, with integrated behavioral health support.
 - **Disease management and care coordination programs**, supported by real-time data analytics and targeted outreach.

These layered strategies not only enhance the value of the HDHP, but also drive employee satisfaction and improved health outcomes. Our comprehensive, data-driven approach ensures that each solution aligns with the client's goals, culture, and budget.

In addition, we keep our clients knowledgeable with the important IRS rules and design strategies to consider in order to maintain HSA eligibility. Here are the allowed \$0 cost services within an HDHP, without jeopardizing HSA eligibility:

- **Preventive Care**
 - The IRS allows HDHPs to cover **preventive services at \$0** before the deductible.
 - Examples: Annual physicals, immunizations, screenings (like mammograms, colonoscopies), prenatal care.
 - Required under the **Affordable Care Act (ACA)** for compliant plans.
- **Select Chronic Disease Services** (*IRS Notice 2019-45*)
- Some services and medications for **preventive care for chronic conditions** can be covered pre-deductible without affecting HSA eligibility.
- **Examples:**
 - Insulin and blood glucose monitors for diabetes
 - Inhalers for asthma
 - Statins for heart disease
 - ACE inhibitors for hypertension
- Employers and insurers can set these to **\$0 or low copays**, even before the deductible.
- **\$0 Telehealth (Temporarily Permitted)**
- The CARES Act and subsequent legislation allowed **telehealth services to be covered pre-deductible** through September 30, 2025, without affecting HSA eligibility. Check the most recent legislation to see if this has been extended.

7. Demonstrated experience working with current insurance provider, Florida Health Care Plans, as well as other major carriers in the market, in the state of Florida.

Acentria Public Risk brings **extensive experience working with Florida Health Care Plans (FHCP)**, currently serving **14 clients** enrolled in their plans. We have developed a strong, collaborative relationship with FHCP over the past **19 years**, during which they have entrusted us to provide **benefit brokerage services for their own employees**—a partnership that speaks to our credibility, trustworthiness, and results-driven approach.

In addition to FHCP, we have successfully supported clients across a wide range of **major insurance carriers** in Florida, including:

- **Florida Blue**
- **UnitedHealthcare**
- **Aetna**
- **Cigna**

Our team regularly assists clients with:

- Plan selection and enrollment
- Benefits administration
- Claims resolution
- Compliance support

We have **deep operational knowledge** of FHCP's plan structures, provider networks, and administrative workflows. Our direct points of contact within FHCP enable us to provide **expedited issue resolution** and **seamless client service**.

Further, our understanding of **Florida's regulatory and market landscape** allows us to develop **customized benefits strategies** that reflect the unique needs of employers and employees in the state. We continuously monitor changes in healthcare legislation, regional plan availability, and network access to ensure compliance and cost-effectiveness.

We pride ourselves on our **carrier-neutral approach**, collaborating effectively with all providers to deliver **comprehensive, compliant, and budget-conscious health insurance solutions** throughout Florida.

8. The client executive assigned to the account must have a minimum of ten years of experience providing employee benefits broker of record services to municipalities of similar size, in the state of Florida, with a similar scope of service, and plan design, and must be capable of speaking and making decisions on behalf of the firm. Additional support staff assigned to the city must have a minimum of five years of experience supporting municipalities in benefits administration, with equal experience administering an HDHP and HSA.

We affirm that we meet these requirements.



John Kern, Regional Vice President
Account Role: Co-Client Executive

John Kern is an accomplished healthcare executive with experience in all phases of employee benefits consultation. He has earned an industry-wide reputation as a creative developer of benefits solutions. He has deep expertise with short and long-term benefits strategy, healthcare reform/regulatory compliance, funding alternatives, wellness plans, benchmarking, benefits and payroll administration, actuarial services, executive benefits, and private exchanges. He serves as Corporate Synergies' leader for the Florida Region, where he has overall management responsibility for teams of benefits consultants and account management professionals.

John is an expert on reference-based pricing and benefits cost control. His article, "Here's Why Reference-based Pricing is Gaining Momentum" was named a top 10 article by popularity by Employee Benefit News. John has more than 25 years of experience in benefits and insurance.



Eric Brewer, Senior Benefits Consultant
Account Role: Co-Client Executive

Eric Brewer is an accomplished healthcare professional with over a decade of experience helping employers navigate the cost pressure, regulatory compliance and administrative challenges that go along with a group benefits program. Eric's knowledge of self-funding, pharmacy benefit carve-outs, reference-based pricing and population health management help him guide his clients based on each employers' unique needs and circumstances. Eric takes pride in being innovative and disruptive, with a long-term strategic focus to help his clients' combat constant market pressures. Throughout Eric's career, he has managed benefit programs for employer groups ranging from 250 to 25,000 employees. Years of industry experience: 14+.

Tab 3
**Background and Experience of
Firm**

- **Describe the firm's experience working with Florida municipalities of similar size, in the State of Florida, specifically utilizing a high deductible health care plan supplemented by local, no-cost clinics; wellness incentives; and prescription drug strategies that maintain quality coverage while reducing employee costs. Provide specific examples of municipal clients with similar plans, describe how the firm successfully designed, implemented, and managed those plans to minimize cost increases without negatively impacting care.**

FRP has a proven track record of partnering with Florida municipalities to design, implement, and manage health benefit programs that effectively reduce overall costs while maintaining—and often enhancing—the quality of care provided to employees. Our approach is rooted in data-driven strategies and a deep understanding of public sector needs.

Our experience includes the successful implementation of:

- **High Deductible Health Plans (HDHPs)** that empower employees with cost-effective coverage options.
- **Strategic partnerships with local no-cost or low-cost health clinics** to increase access to primary and preventive care.
- **Comprehensive wellness incentive programs** designed to drive engagement, improve health outcomes, and reduce claims costs.
- **Pharmacy Benefit Management (PBM) strategies** focused on formulary optimization, transparent pricing, and specialty drug cost control.

These integrated solutions have helped our municipal clients reduce trend increases, improve employee satisfaction, and drive measurable health improvements. Please see next few pages for case study examples that illustrate how FRP has successfully delivered these outcomes.

Client: Suwannee County School District

Description of Work: Employee Benefits Agent Contract Effectuation Services

Number of Employees: 800 Employees

Contract dates: 2022 – Present

Scope of Services:

Provides Contract Effectuation and full Agent services for the School District's self-funded medical plan, wellness program, HRA for medical and wellness and fully insured dental, vision, life, disability insurance benefits including but not limited to employer support services, planning and negotiation, and employee support services.

- Strategies to increase participation in the School District's onsite health care center.
- Strategies to reduce stop loss premium.
- Claim reporting that shows total cost and utilization with the onsite health care center and self-funded health insurance program.
- Assistance with the development of long-range insurance strategies.
- Assistance in the development of alternative strategies to mitigate claim cost and reduce fixed cost.
- Evaluation of Retiree program.
- Staff notification as to local, state, and federal regulations and recommendations for compliance.
- Self-Funded health plan state filing per FS.112.08.
- Supported and educated the procurement dept. to successfully run a fully sunshine compliant medical RFP according to CH 112.08
- Supported SCSD's leadership initiatives to inform School Board members and Benefits committee members as to the status of the Employee Benefits program.
- Year 1 RFP saved **19%** on Administrative Services and **21%** on Stop-Loss renewal rates; with a 2x increase in Rx rebates and 3x increase in Wellness funds. Year 2 RFP saved 15% on Stop-Loss renewal rates.

Client: Okaloosa County School District

Description of Work: Employee Benefits Consulting Services

Contract dates: 2021 – Present

Detail Proposer's responsibilities and the results of the project:

- Assistance with the development of long-range benefit program strategies.
- Provide a feasibility study on their fully insured health insurance program moving to a self-insured program.
- Assistance in the development of alternative strategies to mitigate claim cost and reduce fixed cost.
- Support services surrounding RFP's, compliance, and employee communication.
- Monthly plan performance tracking.
- Assistance with development of future wellness and Population Health Management initiatives.
- Actuarial and financial reporting services – IBNR, renewal projections, OPEB/GASB, 112.08, quarterly reviews, and budget tracking.

Results since project inception:

- **Health insurance** the feasibility study showed the School District would have saved **\$19.6M** if they were self-funded over the last 4 years.
 1. 2023 plan year the District moved from fully insured to self-funded group medical program, establishing a fund balance of more than \$12 million.
 2. Onsite full-time carrier representative.
- **Dental insurance** – managed an informal RFP process and carrier negotiations providing the School District with an annual premium reduction of **\$13,096** and benefit enhancements as follows:
 1. Reducing annual deductible from \$125/375 to \$50/\$150.
 2. Adding Orthodontic services.
 3. Improved out of network from a discounted fee to 95% of UCR.
- **Retiree Program** – implementing a Medicare retiree program saving the retiree \$820 per monthly premium and enhancing their benefits from deductible, coinsurance, and copays to \$0 copays on most benefits.
- **School District's Employee Benefit program enhancements:**
 1. Short Term Disability Coverage added.
 2. Long-Term Disability changed carriers to save 20% over current premiums for both employer and employee paid plans.
 3. Adding Accident Plan, Critical Illness and Hospital Indemnity plans.

Here are specific examples of how we've secured favorable outcomes for our clients:

Case Study 1

Situation: County with 4,000 enrolled hired FRP in 2018 to help manage rising healthcare costs.

Solution: Upon engagement, our firm conducted several audits and program reviews which produced several strategic opportunities.

We conducted a prescription program analysis and an eligibility audit. We also replaced BCBS with Aetna/Meritain for TPA services. this change allowed us to properly manage out of network repricing from the TPAs. TPAs use multiple network wraps to re-price out of network claims which results in only approximately 25% discounts on billed charges. Our approach achieves over 60% discount for services, which nearly triples the savings out of network.

Result: The prescription analysis projected \$10 million in savings over a 3-year period. The eligibility audit determined more than twenty deceased members remained enrolled on the County's benefits program, which saved the County in continuing unnecessary contributions. We also generated \$8 million in savings in the 1st year with proper management of Out of Network claim repricing.

Case Study 2

Situation: Client since 2013. 1,000 enrolled City looking to lower claims to control rising healthcare premiums.

Solution: In June of 2016 a key hospital/health system exited the carrier network. This action would have increased the City's budget by over \$5 million.

Result: Our firm effectively negotiated a direct contract between the City and the health system, which resulted in saving the City's budget. The direct contract is fully transparent to the City, without excess and hidden profit to the carrier. We work to achieve the greatest cost savings to the client.

Case Study 3

Situation: An employee suffered a major heart attack and was rushed to the closest hospital, which was out-of-network. When the employee received an unexpected bill for \$21,000, he called BenefitsVIP for help.

Solution: The BenefitsVIP advocate filed appeals with carrier on behalf of employee and arranged for bills and collection notices to be held until appeal was resolved. The advocate also provided the carrier with information about other insurers' policies of covering emergency care as in-network.

Result: \$19,000 decrease in employee's out-of-pocket expenses when the carrier agreed to cover the admission as in-network. The carrier also revised its policy to cover emergency care at in-network levels, regardless of whether the hospital participates in the network.

Case Study 4

Situation: A client's adult dependent had hemophilia. This member's factor 7 drug no longer worked and was moved to a rare alternative immunotherapy. Claims went from \$250,000 to \$5 million a year due to the immunotherapy. The client couldn't move the full pharmacy benefit because it was under a three-year contract.

Solution: We marketed and negotiated this one class of specialty medication because the client did not wish to disrupt all plan members with a total PBM change. We successfully implemented a specialty pharmacy arrangement for this drug class.

Result: Client saved \$1.2 million annually.

Case Study 5

Situation: 500 life self-funded employer received a 55% increase on their stop loss renewal due to an influx of large claims, with specialty pharmacy as a major driver. The plan was running \$703k over budget with 3 months remaining in the plan year.

Solution: We were hired a couple of weeks before open enrollment to help drive a solution to the stop loss renewal, which had a \$315,000 premium increase. The client was told alternate carriers would quote based on their participation. We acted immediately and engaged the marketplace and were able to secure proposals. We brought in a transparent PBM with 100% pass through contract. This allowed us to also bring in a partner to mitigate specialty drug spend.

Result: We took an aggressive approach based on the Rx savings anticipated and sold a 2.5% stop loss increase with the same coverage limits, which resulted in \$300,000 in savings. We had a decrease on the table on an alternate option. We were immediately able to shift \$300,000 in specialty Rx costs away from the plan using our strategy. We also reduced fixed cost fees by \$79,000 to avoid paying the TPA for a service our team provides in-house. Combined, our efforts saved over \$870k within a couple of weeks of being hired.

Case Study 6

Situation: A Florida city has approximately 350 full-time employees and spends \$3 million per year on healthcare. The city tried participation-based wellness with incentives offered to employees for participation, but healthcare costs continued to escalate year-over-year.

Solution: We deployed an outcome-based wellness program (backed with a technology platform) that financially rewarded preventive care activities and improvements to measurements such as high blood pressure, smoking, cholesterol, and obesity. We also deployed nutritional seminars with metabolic profiling and kinetic testing, yielding 98% participation.

Result: This employer group yielded a 10% immediate ROI, offsetting the cost associated with the wellness platform entirely with a 2:1 return. This group has also had flat renewals for the previous three years on the aforementioned \$3 million spend. The city as successfully created a culture of wellbeing as well that employees now embrace.

Case Study 7

Situation: A public sector client hired our firm to accomplish two primary goals (1) Mitigate premium spend on healthcare (2) Drive administrative efficiency to support their budget-driven reduction in HR staff. This client spends ~3M in premium per year in health insurance premium with ~200 active and retiree participants on their plan.

Solution: We helped the client identify the underlying cost drivers of their program with the deployment of a full participation-based wellness program for the previous two years, steps-driven wellness program within which HRA funding occurs based on steps taken each day, along with an annual onsite health fair. We rolled out our SmartBEN Essentials online enrollment technology tool, benefits administration outsourcing support and BenefitsVIP employee advocacy services.

Result: The client has reduced its benefits spend by an average of -5% over the last three renewal cycles with no changes in the benefits offered to employees. We've also taken on all functions associated with benefits administration, becoming an extension of the client's internal benefits staff with direct interaction with employees for anything relating to the benefits program.

Case Study 8

Situation: One of our public sector clients has a self-funded health plan with approximately 1500 covered employees. They conducted a broker RFP during the spring of 2021 and hired FRP to be their benefits consultant. Our contract began on September 1st and the City had not yet received their Stop Loss renewal for the plan year beginning on October 1st.

Based on what we learned during the bid process, we identified pharmacy as an area of opportunity to control rising healthcare costs. A review of the current Rx spend and contract language was an immediate priority project for our team.

Solution: FRP immediately secured the initial Stop Loss renewal which had a +19.8% increase. A historical loss ratio and claims review was performed by the FRP team, and we engaged with the marketplace to assess carrier appetite and drive a solution to the increase.

With regard to the pharmacy, we conducted an initial discount analytics assessment using a vendor partner to determine how the current terms align with market norms.

Result: With negotiations, FRP negotiated the Stop Loss renewal to a rate pass with the current carrier, mitigating a \$415,505 premium increase for the City. The new contract also has improved terms, with the addition of a dividend option to return surplus premiums to the City in a favorable claim year.

We proceeded with the pharmacy analytics engagement process and project a savings of 18.78% in the first year, which will result in \$1M in gross savings on pharmacy spend with no impact to plan members.

- **Provide a list of all public employee benefit clients for the past three years. Provide contact information for at least three employee benefit municipal clients, with at least one of those being a municipal client with a HDHP.**

Below is the contact information for three of our employee benefit municipal clients. The City of Winter Garden utilizes a HDHP.

Client Name	City of Winter Garden
Name of contact	Frank Gilbert
Contact Phone Number	407-656-4111 ext. 2247
Contact Email Address	Frank.gilbert@cwgdn.com

Client Name	City of North Miami
Name of contact	Laura Woodley
Contact Phone Number	305-895-9862
Contact Email Address	lwoodley@northmiamifl.gov

Client Name	City of Miami Beach
Name of contact	Lorena Bravo
Contact Phone Number	305.673.7524
Contact Email Address	LorenaBravo@miamibeachfl.gov

Please see the following pages for additional municipal clients.

**Public Entity Clients
Florida**

City/Town/Village:

- Alford, Town of
- Altha, Town of
- Apopka, City of
- Arcadia, City of
- Aventura, City of
- Bal Harbour Village
- Chattahoochee, City of
- Deltona, City of
- Destin, City of
- Doral, City of
- Fort Myers, City of
- Havana, Town of
- Hillsboro Beach, Town of
- Lantana, Town of
- Lauderdale, City of
- Lauderdale by the Sea, Town of
- Mary Esther, City of
- Miami Beach, City of
- Miami Shores, Village of
- Niceville, City of
- North Bay Village
- North Miami, City of
- North Miami Beach, City of
- Ormond Beach, City of
- Panama City Beach, City of
- Parker, City of
- Port St. Joe, City of
- Quincy, City of
- Sebastian, City of
- Sunrise, City of
- Titusville, City of
- Valparaiso, City of
- Wauchula, City of
- Windermere, Town of
- Winter Garden, City of
- Winter Park, City of

School District:

- Calhoun County Public Schools
- Charlotte County Public Schools

- DeSoto County School District
- Gadsden County School District
- Hamilton County School District
- Hardee County School District
- Hendry County School District
- Jackson County School District
- Okaloosa School District
- Suwannee County School District

Other County Clients:

- Calhoun County BOCC
- Franklin County BOCC
- Gadsden County BOCC
- Gulf County BOCC
- Hardee County BOCC
- Jackson County BOCC
- Lafayette County BOCC
- Taylor County BOCC
- Washington County BOCC

Additional Entities:

- Baker Fire District
- Crestview Housing Authority
- Destin Fire Control District
- Florida Health Care Plans
- Florida Keys Mosquito Control District
- Halifax Health
- Lakeland Area Mass Transit District
- New Smyrna Beach Utilities
- North Bay Fire Control District
- Northwest Florida Water Management District
- Ocean City Wright Fire Control District
- Okaloosa Island Fire Control District
- Osceola Clerk of Court
- Panama City Downtown CRA
- Panama City Downtown North CRA
- Panama City Millville CRA
- Panama City St Andrews CRA
- Quincy Gadsden Airport Authority
- South Walton Mosquito Control District
- Suwannee Valley Transit Authority
- Tice Fire Control District

**Public Entity Clients
Outside of Florida**

New Jersey:

- Bayonne Board of Education
- Bayonne, City of
- Brick, Township of
- Hoboken, City of
- Irvington Board of Education
- Irvington, Township of
- Jersey City Board of Education
- Keyport, Borough of
- Livingston, Township of
- Lopatcong, Township of
- Mendham Borough Board of Education
- Morristown, Town of
- Newark Board of Education
- Newark, City of
- North Jersey District Water Commission
- Orange, City of
- Passaic Board of Education
- Passaic Valley High School Board of Education
- Passaic Valley Water Commission
- Passaic, City of
- Passaic, County of
- Red Bank, Borough of
- RWJ Barnabas
- Totowa Board of Education
- Vernon, Township of
- Warren, County of
- West Orange, Township of
- Wood Ridge, Borough of

Indiana:

- City of Crown Point
- City of Muncie
- City of Scottsburg
- Crawford County Schools
- East Washington School Corp
- Floyd County Community Action Agency dba
Floyd County Head Start
- Lake County Convention and Visitors dba
South Shore Convention & Visitors
Authority

North Carolina:

- Davie County Government
- Durham County Government
- Durham, City of
- Fuquay Varina, Town of
- Garner, Town of
- Hope Mills, Town of
- Lillington, Town of
- Selma, Town of
- Spring Lake, Town of
- State Employee Association of North Carolina
- Zebulon, Town of

Kentucky:

- Bluegrass Regional Water
- Breathitt County Library
- City of Spring Mill
- Greenup County Health Department
- Harrison County Planning Commission
- Housing Authority of Maysville
- Housing Authority of Vanceburg
- Local Health Department dba Kentucky
Health Depts.
- Louisville & Jefferson County Visitors &
Convention Commission
- Marion County Fiscal Court
- Oldham County Fiscal Court

- Provide examples of informational literature, power points, enrollment and plan summaries, or other client materials the firm created for municipal clients with similar employee benefit programs.

Our firm takes great pride in developing clear, engaging, and comprehensive materials to support municipal clients in communicating their employee benefit programs. Below are examples of the types of materials we have designed and provided for similar clients to ensure successful adoption, understanding, and utilization of benefits such as Open Enrollment announcements, New Medical Plan understanding the differences, High Deductible Health Plans (HDHPs), wellness incentives, and prescription drug strategies.

OPEN ENROLLMENT FREQUENTLY ASKED QUESTIONS

Q: WHY ARE THERE PLAN CHANGES?

A: As the cost of health care continues to rise, Sample strives to strike the proper balance between a medical/rx plan that is valued by our employees but also affordable to all. Therefore, in order to minimize the impact to employee contributions, plan design modifications were made. Modifications to the plans include increasing deductibles, out-of-pocket maximums, and copays. The plan changes are shown on the Medical Benefits Comparison chart.

Q: WHAT IF I ELECT THE HSA OR CHOICE PLAN AND HAVE AN EMERGENCY?

A: In the instance of a true emergency, your plan will cover your emergency room claim as in-network. For non emergencies, consider all your options such as urgent care, your primary care physician, or telemedicine.

Q: DID THE PRESCRIPTION CO-PAYS INCREASE?

A: Prescription drugs continue to increase in costs faster than any other part of healthcare. As such, the prescription drug copays on both the Choice and Choice Plus plans were increased to manage overall costs.

Q: HOW DOES THE FAMILY DEDUCTIBLE WORK ON THE HSA PLAN?

A: If you and your covered dependents are covered under the HSA plan, your whole family together must meet the family deductible before the plan shares in the cost of coverage (coinsurance). For example, a family of three must meet the full deductible of \$3,300 together before coinsurance applies.

Q: WHAT HAPPENS TO FUNDS IN MY HSA IF I MOVE TO THE CHOICE OR CHOICE PLUS PLAN?

A: Money in your HSA is always yours. In order to be eligible to receive employer and employee contributions to the account, you must be enrolled in the HSA plan. If you move from the HSA plan to the Choice or Choice Plus plan you can continue to use any money in the account on qualified medical expenses.

Q: HOW DOES THE FAMILY DEDUCTIBLE WORK ON THE CHOICE & CHOICE PLUS PLANS?

A: Under the Choice and Choice Plus plans, each individual of the family must meet their own deductible versus the whole family. Example : Bob and Jane are covered by the Choice plan. When Bob meets his deductible of \$300, coinsurance will apply, even though the family deductible is \$600.

MEDICAL BENEFITS COMPARISON

2020 OPEN ENROLLMENT

Sample cares about the health and well-being of you and your family, and we are dedicated to providing a comprehensive benefits package. Below is a summary of the 2020 medical plan options. Plan changes are highlighted in red with the current, 2019, plan design in parenthesis. At the bottom of each plan are the monthly employee contributions, the current contributions are in parenthesis for you to see how much they are increasing.

	OPT 1 HSA PLAN	OPT 2 CHOICE PLAN	OPT 3 CHOICE PLUS PLAN	
MEDICAL BENEFIT	IN-NETWORK ONLY	IN-NETWORK ONLY	IN-NETWORK	OUT-OF-NETWORK
Annual Deductible	Individual: \$1,650 (\$1,500) Family: \$3,300 [†] (\$3,000) [†]	Individual: \$300 (\$200) Family: \$600 (\$400)	Individual: \$300 (\$200) Family: \$600 (\$400)	Individual: \$500 (\$300) Family: \$1,000 (\$600)
Out-of-Pocket Maximum	Individual: \$3,000 Family: \$6,000	Individual: \$3,000 (\$2,500) Family: \$6,000 (\$5,000)	Individual: \$3,000 (\$2,500) Family: \$6,000 (\$5,000)	Individual: \$3,000 (\$2,500) Family: \$6,000 (\$5,000)
Preventive Care				
Adult Preventive Care	No charge	No charge	No charge	40% *
Adult Annual Physical Exam	No charge	No charge	No charge	40% *
Well-Child Care	No charge	No charge	No charge	40% *
Outpatient Care				
Primary care physician office visits	10% *	\$25 copay	\$25 copay	40% *
Specialist office visits	10% *	\$40 copay (\$35 copay)	\$40 copay (\$35 copay)	40% *
Outpatient facility surgery	10% *	20% * (10% *)	20% *	40% *
Outpatient Lab & X-Ray				
Diagnostic test (x-ray, bloodwork)	10% *	No charge	No charge	40% *
Imaging (CT/PET scans, MRIs)	10% *	20% * (10% *)	20% *	40% *
Emergency Care				
Ambulance when medically necessary	10% *	20% * (10% *)	20% *	40% *
At hospital emergency room	10% *	\$150 copay (\$100 copay)	\$150 copay (\$100 copay)	\$150 copay
Urgent Care	10% *	\$50 copay (\$25 copay)	\$50 copay (\$25 copay)	40% *
Maternity Care				
Prenatal and Post-natal care	No charge *	No charge	No charge	40% *
Hospital services for mother and child	10% *	20% * (10% *)	20% *	40% *
Mental Health				
Inpatient	10% *	20% * (10% *)	20% *	40% *
Outpatient	10% *	\$25 copay	\$25 copay	40% *
Prescription Drug				
Retail Pharmacy (30 day supply)				
Generic/Preferred/Non-Preferred	\$10*/\$30*/\$50*	\$15/\$45/\$80 (\$7/\$30/\$60)	\$15/\$45/\$80 (\$7/\$30/\$60)	
Mail Order (90 day supply)				
Generic/Preferred/Non-Preferred	\$25*/\$75*/\$125*	\$30/\$90/\$160 (\$14/\$60/\$120)	\$30/\$90/\$160 (\$14/\$60/\$120)	
*After deductible				
†No one in the family is eligible for benefits until the family deductible is met				
Monthly Contributions				
Employee Only	\$55.00 (\$54.22)	\$95.00 (\$88.74)	\$120.00 (\$112.18)	
Employee + 1	\$133.00 (\$132.10)	\$210.00 (\$199.56)	\$270.00 (\$261.00)	
Employee + Family	\$240.00 (\$239.60)	\$360.00 (\$341.56)	\$465.00 (\$434.74)	

COMING SOON:
BIOMETRIC SCREENINGS



Get your numbers through your workplace.

Biometric screenings are a quick, convenient, confidential way to get the facts about your health status. And they're coming to **City of Daytona**—all at no cost to you.

Event Details:
When & Where (choose one)

Wednesday, July 6th at 8:30AM
Location: City Hall - Commission Chambers, 1st Floor main entrance, first door on your right

Wednesday, July 20th at 8:30AM
Location: Daytona Theater 2nd floor break room; call Buffy Osborne when you arrive 386.875.8952

Please note: if you cannot make either onsite session, you may visit your local Quest Diagnostic before August 26, 2022.

Types of biometrics

- Blood pressure
- Blood glucose
- Body mass index (BMI)
- Total cholesterol and triglycerides
- A1C

Knowing these numbers can help you and your providers detect potential health issues early and create a plan for achieving your wellness goals.

How do I schedule my appointment?

- **Online:** Visit <https://myQuestatHealth.com> and use your login credentials from prior years. If you HAVE NOT registered for a prior event, create an account using the registration key: "Wellness 2022"
- **By Phone:** Contact the Health & Wellness Center at 877.367.2655.

Questions? Contact Human Resources

Don't miss out. Schedule your biometric screening today!

TAKE CHARGE OF YOUR HEALTH

Exercise Your Way to a Healthier Heart

Did you know that exercising regularly can help you fight off chronic conditions like heart disease? According to the American Heart Association, you should incorporate these three exercises into your routine to improve your heart health:

Aerobic activity
Get at least 150 minutes of moderate-intensity aerobic activity (e.g., briskly walking) or 75 minutes of vigorous-intensity aerobic activity (e.g., running) every week.

Muscle strengthening
Incorporate muscle-strengthening exercises of at least two days a week. For the purposes of general training, focus on two to three upper body and lower body exercises. Abdominal exercises are an important part of strength training as well.

Flexibility training
Flexibility training is important too, but it is frequently neglected, resulting in increased tightness as you age and become less active.

Any diagnosis is intended for informational purposes only and is not intended for medical use. Health care decisions or actions based on professional advice should always be made in consultation with appropriate advice. © 2020 American Heart Association

2022 WELLNESS: FEBRUARY 14, 2022 • NOVEMBER 18, 2022

Over The Awesome Rainbow

Get ready for the
Over the AWESOME Rainbow
daily nutrition points challenge!
MAY 9, 2022 • JUNE 6, 2022

This company-wide step and activity challenge is open to eligible employees registered on the EPIC Portal. Through this challenge you can learn how to enjoy the health benefits of eating a variety of fruit and vegetables every day!

JOIN
Go to epicwellsite.com/client
Log In/Sign Up;
Go to the Challenge page; then
Click the icon shown below.



POINTS
This challenge allows you to earn up to 30 points per day for eating the 10 servings of fruits and vegetables per day.

- Choose a Color on the calendar.
- Find the fruit/vegetable you eat.
- Click on the image, then.
- Drag and Drop it to the plate.

LEFT SIDE
1st serving = 1 point

RIGHT SIDE
1st serving = 2 points

REWARDS
Reach the reward milestone (30 points) by June 6, 2022, to earn 50 Points towards your wellness reward.

MILESTONES
Milestone 1: 30 points
Milestone 2: 64 points
Milestone 3: 138 points
Reward Milestone: 172 points
At milestone 5: 225 points
At milestone 6: 258 points

epicwellsite.com/client

OPEN CAMERA
SCAN CODE
[EPICWELLSITE.COM/client](https://epicwellsite.com/client)

Program support: epicwellsite@epic.com or [800.845.5555](tel:8008455555) | Portal support: epicwellsite@epic.com

MONEY, MONEY, MONEY!

How Pennies Add Up to Quarters



Health Insurance
• Use telemedicine
• Use vendor cost estimator tools

Food/Beverage
• Bring lunch from home
• Buy a mug and brew your coffee at home

At the Doctor
• Use in-network doctors
• Ask your doctor for the generic version of your prescription

WELLNESS
• Earn your wellness discount

Commute
• Use transit benefit for rail tickets & metrorails

TRAVEL

SHOPPING
• Use coupons/groups
• Buy store brands/generics

Client Logo

exciting. fresh. original.



INTRODUCING OUR EMPLOYEE EDUCATION AND COMMUNICATION MATERIALS!

Keep your employees engaged in their benefits with
inspiring designs for your employee education materials!
Choose from nine completely unique looks.



Open Enrollment Is Here!

There are no plan changes to your benefits, please see attached rates and payroll deduction for medical, dental and vision insurance. If you do not have any changes, you do not need to do anything with Employee Navigator except if you plan to elect or renew your Flexible Spending Account.

Pick a Date to Join us for our Benefit's Fair

Tuesday, October 8 from 9:00am – 4:30pm

Wednesday, October 9 from 9:00am - 4:30pm

Thursday, October 10 from 9:00am – 4:30pm



live well, work well

Emergency Room or Urgent Care? How to choose

More than 10 percent of all emergency room visits could have either been addressed in an urgent care facility or solved in a doctor's office. But how can you determine which is more appropriate for your condition?

When to Use the ER
Emergency rooms are equipped to handle life-threatening injuries and diseases and other serious medical conditions. An emergency is a condition that may cause loss of life or permanent or severe disability if not treated immediately. You should go directly to the nearest emergency room if you experience any of the following:

- Chest pain
- Shortness of breath
- Severe abdominal pain following an injury
- Uncontrollable bleeding
- Confusion or loss of consciousness, especially after a head injury
- Resuscitation or resuscitation
- Serious burns, cuts or lacerations
- Inability to swallow
- Seizures

Using Urgent Care
Urgent care centers are usually located in clinics or hospitals, and, like emergency rooms, they are not equipped to handle life-threatening situations. Rather, they handle conditions that require immediate attention... those where delaying treatment could cause serious problems or discomfort.

Some examples of conditions that require urgent care are:

- Ear infections
- Sprains
- Urinary tract infections
- Vomiting
- High fever

Urgent care centers are usually more cost-effective than ERs for these conditions. In addition, the waiting time in urgent care centers is usually much shorter.

Did you know...?
Your out-of-pocket cost for an ER visit is usually much more than an urgent care visit, and a regular doctor's visit costs even less. If you think you do need to go to an urgent care center, try to find one that is affiliated with your current health plan for network costs.

Meet Your Onsite Health Coach



Paula Rojas
Onsite Health Coach

About Paula:

Paula is passionate about promoting health and preventing diseases, she believes in enjoying life and having a balanced lifestyle, working towards achieving a healthy optimal life. Paula has over 8 years of experience in life changing community programs, she is fluent in Spanish and enjoys learning about new cultures. In her free time, she enjoys practicing yoga, cooking and eating chocolate. She looks forward to meeting and learning more about you.

How can a health coach help me?

Paula is available to meet with you to discuss lifestyle behaviors you may want to address such as weight management, physical activity, nutrition counseling, and disease prevention. Your Health Coach will help you create and work toward your personal health goals.

Will my personal information that I share with my health coach be protected?

Yes, all your personal health information will be protected in accordance with HIPAA. None of your personal information will be shared with your employer.

What other services does my health coach offer?

Your onsite Health Coach will plan and implement workplace wellness events and activities such as:

- Increase understanding of modifiable health risks
- Coach employees to develop personal health behavior goals
- Demonstrate how to navigate UnitedHealthcare tools and resources
- Refer employees to appropriate wellness programs and services
- Perform blood pressure/weight/BMI screenings
- Provide health education to groups and individuals
- Promote onsite events such as health fairs, weight, & fitness challenges

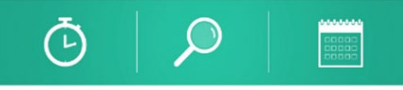
Overall, your Health Coach will help inspire and motivate you to achieve optimal health and wellbeing.

How can I reach my health coach?

- Telephone: 651-414-8503 Email: paula_rojas@uhc.com

Live Well, Work Well

Health and wellness tips for your work, home and life brought to you by the insurance professionals at Acenra Public Risk



CDC RECOMMENDATIONS FOR COVID-19 VACCINE DISTRIBUTION

Although there are two COVID-19 vaccines authorized for use in the United States, that doesn't necessarily mean you'll be able to get vaccinated right away.

Because the U.S. supply of COVID-19 vaccine is expected to be limited at first, the Centers for Disease Control and Prevention (CDC) is providing recommendations to federal, state and local governments about who should be vaccinated first. The CDC's recommendations are based on those from the [Advisory Committee on Immunization Practices \(ACIP\)](https://www.cdc.gov/media/releases/2020/s1201-covid-vaccine-priorities.html), an independent panel of medical and public health experts.

The recommendations were made with these goals in mind:

- Decrease death and serious disease as much as possible
- Preserve the functioning of society
- Reduce the extra burden COVID-19 is having on people already facing disparities

While the CDC makes recommendations for who should be offered COVID-19 vaccines first, each state has its own plan for deciding who will be vaccinated first and

Vaccine Distribution Phase 1a
The CDC recommends that initial supplies of COVID-19 vaccine be allocated to health care personnel and long-term care facility residents. Prioritizing the vaccination of these individuals is referred to as Phase 1a. Phase 1a may overlap. The CDC [recommends](https://www.cdc.gov/media/releases/2020/s1201-covid-vaccine-priorities.html) on Dec. 8, 2020.

Vaccine Distribution Phases 1b and 1c
The CDC recommends that in Phase 1b and Phase 1c, which may overlap, vaccination should be offered to people in the groups listed below. The CDC [recommends](https://www.cdc.gov/media/releases/2020/s1201-covid-vaccine-priorities.html) on Dec. 22, 2020.

Phase 1b

- Front-line essential workers. These include fire fighters, police officers, corrections officers, food and agricultural workers, United States Postal Service workers, manufacturing workers, grocery store workers, public transit workers and those who work in the educational sector (e.g., teachers, support staff and day care workers).

- People aged 75 years and older. They are at high risk of hospitalization, illness, and death from COVID-19. People aged 75 years and older who are also residents of long-term

Live Well, Work Well

Health and wellness tips for your work, home and life brought to you by the insurance professionals at Acenra Public Risk



COVID-19 VACCINATION FAQs

The Centers for Disease Control and Prevention (CDC) has prepared a list of FAQs to help educate the public on various aspects of COVID-19 vaccination. This article features some of these FAQs.

Vaccine Development

How many COVID-19 vaccines are under development?

Currently, [many vaccines](https://www.cdc.gov/media/releases/2020/s1201-covid-vaccine-priorities.html) are authorized and recommended to prevent COVID-19.

- Pfizer-BioNTech COVID-19 vaccine
- Moderna's COVID-19 vaccine

Multiple COVID-19 vaccines are also still under development. Large-scale (Phase 3) clinical trials are in progress or being planned for two additional COVID-19 vaccines in the United States.

Has there been a coronavirus vaccine developed before?

What's known about it, and can it be helpful today in working toward a COVID-19 vaccine?

When a new flu strain is identified, like H1N1 in 2009, vaccine manufacturers can use the same processes that are used to make the annual seasonal flu vaccine, saving valuable time. Unlike flu viruses, coronaviruses do not yet have licensed vaccines or processes to build on. In addition, the virus that causes COVID-19 is a new virus, so entirely new vaccines must be developed and tested to

Getting Vaccinated

How many shots of the COVID-19 vaccine will be needed?

The two authorized and recommended vaccines to prevent COVID-19 in the United States both need two shots to be effective. There is one COVID-19 vaccine in Phase 3 clinical trials in the United States that uses one shot.

Do I need to wear a mask when I receive a COVID-19 vaccine?

Yes. The CDC recommends that, during the pandemic, people [wear a mask](https://www.cdc.gov/media/releases/2020/s1201-covid-vaccine-priorities.html) that covers their nose and mouth when in contact with others outside of their household, when in health care facilities and when receiving any vaccine, including a COVID-19 vaccine. Anyone who has trouble breathing or is unable to remove a mask without assistance should not wear a mask. For more information, visit [considerations for anyone masks](https://www.cdc.gov/media/releases/2020/s1201-covid-vaccine-priorities.html).

Who is paying for the COVID-19 vaccine?

Vaccine doses purchased with U.S. taxpayer dollars will be given to the American people at no cost. However, vaccination providers will be able to charge an administration fee for giving the shot to someone.

Vaccine providers can get this fee reimbursed by the patient's public or private insurance company or, for uninsured patients, by the Health Resources and

HRInsights

Brought to you by the insurance professionals at Acenra Public Risk

Managing the Mental Health of Returning Employees

The coronavirus pandemic has affected nearly every aspect of daily life. Businesses are closed or have reduced capabilities, individuals are worried about their physical and financial safety, and no one knows when circumstances will improve. These and other factors illustrate the burdens individuals must endure during the pandemic, when businesses begin to reopen, employers must keep these factors in mind.

Reopening a business does not erase the hardship endured by its employees during its closure. Employees may still be grappling with mental health issues that can impact their performance when the doors reopen.

This article provides tips and considerations for employers that intend to reopen their businesses after the coronavirus pandemic. This guidance can help manage the mental health of returning employees.

Consider a Slow Open

Many employees had to be laid off or furloughed during the coronavirus pandemic. These individuals may need some time to reacclimate to the work environment. Even remote employees who retained their positions may need time to readjust. Having to

emotional whiplash, since they must now suddenly deal with expectations they haven't faced for weeks.

As such, employers should consider phases to their reopening. These may include bringing employees back in waves and gradually expanding operational hours back to normal. This gradual reopening can give employees the time they need to properly bring their bodies and minds back to work.

Think About Caregivers

The coronavirus pandemic inadvertently turned thousands of employees into full-time caregivers in just a few short weeks, with nursing homes, day care and schools closing down. Many of these employees will retain these caregiving duties even when businesses reopen.

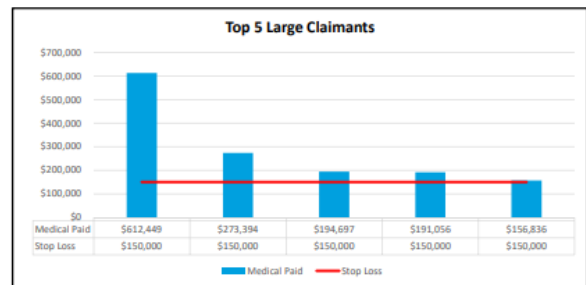
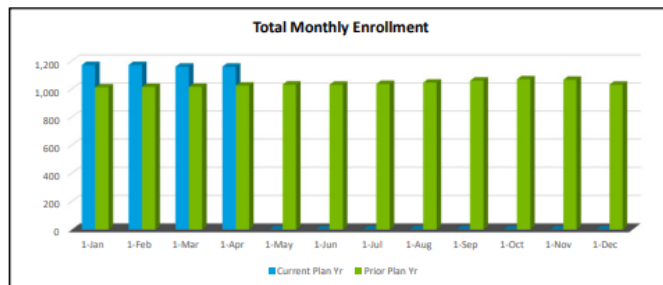
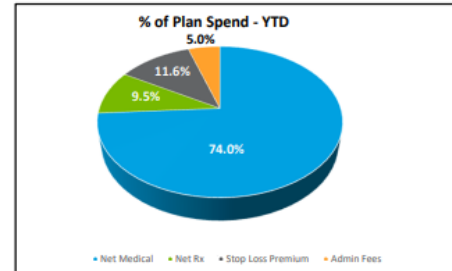
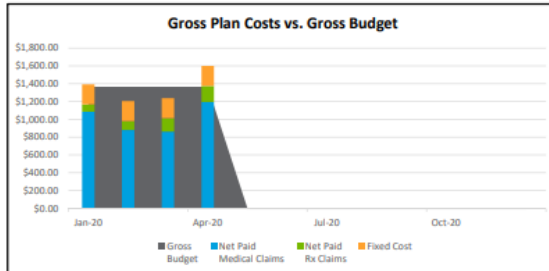
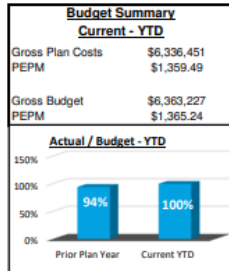
Employers should understand that some employees may have caregiving responsibilities that impact their mental health. Flexible scheduling can be a small perk that makes a big difference. Employers can help relieve some of the caregiving burden by allowing employees to move their schedules around, accomplishing job functions on their own time or during core work hours. This ensures the employee can maintain their personal responsibilities while still getting their professional work done.

Offering such a perk can also make an employer more attractive to working parents who may prize flexibility over many other workplace incentives.

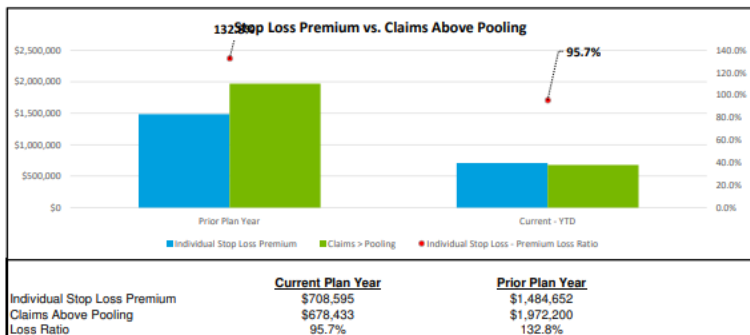
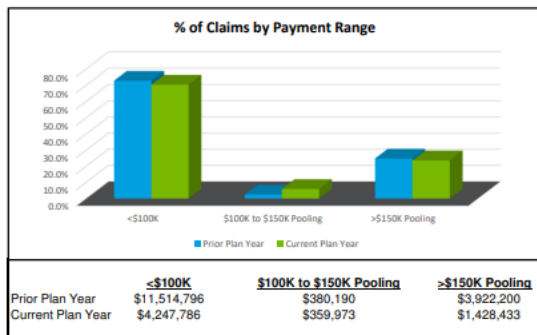
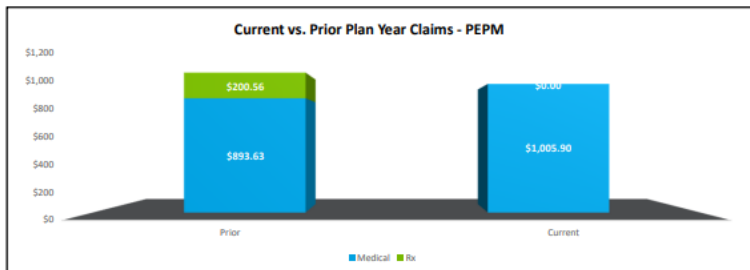
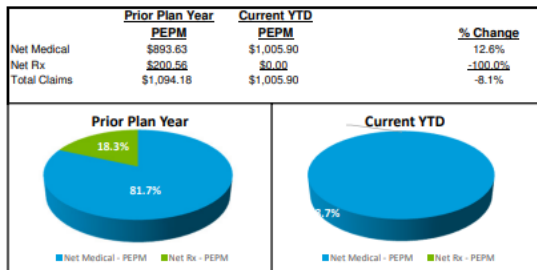
The City of Ormond Beach

Request for Proposals 2025-45 Employee Benefits Broker of Record Services

- Gross Plan Costs for the Current Period YTD are running at 99.6% of the YTD Current Period's Gross Budget.
- Gross Plan Costs for the Prior Period ran at 93.9% of the Prior Period's Gross Budget.
- Medical net of Stop Loss for the current period was 74.0% of the Current Period's Gross Budget. Rx was 9.5% and Administration and Stop Loss was 16.5% of the Current Period's Gross Budget.
- There are 8 Large Claimants in the Current Period and there were 16 in the Prior Period.
- The Average Employee Enrollment in the Current Period is 1,165 and in the prior period it was 1,036.



- The YTD Current Period Claim PEPM is: \$1,005.90, compared to Prior Period's \$1,094.18.
- In the Current Period, Rx Claims represent 0.0% of Total Medical and Rx Claims; this is compared to 18.3% in the Prior Period. (Generally, Rx Claims represent 18-25% of Total Medical and Rx Claims).
- In the Prior Period, the Stop Loss Reimbursement was 132.8% of the Paid Stop Loss Premium. In the Current Period, the Stop Loss Reimbursement is 95.7% YTD.
- The expected number of claims over \$100,000 is 16.4, and over the pooling level of \$150,000 is 8.5.*



- Provide resumes for the firm owners, key management personnel, and dedicated account team including account executive, client representatives, and any other administrative support personnel interacting with the city.

FRP'S EXECUTIVE TEAM LEADERSHIP



Charlie Lydecker

Chairman/CEO, Foundation Risk Partners

Led by Charlie Lydecker, the experience of the Executive Leadership Team at Foundation Risk Partners includes publicly traded insurance intermediaries, best-in-class regional brokers and specialty distributors. The collaborative result is a leadership team that is relentlessly focused on continuing to develop a sales organization where everyone can be the most successful while being exceptional at analyzing risk exposure and providing the best solutions for our clients. ♦

John Turner

Chief Operating Officer, Foundation Risk Partners

Chris Bell

Chief Administrative Officer, Foundation Risk Partners

Thomas Tinsley

Co-Founder / Senior Advisor, Foundation Risk Partners

Ben Barbieri

Chief Acquisition Officer, Foundation Risk Partners

Natalie Corbett

Chief Human Resources Officer, FRP

Kevin Mason

*President of Southeast Region, Foundation Risk Partners
CEO/Co-Founder, Acentria*

Mary Lawless

*COO of Southeast Region, Foundation Risk Partners
President, Acentria*

Tom Leek

Chief Legal Officer / EVP, Foundation Risk Partners

Jeff Leonard

Chief Financial Officer, Foundation Risk Partners

Alan Florez

Chief Sales Officer / EVP, Foundation Risk Partners

Rich Dinan

Chief Information Officer, Foundation Risk Partners

Mike Lisa

*National Benefits Sales Leader, EVP
Co-President/CEO, Corporate Synergies*

Andrew Bloom

*National Benefits Operations Leader, EVP
Co-President/CEO, Corporate Synergies*

Paul LaRubbio

SVP of Finance, Foundation Risk Partners

John Kern

Regional Vice President

407-612-6343

485 N Keller Rd, Suite 100

Maitland, FL 32751



Work Experience

- Foundation Risk Partners
dba Corporate Synergies
Regional Vice President
8/2017- Present
- LassiterWare Insurance
Vice President, Employee
Benefits
8/1999-7/2017

Education

- Bachelor of Science, Florida
State University

John Kern is an accomplished healthcare executive with experience in all phases of employee benefits consultation. He has earned an industry-wide reputation as a creative developer of benefits solutions. He has deep expertise with short- and long-term benefits strategy, healthcare reform/regulatory compliance, funding alternatives, wellness plans, benchmarking, benefits and payroll administration, actuarial services, executive benefits and private exchanges. He serves as Corporate Synergies' leader for the Florida Region, where he has overall management responsibility for a team of benefits consultants and account management professionals while serving as the lead consultant on numerous clients.

Previously, he served for 18 years at Florida-based Lassiter-Ware, a full-service employee benefits and property & casualty insurance broker. As Vice President of the Employee Benefits Division, he and his team provided comprehensive, long-term strategic planning and benefits consultation for a wide range of clients representing numerous industries.

John earned a Bachelor of Science degree from Florida State University.



Eric Brewer

Vice President –Senior Benefits Consultant

772-913-1453
485 N. Keller Road, Suite 101
Maitland, FL 32751



Work Experience

- Foundation Risk Partners
dba Corporate Synergies
Vice President, Senior
Benefits Consultant
11/2013- Present
- Aon
Senior Benefits Service
Manager
4/2011-11/2013
- Connexions Healthcare
Project Manager / Business
Analyst
5/2009-4/2011
- William Blair & Company
Corporate Finance Analyst
1/2008-12/2008

Education

- Bachelor of Arts, Brown
University

Professional Designations

- 0215 - Life, Health &
Variable Contracts
Insurance Agent

Eric Brewer is an accomplished healthcare professional with over a decade of experience helping employers navigate the cost pressure, regulatory compliance and administrative challenges that go along with a group benefits program. Eric's knowledge of self-funding, pharmacy benefit carve-outs, reference-based pricing and population health management help him guide his clients based on each employers' unique needs and circumstances. Eric takes pride in being innovative and disruptive, with a long-term strategic focus to help his clients' combat constant market pressures. Throughout Eric's career, he has managed benefit programs for employer groups ranging from 250 to 25,000 employees.

Out of the office, Eric is a proud husband, and a father of two boys. Eric can often be found fishing or golfing when he's not in the office. Eric earned a bachelor's degree in economics from Brown University, Providence, Rhode Island. Eric served as defensive captain of the Brown Football team and was proudly part of Brown's 2005 Ivy League Championship team. Years of industry experience: 15+.



Paul Schandel

Director of Account Management

386-299-1324
780 W. Granada Blvd.
Ormond Beach, FL 32174



Work Experience

- Foundation Risk Partners
dba Corporate Synergies
Director of Account
Management
4/1/2017- Present
- Reames Employee Benefits
Solutions
Benefits Consultant
3/2007-3/2017
- Florida Health Care Plans
Marketing Coordinator
8/2003-3/2007

Education

- Bachelor of Arts in Business
Administration, University
of Florida

Professional Designations

- CSFS – Certified Self-
Funding Specialist
- REBC – Registered
Employee Benefits
Consultant

Paul has extensive experience with compliance, benefit administration systems, account management, comprehensive benefit plan design, financial analysis, marketing, negotiations, carrier relationships, client retention, cost mitigation, employee advocacy, and wellness.

Current responsibilities at Corporate Synergies include defining client requirements, coordinating internal support, ensuring client satisfaction and retention, implementation of best practices, creating better processes and efficiencies, day to day service and support, benefit meetings, carrier and renewal analysis, and many other responsibilities and duties.

Paul has been an employee benefits consultant since 2007 and worked with a large health carrier prior to assisting employers with designing and implementing dynamic and competitive employee benefit packages. He is a graduate from the University of Florida with a bachelor's degree in business administration and economics, has obtained the Registered Employee Benefits Consultant (REBC) designation from the America College of Financial Services and the Certified Self-Funding Specialist (CSFS) designation from Health Care Administrators Association.

He has a passion for his local community and is on the Board of Directors for Easterseals Northeast Central Florida, Early Learning Coalition of Flagler & Volusia, and Community Partnership for Children. Paul is also highly involved in Rotary with the Rotary club of Daytona Beach.



Robin Riley

Senior Vice President – Director of Client Services

386-281-3767
780 W. Granada Blvd.
Ormond Beach, FL 32174



Work Experience

- Senior Vice President, Benefits Team Leader for Acentria Public Risk from 2018 - 2024
- Senior Vice President, Director of Client Services 2024 to present.
- Brown & Brown - Public Risk Insurance Agency from 2008 - 2018 in the following roles:
 - Account Manager
 - Account Executive
 - Vice President, Benefits Division

Education

- Asheville Buncombe Technical College – 2 years

Professional Designations

- Group Benefits Associate, Certified Employee Benefits Specialist Program through Wharton University of PA.
- Voluntary Benefits Specialist, The Hartford School of Insurance
- Group Benefits Disability Specialist, The Hartford School of Insurance

Association Memberships

- Florida Public Human Resources Association
- Society for Human Resource Management

Robin Riley, Team Leader is an accomplished healthcare professional with 25 years of insurance industry experience. During this time, she has specialized with Florida's public entity health and welfare programs for the past 23 years. Her working history includes experience with a national insurance carrier, Account Management for a third-party administrator, and Account Management advancing to an Account Executive then Vice President for a national brokerage firm.

As a Team Leader for Acentria Public Risk, Robin is responsible for the overseeing all aspects of your program. She has a wealth of knowledge and experience with self-funding, level-funding, public entity pooling, carrier relations, onsite health care centers, wellness programs, claim mitigation and plan analysis. Her expertise in compliance issues, state and federal regulations also make her a valuable asset to our team and our clients.

Robin's responsibilities include analysis of benefit plans and claims utilization, identifying client benefit goals and financial objectives, management of various funding arrangements, managing client's formal bid process and evaluation, liaison with carrier relations, presentations to various committees and boards, coordination of open enrollments, health fairs and work in tandem with team on escalated member issues and billing reconciliation.



Jonathan Jallad

Vice President –Sales Leader

407-775-7350
919 Lake Baldwin Lane, Suite A
Orlando, FL 32814



Work Experience

- Foundation Risk Partners
dba Acentria Insurance
Vice President Sales Leader
6/1/2021- Present
- LSJ Insurance Agency, Inc.
DBA ISU Jallad Insurance
Services
Founder/Owner, Vice
President and Sales
Producer for Public Entity
Insurance
2/2011-6/2022
- Accredited Surety and
Casualty Company, Inc
Assistant Vice President,
Bail Marketing.
8/2007-12/2010

Education

- Bachelor of Arts, University
of Central Florida

Professional Designations

- CLCS – Commercial Lines
Coverage Specialist

In Jonathan's current role, he is responsible for the growth and operation of FRP Public Entity Services (Employee Benefits) and Acentria Public Risk (Property, Casualty & Risk Management). In addition to the supervision of sales and service, Jonathan assists with carrier relationships, program development, design and placement stewardship and negotiation to all FRP's public entity clients.

Prior to his role as Vice President, Sales Leader for Acentria Public Risk, Mr. Jallad founded, led, and grew an all-lines general insurance agency, which he sold and merged with Acentria. Within this role he was responsible for all functions of the agency, including but not limited to new sales, agency management, carrier relations, customer experience and acting as resource leader for his colleagues. Jonathan developed and grew the public sector division of the agency to represent cities, schools and special districts located throughout Florida.

His focus was and always will be a client first approach, which was the guiding principle that propelled the growth and ultimate success of the agency. Mr. Jallad still works hand in hand with his public sector clients and looks forward to *serving those that serve others.*





Daniel Kuperstein, ERISA Attorney

Account Role: Benefit Program Compliance Executive Leadership and Client Support

Our skilled internal compliance staff is under the direction of Dan Kuperstein, an ERISA attorney and expert in Healthcare Reform. He has deep expertise in employee benefits, labor, and employment law. He advises clients and ensures compliance related to, the Affordable Care Act, COBRA, HIPAA, ERISA, GINA, and all other government regulations related to employee benefits. Dan is a frequently published author of articles on regulatory compliance; these articles have been published by Employee Benefit News, Philadelphia Business Journal, Fortune, and several other respected media sources. Years of industry experience: 12+.



Gary Cassidy, Director, Employee Education, Communications and Wellness

Account Role: Employee Education, Communications and Wellness Strategist

Gary Cassidy and our internal creative team of writers and designers generate professional, branded communication materials that support the client and engage/educate employees. He manages our internal, award-winning (APEX, iCOMM, and carrier), communications and graphics staff who possess insurance industry and benefits experience. The creative team works with Account Management to develop and implement education and wellness strategies designed to drive positive changes in plan participant benefits understanding and behavior. Gary is a frequently published author of articles on wellness and disease management. Years of industry experience: 25.



Eileen Scoggins, BenefitsVIP

Account Role: On-site Director of Employee Advocacy Center

As Director of BenefitsVIP, our high-touch, first-to-call employee advocacy and service department, Eileen Scoggins instills a consistent focus on urgent and accurate benefits issue resolution. She manages the New Jersey and Florida BenefitsVIP staff, analyzes call/contact types to identify emerging trends or issues, and employs methods to resolve them. Years of industry experience: 21.



Luray Tobar, Client Solutions Director

Account Role: New Client Service Solution Launch Supervision

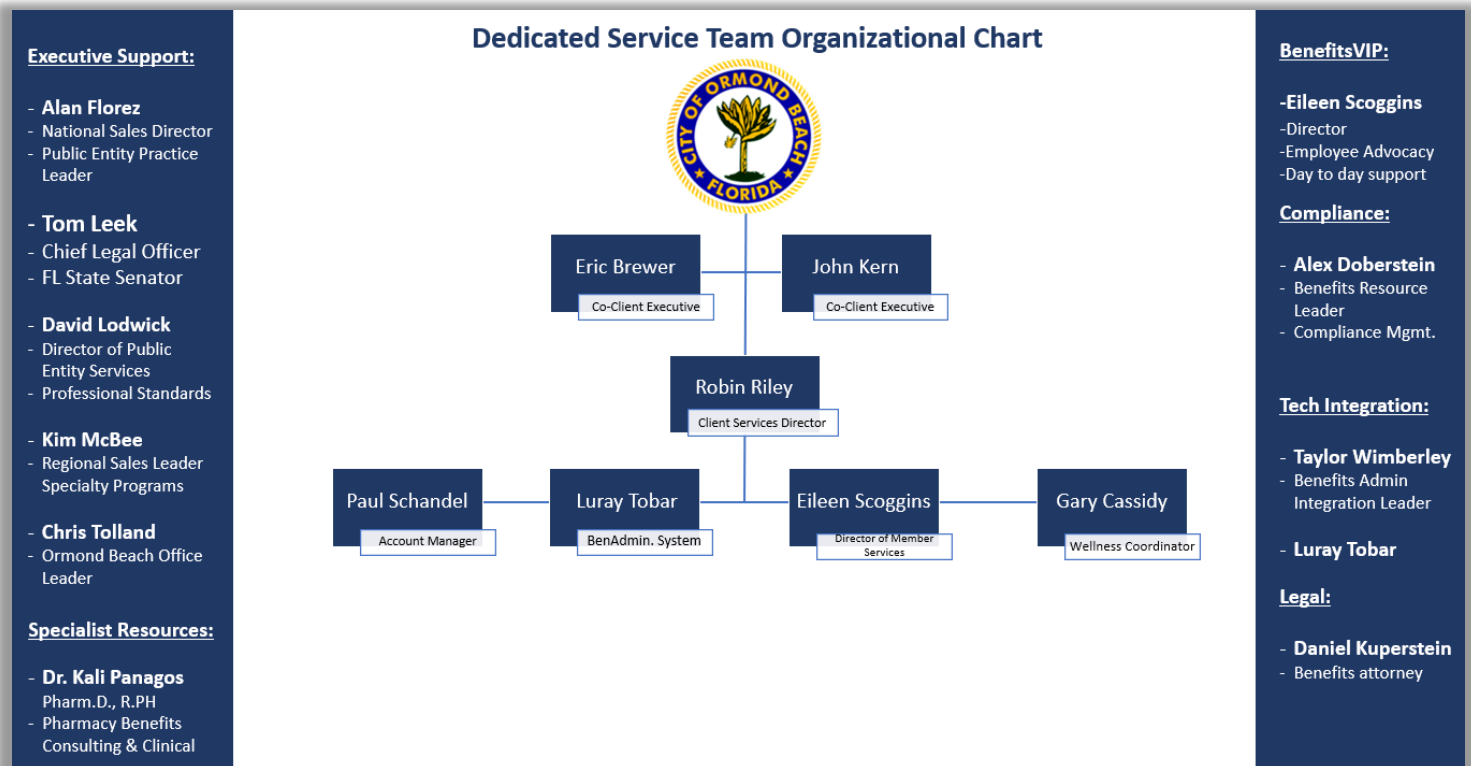
Luray Tobar is the driving force behind new client benefits administration and technology solution service launches. She creates and drives standard processes and coordination of all client solutions-related activities. She oversees the implementation and maintenance of business administration technology and workflow automation. Her team members serve as project managers and facilitators for and between the various internal FRP departments, the client, and third-party vendors. Client solutions manages the complete and timely implementation of the benefit solution, such as BenefitsVIP employee advocacy, COBRA, surveys, total compensation statements, our internal benefits administration technology, as well as fully outsourced benefits administration services. Years of industry experience: 20.

- Identify years of experience for each team member, as required in the minimum qualifications, listing only those years providing employee benefits broker of record services to municipalities of similar size, in the state of Florida, with a similar scope of service.

In addition to the resumes provided on the previous pages, below we have provided the years of experience of each service team member. Minimum of 5 years' experience and an average of over 10 years.

Name:	Account Role:	Experience:
John Kern	Co-Client Executive	25+ Years
Eric Brewer	Co-Client Executive	14+ Years
Paul Schandel	Account Manager	21+ Years
Robin Riley	Client Services Director	25+ Years
Gary Cassidy	Wellness Director	25+ Years
Luray Tobar	Director of BenAdmin	20+ Years
Eileen Scoggins	Director of BenefitsVIP	20+ Years
Dan Kuperstein	Benefits Attorney	12+ Years

- Provide an organizational chart showing reporting structures for all key staff and dedicated team members.



Meet your service team:

Name/Title	Phone	Email	Office Location
John Kern Lead Client Executive	Direct (407) 612-6343	John.Kern@foundationrp.com	485 N. Keller Rd., Suite 101 Maitland, FL 32751
Eric Brewer Co-Client Executive	Direct (407) 612-6355	Eric.Brewer@foundationrp.com	485 N. Keller Rd., Suite 101 Maitland, FL 32751
Paul Schandel Director of Account Management	Direct (386) 299-1324	paul.schandel@foundationrp.net	780 W. Granada Blvd Ormond Beach, FL 32174
Robin Riley Director of Client Services	Direct (386) 281-3767	Robin.Riley@Acentria.com	780 W. Granada Blvd Ormond Beach, FL 32174

- **Include three professional references for the individual designated to serve as the city's primary point of contact.**

Please see references with contact information below.

Client Name	City of Winter Garden
Name of contact	Frank Gilbert
Contact Phone Number	407-656-4111 ext. 2247
Contact Email Address	Frank.gilbert@cwgdn.com

Client Name	City of North Miami
Name of contact	Laura Woodley
Contact Phone Number	305-895-9862
Contact Email Address	lwoodley@northmiamifl.gov

Client Name	City of Miami Beach
Name of contact	Lorena Bravo
Contact Phone Number	305.673.7524
Contact Email Address	LorenaBravo@miamibeachfl.gov



May 28, 2024

Re: Corporate Synergies Employee Benefits

To Whom It May Concern:

City of Winter Garden

P: 407.656.4111

300 West Plant Street

Winter Garden, FL

34787

wintergarden-fl.gov

I have been requested to write a letter of recommendation for Corporate Synergies. It is my honor to do so. I have had the pleasure of working with professionals from this company for the last twenty (20) years.

Corporate Synergies has exceeded our expectations in many ways. Whether it is taking care of employee claims, explaining EOBs, or answering daily questions that may arise.

If you want a company that becomes an extension of your HR team, to help employees with enrollments, on-site visits and providing great advice on plan design, funding, self-insured or fully funded programs and wellness programs. If you are seeking innovative ways to achieve your employee benefit goals then I suggest you let Corporate Synergies be your partner as they have been our strategic partner for many years.

If you have any questions, please call me at 407.656.4111 ext. 2247 or frank.gilbert@cwgdn.com.

Sincerely,

Frank M. Gilbert
Asst. City Manager – Administrative Services

WINTER GARDEN, FLORIDA | A CHARMING LITTLE CITY WITH A JUICY PAST.



June 3, 2024

Re: Recommendation Letter

To Whom It May Concern:

This letter serves as an official recommendation for Corporate Synergies. I have had the privilege of working with Eric Brewer and his team for the past two (2) years in his capacity as Vice President, Senior Benefits Consultant. Eric and his team are dedicated, hardworking, knowledgeable, and do an exceptional job as the City of North Miami's "Record of Agent".

It is truly a pleasure to work with consultants that are not only professional but produce positive results. Therefore, I highly recommend Corporate Synergies along with Eric Brewer and Team without any reservations.

Please do not hesitate to contact me if you need any further assistance or have any questions. I can be reached via email at woodley@northmiamifl.gov or by phone at (305) 895-9862.

Sincerely,

A handwritten signature in purple ink, appearing to read "Lura F. Woodley".

Lura F. Woodley
Personnel Director

776 NE 125 Street | North Miami | Florida | 33161 | 305.893.6511

Tab 4
Scope of Services

1. Conduct an annual bidding process, carrier negotiations, and employee benefit plan selection in coordination with City leadership and established goals and objectives, including providing high quality health care, remaining fiscally responsible, minimizing provider disruption, improving employee health outcomes, and delivering excellent customer service.

Our renewal/bidding process begins with a pre-renewal meeting that is 6 months in advance of the renewal. Our in-house underwriters and actuary partners will develop budget and claim projections for the upcoming year. Our team will focus on the following:

Claim reporting, utilization review, employee survey, benchmarking, the state of the carriers, emerging trends, administrative issues or concerns, future budgetary concerns, the development of the renewal timeline and approach.

This information will prepare the City in advance of a bid process or warranted vendor change. We will lay out the pros and cons of the process before a final decision is made, plan designs, provider and facility-specific network comparison reports, pharmacy implications, reporting capabilities, service platforms (online and in-person), wellness capabilities, service guarantees and their specific renewal methodologies. Committee members will have the ability to meet with the potential new vendor(s) prior to making a final decision.

As a hopeful partner with the City, we wish to make it clear that we will work for you, not insurance companies. Our commitment is to, year in and year out, negotiate the optimal carrier contracts available in the marketplace and leverage the breadth and depth of our book of business to do so.

Our team provides this service through our Tier 1 / Preferred status with most of the major insurers that typically results in a higher level of advocacy from the carrier, including but not limited to:

- Dedicated service teams providing quick resolutions.
- Direct access to underwriters and medical directors.
- Accelerated case implementation.
- New products roll out.
- Enhanced claims reporting at no additional cost.
- Inclusion on the carriers' Advisory Council.

Market Solicitation and Renewal Negotiation:

All vendor proposals will be reviewed and evaluated by our team prior to presentation to the County staff. This evaluation and presentation process will be inclusive of the following:

- Keep the City sunshine & procurement compliant according to FL Statutes 112.08
- Provide a detailed carrier analysis of their proposed contract, plans, and cost compared to the in-force program.
- Illustrate the differences to include the advantages and disadvantages.
- Total program cost details.
- Employer and employee contribution modeling.

The City of Ormond Beach
Request for Proposals 2025-45 Employee Benefits Broker of Record Services

- All proposal details to include caveats and exclusions.
- Network analysis with reports on provider disruption, discounts, to determine viable options for the County.

Once our analysis is complete, we will meet with Human Resources, Budget, and Finance staff as needed to review all options and recommendations. After our presentation, we will begin the best and final negotiation process, securing any missing information and clarifying details prior to making a final recommendation. We will collaborate with the City's staff on the best and final process, then we will provide a formal evaluation and recommendation for presentation to the City for approval.

Renewal Process Schedule		
Work Plan		Time Frame
Establish Objectives	Pre-renewal meeting	180 days prior to renewal
	Develop the renewal strategy with The City's staff/Human Resources	
	Discuss current benefits and carriers	
	Discuss Voluntary Benefits	
Gather Data	Collect information for insurance carrier submissions	150 days prior to renewal
	Analyze employee survey results	
	Prepare RFPs with coordination and approval from HR and Procurement	
Receive Proposals	Procurement post RFP to bid site	120 days prior to renewal
	Receive proposals from insurance carriers responding to the RFP, including current carrier renewal.	
Prepare Marketing Presentation	Prepare marketing presentation and present to the City Manager and HR.	120 days prior to renewal
	The City procurement to request best and final offer from top ranking carriers	
	Present best and final to the City Manager and HRHR Staff	
	Attend the City's Council meeting to present recommendations for approval	
Enrollment Meetings	Coordinate with Human Resources to set up dates, locations and time for open enrollment meetings	90 days prior to renewal
	Create electronic OE Communications and Presentation	
	Provide Human Resources with Open Enrollment Flyers	
	Develop and Deliver Employee Benefit Guides	
	Coordinate and attend all open enrollment meetings	
Manage Eligibility	Submit and confirm eligibility e-files from carriers	60 days prior to renewal
	Dependent Eligibility File Updated	
	Enroll/Communicate changes to COBRA participants	
	Group numbers issued and ID cards ordered	
Finalize & Confirm	ID cards delivered	30 days up to effective date
	Reconcile all carrier invoices	
	Verify accuracy of all policies and contracts	
	Confirm objectives and goals were satisfied	

2. Compile and present plan utilization data to the city on a quarterly basis with appropriate analysis, recommendations, and forecasting.

We will **compile and present comprehensive plan utilization data to the City on a quarterly basis**, ensuring transparency and actionable insights. Each report will include:

- **Detailed utilization metrics** (e.g., claims volume, high-cost claimants, ER usage, preventive care engagement)
- **Trend analysis** comparing current and historical data
- **Cost drivers identification** and plan performance benchmarks
- **Strategic recommendations** to enhance plan efficiency, employee engagement, and cost containment
- **Forecasting models** to anticipate future utilization patterns and inform budgeting and plan design decisions

Our team will review these findings with City representatives each quarter, offering **data-driven guidance** to support ongoing benefits optimization and long-term planning.

Claims Analysis:

When the claim reporting data is available from the carrier, we can drill down and identify hidden cost drivers in health and welfare benefits plans through our claim analyzer tool, Claros Analytics.

Claros Analytics Support uses real-time and historical data. The program articulates how your healthcare plan design, member demographics, claims experience and utilization will impact premium rates by using the City's profile and claims data to credibly project the future. This high-quality analysis allows our evaluation and recommendation proposals to be presented and communicate the information in a clear and concise manner.

We analyze past plan performance and project future costs. We can illustrate your most recent claims experience into an alternative funding model to show "what if we were self-funded?" scenarios. We then provide cost projections and comparisons between funding alternatives.

ABC Company

Health Plan Cost

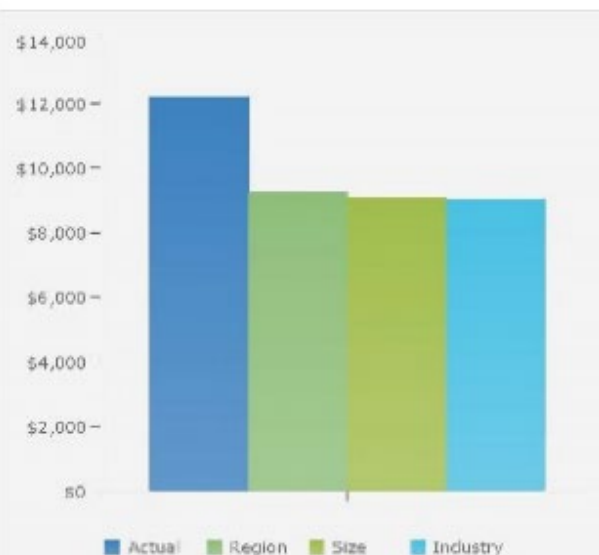
Gauge how your total health plan expense per employee compares to that of other similarly sized employers in your region and industry. Keep in mind:

- Prescription drug and fixed costs shown are based on values provided.
- Claim amounts represent claims paid during the period; they may not reflect all claims incurred over this period.

Region	Midwest
Industry type	Manufacturing

Points to consider:

- Do you employ the most appropriate funding method for your health plan?
- Is there a need to review contribution levels or implement a spousal carve-out?
- What impact do catastrophic claims have on your costs?
- Is there a noticeable return on investment for managed care or other cost containment programs?
- Would potential cost savings be achieved if services, such as utilization review and disease management, were unbundled?



Total number of employees	912
Actual cost per employee	\$12,204.99
Total health plan cost	\$11,130,947.61
Norm cost per employee (region)	\$9,230.54
Norm total cost (region)	\$8,418,250.00
Norm cost per employee (employer size)	\$9,082.90
Norm total cost (employer size)	\$8,283,601.00
Norm cost per employee (industry type)	\$9,039.73
Norm total cost (industry type)	\$8,244,235.00

Norm source: "Employer Health Benefits Annual Survey", The Henry J. Kaiser Family Foundation and Health Research and Educational Trust

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396970 - January 1, 2018 - December 31, 2018[3]

3. Leverage relationships with carriers to effectively and satisfactorily resolve member issues; communicating directly with members and carriers throughout process with little assistance from City staff.

Our Approach to carrier and product selection:

Our consultants have exclusive access to advisory boards of the most dominant carriers in the market. We represent virtually every carrier nationwide and sit on several national advisory boards: Aetna, Cigna, United HealthCare, Hartford, Lincoln Financial, MetLife and Reliance Standard. We have achieved Preferred status with most of the major insurers. Preferred status typically results in a higher level of advocacy from the carrier, including but not limited to:

- Enhanced claims reporting at no additional cost.
- Dedicated service teams.
- Inclusion on the carriers' Advisory Council.
- Accelerated case implementation.
- Direct access to underwriters and medical directors.
- New product roll out.

We maintain direct access to decision-makers within carrier organizations and can leverage when negotiating with carriers on rates, policy terms, plan design, and escalated issues. Our carrier relationships provide us with leading edge concepts such as alternative funding, consumer driven health plans, onsite clinics, offsite clinics, disease management, innovative plan designs and wellness programs.

Foundation Risk Partners has extensive experience in dealing with all types of funding arrangements, including fully insured, minimum premium, self-funded programs, as well as numerous insurance carriers, third party administrators and stop loss providers. Our proprietary Risk Decision Support Tool uses real-time and historical data to help employers make crucial funding decisions. This high-quality analysis allows our evaluation and recommendation proposals to be presented and communicate the information in a clear and concise manner.

Carrier Tier 1 Status and Broker Advisory Boards:

Foundation Risk Partners maintains Tier 1 status with all major carriers. The criteria and benefits differ depending on the carrier; however, this normally means that Foundation Risk Partners and our clients receive a higher level of advocacy from the carrier, including but not limited to enhanced claims reporting at no additional cost, dedicated service teams, inclusion on the carriers' Advisory Council, accelerated case implementation and direct access to underwriters and medical directors. We maintain direct access to decision-makers within carrier organizations. We leverage this industry clout when negotiating with carriers on rates, policy terms and plan design.

We maintain relationships with and have access to the C-suite and executive management of all major national and regional carriers. Several members of our staff serve on the Broker Advisory Boards of national insurers, including those on the following page:

Preferred Carrier Partners		
Florida's Largest Carriers	Broker Status Tier	Broker Advisory Board Member
Aetna	Platinum (Top)	Yes
Cigna	Platinum (Top)	Yes
Florida Blue	Diamond (Top)	Not Available
Hartford	Preferred	Yes
Humana	Top	Yes
Lincoln Financial	Preferred	Yes
MetLife	Preferred	Yes
Reliance Standard	Preferred	Yes
United Concorida	Preferred	Yes
United HealthCare	Platinum (Top)	Yes

Ancillary / Supplemental Carrier Partners			
Aetna Ancillary	Advantica	Aflac	AllState
Ameritas	Cincinnati Life	Colonial	Delta Dental
EyeMed	Florida Combined Life	Guardian	Hartford
Humana Ancillary	Lincoln	Minnesota Life	Mutual of Omaha
OneAmerica	Principal	Renaissance	Simple Dental
Solstice	Sun Life	The Standard	TransAmerica
United Healthcare Ancillary	United Security	Unum	VSP

4. **Handle all claim inquiries, billing issues, complaints, and all other benefit related issues on behalf of the city with a high level of customer service and efficiency. Identify dedicated staff, with sufficient experience and knowledge, responsible for resolving both routine and complex issues on a daily basis.**

Employee Advocacy:

Through personal and ongoing contact with the City and your employees, our in-house advocacy unit (BenefitsVIP) will identify, track and report benefit inquiries, activities, and issues. We compile this information in a BenefitsVIP Analysis Report, which provides valuable data on emerging service trends, benchmarking, HR/employee usage, productivity savings calculations, and average resolution time. BenefitsVIP advocates stay involved in a claims issue from the first call from an employee through the resolution of the case. As they interact with your employees, they will collect data on these interactions, which are then utilized by Account Management and our benefits consultants to fine-tune benefit programs. An example: if multiple employees report that they don't understand how to use a specific aspect of their plans, this may indicate a need for a targeted education campaign.

The call monitoring system, call tracking and resolution procedures used by your firm.

The team lead is responsible for daily review of open cases. An automated system notifies team leads and the BenefitsVIP director if a case is open longer than expected using type of case as the determining factor. BenefitsVIP representatives handle their case communication whether requesting additional information or providing resolution.

Unlike typical call centers that are measured by average handle times (which translates into moving the employee off the phone call as quickly as possible) the measurement of the BenefitsVIP support center's success is the employee's peace of mind. One of the many attributes of BenefitsVIP is its ability to increase employee satisfaction with their benefits plans. Rather than our advocates being measured by average handle time, they are measured on the timeliness of resolutions, the percentage of resolutions we were able to provide on the first call, along with the percentage of resolutions provided within 24 hours.

Our company-wide average is 91% of calls are resolved within 24 hours with 80% being resolved on the first contact we have with an employee. As an extension of our clients HR team, this ensures a positive and best in class level of support when we interact with our clients' employees.

How is employee satisfaction assessed?

We monitor BenefitsVIP via our quality assurance program to ensure that our advocates are providing good service and accurate information. We can also design a custom survey for your BenefitsVIP team to use to determine satisfaction among your plan participants.



BenefitsVIP is NOT a Call Center...but rather a **one stop** first-party administrative and advocacy support team providing response and resolution for employees and their dependents.

Your BenefitsVIP team is an extension of your organization and available to employees/dependents in a variety of ways, making it a simple and seamless engagement. **Our team handles ALL your benefits with 1 number to call, no matter the carrier.**



Phone (Vanity Line)

Offered so that your advocacy team is identified in a branded way consistent with other services



Email

Inquiries activated from multiple points available to co-workers such as websites and portals



Fax

Inquiries can be sent via a dedicated line to your BenefitsVIP team

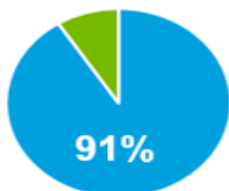


Key Responsibilities

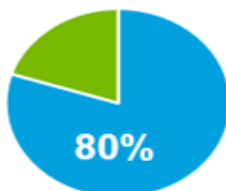
- Respond to Inquiries/Resolve Claims
- Plan Utilization & Trend Reporting
- Research Care Providers/Facilities
- Precertification for procedures/Rx
- Healthcare Coaching
- Verify Dependent Status
- Enrollment Support

Operational Points

- Average 22 Years Industry Experience
- Direct Access to Carriers, Providers & Tools
- Flexible Access to Advocates
- Multi-Lingual
- National Time Zone Coverage
- Counseling Approach



Percent of issues resolved within 24 hours.



Percent of issues resolved in first call.



Average number of seconds to answer call.



Reporting Examples

BenefitsVIP utilizes people and advanced technology to **identify**, **track**, and **report** issues and member actions/behaviors/satisfaction on an ongoing basis. This allows the customer service and experience of your employees to be **measured** and in cases, shows us where to improve. **Lastly, the reports serve as stewardship reports for audits/compliance with our scope of services.**

Reports identify:

- Detailed Utilization Information
- Emerging Service Trends
- Average Resolution Time
- HR/Employee Usage
- Productivity Savings Calculations
- Opportunities (e.g. Employee Education)

Upon closing all cases, we can survey co-workers regarding their satisfaction with:

- The outcome of the case
- How BenefitsVIP managed the case



**BenefitsVIP team members are employees of Foundation Risk Partners, located in the US, with avg experience of 20 years.*

Test Client

January 2023 through December 2023

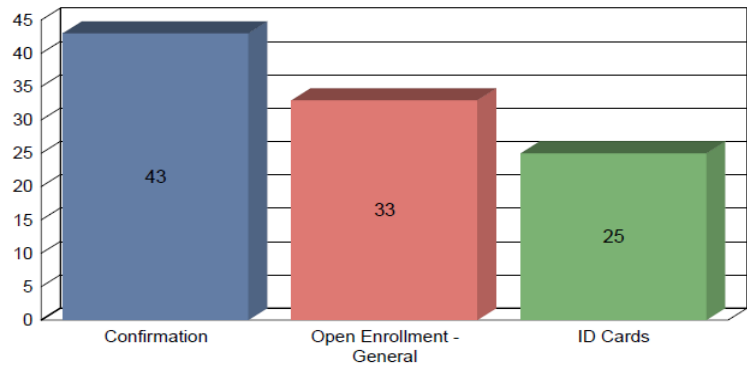


Executive Summary

Below is a quick snapshot of the total case review and top three service types for this reporting period.

Total Case Review

Total number of employees	2,650
Total cases	282
Average resolution time (in days)	0.87
Employer hours saved	36.32
Employee hours saved	333.43
Total Hours saved	369.75



Test Client

January 2023 through December 2023

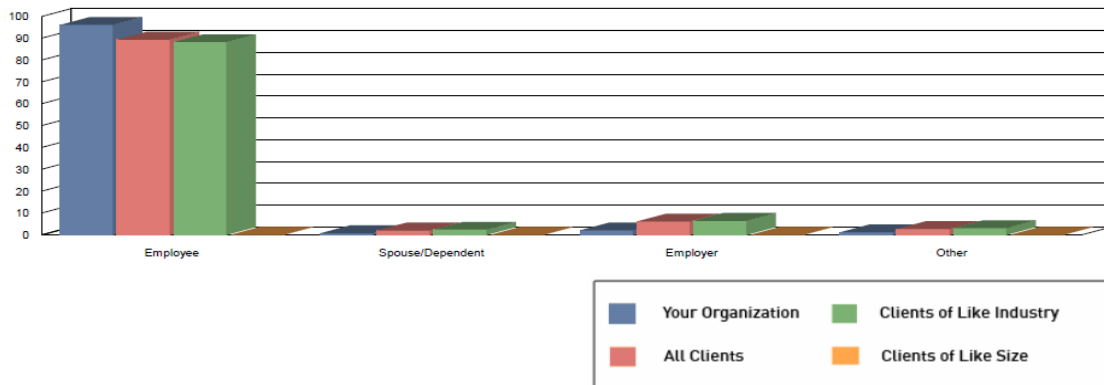


Who's asking?

Listed below are who contacts your BenefitsVIP® team compared to all Corporate Synergies clients, clients of like industry and clients of like size.

Inquirer	Number of Cases	Your Organization	All Clients	Clients Of Like Industry	Clients Of Like Size
Employee	271	96.1%	89.3%	88.2%	0.0%
Spouse/Dependent	2	0.7%	2.0%	2.4%	0.0%
Employer	6	2.1%	6.1%	6.4%	0.0%
Other	3	1.2%	2.7%	3.1%	0.0%

Total: 282



Test Client

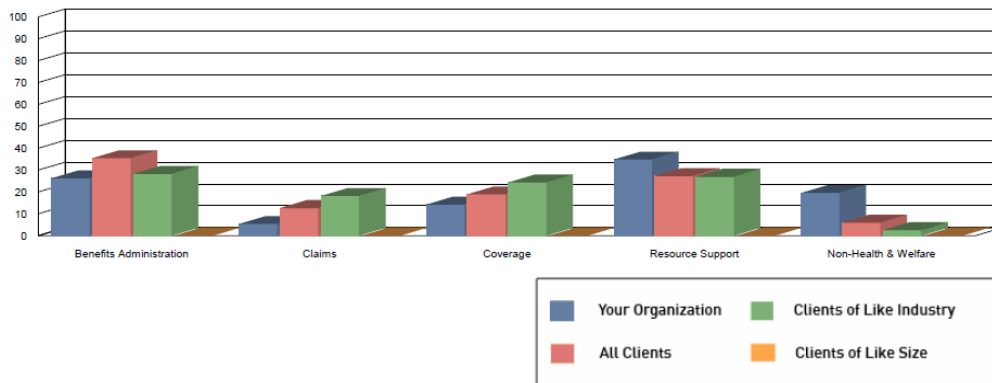
January 2023 through December 2023



For what are we being contacted?

The data below reflects the types of cases being handled for your organization compared to all Corporate Synergies clients, clients of like industry and clients of like size.

Case Type	Number Of Cases	Your Organization	All Clients	Clients Of Like Industry	Clients Of Like Size
Benefits Administration	74	26.2%	35.4%	28.2%	0.0%
Claims	15	5.3%	12.6%	18.1%	0.0%
Coverage	40	14.2%	18.9%	24.3%	0.0%
Resource Support	98	34.8%	27.2%	26.9%	0.0%
Non-Health & Welfare	55	19.5%	5.9%	2.5%	0.0%
Total:		282			



Test Client

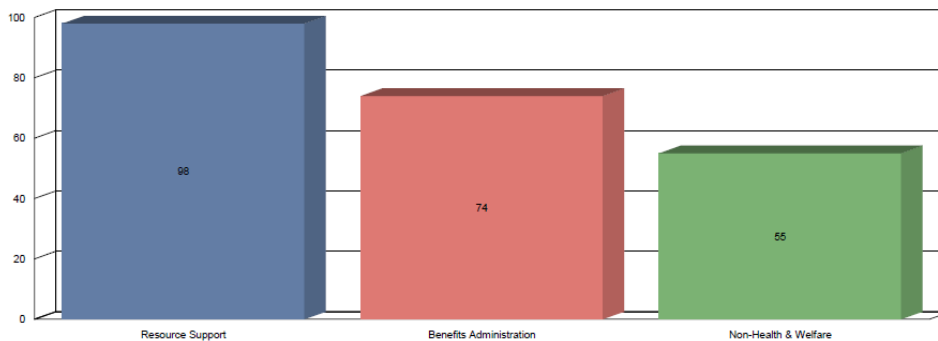
January 2023 through December 2023



Pareto Analysis:

Also referred to as the 80/20 ratio or the Pareto Principle which states that 80% of the volume (cases) comes from 20% of the causes. A Pareto Analysis helps us to quickly identify the "vital few" that we should focus on, as opposed to the "interesting many."

Case Task	Number Of Cases	Pareto
Resource Support	98	35.0%
Benefits Administration	74	61.0%
Non-Health & Welfare	55	80.0%



5. Assign a primary contact who will be reasonably available for meetings and calls, present at City Commission meetings and workshops as needed, and responsive to inquiries the same day, including holidays and weekends.

John Kern will serve as the City's primary point of contact. John, who currently handles public and private sector benefit plans, understands the unique needs associated with this type of organization. He will bring a strong understanding of the factors required to help the City contain cost, remain compliant and drive administrative efficiencies for your staff. With budget being paramount in all public sector organizations, John specializes in long-term strategies to mitigate cost while minimizing the amount of change experienced by employees. He has also deployed robust wellness programs to help mitigate common cost drivers associated with large public entities.

Please see our service team resumes on pages 33-38 for additional information.

6. Coordinate all aspects of the City's annual personal health assessment and health fair for employees to include testing (including weight, BMI, blood pressure, cholesterol, and various other biometric and lifestyle risk factors), producing individual and group reports and analysis, individual employee coaching services, and representation from other benefit programs and educational resources.

Our team brings comprehensive experience in planning and executing health fairs and biometric screening events tailored to the needs of municipal employers. We will coordinate all aspects of the City's annual personal health assessment and health fair, ensuring a seamless, engaging, and impactful experience for employees.

Event Planning & Logistics:

We will serve as the single point of contact for all logistics, including scheduling, venue coordination, vendor management, and employee communications. Our project management approach ensures timely planning, effective promotion, and smooth event execution.

Screenings and Assessments:

We partner with reputable health screening vendors to provide comprehensive testing services, including:

- Weight and BMI
- Blood pressure
- Total cholesterol and lipid panels
- Glucose levels
- Lifestyle risk assessments (e.g., nutrition, physical activity, stress)

All screening vendors are vetted for HIPAA compliance, clinical quality, and data security.

Reporting & Analytics:

During or following the event, individual confidential reports are delivered directly to employees. We also compile aggregate group reporting for the City, offering insights into population health trends, risk stratification, and opportunities for targeted wellness initiatives. These reports are designed to support your health strategy, measure program impact, and inform future planning.

Coaching & Follow-Up:

Employees identified with elevated risk factors will be offered access to one-on-one health coaching sessions (in-person, virtual, or telephonic). Our coaching partners are certified health professionals who provide personalized guidance on behavior change, chronic condition management, and overall wellness.

Integration with Other Benefits & Educational Resources:

The health fair also includes on-site (or virtual) representation from your other benefit providers, such as:

- Medical, dental, and vision carriers
- EAP providers
- Retirement plan representatives
- Voluntary benefit vendors

Additionally, we coordinate educational sessions and distribute materials on preventive care, mental health, financial wellness, and more ensuring a holistic approach to employee well-being.

Employee Engagement & Communications:

We provide end-to-end support in developing promotional materials and registration tools to maximize participation. This includes email campaigns, flyers, and digital sign-ups, with messaging tailored to different employee demographics and work settings.

Commitment to Results:

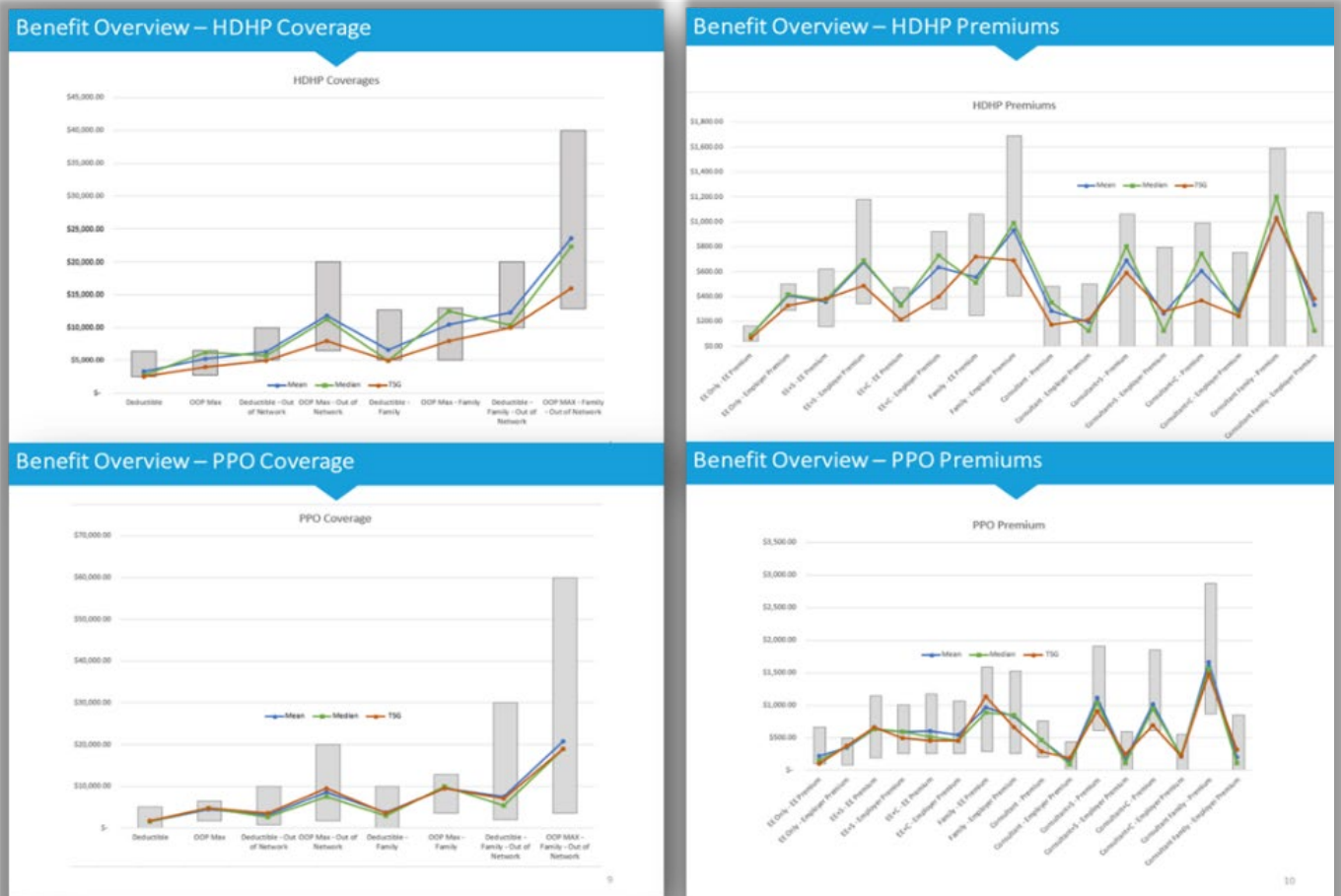
Our goal is to not only deliver a successful event but to use it as a strategic tool to improve employee health outcomes, enhance engagement, and reduce long-term benefit costs.

7. Collect and provide employee benefit coverage and cost benchmarking data relative to other municipalities in the area.

Benchmarking: We benchmark programs to compare how the City's current plan compares to other employer-sponsored government plans in the State and geographical area. This is completed as requested and with our renewal proposal.

We assess your plan designs, identify trends, and monitor plan utilization patterns for opportunities to adjust plan design or to educate consumer behavior. Each of these factors is measured against a national database so we can compare the City's factors against comparable municipalities.

We utilize our multi-sourced normative benchmarking data base that consists of 50,000 unique employer groups. In addition, we use our benchmarking data for opportunities to educate employee consumerism.



Survey Methodology: We utilize proven survey methodologies to ensure data accuracy, consistency, and integrity. These surveys include detailed questionnaires and structured interviews with key industry participants, ensuring that all information gathered is statistically sound and reflective of market trends. Our data validation process involves rigorous checks to maintain the reliability of results.

8. Provide information on health care trends and updates on relevant regulatory changes to ensure compliance.

Our compliance team consistently monitors regulations and guidance related to Federal/State/local laws and provides strategies to mitigate the employer's risk. Our benefit compliance services include continuous monitoring and information sharing regarding laws, regulations and guidance that impact multi-state employers. Monitoring includes but is not limited to the Affordable Care Act (ACA), COBRA, HIPAA, ERISA, USERRA, cafeteria plans, flexible spending accounts, Section 105 medical expense reimbursement programs, Form 5500 annual reporting requirements, etc. This information is distributed through our eAlert program.

We communicate relevant changes through our detailed eAlerts, which we deliver to clients following a government announcement. We also discuss developments in our client-facing webinars, which occur at least quarterly, postings to our HAWC Forum, and in our Compliance MINUTE video series on corpsyn.com. Our compliance team also publishes an annual Compliance Calendar and Compliance Checklist. We host a LinkedIn group, Health & Welfare Compliance Forum (HAWC), with postings on employee benefits compliance, Healthcare Reform alerts, updates, and industry news.

COMPLIANCE ALERT

FOUNDATION RISK PARTNERS

Making Sense of the End-of-Year Benefits Legislation

January 6, 2025

Action Required:

- Ensure your HDHP does not include first-dollar telehealth coverage.
- Change distribution policies to align with the new PBRA rules, including Forms 1095-B/-C to employees when requested.
- Align ACA information reporting & ESR policies to the new ERIA rules.
- Decide if you will send out fixed indemnity notices to employees, which are no longer required.

As we neared the end of 2024, Congress introduced, finalized and then rescinded a plethora of new bills with new benefits rules, but not all were signed into law. The two main areas of benefits rules impacted were the Affordable Care Act (ACA) information reporting rules and rules that were expected to extend COVID-era telehealth relief applicable to high deductible health plans (HDHPs). Additionally, while not a legislative change, a federal court in Texas has struck down the requirement to provide a required notice about fixed indemnity coverage. This eAlert aims to sort out the confusion from these end-of-the-year rule changes in order to help employers and plan sponsors understand how these areas of benefits regulation will operate in 2025.

Telehealth Relief for HDHPs Ends

Beginning January 1, 2025, HDHPs will no longer be allowed to offer first-dollar coverage of telehealth services while maintaining their participants' health savings account (HSA) eligibility. As background, Congress passed the CARES Act in March of 2020 during the COVID-19 pandemic, part of which allowed HDHPs to cover 100% of the cost of telehealth services without application of the deductible (first-dollar coverage) and while still permitting the HDHP's participants to remain eligible for their HSAs. The CARES Act allowed this first-dollar coverage through the end of 2021, which was then renewed in April of 2022 through the Consolidated Appropriations Act of 2022, and was then renewed again with another extension through the Consolidated Appropriations Act of 2023 until January 1st of 2025.

While it was anticipated that Congress would act to extend the relief for another two years as a part of the funding bill to prevent the government shutdown (as discussed in our recent E-Alert [here](#)), the relief did not make it into the final funding bill that was passed and signed into law by President Biden. Since this telehealth relief was not extended, HDHPs must now charge the fair market value for the telehealth services provided beginning January 1, 2025.

ACA Changes

On December 23, 2024, President Biden signed two bills into law overhauling the current process for ACA information reporting and related Employer Shared Responsibility (ESR) requirements: [H.R. 3797](#), the Paperwork

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9. Provide Consolidated Omnibus Budget Reconciliation Act (COBRA) administrative services in compliance with federal and state regulations, at no additional cost to the city.

Our firm provides COBRA administration services that integrate with other systems and workflow processes, including:

- Implementation of COBRA services
- Evaluation of current procedures and recommendation of improvements
- Notification of transition to existing participants
- Monthly premium billing and collection of monies
- Dissemination and tracking of COBRA qualifying event notices
- Eligibility (adds, terms and changes) forwarded to carriers/TPAs
- Advanced reporting available through a comprehensive employer website

We deliver COBRA services through our long-term strategic partner and industry best-of-breed third-party administrators. Among them: Medcom, PlanSource, Infinisource, WageWorks and Discovery.

10. Provide professional advice and guidance to ensure continued compliance with the Affordable Care Act (ACA), Health Insurance Portability and Accountability Act (HIPAA), Internal Revenue Service (IRS), and other state and federally mandated benefits and regulations.

Federal and State regulatory compliance is a core competency. Our full-service, comprehensive benefits compliance services are provided through our internal Compliance Department under the direction of our head Benefits Attorney, Daniel Kuperstein. Our engagement for the City will begin with a thorough compliance assessment audit and continue 52 weeks a year.

We will leverage our systematic monitoring and information-sharing platform to educate and inform the City on all Federal and State laws, regulations, and guidance that impact your health and welfare plans.

Monitoring by our internal compliance experts includes but is not limited to the Affordable Care Act, COBRA, HIPAA, ERISA, USERRA, cafeteria plans, flexible spending accounts, Section 105 medical expense reimbursement programs, Form 5500 annual reporting requirements, etc. Our comprehensive suite of compliance services features:

- **Onsite Compliance Assessment/Audit:** A thorough review of the client's current compliance initiatives and a complete report, recommendations, and Service Plan for remediation of all deficiencies and ongoing best practices.
- **Regulatory eAlert Bulletin Services:** The latest information on regulatory changes.
- **Webinars:** Information-sharing and expert analysis on a variety of topics.
- **In-House Compliance Expertise:** Information-sharing and guidance on all health and welfare compliance topics:
 - **Compliance assessments:** Review plans, policies, procedures, and filings for compliance with federal, state, and local laws and regulations.

- **ERISA plan document/SPD amendment:** Draft and amend plan documents and summary plan descriptions.
- **Filing and reporting assistance:** Assist with IRS Form 5500 filings, ACA Information reporting and the delinquent filer Voluntary Compliance program.
- **Healthcare Reform guidance:** Proactive consultation by experts in the ACA and other related laws and regulations.
- **HIPAA training:** Educating privacy officers and PHI handlers on how to protect sensitive employee information and to abide by notification requirements.
- **COBRA compliance review:** Procedure evaluation, premium billing, qualifying events tracking, eligibility, reporting, training and more.
- **Nondiscrimination consulting:** Plan review to determine equal treatment of employees regarding eligibility, contributions, and benefit offerings.
- **Wellness plan review:** Ensure compliance with ACA, HIPAA, GINA, ADA and other laws and regulations.
- **Miscellaneous consultation:** Analysis of regulations specific to COVID-19 (FFCRA), Analysis of USERRA, GINA, cafeteria plans, Section 125, Consumer-Driven Health Plans and more.

Thought Leadership Events - Dan Kuperstein:

We are recognized by SHRM to offer Professional Development Credits (PDCs) for SHRM-CP or SHRM-SCP. Our forums and webinars have also met the HR Certification Institute's criteria to be pre-approved for recertification credit. Our webinars and forums are valid for at least one PDC for SHRM-CP or SHRM-SCP and HRCI credit. ERISA attorney Dan Kuperstein and other internal subject matter experts host quarterly hour-long, deep-dive webinars on a variety of topics.

Our Account Management team regularly researches the industry for methods to improve plan design, employee engagement, wellness strategies, etc., and communicates this information to clients. The City will have a dedicated compliance consultant and have direct access to our full compliance staff via phone or email as part of our concierge approach to client service and peace of mind.

The City is also supported by an actuarial team, in-house underwriters, and other compliance subject matter experts. The healthcare arena is an ever-evolving landscape, and we support our clients as new requirements emerge. For requirements such as the PCORI fee, we will send out an annual notification to remind the City of the annual deadline. We will also provide calculations using the approved methodologies to determine which approach is the best financial option for the City.

Our staff regularly attends national and regional conferences, forums and symposiums sponsored by industry and trade associations, including the National Business Group on Health. We also leverage memberships in the following groups to gain insights into benefits and health and wellness innovations:



Our firm coordinates with the Council of Insurance Agents & Brokers (CIAB), National Business Group on Health (NBGH), National Association of Health Underwriters (NAHU) and other industry associations. These groups provide client-facing and internal trainings on significant regulatory developments.

Our executives have participated in CIAB's Legislative and Working Group Summit to lobby U.S. senators and representatives on benefit issues that are of critical importance to our employers. The Summit brings together Congress and voting partners to listen to the broker community who relays critical benefit issues and challenges experienced by their clients.

Our compliance consultants routinely communicate breaking news that we learn from participation in the Legislative Working Group for the Council of Insurance Agents and Brokers (CIAB) in Washington, D.C. We also monitor legislative sources, including subscription news services through Thomson Reuters Checkpoint and BNA, as well as through the government agencies. We discuss legislative and regulatory developments in our detailed eAlerts, which we deliver to clients following a government announcement.

COMPLIANCE OVERVIEW



Medicare Part D: Disclosure Notice to CMS

Employers with health plans that provide prescription drug coverage to individuals who are eligible for Medicare Part D are subject to certain disclosure requirements. One of these requirements provides that plan sponsors must disclose to the Centers for Medicare and Medicaid Services (CMS) on an annual basis and at other select times, whether the plan's prescription drug coverage is creditable or non-creditable.

This disclosure is required regardless of whether the health plan's coverage is primary or secondary to Medicare. Plan sponsors are required to use the online form on the CMS Creditable Coverage [webpage](#) to make this disclosure.

The plan sponsor must complete the online disclosure within 60 days after the beginning of the plan year. For calendar year health plans, the deadline for the annual online disclosure is March 1 (**Feb. 29 for leap years**).

LINKS AND RESOURCES

Employers that are required to report to CMS should work with their advisors to determine whether their prescription drug coverage is creditable or non-creditable.

For more information, employers should also visit CMS' Creditable Coverage [webpage](#), which includes links to the [online disclosure form](#) and related [instructions](#).

Annual Disclosure

- Each year, employers with health plans that provide prescription drug coverage to Medicare-eligible individuals must disclose to CMS whether that coverage is creditable or non-creditable.
- The annual disclosure must be provided **within 60 days after the start of the plan year**.

Creditable Coverage

- A group health plan's prescription drug coverage is considered creditable if it is at least as generous as Medicare Part D prescription drug coverage.
- There are two permissible methods to determine whether coverage is creditable—a simplified determination method and an actuarial determination method.

11. Continue existing coverage and strategic initiatives with current provider network and level of benefits to avoid disruption in employee healthcare treatments, to the extent possible under financial and regulatory constraints. Provide cost and disruption analysis for any proposed renewal plan change.

FRP is committed to supporting a seamless continuation of your existing employee healthcare coverage, provider network, and strategic benefit initiatives to minimize disruption and preserve the quality of care currently in place with FHCP. Our approach emphasizes stability for employees while aligning with the municipality's financial goals and regulatory requirements.

Continuation of Existing Coverage and Strategic Initiatives:

We recognize the importance of maintaining:

- **The current provider network**, to ensure employees can continue care with their existing physicians and specialists.
- **Active strategic programs**, such as the use of no-cost or low-cost clinics, wellness incentive structures, and preferred prescription drug programs that are already in place and yielding positive results.
- **Established benefit levels**, including deductibles, coinsurance, and out-of-pocket maximums, to avoid confusion and ensure predictability for employees and their families.

To the extent possible, and within available budget parameters, FRP will:

- Conduct a full **renewal analysis** with current carriers and networks to preserve plan design and provider access.
- Collaborate with your HR and finance teams to prioritize **low-disruption solutions**.
- Facilitate employee communication and education to reinforce continuity of care.

Cost and Disruption Analysis for Any Proposed Renewal Plan Changes:

If any changes to the current plan design, carrier, or network are necessary due to financial or regulatory shifts, we will provide a thorough **Cost and Disruption Analysis** that includes:

- **Cost Impact Analysis:**
 - A side-by-side comparison of the **current plan vs. proposed plan** (including premiums, claims projections, employer and employee cost share).
 - Long-term projections showing **5-year trend impact**, including savings from strategic initiatives (e.g., clinic utilization, wellness engagement, PBM carve-outs).
 - Identification of areas where cost shifts can occur without negatively impacting employee care quality.
- **Disruption Analysis:**
 - **Provider disruption report** to identify any in-network to out-of-network transitions, including primary care providers, specialists, and key facilities.

- **Pharmacy disruption analysis**, showing any formulary changes or availability issues with maintenance or specialty medications.
- Member-level impact data, detailing how many employees (and dependents, if applicable) could be affected by any change in network or benefits.
- **Mitigation Strategy:**
 - Tailored **transition of care programs** for members undergoing ongoing treatment.
 - Clear **communication materials and support tools** (FAQs, hotlines, comparison charts) to reduce confusion and anxiety during the transition.
 - Strategic use of **clinic services and telehealth**, when applicable, to offset care gaps and reduce costs.

FRP's renewal and transition strategy prioritizes minimizing disruption, preserving care continuity, and maintaining employee satisfaction. We do not recommend changes that would materially affect employees' ability to access needed care without conducting a full impact assessment and providing clear, actionable mitigation solutions.

We look forward to reviewing your current plan data and developing a renewal roadmap that honors the strategic progress already made while seeking continued savings and improvements.

12. Design customized wellness incentives based on claims utilization data and best practices, and provide follow up metrics, analysis, and recommendations to encourage positive health outcomes.

Our team will work with your health insurance provider and staff to develop and facilitate wellness strategies. We use our health plan analysis that is a core competency for our organization and the foundation for gaining a deeper understanding of our clients' benefit programs.

Our wellness strategies are designed using a comprehensive set of data sources on health plan costs and utilization, as well as complying with Federal and State mandates.

- Negotiate with your health insurance carrier wellness dollars to financially support your health fair, biometric screening event and activities.
- Wellness Committee – At the City's discretion, our team can set up, manage, and attend all wellness committee meetings to share and implement ideas and structure.
- Set up and manage a timeline for all activities, with the City's Wellness committee input.
- We are prepared to assist/manage a biometric screening/health fair event that includes Health Risk Assessments, employee's wellness education and local wellness vendor participation.
- Include wellness incentives for participation.
- Strive for 50% or better participation.
- Review reporting from Health Risk Assessments and claim reporting to analyze top conditions.
- Review EAP utilization and educate employees on using the program.

- Develop and manage custom wellness activities with a focus on the City's Health Risk Assessment reporting throughout the year, such as: walking challenges, weight loss, lunch n learns, financial fitness campaigns, health workplace initiatives, and promote the City's EAP program.
- Will design and conduct customized assessments and/or employee surveys.

Gary Cassidy, Director of Wellness and Employee Education & Communication leads our wellness division. He will collaborate with the City to develop and implement education and wellness strategies designed to drive positive changes in plan participant benefits understanding and behavior.

Throughout the year, our wellness and account management team will collaborate with the City and the insurance carrier's wellness program to organize seminars and wellness programs centered around the overall health and wellbeing of your employees. Utilizing the wellness funds negotiated into your health insurance contract, we will coordinate with local health, nutrition and preemptive care vendors that will help reinforce the City's overall commitment to wellness.

13. Conduct all aspects of annual open enrollment, to include collating employee benefit enrollment packages, conducting in-person presentations for staff, and processing individual enrollments at various city facilities for a period of two weeks each year.

Open Enrollment Coordination:

We will work with Human Resources and Finance departments to schedule open enrollment and other employee education meetings in a required group format supported/required by City leadership onsite, virtually, or both. Our team will assist in the development and modification of open enrollment materials. During open enrollment, we provide daily reports on enrollment status to help identify employees who have either completed or not completed their enrollments. We can also arrange health fairs or other special events. We provide posters, email communications and/or flyers to promote attendance to scheduled meetings to boost attendance.

Open Enrollment Facilitation:

We create and facilitate open enrollment communications that include on-site and pre-recorded presentations, PowerPoint presentations, webinars, virtual presentations, and supporting printed and online materials. Foundation Risk Partners creates related contracts and/or amendments and assists in the development and modification of open enrollment materials.

*Our optional technology empowers plan participants to properly enroll in and use their benefits. This technology modernizes administration and facilitates participant self-service and communications processes. Our technology employs artificial intelligence designed to help participants with decision-making. Features include paycheck modeling and decision support tools. This best-in-class solution streamlines and automates enrollment and eligibility systems, connects you with your participants, and helps them manage their benefits.

The system eases benefit demands on an HR staff. For example, it will notify your participants when they need to enroll and indicate how many days, they have remaining to complete an open enrollment or a new hire enrollment process. The notification tool will help your HR department eliminate manual tracking and communication of benefit eligibility and enrollment windows. Notification can be a scheduled process and requires no action from an HR administrator.

Post-Enrollment Support:

We supervise the following post-enrollment tasks:

- Carrier/vendor deliverables.
- Generation of identification cards.
- Delivery of benefit summaries (reviewed to ensure accuracy).
- Delivery of contracts, amendments, and summary plan descriptions (also reviewed for accuracy).

Approximately one month after open enrollment, we conduct a post-renewal meeting. We review the financial results of the open enrollment, changes in plan enrollment, and the processes of enrollment while looking for areas of improvement. During this meeting we set the agenda for other priorities. We provide a migration report and summary, finalize contributions/cost-share based on final enrollment, and establish an actual-to-expected report once contributions and cost share are determined based on new enrollments.

14. Provide and manage employee benefits enrollment platform and HSA/FSA banking relationship to facilitate benefits administration efforts, at no cost to the city and preferably utilizing current vendors to avoid disruption.

We affirm that we will meet this requirement.

Our firm is committed to delivering streamlined, cost-effective solutions that enhance the City's benefits administration without adding financial or operational burden. We will provide and manage an intuitive, full-service **employee benefits enrollment platform** and oversee the **HSA/FSA banking relationship**—all at **no cost to the City**.

Benefits Enrollment Platform:

We offer access to a user-friendly, web-based benefits administration platform that supports:

- Annual open enrollment
- New hire onboarding
- Qualifying life event changes
- Real-time plan comparisons
- Cost calculators and decision-support tools

The system is mobile-accessible, integrates with most payroll platforms, and includes employee self-service capabilities to reduce administrative workload.

Current Vendor Integration & Minimal Disruption:

We understand the importance of continuity and are committed to **leveraging your existing vendors whenever possible** to avoid unnecessary disruption. Our team will:

- Integrate current medical, dental, vision, and voluntary benefit carriers into the platform.
- Coordinate directly with existing HSA/FSA vendors to ensure seamless data exchange and participant access.
- Perform thorough testing and validation to ensure accuracy and efficiency.

If enhancements or replacements are needed, we will present those options transparently, always prioritizing the City's operational stability and employee experience.

HSA/FSA Banking Relationship Management:

Our role includes overseeing the administration and servicing of HSA and FSA plans, including:

- Supporting account setup and enrollment.
- Ensuring compliance with IRS regulations.
- Facilitating employee education and communication.
- Coordinating with existing or preferred banking partners for smooth fund access and account management.

If the City currently partners with a preferred HSA/FSA vendor, we will maintain that relationship and handle all necessary coordination and support. If no vendor is designated, we can recommend proven providers with robust platforms and competitive fee structures.

Ongoing Support & Compliance:

Our team will provide continuous support to City staff and employees, including:

- Real-time technical support and troubleshooting.
- Timely updates on IRS contribution limits and regulatory changes.
- Customized training sessions and communications for HR and employees.

By managing these systems and maximizing the use of **existing relationships and infrastructure**, we ensure a smooth, efficient, and employee-friendly benefits experience. We are committed to minimizing disruption while enhancing your benefits administration capabilities.

15. Create electronic and printable annual benefit summaries utilizing the city's current design standards, as well as other documents as requested.

Customized Communications:

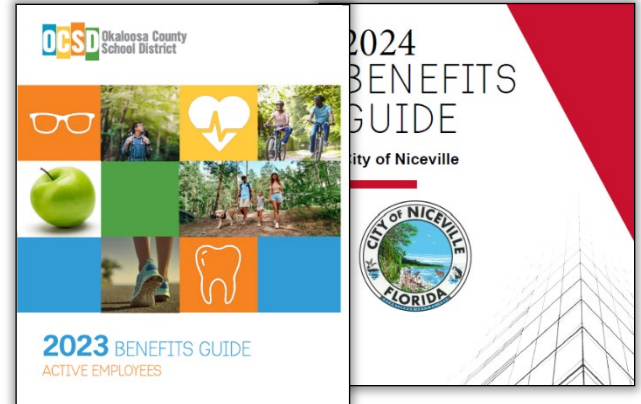
Employee communications are a core competency. We provide in-house *Employee education and communication strategies* that engage and educate plan participants to increase benefit literacy and assist in controlling employer costs. Our campaigns feature targeted messaging to heighten participant awareness and perceived benefit value while promoting consumerism through education and engagement.

Our typical communication deliverables include Open enrollment and new hire employee packets/Benefit Guides, posters, flyers, newsletters, postcards, and PowerPoint presentations. All of these can be electronic and linked to any web-based platform.

Below are examples of what this looks like:

- **A benefits guide** that is updated at renewal, provides all the annual notification requirements associated with the Exchange Notice, Michelle's Law, COBRA, Newborns' and Mother's Health Protection Act, HIPAA, CHIP, WHCRA, MHPAEA, Medicare Part D notices, etc. The guide can exist on your HRIS or intranet allowing easy content updates.

- A traditional benefit summary can be converted into an electronic flip book.
- Custom Videos and multi-media presentations covering a wide range of communications topics.
- Social media can be an important part of a communication strategy. Our award-winning social media solutions have help clients reach and connect with employees that were previously disengaged.



We have a wide array of tools to effectively engage the City's workforce on how to best utilize their plans and programs available, with the goal of lowering their out-of-pocket expenses associated with healthcare. We will engage your plan participants and retirees through custom digital communications, built around your unique characteristics and needs. We have a vast library of outreach campaigns for wellness, education, open enrollment support, and more, which can be easily converted to most digital formats. Some sample materials have been included below.



16. Facilitate quarterly in person meetings between insurance carrier's Chief Medical Officer, pharmacy manager, and other key personnel, and City leadership staff; prepare agendas and objectives for each meeting to review claims data, resolve case management issues, and identify opportunities for improvement; and memorialize and follow up on agreed upon action points.

We affirm to meet this requirement, our team is prepared to participate and meet in person with the insurance carrier's Chief Medical Officer, pharmacy manager, and other key personnel, and City leadership staff. In addition, we are prepared to meet with all requested committee meetings to include all insurance committee and wellness committee meetings. Since our approach to supporting our client's benefits program is a year-round engagement, we aim to over-communicate to ensure the congruence of support with the right path toward achieving your long-term strategic goals. Our meeting structure includes, but is not limited to:

- **Ongoing Activity:** We currently hold bi-weekly project plan calls to touch base on all program management activities. During these calls we discuss the status of each open activity detailed in the Project Plan.
- **Quarterly Strategy:** We conduct quarterly meetings to review claims and financials/budget, address any service and administration issues, review BenefitsVIP reporting, and discuss industry updates on compliance or trends.
- **Mid-Year Pre-Renewal:** 7 months in advance of the renewal our team will review claim reporting and utilization provided by the carrier. Our actuarial team will utilize develop claim projections for the upcoming fiscal/plan year. This information will prepare you well in advance and will allow us to strategize on how to address cost-drivers mid-year while allowing you to budget appropriately.
- **Renewal Review:** Due to the size of your group and your funding status, we can request that the carriers deliver the renewals several months prior to your actual effective date. We will review incumbent carrier renewal numbers along with the marketing approach preferred by procurement.
- **Post-Renewal Strategic Planning Meeting:** This occurs approximately one month after the renewal. We review the financial results of the open enrollment, changes in plan enrollment etc., and the processes of enrollment while looking for areas of improvement. This meeting is also used to set the agenda for other priorities after open enrollment has been completed.

The client relationship is extremely critical to our value. The multiple touch points we offer throughout the relationship will develop a deeper understanding of your needs. We also enhance that perspective with informal get-togethers and discussions. In addition to face-to-face meetings, your team members will be available by phone and email.

Face to Face Service-Participant Level:

We affirm to provide local, face-to-face service for members during open enrollment to meet with our agents or service personnel, in group formats that are sponsored by City leadership. The goal and focus of our group face-to-face meetings are to educate members on their plans, guide them thru the process, conduct open enrollment, benefits fairs, and community events. For example, at Okaloosa

Schools, we mobilized our team to provide in person group meetings for employees and key department heads including the coordination of multi- campus enrollments.

Face to Face Service-District Level:

We affirm to provide local, face-to-face District level (employer focused) focused Board and Insurance committee meetings at minimum on a quarterly basis, or as desired by the Board/Insurance Committee. These meetings will include wellness, claims reviews, renewal projections, technology solutions, alternative markets for voluntary and supplemental coverage, as well as union questions/concerns, and more.

Industry Leading Member Advocacy Team (BenefitsVIP):

For day-to-day member and HR support, we will provide a **one** stop first party administrative and advocacy support team providing response and resolution for employees and their dependents. The BenefitsVIP team are extensions of your HR staff and will handle **ALL** your benefits needs with 1 number to call, no matter the carrier.

We will provide 6-7 dedicated team members available Monday thru Friday, 8:30am-8:00pm EST. Every call is tracked, recorded, pareto analysis, and stewardship reports developed for board meetings, insurance committee meetings, and scope of services audits. We will provide detailed reporting and audits to HR, Insurance Committee and Board to create a data driven programmatic approach to member engagement and services. BenefitsVIP team are W-2 employees of Foundation Risk Partners, US Citizens, average 22 years of experience, and exclusive to Foundation Risk Partners.

Tab 5
Fees

- Provide the firm's fee structure.

Summary and Pricing Schedule:

As the appointed Health and Welfare Insurance Broker/Consultant for City of Ormond Beach, Foundation Risk Partners will manage the Health & Welfare Plans as outlined below.

Compensation Summary	Employee Calculation	Fee Type	PEPM	Number of EE's	Annual Fee
Core Brokerage & Consulting / COBRA Administration	Covered	Fee for Service	N/A	N/A	\$85,000

OPTIONAL SERVICES:

Compliance Support (Plan Doc, SPD, SMM's)	All	Fee for Service	N/A	N/A	\$6,500
Benefits Administration Technology O.E. Maintenance/Support (costs may be covered by negotiating tech credits with ancillary carriers)	Eligible	Fee for Service	\$1.75	362	\$7,602

Commissions: Beyond the fee/commissions received for Core Brokerage, Consulting & Administrative Support services, FRP is eligible to receive 100% of the non-medical ancillary/voluntary/worksites commissions paid by insurance carriers for insurance policies currently in-place and any additional insurance policies implemented by FRP in the future, where FRP is the Client's appointed Broker of Record. The specific amount of the commissions will vary over time based on lines of coverage offered, number of participants enrolled, premium cost per member, and the commission rates set by the carrier.

Tab 6

Required Forms

Proposer Acknowledgment Form



City of Ormond Beach

22 South Beach Street
Ormond Beach, Florida 32174
Telephone (386) 676-3223

REQUEST FOR PROPOSALS

PROPOSER ACKNOWLEDGEMENT FORM

THIS FORM MUST BE COMPLETED AND RETURNED WITH YOUR PROPOSAL

RFP TITLE: **Employee Benefits Broker of Record Services**

RFP NUMBER: **2025- 45**

RFP OPENING DATE & TIME: **May 21, 2025 at 3:00 pm**

RFP OPENING LOCATION: **City Hall Training Room at Ormond Beach City Hall**

PRE-PROPOSAL MEETING DATE & TIME: **None**

PRE-SUBMITTAL MEETING: **N/A**

Submittals Received After The Above Date And Time Will Not Be Accepted.

PROPOSER'S NAME: Foundation Risk Partners Corp. dba Foundation Risk Partners Public Entity Services

PROPOSER'S MAILING ADDRESS: 780 W. Granada Blvd.

CITY-STATE-ZIP: Ormond Beach, FL 32174

F.E.I.N.: 81-5191759

PHONE NUMBER: 386-999-0001

EMAIL: Eric.Brewer@foundationrp.com

If returning as a "No Submittal", please state reason (s) _____

I certify that this Proposal is made without prior understanding, agreement, or connection with any corporation, firm, or person submitting a Proposal for the same materials, services, supplies, or equipment, and is in all respects fair and made without collusion or fraud. I agree to abide by all conditions of this RFP and certify that I am authorized to sign this RFP for the Proposer. In submitting a RFP to the City of Ormond Beach, the Proposer offers and agrees that if the Proposal is accepted, the Proposer will convey, assign or transfer to the City of Ormond Beach all rights, title, and interest in and to all causes of action it may now or hereafter acquire under the Antitrust laws of the United States and the State of Florida for price fixing relating to the particular commodities or services purchased or acquired by the City of Ormond Beach. At the City's discretion, such assignment shall be made and become effective at the time the City tenders final payment to the Proposer.

X R R R
AUTHORIZED SIGNATURE (MANUAL)

Ross Beach

NAME (TYPED)

Director of Risk Management

TITLE

5/15/25

DATED

Verification of Employment Status Using E-Verify System

City of Ormond Beach
Request for Proposals (RFP)
Employee Benefits Broker of Record
(RFP No. 2025-45)

VERIFICATION OF EMPLOYMENT STATUS USING E-VERIFY SYSTEM

1. Undersigned firm warrants it **IS** currently registered with the U.S. Department of Homeland Security's E-Verify system, **and** is compliant with the requirements of Sections 448.09 and 448.095, *Florida Statutes*.
2. Undersigned firm warrants it **has not** had any contracts terminated as a result of violations of Sections 448.09 or 448.095, *Florida Statutes*, that prohibit it from contracting with a public agency.
3. Undersigned firm warrants that if it enters into an agreement with a subcontractor, an express provision shall be included in all of its subcontracts requiring subcontractors, who perform work or provide services pursuant to the contract, to use the E-Verify system to verify employment eligibility of all new employees hired by the subcontractor during the contract term.
4. Undersigned firm understands that any subcontractor must provide the contractor with an affidavit stating that the subcontractor does not employ, contract with, or subcontract with an unauthorized alien, and the contractor understands it shall maintain any such affidavits for the duration of the contract, and the contract with the subcontractor must be immediately terminated if the City has a good faith belief that the subcontractor knowingly violated Section 448.09 (1), *Florida Statutes*.
5. Undersigned firm understands that in the event the City has a good faith belief that the contractor has knowingly violated Section 448.09 (1), *Florida Statutes*, the City shall terminate the contract, and the contractor may not be awarded a public contract for a period of at least one (1) year after the date of termination. The contractor may be held liable for any additional costs incurred by the City as a result of termination of the contract.

Foundation Risk Partners Corp. dba
Foundation Risk Partners Public Entity Services

COMPANY NAME

Ross Beach
AUTHORIZED SIGNATURE

Director of Risk Management
NAME

5/15/25
TITLE

5/15/25
DATE

RFP Response Form

**City of Ormond Beach
Request for Proposals (RFP)
Employee Benefits Broker of Record
(RFP No. 2025-45)**

RFP RESPONSE FORM

THIS RESPONSE IS SUBMITTED TO:

Purchasing Coordinator
City of Ormond Beach
22 S. Beach Street
Ormond Beach, Florida 32174

The undersigned SUBMITTER proposes and agrees, if this Submittal is accepted, to enter into a Contract with the CITY that reflects the items of this Request for Proposal (RFP) and to provide all services, as specified or indicated in the RFP Documents, in full accordance with the terms and conditions set forth in therein.

SUBMITTER accepts all of the terms and conditions of the General Conditions. SUBMITTER will sign the Contract) and submit the Contract security (when applicable) and other documents required by the Contract Documents within ten (10) days after the date of CITY's Notice of Award.

In submitting this information, SUBMITTER represents, as more fully set forth in the Agreement, that:

SUBMITTER has examined copies of all the RFP Documents and of the following Addenda:

Addendum Date

Addendum Number

Receipt of all of which is hereby acknowledged.

This Submittal is genuine and not made in the interest of or on behalf of any undisclosed person, firm or corporation and is not submitted in conformity with any agreement or rules of any group, association, organization or corporation; SUBMITTER has not directly or indirectly induced or solicited any other Submitter to submit a false or sham Submittal; SUBMITTER has not solicited or induced any person, firm or a corporation to refrain from bidding; and SUBMITTER has not sought by collusion to obtain for himself any advantage over any other Bidder or over the CITY.

THIS RESPONSE IS SUBMITTED BY:

COMPANY NAME: Foundation Risk Partners Corp. dba Foundation Risk Partners Public Entity Services

VENDOR/CONTRACTOR LICENSE NUMBER: L100460

ADDRESS: 780 W. Granada Blvd., Ormond Beach, FL 32174

PHONE NO.: 386-999-0001

FAX NO.: 386-777-2819

SUBMITTER'S NAME: Ross Beach

(Typed or Printed in Ink)

TITLE: Director of Risk Management

AUTHORIZED SIGNATURE: I, 
hereby

(Original signature required in each document)

declare that I have read and fully understand the RFP Documents and, including the General Conditions and the Scope of Work, and that I am duly authorized to sign and submit this Submittal.

The CITY reserves the right to reject any and all Submittals, to waive informalities, and to accept any Submittal or parts thereof as the CITY, in its sole discretion, determines to be in the best interest of the CITY.

PROPOSER: PLEASE ENSURE THAT YOU HAVE SIGNED THE RFP RESPONSE FORM OF THIS REQUEST FOR PROPOSAL. OMISSION OF A SIGNATURE ON THAT PAGE MAY RESULT IN REJECTION OF YOUR PROPOSAL.

Conflict, Non-Conflict of Interest Statement Litigation Statement

THIS PAGE MUST BE COMPLETED AND RETURNED WITH YOUR PROPOSAL

City of Ormond Beach
CONFLICT, NON-CONFLICT OF INTEREST STATEMENT
LITIGATION STATEMENT

1.

- ☒ [x] To the best of our knowledge, the undersigned firm has no potential conflicts of interest due to any other clients or contracts for this project.
- ☐ [] The undersigned firm, by attachment to this form, submits information which may be a potential conflict of interest due to other clients or contracts for this project.

2.

- ☒ [x] The undersigned firm has had no litigation on any project in the last five (5) years.
- ☐ [] The undersigned firm, by attachment to this form, submits a summary and disposition of individual cases of litigation during the past five (5) years.

Foundation Risk Partners Corp. dba Foundation Risk Partners Public Entity Services

COMPANY NAME

R B Q

AUTHORIZED SIGNATURE

Ross Beach

SIGNER'S NAME (PRINT OR TYPE)

Director of Risk Management

TITLE

5/15/25

DATE

THIS PAGE MUST BE COMPLETED AND RETURNED WITH YOUR PROPOSAL

Drug-Free Workplace Certification Form

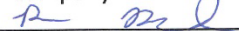
**City of Ormond Beach
Request for Proposals (RFP)
Employee Benefits Broker of Record
(RFP No. 2025-45)
CITY OF ORMOND BEACH, FLORIDA
DRUG-FREE WORKPLACE CERTIFICATION**

IDENTICAL OR "TIE" SUBMITTALS: Preference shall be given to businesses with drug-free workplace programs. Whenever two or more proposals which are equal in respect to price, quality, and service are received by the State or by any political subdivision for the procurement of commodities or contractual services, a bid received from a business that certifies that it has implemented a drug-free workplace program shall be given preference in the award process. Established procedures for processing tie bids will be followed if none of the tied vendors have a drug-free workplace program. In order to have a drug-free workplace program, a business shall:

- 1) Publish a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the workplace and specifying the actions that will be taken against employees for violations of such prohibition.
- 2) Inform employees about the dangers of drug abuse in the workplace, the business's policy of maintaining a drug-free workplace, any available drug counseling, rehabilitation, and employee assistance programs, and the penalties that may be imposed upon employees for drug abuse violation.
- 3) Give each employee that engages in providing the commodities or contractual services that are under bid a copy of the statement specified in subsection (1).
- 4) In the statement specified in subsection (1), notify the employees that, as a condition of working on the commodities or contractual services that are under bid, the employee will abide by the terms of the statement and will notify the employer of any conviction of, or plea of guilty or nolo contendere to, any violation of Chapter 893 or of any controlled substance law of the United States or any state, for a violation occurring in the workplace no later than five (5) calendar days after such conviction.
- 5) Impose sanctions on, or require the satisfactory participation in a drug abuse assistance or rehabilitation program if such is available in the employee's community, by any employee who is so convicted.
- 6) Make a good faith effort to continue to maintain a drug-free workplace through implementation of this section.

Foundation Risk Partners Corp. dba Foundation Risk Partners Public Entity Services

Company Name



Authorized Signature

Ross Beach

Print Name

Director of Risk Management

Title

Page 25 of 27

Affidavit of Compliance with Section 287.138, Florida Statutes



AFFIDAVIT OF COMPLIANCE WITH SECTION 287.138, FLORIDA STATUTES

**AFFIDAVIT OF COMPLIANCE WITH SECTION 287.138, FLORIDA STATUTES
CONTRACTING WITH FOREIGN ENTITIES OF CONCERN**

The undersigned ("Affiant"), on behalf of the entity listed below ("Entity"), hereby attests under penalty of perjury as follows:

1. Affiant is the Director of Risk Management of Foundation Risk Partners Corp. dba Foundation Risk Partners Public Entity Services
(Title) (Business Name)
which does business in the State of Florida, hereinafter called the "Entity".
2. Entity is not owned by the government of a foreign country of concern, as defined in Section 287.138 (1) (c), Florida Statutes.
3. The government of a foreign country of concern does not have a controlling interest in Entity, as defined in Section 287.138 (1)(a), Florida Statutes.
4. Entity is not organized under the laws of, and does not have a principal place of business in, a foreign country of concern.
5. Entity is not owned or controlled by the government of a foreign country of concern.
6. For purposes of this affidavit, a foreign country of concern means the People's Republic of China, the Russian Federation, the Islamic Republic of Iran, the Democratic People's Republic of Korea, the Republic of Cuba, the Venezuelan regime of Nicolas Maduro, or the Syrian Arab Republic, including any agency of or any other entity of significant control of such foreign country of concern, as defined in Section 287.138(1)(c), Florida Statutes.

The undersigned is authorized to execute this affidavit on behalf of the Entity.

Date: May 15, 2025 Signed: R. Beach

Entity: Foundation Risk Partners Corp. dba Foundation Risk Partners Public Entity Services Name: Ross Beach

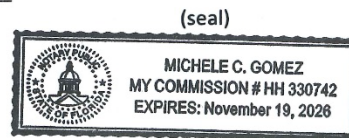
Title: Director of Risk Management

STATE OF: Florida COUNTY OF: Volusia

The foregoing instrument was acknowledged before me by means of ☒ physical presence or ☐ online notarization, this 15th day of May, 2025, by Ross Beach and who: ☒ is personally known to me; or ☐ has produced _____ as identification.

Notary Public, State of Florida at Large:
Printed Name/Seal of Notary, Commission and Expiration Date:

My commission expires: Michael C. Gomez



This document must be completed and returned with your Submittal

Human Trafficking Affidavit



HUMAN TRAFFICKING AFFIDAVIT
(SECTION 787.06, FLORIDA STATUTES)

STATE OF FLORIDA §
 §
COUNTY OF VOLUSIA §

The undersigned ("Affiant"), on behalf of the entity listed below ("Entity"), after being duly sworn, hereby attests as follows:

1. My name is Ross Beach. I am over the age of Twenty-one years old. I am the Director of Risk Management of Foundation Risk Partners Corp. dba Foundation Risk Partners Public Entity Services, a non- governmental entity which does (Title) (Business Name) business in the State of Florida, hereinafter called the "Entity."
2. I have personal knowledge of each and every statement of fact contained herein, and each and every statement of fact is true and correct.
3. Entity does not use coercion, as defined in Section 787.06, Florida Statutes, for labor or services.
4. The undersigned is an officer or representative of the entity and is authorized to execute this affidavit on behalf of the Entity.
5. Under penalties of perjury, I declare that I have read the foregoing Human Trafficking Affidavit and that the facts stated herein are true.

Further Affiant sayeth not.

Date: May 15, 2025

Signed: R. Beach
Print Name: Ross Beach
Title: Director of Risk Management

SUBSCRIBED AND SWORN before me by means of ☒ physical presence or ☐ online notarization on the 15th day of May, 2025 by Ross Beach as Director of Risk Management on behalf of Foundation Risk Partners who is personally known to me or who has produced _____ as identification.

(Notary Seal)

Michele C. Gomez
Notary Public, State of Florida
Printed name, commission and expiration of commission term



This document must be completed and returned with your Submittal

The City of Ormond Beach
Request for Proposals 2025-45 Employee Benefits Broker of Record Services

FRP Certificate of Insurance



FOUNRIS-04

TQUINN

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
4/25/2025

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER KMRD Partners Risk and Insurance Solutions - Warrington 2600 Kelly Road, Suite 120 Warrington, PA 18976	CONTACT NAME: PHONE (A/C, No, Ext): (267) 482-8390 FAX (A/C, No): (267) 482-8431 E-MAIL ADDRESS: contactus@kmrpartners.com
INSURED Foundation Risk Partners Public Entity Services 780 W Granada Blvd Ormond Beach, FL 32174	INSURER(S) AFFORDING COVERAGE INSURER A: Federal Insurance Company NAIC # 20281 INSURER B: ACE American Insurance Company 22667 INSURER C: INSURER D: INSURER E: INSURER F:

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSD WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	X COMMERCIAL GENERAL LIABILITY					
	CLAIMS-MADE X OCCUR		36072109	4/1/2025	4/1/2026	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000 POLICY AGGREGAT \$ 10,000,000
GEN'L AGGREGATE LIMIT APPLIES PER: POLICY PRO-JECT X LOC OTHER:						
A	X AUTOMOBILE LIABILITY					
	X ANY AUTO OWNED AUTOS ONLY X HIRED AUTOS ONLY		73626085	4/1/2025	4/1/2026	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
A	X UMBRELLA LIAB X OCCUR					
	EXCESS LIAB CLAIMS-MADE		78195678	4/1/2025	4/1/2026	EACH OCCURRENCE \$ 25,000,000 AGGREGATE \$ Aggregate \$ 25,000,000
	DED X RETENTION \$ 0					
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY					
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y / N N / A	(26)71836285	4/1/2025	4/1/2026	X PER STATUTE OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
Named Insured Schedule:
 FRP Investors II, L.P.
 FRP Holdings, Corp.
 FRP Parent II, Corp.
 Foundation Risk Partners, Corp.
 Synetro-CSG Holdings, LLC
 Corporate Synergies Holdings, LLC
 SEE ATTACHED ACORD 101

CERTIFICATE HOLDER City of Ormond Beach 22 South Beach Street Ormond Beach, FL 32174	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE
--	---

ACORD 25 (2016/03)

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AGENCY CUSTOMER ID: FOUNRIS-04

TQUINN

LOC #: 1

ADDITIONAL REMARKS SCHEDULE

Page 1 of 1

AGENCY KMRD Partners Risk and Insurance Solutions - Warrington		NAMED INSURED Foundation Risk Partners Public Entity Services 780 W Granada Blvd Ormond Beach, FL 32174	
POLICY NUMBER SEE PAGE 1			
CARRIER SEE PAGE 1	NAIC CODE SEE P 1		
EFFECTIVE DATE: SEE PAGE 1			

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,
 FORM NUMBER: ACORD 25 FORM TITLE: Certificate of Liability Insurance

Description of Operations/Locations/Vehicles:
 Corporate Synergies Group, LLC
 Foundation Real Estate Purchasing Group, LLC
 Harbor Management Group, LLC
 Homeland Management, LLC
 Millenium Asset Management, Inc.
 The L. Warner Companies, Inc.
 FRP Insurance Services, LLC

Any Subsidiary of the Named Insured is included as an Insured per the policy terms and conditions.

City of Ormond Beach is included as Additional Insured with respect to the General Liability and Auto Liability when required by written contract. 30 days' notice of cancellation, except for 10 days for non-payment of premium, will be provided to the certificate holder by the carrier with regard to the General Liability when required by written contract.)



Request for Proposals

2025-45

Employee Benefits Broker of Record Services

DUE DATE:

August 19, 2025 @ 4:00 P.M.

ORIGINAL

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5. Demonstrated ability and success in design and implementation of a high-deductible health care plan (HDHP).

Case Study: Transition from Copay Plan to HDHP with HSA Integration

Client: *Suwannee County School District* - Mid-sized Public School District

Challenge: Facing a **double-digit premium funding increase** on a traditional self-funded copay-based health plan, the district needed a sustainable solution to control rising healthcare costs, provide an affordable plan for employees who need to cover their dependents, and to increase employee participation without compromising employee benefits.

Qualifying a HDHP with HSA Integration

Feasibility Analysis:

To determine the viability of transitioning to a High-Deductible Health Plan (HDHP) with Health Savings Account (HSA) integration, our team provided a comprehensive feasibility analysis that includes the following:

1. Financial Impact Assessment:

- **Funding Rate/Premium Comparison:** Evaluate current copay-based plan funding rates/premiums against projected HDHP funding rates/ premiums.
- **Carrier Negotiations:** Work with carriers to secure favorable HDHP rates, often resulting in **5–15% funding rate/premium reductions**.
- **HSA or HRA Funding Strategy:** Model employer contributions to HSA or HRA using premium savings, ensuring affordability and employee support.

2. Employee Demographics & Utilization Review:

- Analyze employee age, income, and healthcare usage patterns to assess HDHP suitability.
- Identify high utilizers and chronic condition populations to tailor support programs (e.g., disease management, care management, preventive care).
- We determine all high utilized categories:
 - Physician
 - Pharmacy
 - Urgent Care
 - Emergency Room
 - Surgery (In and Outpatient)
 - Hospital

3. Plan Design Optimization:

- Ensure HDHP meets IRS requirements for HSA or HRA qualifications.
- Include **pre-deductible coverage for preventive services** and **low-cost prescription tiers**.
- Integrate **no-cost urgent care access**, **wellness incentives**, and **telehealth services** to enhance value and accessibility.

4. Communication & Education Strategy:

- Develop targeted education campaigns to explain HDHP mechanics, HSA or HRA benefits, and cost-saving opportunities.
- Host education sessions, benefit fairs, webinars, and one-on-one consultations to support informed decision-making.

Solution:

Implementation of a High-Deductible Health Plan (HDHP) with HSA

Our team led the district through a strategic transition to a HDHP paired with a Health Savings Account (HSA). The plan design focused on:

- **Replacing the co-pay plan** with a qualified HDHP.
- **The Actuary validated a 5% funding decrease.**
- **Redirecting a portion of the \$500,000+ in savings** to partially fund employee HSA.
- **Providing robust employee education** on HDHP mechanics, HSA tax advantages, and long-term savings potential.

Results:

- **Total Savings:** Over **\$500,000** in annual premium costs.
- **HSA Funding:** The district used part of the savings to **partially fund employee HSAs**, easing the transition and increasing plan adoption.
- **Employee Support:** Customized communication campaigns and managed education session to ensure employees understood the new plan and its advantages.
- **Sustainable Cost Control:** The HDHP structure aligned incentives for smarter healthcare utilization, reducing long-term cost trends and providing affordable coverage to employees and dependent coverage.
- **Year 2 (Renewal):** The School District achieved a reduction in claim utilization, able to continue the same HRA funding to their employees and increased their membership on this plan.

Key Takeaways:

- **Financial Impact:** The district achieved immediate and substantial savings while enhancing employee benefits.
- **Employee Engagement:** Education and partial HSA funding helped employees embrace the change.
- **Strategic Value:** The shift positioned the district for long-term financial sustainability in its benefits program.

6. Demonstrated ability and success implementing various strategies to complement the HDHP, including a no-cost urgent care clinic, wellness incentives, and reduced or no cost prescription plan, or substantially similar strategies to maintain high quality and cost-effective coverage.

As we have demonstrated above and through our RFP response, Acentria Public Risk has successfully implemented a range of innovative strategies to complement high-deductible health plans (HDHPs), ensuring high-quality, cost-effective coverage while supporting employee and their family's health and satisfaction. These enhancements are designed to mitigate the impact of higher deductibles and improve access to care.

1. No-Cost Urgent Care Clinic

Continuing with our client *Suwannee County School District* where our team administered an RFP to continue with their onsite health care center since their current contract was terming. Our services included:

- **Needs Assessment and Feasibility Study:**
 - Our team conducted a local health needs assessment to identify gaps in care access
 - Evaluated existing utilization data, cost vs utilization, cost mitigation, chronic conditions, disease management and barriers such as transportation or appointment availability
 - We met with staff to present our findings and to collaborate on any changes that were needed in the scope of services for primary care, mental health, wellness, reporting capabilities
- **RFP Process:**
 - We successfully partnered with Suwannee County School District's Human Resource staff and procurement office to assist with their RFP process that complements their health insurance and high-deductible health plan (HDHPs). The center provides convenient, cost-effective access to primary, preventive, and urgent care, reducing overall healthcare spending and improving employee health outcomes.
 - The School District allowed 4 weeks for proposal submission
 - Evaluation and Scoring included the use of a scoring rubric to evaluate proposals based on qualifications, service model, financial sustainability, and alignment with district goals.
 - The School District's Procurement requested presentations with the two candidates.

- Recommendation by the Scoring committee was presented to the board who awarded the recommended company.
- **Implementation Planning:**
 - Our team assisted with the Agreement that included terms and conditions developed by the School District's attorney.
 - Our team collaborated with the City's HR staff to develop a phased implementation timeline (e.g., planning, build-out, staffing, launch).
- **Launch and Evaluation:**
 - Our team assisted with the promotion of the clinic to staff and students.
 - Our team works with the Clinic vendor and health insurance provider to Monitor utilization, satisfaction, and health outcomes for both the health insurance plan and the healthcare center
 - Adjust services based on feedback and data.

2. Wellness Incentives

For the School District, in addition to their onsite healthcare center that provides biometric screening and wellness checkups. Our team continues to assist with their **comprehensive wellness incentive program** that rewards employees for engaging in healthy behaviors, including:

- Annual physicals and biometric screenings.
- Participation in fitness challenges and chronic condition management.
- Smoking cessation and mental health support programs.

These incentives were tied to a points system where employees were rewarded with gift cards and wellness merchandise.

In addition to our work at the School District, we have provided the following to our clients:

- ***Walk On Clinic + Mobile Healthcare + Onspot Dermatology*** With assistance from our partners at Walk-On-Clinic, Acentria Public Risk can assist with the establishment of an on-site Primary Care service for employees. On-site primary care is an excellent way to increase access to healthcare while improving overall employee wellbeing.
- ***Mental Health Services:*** That provide access to convenient confidential and quality treatment by phone or video
- ***Health Fairs that include:***
 - Onsite mammogram screening
 - Dermatology (to include skin checks)
 - Flu Shots
 - Dietician
 - Vision screening
 - Teeth cleaning

3. Reduced or No-Cost Prescription Plan

To address concerns about medication affordability under HDHPs, we introduced a **tiered prescription benefit** that includes:

- **\$0 copay for preventive medications** (aligned with IRS guidelines).
- **Subsidized pricing** for chronic condition drugs through a preferred pharmacy network.
- **Transparent pricing tools** to help employees find the lowest-cost options.

This strategy significantly improved medication adherence and reduced long-term healthcare costs.

Results and Impact:

- **Improved Access to Care:** Employees received timely, affordable care without financial barriers.
- **Cost Savings:** Employers saw reduced claims costs and improved plan sustainability.
- **Employee Engagement:** Participation in wellness and prescription programs exceeded 70%, reflecting strong buy-in.
- **Sustained Quality:** Despite the shift to HDHPs, quality of care and employee satisfaction remained high.



RFP Evaluation Summary

Recommendation highlighted

Employee Benefits Broker of Record Services

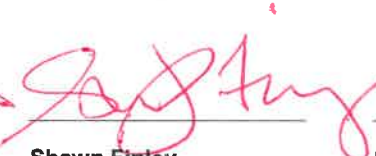
RFP Number: 2025-45

Date & Time: July 28, 2025 2:00 PM

The RFP's were scored on the following criteria:	Brown & Brown Insurance Services Inc	Foundation Risk Partners	Florida Municipal Insurance Trust
	Group Score	Group Score	Group Score
Qualifications of Firm 30 Points Max	30	25	Non Responsive
Experience of Dedicated Team Members 40 Points Max	40	28	
References 20 Points Max	20	20	
Price 10 Points Max	10	5	
Total	100	78	


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Purchasing Coordinator


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