



STAFF REPORT

DATE: November 2, 2021

TO: Kent Cagle, City Manager

FROM: Traci Briggs, City Attorney

SUBJECT: Authorizing participation in the Global Opioid Settlement and adopting the Texas Opioid Abatement Fund Council and Settlement Allocation Term Sheet

BACKGROUND AND FINDINGS:

On July 23, 2021, Texas Attorney General Paxton announced that Texas, along with a broad coalition of states and subdivisions, had reached final agreements with four companies to resolve legal claims for their role in the opioid crisis. One agreement is with opioid manufacturer Johnson & Johnson. The other is with three (3) major pharmaceutical distributors: AmerisourceBergen, Cardinal Health and McKesson.

Both settlements are a combined \$26 billion, with payments over 18 years. Funding will be distributed to states according to the allocation agreement reached among the various Attorneys General. Texas could receive as much as \$1.5 billion, being \$1.17 billion from distributors and \$268 million from Johnson & Johnson. Distribution within Texas will be handled through the Texas Term Sheet, an intrastate agreement between the state and litigating subdivisions.

Both agreements also contain industry-changing injunctive terms. The distributors will be subject to more oversight and accountability, including an independent monitor to prevent deliveries of opioids to pharmacies where diversion and misuse occur. They will be required to establish and fund an independent clearinghouse to track opioid distribution nationwide and flag suspicious orders. Johnson & Johnson will be prohibited from selling or promoting opioids.

To participate, the City of Killeen must adopt the attached Texas Term Sheet, sign the subdivision settlement participation forms (one each for distributors and Johnson & Johnson), and return the documents to the Attorney General's office by January 2, 2022. The Attorney General's office estimates the fund allocation to the City of Killeen to be a maximum total of \$653,826, comprising \$531,631 from distributors and \$122,195 from Johnson & Johnson. Please note that this amount is different than shown in the Texas Term Sheet. The Attorney General's Office states that the amount in Exhibit B was based on a hypothetical settlement of \$1 billion. The actual resulting amounts are higher. The funding must be used to support a wide variety of strategies to fight the opioid crisis.

In addition, Region 8, which consists of Bell, Blanco, Burnet, Lampasas, Llano, Milam, San Saba and Williamson Counties, will receive approximately \$29,862,721 to be used for treatment programs in the region.

THE ALTERNATIVES CONSIDERED:

Do not authorize participating in the Global Opioid Settlement and adopting the Texas Term Sheet or authorize participating in the Global Opioid Settlement and adopting the Texas Term Sheet.

Which alternative is recommended? Why?

Staff recommends authorizing participation in the Global Opioid Settlement and adopting the Texas Term Sheet. The citizens of Killeen will benefit from the funds allocated to the City. In addition, participation assists all Texans because Texas receives more money when more subdivisions join.

CONFORMITY TO CITY POLICY:

The item conforms to city policy.

FINANCIAL IMPACT:**What is the amount of the expenditure in the current fiscal year? For future years?**

There are no expenditures related to this item. By participating in the Global Opioid Settlement, the City could receive a maximum of \$653,826.

Is this a one-time or recurring expenditure?

N/A

Is this expenditure budgeted?

N/A

If not, where will the money come from?

N/A

Is there a sufficient amount in the budgeted line-item for this expenditure?

N/A

RECOMMENDATION:

Staff recommends that the City Council authorize participation in the Global Opioid Settlement and adopt the Texas Abatement Fund Council and Settlement Allocation Sheet.

DEPARTMENTAL CLEARANCES:**ATTACHED SUPPORTING DOCUMENTS:**

Resolution

Texas Term Sheet

Distributor Participation Form

Settlement Participation Form