



LAW DEPARTMENT

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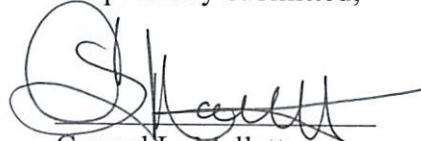
HONORABLE CITY COUNCIL

RE: *In re National Prescription Opiate Litigation, Case No. 4:17-cv-14075-LVP-SDD*

The facts and particulars of the above-captioned lawsuit were set forth in a confidential memorandum that was electronically circulated to City Council on March 21, 2023. From this review, it is our considered opinion that settlement of this matter is in the best interests of the City of Detroit.

We, therefore, request authorization to settle this matter by Authorizing Entry of Participation Agreements in Partial Settlement of the National Prescription Opiate Litigation and Entry of State Local Government Intrastate Agreement Concerning Allocation of Settlement Proceeds, as indicated in the attached proposed resolution.

Respectfully submitted,



Conrad L. Mallett
Corporation Counsel

Attachments

**RESOLUTION AUTHORIZING ENTRY OF PARTICIPATION AGREEMENTS
IN PARTIAL SETTLEMENT OF THE NATIONAL PRESCRIPTION OPIATE
LITIGATION AND ENTRY OF STATE LOCAL GOVERNMENT INTRASTATE
AGREEMENT CONCERNING ALLOCATION OF SETTLEMENT PROCEEDS**

WHEREAS, the City of Detroit filed a lawsuit to address the public nuisance that is the Opioid Epidemic, which named, among other companies, the following four Defendants (“Settling Defendants”):

1. Teva Pharmaceuticals Industries Ltd. (a prescription opioids manufacturer);
2. Allergan Finance, LLC (a prescription opioids manufacturer);
3. CVS Health Corp. and CVS Pharmacy, Inc. (a prescription opioids distributor); and
4. Walmart, Inc. (a prescription opioids distributor);

AND WHEREAS the Settling Defendants have negotiated proposed national settlement agreements (“Proposed Settlements”) with the State Attorneys General, and a Plaintiff Executive Committee-designated negotiating committee that represents approximately 4,000 local governments that have brought lawsuits similar to the City of Detroit’s lawsuit;

AND WHEREAS the Proposed Settlements contain significant equitable and monetary relief, including:

1. An agreement to pay (a) up to \$3.34 billion over the next 13 years by Teva; (b) up to \$2.02 billion over 7 years by Allergan; (c) \$4.9 billion over the next ten years by CVS; and (d) \$2.74 billion within six years by Walmart. The bulk of each of these payments will be dedicated to funding abatement and prevention strategies associated with the opioids public nuisance;
2. An agreement by Teva and Allergan to abide by strict limitations on their marketing, promotion, sale, and distribution of opioids, including a ban on (a) promotion and lobbying; (b) rewarding or disciplining employees based on volume of opioid sales; and (c) funding or grants to third parties; and
3. An agreement by CVS and Walmart to implement changes in how they handle opioids, including requirements addressing: their compliance structures; pharmacist judgment; diversion prevention; suspicious order monitoring; and reporting on red-flag processes, as well as blocked and potentially problematic prescribers.

AND WHEREAS the City of Detroit previously executed Participation Agreements for the Distributor and Janssen Settlements, which have conferred and continue to confer valuable benefits;

AND WHEREAS the Proposed Settlements each contain a “default” allocation method where settlement funds that are allocated to a particular state to resolve the claims asserted by state and local governments within that state are allocated as follows:

- 15% of settlement proceeds paid under the Proposed Settlements are allocable to the State;
- 15% of the settlement proceeds are allocable to local governments; and
- 70% of the settlement proceeds are allocable to an opioid abatement fund;

AND WHEREAS the Proposed Settlements enable the state and local governments within a State to negotiate alternative allocation methods to the “default” allocation method referenced above;

AND WHEREAS the City of Detroit desires to enter into an alternative allocation method which allocates settlement funds on a 50/50 basis to:

1. Participating Local Governments who have elected to participate in the Proposed Settlements; and
2. the State of Michigan.

AND WHEREAS the City of Detroit previously executed the Michigan State-Subdivision Agreement for Allocation of Distributor Settlement Agreement and Janssen Settlement Agreement, which allocated funds attributed to the State of Michigan in a streamlined and equitable manner;

NOW THEREFORE, the City of Detroit authorizes the execution of Participation Agreements for: (1) the Master Settlement Agreement with Teva Pharmaceuticals Industries Ltd.; (2) the Master Settlement Agreement with Allergan Finance, LLC; (3) the Master Settlement Agreement with CVS Health Corp. and CVS Pharmacy, Inc.; and (4) the Master Settlement Agreement with Walmart, Inc., each of which are listed and available to the public at <https://nationalopioidsettlement.com/>. Specimen copies of the material terms of the participation agreements are attached as Exhibit A to this resolution.

The City of Detroit also authorizes the execution of a new Michigan State-Subdivision Agreement For Allocation of Allergan, Teva, CVS, and Walmart Settlement Agreements substantially similar to the proposed agreement attached as Exhibit B to this resolution. The City of Detroit also authorizes execution of a similar

state-subdivision agreement to the extent that it provides a substantially similar allocation of settlement or bankruptcy proceeds obtained from opioids litigation with any other entity.

For the avoidance of doubt, the City of Detroit also authorizes its continued participation in the Distributor Settlement Agreement, the Janssen Settlement Agreement, and the Michigan State-Subdivision Agreement for the Allocation of Distributor Settlement Agreement and Janssen Settlement Agreement, all previously executed.