



DEPARTMENTAL SUBMISSION

DEPARTMENT: Law
FILE NUMBER: Law-1037

*** RE:**

Submitting reso. autho. Entry of State Local Government Intrastate Agreement Concerning Allocation of Settlement Proceeds in the National Opioids Litigation

*** SUMMARY:**

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

1. Janssen Pharmaceuticals, Inc. (a prescription opioids manufacturer);
2. Amerisource Bergen Corp. (a prescription opioids wholesaler distributor);
3. Cardinal Health, Inc. (a prescription opioids wholesaler distributor); and
4. McKesson Corporation (a prescription opioids wholesaler distributor)

AND WHEREAS the lawsuit was subsequently transferred to the United States District Court in the Northern District of Ohio and centralized as part of *In re National Prescription Opiate Litigation*, MDL 2804; Case No. 1:17-md-2804, which is presided over by the Honorable Dan Aaron Polster, United State Federal District Court Judge;

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 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 solely to:

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

NOW THEREFORE, the City of Detroit authorizes the execution of a Michigan State-Subdivision Agreement For Allocation of Distributor Settlement Agreement and Janssen Settlement Agreement substantially similar to the proposed agreement attached 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.

*** RECOMMENDATION:**

For reasons enumerated in a privileged and confidential memorandum issued and circulated on November 24, 2021, the Law Department recommends this that item be approved.

*** DEPARTMENTAL CONTACT:**

Name: Christina V. Kennedy
Position: Law Department Liaison

***=REQUIRED**