

MEMORANDUM

TO: Members of City Council

FROM: Donald Glywasky, City Attorney

DATE: February 8, 2023

RE: Recommendation to participate in the settlement of the State of Texas Opioid litigation with the State Attorney General’s Office with the retailers Allergan, CVS, Walgreens and Walmart authorizing the City Manage to execute the forms required by the Office of the Attorney General

- 1) The Office of the Texas Attorney General has announced an additional settlement in the multistate litigation initiated by several states. The additional settlement involves retailers Allergan, CVS, Walgreens and Walmart. The City is invited to participate in this settlement.
- 2) As you may recall the Texas Attorney General, along with the Attorney Generals of 28 states, had entered into a settlement with various distributors as well as opioid manufacturer J&J, Teva Pharmaceuticals and Endo Pharmaceuticals. The settlement provided for payments into a state trust account to be administered by a newly created Texas Opioid Council. That Council would in turn distribute funds to local entities. City Council elected to participate in that settlement and authorized the execution of the state required forms.
- 3) The State has recently entered into settlement terms with the above listed retailers. Allergan will pay the settlement fund \$135 Million, Walmart, \$170 Million, CVS \$304 Million and Walgreens \$340 Million. Endo Pharmaceuticals and Teva Pharmaceuticals. Distribution within Texas is governed by the Texas Term Sheet, previously approved by Council, again administered by the Opioid Council.

The Attorney General Office relates that the amount of direct share money to be paid to the City of Galveston from the settlement funds from these retailers through the Comptroller is estimated to be as follows:

Allergan	CVS	Walgreens	Walmart
\$65,533.07	\$147,294.02	\$164,814.59	\$82,397.36

However, the AG Office does not know when direct payments would be initiated by the Texas Opioid Council and the Comptroller.

Additional grant funds for the abatement trust fund for Region 2, which includes Galveston, from these retailers is estimated as follows:

Region	Allergan	CVS	Walgreens	Walmart
2	\$6,240,942.78	\$14,027,323.12	\$15,695,868.09	\$7,846,987.97

- 4) The City has not initiated any litigation against any party. We lose nothing by signing onto the settlement agreements against these retailers. On the other hand, by signing on we would be eligible to receive the above cited direct funds at some point. The Office of the Attorney General has recommended settlement and has requested cities and counties return the accompanying forms by April 18, 2023. Grant applications for the trust funds may be available at some point.
- 5) Such approval is consistent with the City Council prior approval of the proposed opioid settlements. I recommend the settlement document be approved and the City Manager be given authority to sign. Thereafter the completed forms will be sent to the Attorney General's Office. If Council chooses to decline, there will be no access to the funds from the retailers.
- 6) As a side note, The Texas Opioid Council is presently administratively attached to the Comptroller's Office. The Opioid Council is not yet accepting grant applications for trust fund proceeds.