



**One Arizona
Opioid Settlement
Memorandum of Understanding
(One Arizona Plan)**

Class Action Litigation

- Goal-recover money to help fight the opioid crisis from those responsible for it.
- Local Governments (counties, cities and towns “**LG’s**”) against makers, promoters, distributors & sellers of prescription opioids (“**Pharmaceutical Supply Chain**”)
- **Basic claims of misrepresentation motivated by \$ profit** against the Pharmaceutical Supply Chain about
 1. **addictive nature** and
 2. **need to prescribe**
- The Court approved a Negotiation Class of Local Governments (“**LG’s**”) (Not included: Native American Tribes, insurance companies, school districts & special taxing districts) More detailed information at

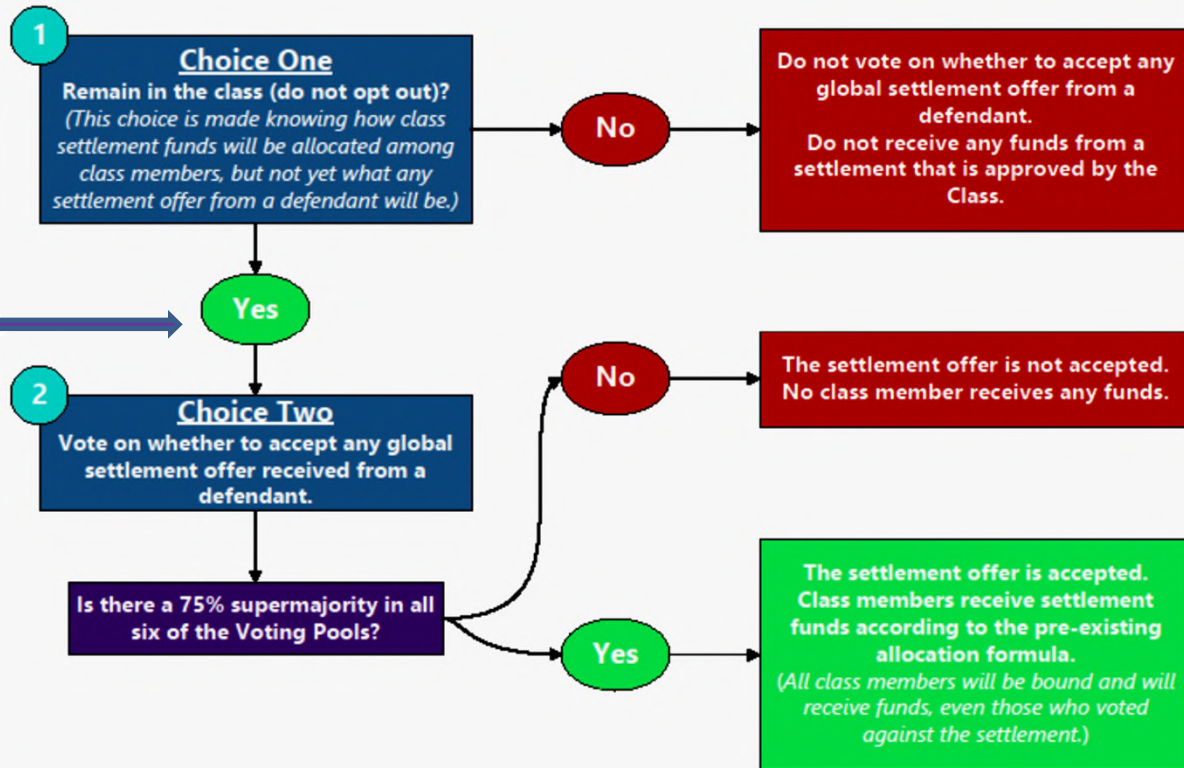
<https://www.opioidsnegotiationclass.info/Home/FAQ>



Nov 13, 2019
Order 2019-10
Council opted in

Roadmap
We are still
at the
First Phase
No
Settlement
Yet

Cities/Counties Negotiation Class Flowchart



The Negotiation Class
ends
September 11, 2024



Negotiation Class – Allocation Model

Negotiation Class Counsel
Developed an Allocation Model for
a Potential
Lump-Sum Settlement



Allocation Model Developed

Allocation Model (**NOT** Based on Population)





Allocation Model Developed

Based on Reliable Federal Opioid Data

More on this in later slides





Negotiation Status

After the Pharmaceutical Supply Chain Defendants lost their appeal to the Federal 6th Circuit disagreeing with the forming of a Negotiation Class . . .



Negotiation Status

4 of the 1 Pharmaceutical Supply Chain Defendants agree with model allocation
but they insist on conditions to settle

*Maximum dollars if all governments sign, less money if they don't.

*Include the States in the Settlement total~34,459 Governments.

Total dollar sum on offer not yet known, if any

So far, 4 of the 13 Defendants want a global settlement and Purdue is in Bankruptcy Court

The Plan in Arizona + the Allocation Model

MOU = Unified Arizona Plan

“One Arizona Opioid Settlement MOU”

Documents:

- **Cover Letter** from the Arizona Attorney General
- **MOU** One Arizona Opioid Settlement Memorandum of Understanding
- **Exhibit A** Approved Uses of Settlement Funds
(Opioid Abatement Strategies)
- **Exhibit B** Percentage Share of Settlement Funds to Arizona’s 15 “Regions”(a “Region” is a county plus its constituent cities and towns)
- **Exhibit C** Percentage Share to counties, cities and towns
- **Exhibit D** Participation of Cities and Towns - sliding scale from 0% to 100% participation what % County Allocation will be.



MOU=Arizona-Specific Plan to Share Potential Settlement Funds

“One Arizona Opioid Settlement MOU”

General Principles

<p>Free to pursue other resolutions – Litigate individually. (can litigate and participate, but if don't participate structured so less funds available to those LGs who participate if not 100% participation)</p>	<p>This is a PLAN, not the settlement. If there is a settlement, the litigating attorneys will send out a separate settlement agreement for City Council's consideration.</p>	<p>As a plan for fund distribution, it does not bind the parties to a specific outcome of the settlement itself.</p>
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Funds to be used to combat the opioid crisis
List on Exhibit A

National Level

To settle with ~**34,459** governments,
anticipated Lump-Sum Settlement,
unknown amount but upwards of \$20 billion is possible.

15% will go to a “Special Needs Fund” for Negotiation Class Members to apply for
(1) recover costs of litigating its own opioid lawsuit for cases before June 2019,
(2) local impacts of the opioid crisis not captured in the Allocation Model



Arizona Level

2.38% Arizona's Portion

Includes:

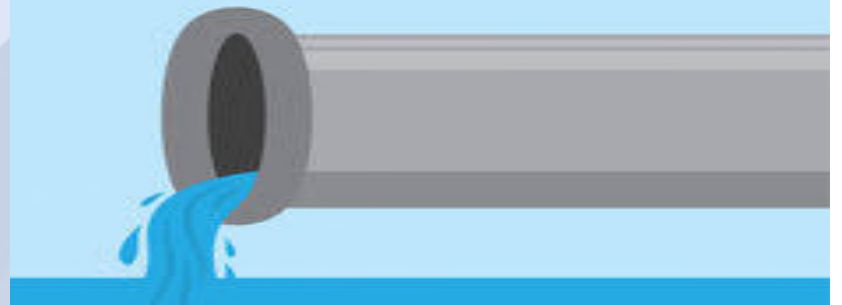
- the State of Arizona,
- 15 counties,
- 91 cities and towns combined.



ARIZONA LEVEL

0.005% of the 2.38% of Arizona's Portion of the National Fund off the top for the Trustee to pay the state & LG's directly

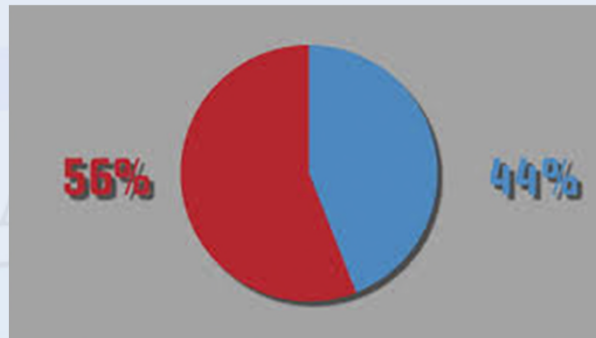
**Good in that Money flows
From Trustee directly to the
State and LG's without
Boards etc.**



INSIDE THE STATE OF ARIZONA LEVEL

56%

of the 2.38% of
Arizona's Portion to
LG's



44%

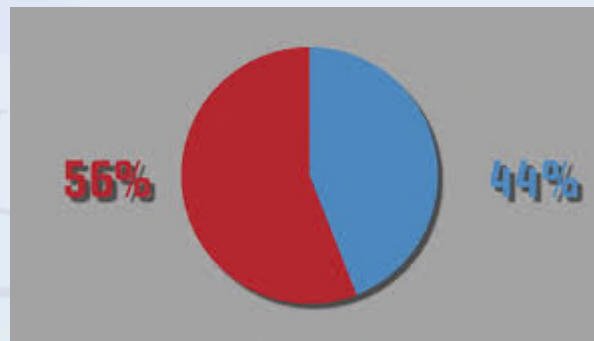
of the 2.38% of
Arizona's Portion to
State of Arizona

14.25% of the 56% to LG's off the top for a "Backstop Fund"
does not fully compensate the litigation costs. Attorneys' Fees
are capped at 25% contingency fee.
Any amount not used goes back to the LG's.

INSIDE THE STATE OF ARIZONA LEVEL

56% to Participating
Local Governments (LG Share)
(Zero to those who don't
participate)

LG's who are litigating outside
the class action may participate



The State may
consult with
LG's as to the
State allocation

44% to the State of Arizona
(Arizona Has Pending Cases)
The State will endeavor to
prioritize up to 30% of its share
for education & awareness,
prison and jail populations
rehabilitation,
interdiction & abatement on
the border including treatment
facilities and services

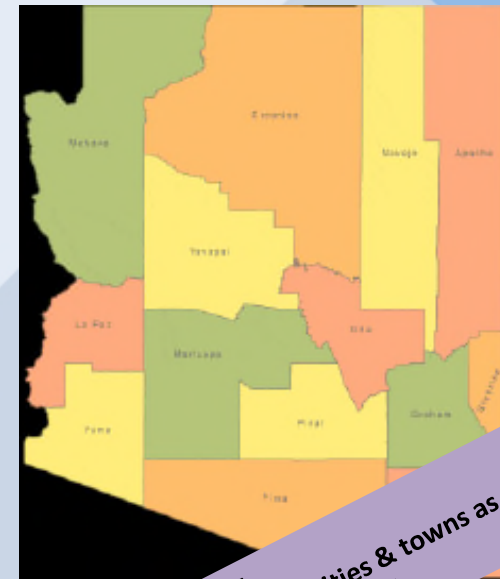
All 15 Counties Signed the One Arizona Opioid Settlement MOU

For 100% of the counties signing, the counties get 60% of their allocations.

If 100% of the cities and towns sign, the counties will get the remaining 40% allotment.

If an individual county has less than 100% of its cities and towns to sign, then the sliding scale applies to that county.
(Exhibit D of the One Arizona Opioid Settlement MOU)

Those counties that do not reach 100% participation the remainder will go to the State and the LG's share of those counties that achieved 100%.



County Health shall consult with cities & towns as to distributing County Funds

Region Level

2.008% of the 56% to LG's in the State goes to *our Region*

(Exhibit B of the One Arizona Opioid Settlement MOU)

Our Region = County: Yuma

Cities: San Luis and
Somerton

Town: Wellton

Combined





Regional Level – Allocation Model

3 factors address the most critical causes and effects of the opioid crisis and are weighted equally (1/3-1/3-1/3):

- (1) the amount of **opioids shipped** to the region (further explanation, next slide),
- (2) the number of **opioid deaths** that occurred in the region and
- (3) the number of people who suffer **opioid use disorder** in the region.





Regional Level – Allocation Model

The amount of opioids shipped to a Region is adjusted based on:

- (1) opioid use disorder prevalence or
- (2) the rate of opioid-involved deaths in the Region,
whichever is worse relative to national averages.

The model makes this adjustment because the oversupply of opioids had more harmful effects in some counties than in others. **The allocation model is designed not to favor either small or large Regions based solely on population.** The model allocates settlement funds in proportion to where the opioid crisis has caused actual harm.



Individual LG Level

4.8% of the 2.008% to *our Region*
goes to San Luis
(Exhibit C of the One Arizona Opioid
Settlement MOU)

Note: Exhibit C has a percentage for
each of the LG's in Our Region

County: Yuma

Cities: San Luis and
Somerton

Town: Wellton





Individual LG Level – Allocation Model

3 Options for slicing the pie:

- (1) The LG's (Yuma County, Cities of Yuma, Somerton & San Luis and Wellton) choose how to allocate the funds,
- (2) Ask the Class Action Court in Ohio to appoint a special master to devise a formula

or ...





Individual LG Level – Allocation Model

3 Options how to slice the pie continued – the default allocation:

...

(3) proportionate share based on historical federal data showing how the specific county and the cities within it have made opioids-related expenditures in the past.





Individual LG Level – Allocation Model

If the default allocation is used and a city's or town's share is **less than \$500** options:

- distribute to the county in which the city or town lies to allow practical application of the abatement remedy.

Other remedies would be

- apply to the Special Needs fund or
- ask the Court to appoint a special master



Calculation

For simplicity, starting with \$100.00 and not taking out for the litigation funds and trustee's fee, this is how it works:

- National \$100.00
- Arizona 2.38% of \$100.00 = \$2.38
- LG's within Arizona 56% of \$2.38 = \$1.33
- Our Region 2.008% of \$1.33 = \$0.26
- San Luis' share 4.8% of \$0.26 = \$0.012



No Settlement Yet

- The Negotiation Class makes the possibility of a global settlement more feasible.
- There is no guarantee that there will be any settlement.
- It is possible that there will be settlements that do not encompass the Class, such as settlements between one or more Class Members and one or more Defendants.

The Negotiation Class
will end
September 11, 2024.



The Court has not
made any decisions
on the claims

Questions?

