



MARK BRNOVICH
Attorney General

Office of the Attorney General
State of Arizona
CIVIL LITIGATION DIVISION

September 20, 2021

K. Macuil - City Attorney
City of San Luis
PO Box 1170
San Luis, AZ 85349
kmacuil@sanluisaz.gov

Via U.S. Mail and Email

Re: National Opioid Settlements

Dear County, City & Town Leaders:

Late last year, I wrote requesting your participation in the *One Arizona Opioid Settlement Memorandum of Understanding* (the “*One Arizona Plan*” or “MOU”), an innovative plan and national model that created a common-sense structure for distributing opioid settlement funds fairly and effectively throughout Arizona’s communities. Recognizing the importance of ensuring that monies from opioids settlements be maximized and distributed expeditiously to ameliorate the opioid epidemic, every county and 90 of 91 cities and towns signed on to the *One Arizona Plan*.

After much hard work and years of negotiations, significant opioids actions have reached proposed final settlements. The first is a global settlement with three opioid distributors—McKesson, AmerisourceBergen, and Cardinal (“the Distributors Settlement”). The second is with opioid manufacturer Johnson & Johnson (“the J&J Settlement”). If these settlements are finalized, Arizona will receive up to \$549 million from the settlements, with the monies to be used for opioid treatment, prevention, and education. Arizona counties, cities and towns can participate in these settlements, regardless of whether they filed a lawsuit.

I, on behalf of the State, have formally indicated the State’s conditional approval for the proposed Distributors & J&J Settlements. The next phase for both settlements consists of subdivision sign-on, which must be concluded before January 2, 2022. You should be receiving notice directly from the national settlement administrators for both settlements in the near future. **The total amount of money that Arizonans receive is dependent upon the number of local governments that participate. Accordingly, it is imperative that your political subdivision respond to that notice and join our efforts.** If enough subdivisions participate in Arizona and across the nation (called “critical mass”), then both settlements will be finalized.

With these proposed settlements pending, it is now time to update and finalize the *One Arizona Plan* into a binding distribution agreement. This will ensure Arizona's ability to participate in the national settlements and facilitate funding to the State and local governments as quickly as possible. The enclosed One Arizona Distribution of Opioid Settlement Funds Agreement ("the *One Arizona Opioid Agreement*") accomplishes this goal. All of the material principles of the MOU remain the same:

- A 44/56 split between the State and Local Governments, respectively;
- Requirements that (1) the money be used to combat the opioid epidemic, in accord with the approved purposes in Exhibit A to the One Arizona Opioid Agreement and that (2) basic reciprocal reports be made;
- Allocations developed in the national opioids litigation that are based on data regarding opioid use disorder rates, opioid deaths and the amount and potency of opioids shipped to your community, as well as historical spending by each city and town on opioid abatement. (The allocations made in the One Arizona Plan remain the same in the One Arizona Distribution Agreement.)
- Local governments empowered to use settlement resources for their constituents without state authorization of local government spending.

Updates to the *One Arizona Plan*:

- Allowing the national settlement administrator for each settlement to send the funds to the State and subdivisions directly, which would avoid the expense of hiring a separate trustee.
- If the federal government claims some of the settlement funds under federal law, the claimed funds will come from the total settlement funds before any allocation to the State and the subdivisions.
- A parity provision wherein any State uncovered outside counsel fees in the Purdue bankruptcy matter will be covered from the gross proceeds of any funds flowing to the state.
- Clarifying that any Arizona governmental entity will not receive money from a settlement unless they sign on to that settlement.
- Pursuant to a request from outside counsel for the subdivisions, changes clarifying the mechanisms for any subdivision outside counsel to receive their fees.

Together, we can maximize critically needed resources to assist Arizonans impacted by the opioid crisis. That is why, as we have discussed before, 100% participation among counties, cities and towns is essential. Review the *One Arizona Opioid Agreement* with your legal counsel, and execute the Agreement in the space provided.

Once completed, please return your *One Arizona Opioid Agreement* signature page to my office, to the attention of SherryAnn.Patrick@azag.gov or mail it to her at the address listed below, by November 10, 2021. If you have any substantive questions, please contact Section Chief Leslie Kyman Cooper at Leslie.Cooper@azag.gov, or Unit Chief Matthew du Mée at Matthew.duMee@azag.gov.

National Opioid Settlements
September 20, 2021
Page 3 of 3

Please note that signing the *One Arizona Opioid Agreement* does **not** mean your political subdivision has signed the two pending settlement agreements with the Distributors and J&J. You will need to sign both agreements separately as instructed by the notice you will receive from the national settlement administrator.

The deadline to submit your *One Arizona Opioid Agreement* signature page to my office is November 10, 2021. The deadline to submit your signature pages for the Distributors Settlement and J&J Settlement is January 2, 2022.

Sincerely,



Mark Brnovich
Attorney General

Enclosures:
One Arizona Distribution of Opioid Settlement Funds Agreement

cc: Joseph Sciarrotta, AGO Civil Litigation Division Chief Counsel
Leslie Kyman Cooper, AGO Consumer Protection & Advocacy Section Chief Counsel
Matthew du Mée, AGO Consumer Litigation Unit Chief Counsel
Tom Belshe, Executive Director – League of Arizona Cities and Towns

RECEIVED
J. Cooper
DATE: Sept 23, 2021