## **RESOLUTION NO. AGREEMENTS** WITH

AUTHORIZING CITY OF RIALTO TO ENTER INTO THE SETTLEMENT MCKESSON CORPORATION, CARDINAL HEALTH, INC., AMERISOURCEBERGEN CORPORATION, JOHNSON & JOHNSON, JANSSEN PHARMACEUTICALS, INC., ORTHO-MCNEIL-PHARMACEUTICALS, INC., **AND JANSSEN JANSSEN** PHARMACEUITCA, INC., TO AGREE TO THE TERMS OF THE MOU ALLOCATING SETTLEMENT PROCEEDS, AND TO AUTHORIZE ENTRY INTO THE MOU WITH THE ATTORNEY GENERAL

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WHEREAS, the United States is facing an ongoing public health crisis of opioid abuse, addiction, overdose, and death. The State of California and California local governments spend

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States have been pursuing litigation against certain manufacturers, distributors, and retailers of 11 opioid pharmaceuticals (the "Opioid Defendants") in an effort to hold the Opioid Defendants 12

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resources necessary to combat the opioid epidemic;

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billions of dollars each year to address the direct consequences of this crisis;

WHEREAS, since 2017, state and local governments in California and around the United

WHEREAS, negotiations to settle claims against several of the Opioid Defendants, specifically McKesson Corporation, Cardinal Health, Inc., AmerisourceBergen Corporation, Johnson & Johnson, Janssen Pharmaceuticals, Inc., Ortho-McNeil-Janssen Pharmaceuticals, Inc., and Janssen Pharmaceuitca, Inc. (the "Settling Defendants") have been ongoing for several years;

financially responsible for the impact of the Opioid Epidemic on the City of Rialto ("the City") and

WHEREAS, negotiations with the Settling Defendants have resulted in proposed nationwide settlements of state and local government claims to settle the Litigation;

**WHEREAS**, copies of the proposed terms of those proposed nationwide settlements have been set forth in the Distributors Master Settlement Agreement and the J&J Master Settlement Agreement (collectively "Settlement Agreements");

**WHEREAS**, copies of the Settlement Agreements as well as a summary of the main terms of the Settlement Agreements, the deadlines for submitting the Participation Agreements to the Settlement Agreements, and the MDL Court's Order setting deadlines for any Plaintiff who declines to enter into the Settlement Agreements, have been previously been made available to or summarized for the Council;

WHEREAS, the Settlement Agreements provide, among other things, for the payment of a certain sum to settling government entities in California including to the State of California and Participating Subdivisions upon occurrence of certain events as defined in the Settlement Agreements ("California Opioid Funds");

WHEREAS, California local governments as well as the attorneys representing those local governments have engaged in extensive discussions with the State Attorney General's Office ("AGO") as to how the California Opioid Funds will be allocated, which has resulted in the Proposed California State-Subdivision Agreement Regarding Distribution and Use of Settlement Funds- Distributor Settlement and the Proposed California State-Subdivision Agreement Regarding Distribution and Use of Settlement Funds- Janssen Settlement (collectively the "Allocation Agreements"), which are agreements between all of the entities identified in the Allocation Agreements;

WHEREAS, the Allocation Agreements propose to allocate the California Opioid Funds 15% to a State Fund; 70% to local governments in an Abatement Accounts Fund; and 15% to litigating local governments in a Subdivision Fund. For the avoidance of doubt, all funds allocated to California from the Settlements will be combined pursuant to Allocation Agreements, and 15% of that total shall be allocated to the State of California (the "State of California Allocation"), 70% to the California Abatement Accounts Fund ("CA Abatement Accounts Fund Allocation"), and 15% to the California Subdivision Fund ("CA Subdivision Fund Allocation");

WHEREAS, the funds in the CA Abatement Accounts Fund (the California Abatement Accounts Fund Allocation) will be allocated based on an allocation model developed in connection with the proposed negotiating class in the National Prescription Opiate Litigation (MDL No. 2804). The percentage from the CA Abatement Accounts Fund allocated to each eligible local government (any county or city above 10,000 in population) "Eligible Local Government") is set forth in Appendix 1 to each Allocation Agreement. The City's share of the CA Abatement Accounts Fund is a product of the total in the CA Abatement Accounts Fund multiplied by the City's percentage set forth in Appendix 1 of the Allocation Agreement (the "Local Allocation");

WHEREAS, any city that is an Eligible Local Government will be allocated its Local Allocation share only when it becomes a Participating Subdivision by signing the Participation Agreements to the Settlements. The Local Allocation share for a city that is a Participating Subdivision will be paid to the county in which the city is located, rather than to the city, so long as: (a) the county is a Participating Subdivision, and (b) the city has not advised the Settlement Fund Administrator that it requests direct payment at least 60 days prior to a Payment Date as defined in the Settlement Agreements;

WHEREAS, City intends to take a direct distribution of its Local Allocation amount, and acknowledges that both the Settlement Agreements and the Allocation Agreements place certain limitations on the time period for expenditures, use of CA Abatement Accounts Funds and provide for accounting procedures and oversight of the expenditures of the California Abatement Accounts Funds;

**WHEREAS**, the City elects to take its direct distribution of its Local Allocation amount as set forth on Exhibit 1 and to comply with the requirements of the Allocation Agreements;

WHEREAS, the City, by this Resolution, shall establish an account for the receipt of the Local Allocation Funds consistent with the terms of the Settlement Agreements, the Allocation Agreements and this Resolution ("the Opioid Abatement Account"); and

**WHEREAS**, the City's Opioid Abatement Account shall be separate from the City's general fund, shall not be commingled with any other City funds, and shall be dedicated to funding opioid abatement measures as provided in the Settlement Agreements and the Allocation Agreements.

## NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF RIALTO CALIFORNIA, DOES HEREBY FIND, DETERMINE, AND RESOLVE AS FOLLOWS:

**SECTION 1:** The City Council hereby approves and authorizes INSERT PERSON to settle and release the City's claims against the Settling Defendants in exchange for the consideration set forth in the Settlement Agreements, Allocation Agreements including taking the following measures:

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1	a.	The execution of the Participation Agreement to the Distributors Settlement
2		Agreement and any and all documents ancillary thereto.
3	b.	The execution of the Participation Agreement to the Janssen Settlement Agreement
4		and any and all documents ancillary thereto.
5	c.	The execution of the Proposed California State-Subdivision Agreement Regarding
6		Distribution and Use of Settlement Funds- Distributor Settlement by executing the
7		signature pages to that Allocation Agreement.
8	d.	The execution of the Proposed California State-Subdivision Agreement Regarding
9		Distribution and Use of Settlement Funds- Janssen Settlement Allocation
10		Agreements by executing the signature pages to that Allocation Agreement.
11	e.	Notify the Settlement Fund Administrator that the City requests a direct payment
12		under the Allocation Agreements at least 60 days prior to the Payment Date in the
13		Settlement Agreements.
14	BE IT	FURTHER RESOLVED that the City's Local Allocation Funds be deposited in
15	the City's Opioid Abatement Account.	
16	WHE	REFORE, this Resolution is passed, approved and adopted this 14th day of
17	December, 20	21.
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19		DEDODAH DODEDTSON Mover
20	ATTEST:	
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23	BARBARA	A. McGEE, City Clerk
24	APPROVEI	D AS TO FORM:
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27	ERIC S. VA	IL, City Attorney
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$\begin{bmatrix} 1 \\ 2 \end{bmatrix}$	STATE OF CALIFORNIA ) COUNTY OF SAN BERNARDINO ) ss CITY OF RIALTO )	
3	CITT OF RIALTO	
4	I, Barbara A. McGee, City Clerk of the City of Rialto, do hereby certify that the foregoing	
5	Resolution No was duly passed and adopted at a regular meeting of the City Council	
6	of the City of Rialto held on the 14th day of December, 2021.	
7	Upon motion of Councilmember, seconded by Councilmember	
8	, the foregoing Resolution was duly passed and adopted.	
9	Vote on the Motion:	
10	AYES:	
11	NOES:	
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13	ABSENT:	
14	ABSTAIN:	
15	IN WITNESS WHEREOF, I have hereunto set my hand and the Official Seal of the City of	
16	Rialto, this day of November, 2021.	
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19 20	BARBARA A. McGEE, City Clerk	
20	BARBARA A. WEOLL, City Cicik	
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