

RESOLUTION NUMBER 5890

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PERRIS, COUNTY OF RIVERSIDE, APPROVING THE SETTLEMENT AGREEMENTS WITH MCKESSON CORPORATION, CARDINAL HEALTH, INC., AMERISOURCEBERGEN CORPORATION, JOHNSON & JOHNSON, JANSSEN PHARMACEUTICALS, INC., ORTHO-MCNEIL-JANSSEN PHARMACEUTICALS, INC., AND JANSSEN PHARMACEUTICA, INC., APPROVING THE STATE-SUBDIVISION AGREEMENTS ALLOCATING SETTLEMENT PROCEEDS, AND AUTHORIZING ENTRY INTO THE STATE-SUBDIVISION AGREEMENTS WITH THE ATTORNEY GENERAL; AND AUTHORIZING THE CITY MANAGER TO EXECUTE THEREOF

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 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 States have been pursuing litigation (the “Litigation”) against certain manufacturers, distributors, and retailers of opioid pharmaceuticals (the “Opioid Defendants”) in an effort to hold the Opioid Defendants financially responsible for the impact of the Opioid Epidemic on the City of Perris (“the City”);

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 Pharmaceutica, Inc. (the “Settling Defendants”) have been ongoing for several years;

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

WHEREAS, the proposed terms of those proposed nationwide settlements have been set forth in the Distributors Master Settlement Agreement and the Janssen Master Settlement Agreement (collectively “Settlement Agreements”) and, in order to participate in the Settlement Agreements, the City must enter into participation agreements with respect to each of the Settlement Agreements (“Participation Agreements”);

WHEREAS, copies of the Settlement Agreements as well as summary of the main terms of the Settlement Agreements and the deadlines for submitting the Participation Agreements to the Settlement Agreements have been provided to the City Council with this Resolution;

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, copies of the Allocation Agreements have been provided with this Resolution;

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 (i.e., 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 and provided to the Council with this Resolution. 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 (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.

NOW THEREFORE, BE IT RESOLVED, by the City Council of the City of Perris, California, as follows:

Section 1. Recitals set forth above are incorporated herein by this reference.

Section 2. The City Council hereby approves the Participation Agreements, Settlement Agreements, Allocation Agreements and all exhibits thereto and authorizes the City Manager 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 and all exhibits

thereto, including, without limitation, taking the following measures:

- A. The execution of the Participation Agreement to the Distributors Master Settlement Agreement and any and all documents ancillary thereto.
- B. The execution of the Participation Agreement to the Janssen Master Settlement Agreement and any and all documents ancillary thereto.
- C. The execution of the Proposed California State-Subdivision Agreement Regarding Distribution and Use of Settlement Funds- Distributor Settlement by executing the signature pages thereof.
- D. The execution of the Proposed California State-Subdivision Agreement Regarding Distribution and Use of Settlement Funds- Janssen Settlement Allocation Agreements by executing the signature pages thereof.

Section 3. The City Council hereby ratifies, confirms, and approves all actions heretofore taken by the City Council and other appropriate public officers and agents of the City with respect to the matters contemplated under this Resolution.

Section 4. This Resolution shall be effective on upon its adoption. The City Clerk shall certify the adoption of this Resolution.

ADOPTED, SIGNED and **APPROVED** this 14th day of December, 2021.

Mayor, Michael M. Vargas

ATTEST:

City Clerk, Nancy Salazar

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) §
CITY OF PERRIS)

I, Nancy Salazar, CITY CLERK OF THE CITY OF PERRIS, CALIFORNIA, DO HEREBY CERTIFY that the foregoing Resolution Number 5890 was duly and regularly adopted by the City Council of the City of Perris at a regular meeting held on the 14th day of December 2021, and that it was so adopted by the following vote:

AYES: RABB, ROGERS, NAVA, CORONA, VARGAS

NOES: NONE

ABSENT: NONE

ABSTAIN: NONE

By: _____
City Clerk, Nancy Salazar