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CITY COUNTY AND LOCAL GOVERNMENT ATTORNEY

June 15, 2021

Juan Ruiz, Acting City Manager  
City of Lake Worth Beach  
7 North Dixie Highway  
Lake Worth Beach, FL 33460

Re: Opioid Litigation – Proposed MOU with State

Dear Mr. Ruiz:

You have requested guidance as to whether the City of Lake Worth Beach should consider entering into a Memorandum of Understanding (“MOU”) proposed by the State of Florida in connection the allocation of proceeds (the “Florida Plan”) from the opioid litigation, as set forth in correspondence dated April 13, 2021 from the Office of the Attorney General. It should be noted that the MOU is a non-binding agreement to participate in the effort to finalize an allocation plan that is substantially similar to the terms proposed.

Since the total amount of the settlement proceeds is not yet known, it is impossible to predict the amount of money each municipality will receive. The length of the payout period is unknown but could range from seven to ten or more years, based on the bankruptcy settlements. As stated in the Attorney General’s letter, “[o]ur current best guess based on projections and assuming total participation, is \$120-\$140M a year for the first few years, \$90-110M a year for the middle years, and then \$60-\$70M a year for the later years of the deal for the State and its subdivisions. Under this hypothetical scenario, the City of Lake Worth’s share would be .1171%, or anywhere from \$12,300 to \$22,843 annually.

Nonetheless, based upon our review of the documentation provided by the Attorney General and the status of the litigation and bankruptcies, we have concluded that agreeing to the terms of the MOU may be advantageous to municipalities in several respects.

First, the proposed Florida Plan provides greater benefits to local governments than the allocations negotiated in the bankruptcies, which will apply in the absence of the MOU. Under

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the allocation negotiated in the *Purdue* bankruptcy, there is no city/county fund, and only subdivisions with populations greater than 400,000 will receive any funds directly. Furthermore, the allocations to local governments proposed under the Florida Plan are greater than a *pro rata* allocation based on the proofs of claim filed by the state and local governments. Finally, the proposed allocation under the MOU provides for enhancement of benefits based upon the number of municipalities that agree to participate.

On the other hand, under the MOU, the use of the proceeds is restricted to abatement activities to address the public health crisis caused by opioid addiction. While these may be of great value to the City of Lake Worth Beach, it also means that the funds cannot be used for any other purpose.

Enclosed with this letter you will find a copy of the Attorney General's April 13 letter, along with concise summary of key points regarding the proposed MOU. Also enclosed is a set of materials to assist in preparation of the agenda item packet. This includes a proposed resolution authorizing the City to participate in the MOU and Formal Agreements implementing the unified plan, based upon the Attorney General's template, along with a copy of the MOU and attached "Florida Plan."

Sincerely,



Glen J. Torcivia  
Enclosures