



CITY OF NORMAN, OK STAFF REPORT

MEETING DATE: 08/27/2024

REQUESTER: AshLynn Wilkerson, Assistant City Attorney

PRESENTER: Rick Knighton, Interim City Attorney

ITEM TITLE: CONSIDERATION OF APPROVAL, ACCEPTANCE, REJECTION, AMENDMENT AND/OR POSTPONEMENT OF CONTRACT K-2425-44: BY AND BETWEEN THE CITY OF NORMAN AND THE STATE OF OKLAHOMA BY AND THROUGH THE OFFICE OF THE ATTORNEY GENERAL AND THE OKLAHOMA OPIOID ABATEMENT BOARD IN THE AMOUNT OF \$1,164,638.07, TO BE USED FOR OPIOID REMEDIATION PURPOSES AS OUTLINED IN THE STAFF REPORT.

BACKGROUND:

The State of Oklahoma entered into a settlement agreement on June 24, 2022 with McKesson Corporation, Cardinal Health, Inc., and Cencora, Inc. (f/k/a AmerisourceBergen Corporation) to resolve opioid-related claims against such opioid distributors. Although the City of Norman did not participate in the litigation, the City elected to participate in the Distributor Settlement Agreement as a Non-Litigating Political Subdivision (NLPS) on August 18, 2022. Such participation required the City to agree to be bound by the terms of the Distributor Settlement and release the three distributors mentioned above from any claims the City had or may have against them related to the State's opioid litigation.

The three distributors have paid, and will continue to make annual payments to the State over an eighteen (18) year period, for Opioid Remediation purposes, as defined in the Distributor Settlement Agreement.

The Oklahoma Attorney General has determined disbursement payment amounts for the NLPS based on: 1) the number of people per capita suffering from opioid use disorder in the participating political subdivision, 2) the number of opioid overdose deaths in the participating political subdivision, and 3) the amount of opioids distributed within the participating political subdivision. The City is expected to receive a total of \$4,477,390.16 in funding from the Distributor Settlement over the eighteen (18) year payout schedule created under the Distributor Settlement Agreement. However, under contract K-2425-44, the City will only receive \$1,164,638.07 of that roughly \$4.4 million payout for the scheduled years of 1, 2, 3, 4 and a partial payment of year 7.

DISCUSSION:

In order for the City to receive the Distributor Settlement funds, the City must enter into an Agreement with the State. Through this Agreement, the City agrees to be bound by the Distributor Settlement Agreement, the Agreement with the State; the Political Subdivisions Opioid Abatement Grants Act (74 O.S. §30.3-30.8); and to expend the funds for “Opioid Remediation” purposes, as defined in Exhibit E of the Agreement, as well as consistent with the approved purposes defined in the Act (74 O.S. §30.5). Under this Agreement, the State will distribute to the City the determined allocation of funding under the eighteen (18) year payout schedule for the years the State has received payment from the three distributors mentioned above: a total agreement amount of \$1,164,638.07. The State will provide the funds to the City through the State Supplier Portal and the City will then segregate the funding into a separate account, the Special Revenue Fund, Opioid Settlement Funds (Account 22-11015), to be used as required under the Agreement through the further direction of City Council.

RECOMMENDATION:

1. Staff recommends accepting the Non-Litigating Political Subdivisions Distributor Settlement Agreement funds in the amount of \$1,164,638.07 to be expended for Opioid Remediation purposes, as defined in Exhibit E of the Agreement.
2. Staff recommends approval of Contract K-2425-44.