

Dear Mr. Esquivel,

Your City should have recently received an email regarding the National Opioid Settlement (“Settlement”). This memo is intended to give you general information on what the Settlement is and how it may affect your City. This memo will also inform you of what you need to do to obtain the potential settlement funds already allocated to your City. This memo is *not* intended to encompass every detail of the Settlement and we encourage you to contact us with further questions.

This Settlement is essentially a *conditional* Settlement between the Manufacturer and Distributors (collectively “Defendants”) of certain opioids and the Nation which their product has harmed. The Settlement is contingent on state and local participation and incentive opt in. This opt in requires that states and local municipalities (not private parties) release all present and future claims against said Defendants and in return, receive an allocated Settlement amount to be used to prevent and mitigate the harmful effects of the opioid crisis. Note that there will be specific requirements for spending the allocated Settlement amount.

Your City does not have pending litigation against these Defendants. Any citizen or business in your City that may have pending litigation or future claims against these Defendants will not be affected by your City’s participation in this settlement.

Phase one of the Settlement dealt with state participation. Texas, along with 41 other states, opted into this conditional settlement. These 42 “Settling States” qualified as a “critical mass” and has allowed this Settlement to proceed to phase two: subdivision participation. The subdivisions of each Settling State (including your City) will have 120 days to determine whether they will participate the settlements. **The deadline to opt in is January 2, 2022.** The Defendants will then have 30 days to determine whether the percentage of participating subdivisions qualifies as a “critical mass”. If so, the Consent Judgments will be finalized. If the percentage of participating subdivisions does not qualify as a “critical mass”, those in litigation will remain the and the Settlement will not take effect.

The total Settlement amount is approximately \$26 billion. Texas could potentially receive up to approximately \$1.5 billion. Your City has been allocated \$34,620.00.

We encourage your City to participate in this Settlement. Because your City is not involved in pending litigation, there are no current claims to release. Additionally, the City is not stripping any private right of individuals in your City to continue a claim or pursue a claim against these Defendants. By participating in this Settlement, you will contribute to the effort to get a “critical mass” enabling the Settlement to move forward, and in turn, receive the allocated funds.

To receive these funds, the City will need to submit three documents to opioids@oag.texas.gov. The first is a Resolution authorizing the City to participate in the Settlement. The second and third documents are the “Subdivision Participation Form (JNJ)” and “Subdivision Participation Form (Distributors)”. These participation forms along with a draft Resolution are attached. Finally, the Texas Term Sheet will be incorporated and attached as an exhibit to your Resolution. Please follow normal Resolution protocol. It is important to note that this Resolution needs to be considered sooner rather than later because the deadline to opt into participation in this Settlement is **January 2, 2022**. We recommend adding this matter to the agenda for one of your upcoming meetings.

We appreciate your attention to this matter. Please do not hesitate to reach out to our office with questions or concerns.