



Legislation Text

File #: 2021-R-15, **Version:** 1

MOTION TO ADOPT PROPOSED RESOLUTION 2021-R-15.

PROPOSED RESOLUTION 2021-R-15 IS A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF PEMBROKE PINES, FLORIDA, AUTHORIZING THE CITY OF PEMBROKE PINES, FLORIDA TO JOIN WITH THE STATE OF FLORIDA AND OTHER LOCAL GOVERNMENTAL UNITS AS A PARTICIPANT IN THE FLORIDA MEMORANDUM OF UNDERSTANDING AND FORMAL AGREEMENTS IMPLEMENTING A UNIFIED PLAN; DIRECTING THE CITY CLERK TO PROVIDE A COPY OF THIS RESOLUTION TO THE FLORIDA LEAGUE OF CITIES AND THE FLORIDA ATTORNEY GENERAL; AUTHORIZING THE EXECUTION OF ALL DOCUMENTS NECESSARY TO EFFECTUATE THE INTENT OF THIS RESOLUTION; PROVIDING FOR CONFLICT; PROVIDING FOR SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.

SUMMARY EXPLANATION AND BACKGROUND:

1. This litigation involves the development, marketing, and distribution of Oxycontin and the resulting proliferation of persons addicted to pain medicines resulting from taking this drug as well as the propagation of pill mills in our community and around the country. Opioids are a family of drugs that include prescription painkillers, such as hydrocodone and Oxycodone, and illegal drugs like heroin and methamphetamines. One hundred and thirty Americans die from opioid overdose daily, with the death toll attributed to opioids in the United States quadrupling over the last 20 years.
2. The City of Pembroke Pines joined this litigation as a plaintiff by filing its Complaint on December 6, 2018 in the US District Court for the Southern District of Florida. The City's claim and all other similar opioid matters were consolidated into the matter of In re: National Prescription Opiate Litigation, MDL No. 2804 (N.D. Ohio).
3. In addition, various defendants in this litigation filed for relief in the US Bankruptcy Courts seeking protection from creditors, including the plaintiffs in this litigation. The City's outside counsel has filed Proofs of Claim in these proceedings on the City's behalf.
4. Florida Attorney General Ashley Moody transmitted a settlement proposal to all counties and cities throughout the State of Florida seeking their agreement to participate in the joint settlement agreements reached and anticipated to be resolved in the upcoming weeks. This settlement proposal seeks to resolve not only the pending opioid litigation, but the bankruptcy proceedings

as well.

5. As proposed, the City is anticipated to receive an annual payment of approximately \$90,252.31 for a period of 10 years, with the amount of the payout decreasing over the remaining portion of the proposed 18 year payout term. The exact amounts and length of the payout are in the final stages of being resolved and agreed to by the negotiating team, but the more cities and counties through the state and the country that agree to participate in this settlement proposal, the more likely it will be achieved and the larger the ultimate settlement pay out will be. The payout will also be influenced by other external factors, such as the profitability of some of the defendants during the payout period of the settlement.
6. Similar to the tobacco settlement proceeds, these funds are not intended to reimburse the City for dealing with the impacts of the opioid epidemic, but rather may only be used for abatement activities which would include education, treatment, and prevention efforts. An assortment of potential abatement activities are included in the proposed Memorandum of Understanding (MOU) Attorney General Moody has provided, which may include educational programs for school-based and youth-focused groups to discourage or prevent misuse or to expand training and supplies for first responders and schools.
7. Attorney General Moody has indicated in order to maximize the settlements for those jurisdictions which participate in this proposal, she would seek an injunction and legislation preventing those who did not participate in the settlement from filing a future claim. While the City has already filed its claim, it would have to negotiate a settlement on its own and once this settlement is reached there may not be adequate funds remaining to address other parties. Also, the proposed default relief settlement in the bankruptcy proceedings would not include political subdivisions less than 400,000 in population so the City might not recover any proceeds from those claims.
8. The City's outside counsel has recommended participation in the settlement proposal offered by Attorney General Moody. Even though the City signed a retainer agreement with outside counsel, all attorney's fees would be paid out of a separate fund set aside by the Court for that purpose. All proceeds received from the state's proposed settlement would be retained by the City and no portion of it would be required to be shared with the City's outside counsel.
9. At this time, Attorney General Moody is only seeking support for the settlement proposed by the adoption of the proposed resolution. Once the settlement has been finalized amongst all parties and approved by the Court, she will seek execution of the MOU in substantially the same form as the one provided.

FINANCIAL IMPACT DETAIL:

- a) **Initial Cost:** Anticipated annual revenues of approximately \$90,252.31 from settlement will be used to for abatement activities such as education, treatment and prevention efforts
- b) **Amount budgeted for this item in Account No:** Not currently budgeted. Approximately \$90,252.31 is anticipated to be received and will be budgeted annually for 10 years.

- c) **Source of funding for difference, if not fully budgeted:** Not Applicable
d) **5 year projection of the operational cost of the project** Not Applicable

| | Current FY | Year 2 | Year 3 | Year 4 | Year 5 |
|--------------|-------------|-------------|-------------|-------------|-------------|
| Revenues | \$90,252.31 | \$90,252.31 | \$90,252.31 | \$90,252.31 | \$90,252.31 |
| Expenditures | \$90,252.31 | \$90,252.31 | \$90,252.31 | \$90,252.31 | \$90,252.31 |
| Net Cost | \$0 | \$0 | \$0 | \$0 | \$0 |

- e) **Detail of additional staff requirements:** Not Applicable