



## Legislation Text

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File #: [21-0699], Version: 1

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### **Approve a Memorandum of Agreement Between Orange County and the State of North Carolina Regarding the Disbursement of Settlement Funds Related to the National Opioid Litigation.**

**Staff:**

Maurice Jones, Town Manager  
Ann Anderson, Town Attorney

**Department:**

Town Manager's Office  
Town Attorney's Office

**Overview:** In 2018, the Orange County Board of Commissioners authorized the County's participation in national litigation related to the nationwide opioid epidemic. The litigation has resulted in the potential for a \$26 billion settlement with the four largest corporate defendants. Should such a settlement occur, the attorneys representing the local governments could have an attorney payment fund of up to \$1.6 billion. Under a settlement of this type, North Carolina could receive up to \$850 million in potential settlement funds over approximately 20 years.

For more than a year, the North Carolina Association of County Commissioners, the North Carolina Department of Justice, and a committee consisting of five county commissioners, five county managers, and five county attorneys have worked on the terms of an agreement regarding the disbursement of potential settlement funds among the state and the counties should a settlement of the national litigation occur.

The result of this work is the attached Memorandum of Agreement (MOA) that recognizes the critical role of North Carolina counties in delivering human and social services to county residents. It directs resources to local governments on the front lines of the opioid epidemic while ensuring that these resources are used in an effective way to address the epidemic.

Should the national litigation settle as discussed herein, the settlement funds will be distributed among local governments according to the National Multidistrict Litigation Opioid Allocation Class Model, which is a formula developed by the national litigation attorneys, including McHugh Fuller. The formula allocates funds in proportion to where the opioid crisis is the most severe. The model accounts for the number of pills dispensed, number of opioid overdose deaths, and number of people suffering from opioid use disorder. A county's allocation percentage will not change over the term of the MOA.

Pursuant to the terms of the MOA, opioid settlement funds received in North Carolina from the national settlement will be allocated as follows:

- 80% will go to Local Governments listed in the MOA to address the opioid epidemic,
- 15% will go to the State of North Carolina,
- 5% will be used for a County Incentive Fund for any county (and any municipality in that county slated to receive settlement funds) in which the county itself and every municipality of a certain size signs the MOA.

The incentive fund will only be available to counties for which each municipality in the county with greater than 30k population adopts the MOA. 5% of the whole means up to \$45 million in the incentive fund. So, if the towns adopt the MOA the county would have access its 1.055% allocation of that amount as well to be applied to opioid remediation throughout the County. These funds may only be used for opioid

remediation activities.



**Recommendation(s):**

That the Council approve the Memorandum of Agreement.



**Attachments:**

- Resolution
- Memorandum of Agreement Between the State of North Carolina and Local Governments on Proceeds Relating to the Settlement of Opioid Litigation

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**The Agenda will reflect the text below and/or the motion text will be used during the meeting.**

By adopting the resolution, the Council approves the Memorandum of Agreement between the State of North Carolina and Local Governments on proceeds relating to the Settlement of Opioid Litigation.