



Meeting Minutes  
City Council

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Tuesday, August 24, 2021

5:00 PM

Johnnie Arolfo Civic Center  
400 West Walker Street

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**Council Work Session**

The City Council of the City of League City, Texas, met in a work session in the Johnnie Arolfo Civic Center at 400 West Walker Street on the above date at 5:00 p.m.

**Mayor:**

**Pat Hallisey**

**City Council Members:**

**Andy Mann  
Hank Dugie  
Larry Millican  
John Bowen  
Justin Hicks  
Chad Tressler  
Nick Long**

**City Manager:**

**John Baumgartner**

**Assistant City Manager**

**Bo Bass**

**Assistant City Manager**

**Michael Kramm**

**City Attorney:**

**Nghiem Doan**

**City Secretary:**

**Diana M. Stapp**

**Chief of Police:**

**Gary Ratliff**

**Executive Director of Development Services**

**David Hoover**

**Executive Director of Finance/Project Management**

**Angie Steelman**

**Director of Engineering:**

**Christopher Sims**

**Interim Director of Finance:**

**Deborah Jordan**

**Director of Human Resources/Civil Service:**

**James Brumm**

**Director of Parks & Cultural Services:**

**Chien Wei**

**Director of Public Works:**

**Jody Hooks**

**1. CALL TO ORDER AND ROLL CALL OF MEMBERS**

Mayor Hallisey called the meeting to order at 5:00 p.m. and called the roll. All members of Council were present except Mr. Long.

Absent 1 - Mr. Nick Long

Present 7- Mayor Pat Hallisey, Mr. Andy Mann, Mr. Hank Dugie, Mr. Larry Millican, Mr. John Bowen, Mr. Justin Hicks and Mr. Chad Tressler

## 2. PRESENTATION REGARDING GLOBAL OPIOID SETTLEMENT INFORMATION

Ryan Fisher, Director of Government Relations, Office of the Attorney General along with Stephanie Eberhardt gave the presentation.

### Global Opioids Settlement – What it means for Texas

In 2020, drug overdose deaths rose nearly 30% in the United States to a record high of 93,000. Opioid overdose deaths hit a record 69,000 in the United States. In Texas, drug overdose deaths also increased by 31.9%, driven primarily by opioid overdose deaths. The opioid overdose death increase was driven by fentanyl and other synthetic opioids. Attorney General Paxton's website has information to protect Texans from the nation's opioid crisis by educating them about the dangers of misusing prescription opioids.

On July 23, 2021, Attorney General Paxton announced global settlements had been reached with the three major opioid distributors McKesson, Cardinal Health, and Amerisource Bergen (ABDC, and opioid manufacturer Johnson & Johnson (J&J). Both settlements are a combined historic \$26 billion. The distributors' settlement is for \$21 billion. J&J's settlement is for \$5 billion. The settlements include injunctive relief that changes the industry. Texas could receive as much as \$1.17 billion from the distributors and \$268 million from J&J for almost \$1.5 billion, most of which is targeted for opioid abatement. The actual amount Texas receives will depend upon the participation of cities, counties, and other political subdivisions in the state. Texas has 30 days to decide to join both settlements.

### Injunctive Relief in the Settlements:

J&J is enjoined from manufacturing, selling, and promoting opioids for 10 years. Distributors must establish a centralized clearinghouse jointly overseen by states and distributors. Distributors will be required to take certain measures to take certain measures to detect suspicious orders.

**Mechanics of the Monetary Settlement:** Texas' overall allocation is 6.29% of the Global Amount—potentially almost \$1.5 billion over 18 years from: distributors - \$1.17 billion over 18 years. J&J – over \$268 million over 9 years. Annual payments are split into base and incentive payments as follows: Distributors – 55% base, 45% incentive. All incentive payments deal with preventing future litigation by subdivisions and incentivizing subdivision sign on.

**Offsets and Suspension of Payments –** If a subdivision who hasn't sued decides to sue later, there is a suspension of payments and a potential offset of those payments. Size of the suspension and a potential offset depend on several factors, but the distributors' deal applies a maximum offset in the amount of 67% against the suspension and/or future payments. If that lawsuit is resolved, suspended payments resume. If the lawsuit requires payment, the amounts held are used to offset the amount paid.

**Goal: Bring the Most Money to Texas.** There is a combination of approaches that Texas could take to maximize funds with the participation of litigating subdivisions and nonlitigating subdivisions. This can be obtained by getting releases for past and future claims from all litigating subdivisions and special districts, all general-purpose subdivisions over 10,000 population, and covered special districts. Texas has 128 litigating subdivisions: 110 counties, 5 cities, 10 hospital districts, 3 school districts. Texas has 406 general purpose subdivisions with a population of over 10,000 (309 nonlitigating and 97 litigating). Currently, the best option for Texas to maximize incentive funds is through a partnership with political subdivisions, where a large percentage agree to release claims.

**How Settlement Dollars Flow into Texas:** By signing on the Settlement and executing a release, you increase the funds coming into Texas and will be entitled to a portion of the funds that Texas receives. Texas and Participating Subdivisions alike get direct payments under the settlement. Cities and Counties will also get funding for abatement programs from the Opioid Council. **Question:** If my county signs up and executes a release, how do I get dollars to my county? **Answer:** SB 1827 (87R) and the Texas Term Sheet.

**Texas Term Sheet and SB 1827 – Goal of the Texas Term Sheet:** Provide Texans in all 254 counties with the opportunity for funding for education, prevention, and treatment of opioid abuse. SB1827 (87R) codifies the Texas Term Sheet and establishes the Texas Opioid Council (Council) to ensure that the funds recovered by Texas are allocated fairly and spent to remediate the opioid crisis in Texas, using efficient and cost-effective methods that are directed to the hardest hit regions in Texas while also ensuring that all Texans benefit from prevention and recovery efforts. 85% of the funds under the Settlement will be deposited into the Opioids Abatement Trust Fund: 15% to directly to subdivisions. 70% share to abatement programs.

**Example Opioid Fund Allocations –** Direct payments to cities and counties (see slide).

**Example Opioid Fund Allocation –**Abatement allocations by regions for Treatment Programs (see slide).

#### **Opioid Lawsuits Timeline**

- In September 2017, Attorney General Paxton and a bipartisan coalition of 40 other

states served investigative subpoenas and additional requests on eight companies that manufacture or distribute highly addictive opioids to evaluate whether manufacturers and distributors engaged in unlawful practices in the marketing, sale, and distribution of opioids.

- May 15, 2018, Texas filed a lawsuit against Purdue Pharma for violating state laws against deceptive trade practices and misrepresenting the risk of addiction to patients and doctors.
- On September 4, 2019, Attorney General Paxton announced that a civil Medicaid fraud lawsuit had been filed against pharmaceutical manufacturer Johnson & Johnson for misrepresentations made to the Texas Medicaid program about their dangerous opioid drug, Duragesic.
- Purdue Pharma files for Chapter 11 Bankruptcy in September 2019.
- In February 2020, Attorney General Paxton announced a global settlement framework between state attorneys general, local subdivisions, and Mallinckrodt (MKN). MKN is currently the largest generic opioid manufacturer in the United States. In the agreement, MKN agreed to pay 1.6 billion in cash to a trust that will cover the costs of opioid addiction treatment and related efforts, with the potential for increased payment to the trust.
- On May 13, 2020, Attorney General Paxton reached a bipartisan agreement with Texas Counties and Cities in preparation for settlement with opioid defendants: McKesson, Cardinal Health, ABDC, and Johnson & Johnson. Texas is one of the lead states currently negotiating financial settlements with the nation's largest companies in the opioid supply chain.
- In February 2021, Attorney General Paxton and 46 states entered into a settlement with McKinsey, a consulting firm that assisted Purdue and others with their marketing of prescription opioids, for \$583 million and injunctive relief. The funds are earmarked to remediate the harms caused by the opioid epidemic and to recover the costs incurred in investigating and pursuing these claims.
- On July 23, 2021, Attorney General Paxton announced the global settlement had been reached with opioid defendants McKesson, Cardinal Health, ABDC, and Johnson & Johnson.

#### Next Steps –

- To join the Settlement, Subdivisions need to:
  1. Sign on to the settlement and execute releases; and
  2. Execute the Texas Term Sheet.
- The deadline to sign on is approximately 120 days after the state sign-on period, estimated January 2, 2022.

For more information visit:

[www.texasattorneygeneral.gov/globalopioidsettlemnt](http://www.texasattorneygeneral.gov/globalopioidsettlemnt)

Questions? Email: [opioids@oag.texas.gov](mailto:opioids@oag.texas.gov)

3. **PUBLIC COMMENTS**

4. **ADJOURNMENT**

**At 5:29 p.m. Mayor Hallisey said, there being no further business this meeting is adjourned.**

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**PAT HALLISEY**  
**MAYOR**

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**DIANA M. STAPP**  
**CITY SECRETARY**

**(SEAL)**

**MINUTES APPROVED:**