



TMP23-0653

TITLE: Consider/Discuss/Act on a Resolution Authorizing a Grant Agreement by and between the City of McKinney and GraceToChange LLC, as Grantee, and Directing the City Manager to Provide Opioid Settlement Funds Received from the State of Texas to the Grantee and to be Used for Authorized Purposes under such Settlement

COUNCIL GOAL: Operational Excellence

MEETING DATE: June 6, 2023

DEPARTMENT: City Manager's Office

CONTACT: Paul G. Grimes, City Manager

RECOMMENDED CITY COUNCIL ACTION: Staff recommends approval of the proposed Resolution and accompanying Grant Agreement directing the City Manager to fund GraceToChange LLC, as Grantee, in conjunction with the City's receipt of settlement funds from the State of Texas arising out of and related to the National and Statewide epidemic caused by licit and illicit opioid use and distribution within the State of Texas.

ITEM SUMMARY: At the present time, the amount of funds which have been received and are available for funding by the City is \$141,385.04.

BACKGROUND INFORMATION: Several years ago, the State of Texas, along with a broad coalition of states and political subdivisions from across the country, sued three (3) major opioid distributors - McKesson, Cardinal Health and Amerisource Bergen-along with an opioid manufacturer, Johnson & Johnson - for their role in the national opioid crisis. Those manufacturers entered into a settlement agreement with the coalition of states and over governmental entities and upon the request and urging of the Office of the Texas Attorney General, most Texas local governments participated in the settlement. The City opted to participate in September 2021, with the funds required to be utilized for opioid remediation purposes.

Similarly, the State of Texas and other coalition members have settled their cases against two pharmaceutical manufacturers, Teva and Allergan (“Manufacturers”), and three pharmacies, CVS, Walgreens, and Walmart (“Pharmacies”) relative to their respective roles in manufacturing, distributing, marketing, sale and dispensing of opioids, in the following amounts: Allergan-\$135 million; CVS-\$304 million; Walmart-\$170 million; and Walgreens-\$340 million. Settlement amounts will be based upon the number of participating governmental entities, and proceeds will be spent on additional opioid remediation. The Attorney General’s Office has indicated that settlement discussions are proceeding against numerous other defendants in the opioid industry.

The City has received these funds from the State of Texas as a part of the City’s allocation of settlement funds that the Texas Attorney General’s Office negotiated in its lawsuit against the opioid manufacturers, distributors and retailers mentioned above. Under the settlement agreement, the City may use the funds for the specific purpose of addressing the social effects of opioid usage and addiction. They shall be used for treatment and counseling related to opioid disorders as explained within the Grant Agreement and Resolution allocating funding to the non-profit GraceToChange LLC of McKinney, Texas.

FINANCIAL SUMMARY: If approved, the funds will be transferred from the Community Grants Account.

BOARD OR COMMISSION RECOMMENDATION: N/A

SUPPORTING MATERIALS:

[Resolution](#)