BOZEMAN MT

Memorandum

REPORT TO: City Commission

FROM: Greg Sullivan, City Attorney
Kelley Rischke, Assistant City Attorney

SUBJECT: Authorize City Manager to Sign on to National Opioid Settlement with Opioid Manufacturer Purdue and the Sacker family

MEETING DATE: September 23, 2025

AGENDA ITEM TYPE: Agreement - Legal

RECOMMENDATION: Authorize City Manager to Sign on to this National Opioid Settlement with Opioid Manufacturer Purdue and the Sackler Family Estate, agreeing to the terms of the settlement and releasing the City's claims against these defendants in exchange for a direct payment of settlement funds to the City.

STRATEGIC PLAN: 1.3 Public Agencies Collaboration: Foster successful collaboration with other public agencies and build on these successes.

BACKGROUND: The State of Montana has negotiated a settlement with Purdue Pharma, manufacturer of oxycontin and other opioid drugs for their role in the diversion, misuse, and abuse of drugs that fueled the opioid crisis in America. The City of Bozeman qualifies to receive direct payment from the settlement funds to be used for abatement and remediation of the effects of the opioid crisis in the community, if the City signs on to the settlement. Some political subdivisions decided to retain counsel and file suit against some of the defendants in the nationwide opioid litigation; the City of Bozeman did not choose to litigate, so its best opportunity to receive any funds to address opioids is through this settlement.

Since 2021, the City of Bozeman has joined 11 opioid settlements with various manufacturers, distributors, and pharmacy chains, including: manufacturers Janssen, Teva, Allergan, and Endo; distributors McKesson, Cardinal, and Amerisource Bergen; and pharmacy chains Kroger, Walmart, Walgreens, and CVS. The City has received $130,966.06 directly to-date from these settlements. In addition to settlement funds, each settlement requires injunctive relief designed to address the marketing and sales tactics, manufacturing and distribution processes, and incentive programs that caused the opioid epidemic.

In signing on to this settlement, the City must release it's claims against Purdue Pharma and the Sackler family defendants. Due to the amount of time and resources required to independently litigate this case and the fact

that the State of Montana and a handful of local governments have investigated or litigated this case against these defendants for many years, the City Attorney does not recommend pursuing independent litigation.

Settlement funds must be used for evidence-based strategies, programing, and services to address the misuse and abuse of opioids, treat or mitigate opioid misuse or related disorders, and mitigate other harms from overprescribing opioids, including the misuse or abuse of Fentanyl. For instance, funds could be used to aid recovery from addiction or support for law enforcement. A document from the national opioid settlement with approved uses of settlement funds is attached to this memorandum.

To join the settlement, the City must sign a Participation Agreement and Release. The Settlement Agreement and other documents related to this and many other opioid settlements are found at www.nationalopioidsettlement.com. The Attorney General's cover letter along with the participation and release form are attached to this memorandum. The deadline to sign on to this settlement is September 30, 2025.

UNRESOLVED ISSUES: None

ALTERNATIVES: Decline to join this opioid settlement and do not sign the required documents.

FISCAL EFFECTS: The precise amount the City will receive is unknown at this time. Because the amount of money distributed to the State of Montana depends on the level of participation in the settlement by its local governments, it is impossible at this juncture to determine the amount of money the City of Bozeman will receive. If insufficient numbers of local governments participate, the settlements may not be finalized.

From these nation-wide settlements, if full participation and incentives are reached, Purdue Pharma and the Sackler family will pay a total of approximately $3.485 billion over several years to governmental entities and shareholders nationally. Assuming full participation, then the maximum estimated distributions for the State of Montana, paid over 16 years are as follows:

a. Payment 1: $2,543,505.47
b. Payment 2: $861,148.91
c. Payment 3: $1,067,147.68
d. Payment 4: $968,313.72
e. Payment 5: $484,712.87
f. Payment 6: $777,339.80
g. Payment 7: $874,386.48
h. Payment 8: $711,554.76
i. Payment 9: $737,237.06

j. Payment 10: $662,085.98
k. Payment 11: $731,466.07
l. Payment 12: $731,466.07
m. Payment 13: $731,466.07
n. Payment 14: $1,370,641.91
o. Payment 15: $1,370,641.91
p. Payment 16: $1,395,966.54

Of each of those payments, 15 percent is allocated to local governments, 15 percent is allocated to the State of Montana, and 70 percent is allocated to the Montana Opioid Abatement Trust ("the Trust"). The Trust considers proposals and awards funds within various subregions of the State. The City of Bozeman and Gallatin County are one such subregion that may receive distributions from the Trust.

Of the 15 percent allocated to local governments, The City of Bozeman's share is roughly 2.02 percent. Therefore, the maximum annual payments made directly to the City of Bozeman may be between $7,707 from the first payment to $2,006 from the smallest annual payment.

All of the settlement funds must be used by participating states and subdivisions to remediate and abate the impacts of the opioid crisis.

Attachments:
Atty Gen cover letter and participation form.pdf
List-of-Opioid-Remediation-Uses.pdf

Report compiled on: September 5, 2025