

**RESOLUTION NO. 2023-06**

**VILLAGE OF YORKVILLE  
RACINE COUNTY, WISCONSIN**

**RESOLUTION APPROVING AN ADDITIONAL MEMORANDUM OF UNDERSTANDING WITH WISCONSIN STATE-LOCAL GOVERNMENT PLAINTIFFS FOR PARTIAL SETTLEMENT WITH CERTAIN DEFENDANTS IN THE MULTISTATE OPIOID LITIGATION PENDING IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF OHIO, AGREEING TO THE TERMS OF THE WISCONSIN STATE-LOCAL GOVERNMENT OPIOID BANKRUPTCY MEMORANDUM OF UNDERSTANDING ALLOCATING CERTAIN SETTLEMENT PROCEEDS, AND AUTHORIZING EXECUTION OF SUCH MEMORANDUM OF UNDERSTANDING**

**THE VILLAGE BOARD OF THE VILLAGE OF YORKVILLE, RACINE COUNTY, WISCONSIN, RESOLVES AS FOLLOWS:**

**RECITALS**

**WHEREAS**, in November 2019, the Village Board authorized the Village to enter into an engagement agreement with Phipps Ortiz Talafuse LLC, previously operating under the name Phipps Deacon Purnell PLLC (the “Law Firm”) to pursue litigation against certain manufacturers, distributors, and retailers of opioid pharmaceuticals (the “Opioid Defendants”) in an effort to hold the Opioid Defendants financially responsible for the Village’s expenditure of vast money and resources to combat the opioid epidemic, and

**WHEREAS**, on behalf of the Village, the Law Firm filed a lawsuit against the Opioid Defendants, and

**WHEREAS**, the Law Firm filed similar lawsuits on behalf of other Wisconsin municipalities in state court in Wisconsin, but the Wisconsin cases were removed to federal court and are currently coordinated with thousands of other lawsuits filed against the same or substantially similar parties as the Opioid Defendants in the Northern District of Ohio, captioned In re: Opioid Litigation, MDL 2804 (the “Litigation”), and

**WHEREAS**, additional Wisconsin cities and counties hired separate counsel and joined the Litigation, and

**WHEREAS**, since the inception of the Litigation, the Law Firm has coordinated with counsel from around the country (including counsel for other Wisconsin cities and counties) to prepare the Village’s case for trial and engage in extensive settlement discussions with the Opioid Defendants, and

**WHEREAS**, certain Defendants in the Litigation have filed for bankruptcy - specifically, In re: Mallinckrodt PLC, et al, (Bankr. D. Del. No. 20-12522 (JTD)), In re: Purdue Pharma L.P., et al., (Bankr. S.D.N.Y., No. 19-23649 (RDD)), and In re: Endo International plc, et al., (Bankr. S.D.N.Y. No. 22-22549 (JLG)), and

**WHEREAS**, these matters are expected to result in bankruptcy court orders that include distributions to the National Opioid Abatement Trust ("NOAT") Agreements and Trust Distribution Procedures ("TDP") for distribution to the various plaintiffs, and

**WHEREAS**, the MOU provides, among other things, for the payment of certain sums to Participating Subdivisions (as defined in the related Settlement Agreements) upon the occurrence of certain events detailed in the Settlement Agreements, and

**WHEREAS**, the Village is a Participating Subdivision in the Settlement Agreements and has the opportunity to participate in the benefits associated with the Settlement Agreement provided the Village approves the Memorandum of Understanding allocating proceeds from the Bankruptcy Courts among the various Wisconsin Participating Subdivisions, a copy of which is attached to this Resolution (the "Bankruptcy MOU"), and

**WHEREAS**, Wis. Stat. § 165.12(4)(b)2. provides the proceeds from the Settlement Agreement must be deposited in a segregated account (the "Opioid Abatement Account") and may be expended only for approved uses for opioid abatement as provided in the Settlement Agreements, and

**WHEREAS**, the intent of this Resolution is to authorize the Village to enter into the Bankruptcy MOU, and

**WHEREAS**, the Village, by this Resolution, shall authorize the Village President and Clerk to finalize and execute any escrow agreement and other document or agreement necessary to effectuate the Settlement Agreements related to the Bankruptcy MOU and the other agreements referenced herein.

**NOW, THEREFORE, BE IT RESOLVED**, that the Village Board hereby approves the Bankruptcy MOU and authorizes its execution and the execution of any and all documents ancillary thereto by the Village President and Clerk, and

**BE IT FURTHER RESOLVED**, that all actions heretofore taken by the Village Board and other appropriate public officers and agents of the Village with respect to the matters contemplated under this Resolution are hereby ratified, confirmed, and approved.

This Resolution was adopted by the Yorkville Village Board on February 13, 2023.

**VILLAGE OF YORKVILLE**

Ayes: 5

Nays: 0

Abstentions: 0

Absences: 0

By:   
Douglas Nelson, President

Attest:   
Michael McKinney, Administrator/Clerk

**WISCONSIN STATE-LOCAL GOVERNMENT OPIOID BANKRUPTCY  
MEMORANDUM OF UNDERSTANDING**

**WHEREAS**, the State of Wisconsin (“State”), its communities, and their people have been harmed by misfeasance, nonfeasance and malfeasance committed by certain entities that engage in or have engaged in the manufacture, marketing, promotion, distribution or dispensing of an opioid analgesic, including but not limited to those persons or entities identified as Defendants in the matter captioned *In re: Opioid Litigation*, MDL 2804 pending in the United States District Court for the Northern District of Ohio (“Litigation”);

**WHEREAS**, certain Wisconsin local governments identified on the attached Exhibit A (“Local Governments”), through their counsel, and the State of Wisconsin, through its Attorney General, are separately engaged in investigations, litigation, and settlement discussions seeking to hold the Defendants in the Litigation accountable for the damage caused by their misfeasance, nonfeasance and malfeasance;

**WHEREAS**, the State of Wisconsin and the Local Governments share a common desire to abate and alleviate the impacts of the misfeasance, nonfeasance and malfeasance described above throughout the State of Wisconsin and in its local communities;

**WHEREAS**, certain opioid Defendants in Litigation – specifically, *In re: Mallinckrodt PLC, et al.* (Bankr. D. Del. No. 20-12522 (JTD)), *In re: Purdue Pharma L.P., et al.*, (Bankr. S.D.N.Y. No. 19-23649(RDD)), and *In re: Endo International plc, et al.*, (Bankr. S.D.N.Y. No. 22-22549 (JLG)) – have filed for bankruptcy, which are expected to result in bankruptcy court orders that include National Opioid Abatement Trust (“NOAT”) Agreements and Trust Distribution Procedures (“TDP”);

**WHEREAS**, the NOAT TDPs provide, among other things, that a State and its local governments may enter into a Statewide Abatement Agreement (“SAA”) that, according to the terms of the respective TDP, creates an agreed-upon allocation for the NOAT Funds, as defined in the NOAT Agreement, dedicated to the State;

**WHEREAS**, the State and the Local Governments intend for this Memorandum of Understanding (“MOU”) to constitute a SAA for the purposes of the above referenced bankruptcy proceedings;

**NOW, THEREFORE**, the State and the Local Governments, enter into this MOU upon the terms described herein.

1. The State and the Local Governments shall comply with the terms of the NOAT Agreements and TDPs, including but not limited to the approved uses for the NOAT Funds and reporting requirements.
2. NOAT Funds dedicated to Wisconsin shall be allocated as follows: (i) 30% to the State of Wisconsin (“State Share”); and (ii) 70% to Local Governments (“LG Share”).

NOAT Funds shall not be considered funds of the State or any Local Government unless and until such time as each distribution is made.

3. 100% of the State Share shall be deposited with the Department of Health Services.
4. The LG Share shall be paid to each Local Government according to the following formula:

1.	ADAMS COUNTY	0.3270%
2.	ASHLAND COUNTY	0.2250%
3.	BARRON COUNTY	0.4780%
4.	BAYFIELD COUNTY	0.1240%
5.	BROWN COUNTY	2.9000%
6.	BUFFALO COUNTY	0.1260%
7.	BURNETT COUNTY	0.2240%
8.	CALUMET COUNTY	0.3860%
9.	CHIPPEWA COUNTY	0.6960%
10.	CLARK COUNTY	0.2610%
11.	COLUMBIA COUNTY	1.0760%
12.	CRAWFORD COUNTY	0.1950%
13.	Cudahy city	0.0870%
14.	DANE COUNTY	8.2480%
15.	DODGE COUNTY	1.3020%
16.	DOOR COUNTY	0.2820%
17.	DOUGLAS COUNTY	0.5540%
18.	DUNN COUNTY	0.4420%
19.	EAU CLAIRE COUNTY	1.1770%
20.	FLORENCE COUNTY	0.0530%
21.	FOND DU LAC COUNTY	1.1960%
22.	FOREST COUNTY	0.1270%
23.	Franklin city	0.1550%
24.	GRANT COUNTY	0.4980%
25.	GREEN COUNTY	0.4660%
26.	GREEN LAKE COUNTY	0.2800%
27.	Greenfield city	0.1630%
28.	IOWA COUNTY	0.2790%
29.	IRON COUNTY	0.0610%
30.	JACKSON COUNTY	0.2360%
31.	JEFFERSON COUNTY	1.0510%
32.	JUNEAU COUNTY	0.4380%
33.	Kenosha city	0.4840%

34.	KENOSHA COUNTY	3.7120%
35.	KEWAUNEE COUNTY	0.1560%
36.	LA CROSSE COUNTY	1.6490%
37.	LAFAYETTE COUNTY	0.1340%
38.	LANGLADE COUNTY	0.3120%
39.	LINCOLN COUNTY	0.3500%
40.	MANITOWOC COUNTY	1.4030%
41.	MARATHON COUNTY	1.2590%
42.	Marinette city	0.0320%
43.	MARINETTE COUNTY	0.5030%
44.	MARQUETTE COUNTY	0.2460%
45.	MENOMINEE COUNTY	0.0800%
46.	Milwaukee city	7.8150%
47.	MILWAUKEE COUNTY	25.2210%
48.	MONROE COUNTY	0.6550%
49.	Mount Pleasant village	0.1170%
50.	Oak Creek city	0.1660%
51.	OCONTO COUNTY	0.3360%
52.	ONEIDA COUNTY	0.5260%
53.	OUTAGAMIE COUNTY	1.8360%
54.	OZAUKEE COUNTY	1.0360%
55.	PEPIN COUNTY	0.0550%
56.	PIERCE COUNTY	0.3870%
57.	Pleasant Prairie village	0.0590%
58.	PORTAGE COUNTY	0.7290%
59.	PRICE COUNTY	0.1490%
60.	RACINE COUNTY	3.2080%
61.	RICHLAND COUNTY	0.2180%
62.	ROCK COUNTY	2.9470%
63.	RUSK COUNTY	0.1590%
64.	SAUK COUNTY	1.2260%
65.	SAWYER COUNTY	0.2580%
66.	SHAWANO COUNTY	0.4180%
67.	SHEBOYGAN COUNTY	1.4100%
68.	South Milwaukee city	0.0960%
69.	ST CROIX COUNTY	0.8290%
70.	Sturtevant village	0.0180%
71.	Superior city	0.0890%
72.	TAYLOR COUNTY	0.1590%

73.	TREMPEALEAU COUNTY	0.3200%
74.	Union Grove village	0.0070%
75.	VERNON COUNTY	0.3220%
76.	VILAS COUNTY	0.4680%
77.	WALWORTH COUNTY	1.5730%
78.	WASHBURN COUNTY	0.1850%
79.	WASHINGTON COUNTY	1.9910%
80.	WAUKESHA COUNTY	6.0350%
81.	WAUPACA COUNTY	0.6060%
82.	WAUSHARA COUNTY	0.2310%
83.	Wauwatosa city	0.3090%
84.	West Allis city	0.3780%
85.	WINNEBAGO COUNTY	2.1760%
86.	WOOD COUNTY	0.8420%
87.	YORKVILLE TOWN	0.0020%

5. This MOU may be executed in counterparts. Electronic signatures shall in all respects be considered valid and binding.
6. This MOU shall be construed and controlled by the laws of the State of Wisconsin. The State and Local Governments consent to exclusive jurisdiction and venue in Dane County, Wisconsin.

*[Signatures on Following Page]*

**IN WITNESS WHEREOF**, the parties hereby execute this MOU as of the date set forth below.

**ON BEHALF OF THE STATE OF WISCONSIN:**

\_\_\_\_\_  
Attorney General Josh Kaul

Date: \_\_\_\_\_

**ON BEHALF OF THE LOCAL GOVERNMENTS:**

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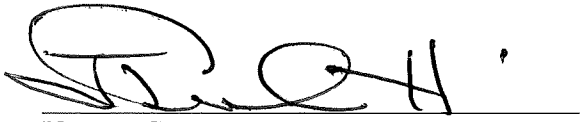
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Union Grove, Village of  
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*Douglas Nelson*  
\_\_\_\_\_  
Yorkville, Town of *Village of Yorkville*  
Printed: *Douglas Nelson*

Date: *2/13/23*  
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*nm*

**EXHIBIT A**  
Litigating Local Governments

Adams County  
Ashland County  
Barron County  
Bayfield County  
Brown County  
Buffalo County  
Burnett County  
Calumet County  
Chippewa County  
Clark County  
Columbia County  
Crawford County  
Dane County  
Dodge County  
Door County  
Douglas County  
City of Superior  
Dunn County  
Eau Claire County  
Florence County  
Fond Du Lac County  
Forest County  
Grant County  
Green County  
Green Lake County  
Iowa County  
Iron County  
Jackson County  
Jefferson County

Juneau County  
Kenosha County  
City of Kenosha  
Village of Pleasant Prairie  
Kewaunee County  
La Crosse County  
Lafayette County  
Langlade County  
Lincoln County  
Manitowoc County  
Marathon County  
Marinette County  
City of Marinette  
Marquette County  
Menominee County  
Milwaukee County  
City of Cudahy  
City of Franklin  
City of Greenfield  
City of Milwaukee  
City of Oak Creek  
City of South Milwaukee  
City of Wauwatosa  
City of West Allis  
Monroe County  
Oconto County  
Oneida County  
Outagamie County  
Ozaukee County

Pepin County  
Pierce County  
Portage County  
Price County  
Racine County  
Village of Mount Pleasant  
Village of Sturtevant  
Village of Union Grove  
Town of Yorkville  
Richland County  
Rock County  
Rusk County  
Sauk County  
Sawyer County  
Shawano County  
Sheboygan County  
St Croix County  
Taylor County  
Trempealeau County  
Vernon County  
Vilas County  
Walworth County  
Washburn County  
Washington County  
Waukesha County  
Waupaca County  
Waushara County  
Winnebago County  
Wood County

**Exhibit I**

**Updated Draft NOAT II Trust Distribution Procedures**

**PLEASE TAKE NOTICE** that certain documents, or portions thereof, contained in this Exhibit I and the Fifteenth Plan Supplement remain subject to continuing negotiations among the Debtors and interested parties with respect thereto. The Debtors and such applicable interested parties reserve all of their respective rights, subject to the terms and conditions set forth in the Plan and the Restructuring Support Agreement (as amended), with respect to the final form of such documents and to amend, revise, or supplement the Fifteenth Plan Supplement, and any of the documents and designations contained herein, at any time before the Effective Date of the Plan, or any such other date as may be provided for by the Plan or by order of the Bankruptcy Court.

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The latest copy of the NOAT II Trust Distribution Procedures was filed on the Court's Docket titled "*Notice Of Filing Of Exhibit A (Updated Opioid MDT II Trust Agreement), Exhibit B (Opioid MDT II Trust Distribution Procedures), Exhibit C (Updated NOAT II Trust Distribution Procedures), Exhibit D (Allocation Schedule For TAFT II Trust Distribution Procedures), Exhibit E (Schedule Of Opioid Insurance Policies), And Exhibit F (Identity Of Opioid MDT II Trustees) Of The Third Plan Supplement For The First Amended Joint Plan Of Reorganization Of Mallinckrodt Plc And Its Debtor Affiliates Under Chapter 11 Of The Bankruptcy Code*" [Docket No. 4639, Ex. B].

The attached is a further revised NOAT II Trust Distribution Procedures with a redline against the version docketed at Docket No. 4639, Ex. B.

**NATIONAL OPIOID ABATEMENT TRUST II DISTRIBUTION PROCEDURES**

<b>Issue</b>	<b>Description</b>
<p><b>1. APPLICABILITY OF AGREEMENT</b></p>	<p>These terms shall apply to the allocation of the Non-Federal Governmental Opioid Claims Share of the MDT II Consideration that will be received by NOAT II under the plan of reorganization (the “<b>Chapter 11 Plan</b>” or the “<b>Plan</b>”) in the Chapter 11 Cases of Mallinckrodt plc and its affiliates (collectively, “<b>Mallinckrodt</b>”) pending in the U.S. Bankruptcy Court for the District of Delaware (the “<b>Bankruptcy Court</b>”) on account of the claims of holders of Class 8(a) State Opioid Claims and Class 8(b) Municipal Opioid Claims,<sup>1</sup> which shall be distributed among (i) the states, territories and the District of Columbia (each a “<b>State</b>” as defined in the Plan, provided that distributions to the territories (with the exception of Puerto Rico) and the District of Columbia shall be as set forth in Section 5(a)(2) herein), and (ii) each non-state governmental unit county, city, town, parish, village, and municipality that is a Municipal Unit as defined in the Plan (collectively, the “<b>Local Governments</b>”), whose Claims in Class 8(b) (Municipal Opioid Claims), along with all State Opioid Claims, are channeled to the National Opioid Abatement Trust II (“<b>NOAT II</b>”) under the Plan. To the extent not explicitly reflected in the Chapter 11 Plan, the terms set forth herein will be deemed incorporated into the Chapter 11 Plan, the trust agreement for the National Opioid Abatement Trust II (the “<b>NOAT II Agreement</b>”) and the NOAT II Documents, as applicable.</p> <p>These terms set forth the manner in which NOAT II shall make Abatement Distributions to States and Local Governments (such entities, “<b>Authorized Recipients</b>”), which may be used exclusively on the parameters set forth herein.</p>
<p><b>2. PURPOSE</b></p>	<p>Virtually all governmental creditors in the Mallinckrodt Chapter 11 Cases recognize the need for and value in developing a comprehensive abatement strategy to address the opioid crisis as the most effective use of the Non-Federal Governmental Opioid Claims Share of the MDT II Consideration provided by Mallinckrodt under the Plan on account of opioid claims(including without limitation cash, insurance proceeds, proceeds of sales of warrants or Mallinckrodt stock, and proceeds of claims against certain third parties). Because of the unique impact the crisis has had throughout all regions of the United States, distribution of the Non-Federal Governmental Opioid Claims Share of the MDT II Consideration should occur through an established governmental structure, with the use of such funds strictly limited to abatement purposes as provided herein. This approach recognizes that funding abatement efforts – which would benefit</p>

<sup>1</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Chapter 11 Plan or NOAT II Agreement, as applicable.

Issue	Description
	<p>most creditors and the public by reducing future effects of the crisis through treatment and other programs – is a much more efficient use of limited funds than dividing thin slices among all opioid creditors with no obligation to use it to abate the opioid crisis. Because maximizing abatement of the opioid crisis requires coordination of efforts by all levels of government, particularly when the abatement needs far exceed the available funds, this structure requires a collaborative process between each State and its Local Governments.</p> <p>These distribution procedures (these “<b>National Opioid Abatement Trust II Distribution Procedures</b>”) are intended to establish the mechanisms for the distribution and allocation of funds distributed by NOAT II to the States and Local Governments. All funds described in the foregoing sentence are referred to herein as “<b>NOAT II Funds.</b>” 100% of the NOAT II Funds distributed under the Chapter 11 Plan (and not otherwise dedicated to the attorneys’ fee fund set forth in Section 4 herein) shall be used to abate the opioid crisis in accordance with the terms hereof. Specifically, (i) no less than ninety five percent (95%) of the NOAT II Funds distributed under the Chapter 11 Plan shall be used for abatement of the opioid crisis by funding opioid or substance use disorder-related projects or programs that fall within the list of uses in <b>Schedule B</b> (the “<b>Approved Opioid Abatement Uses</b>”); (ii) priority should be given to the core abatement strategies (“<b>Core Strategies</b>”) as identified on <b>Schedule A</b>; and (iii) no more than five percent (5%) of the NOAT II Funds may be used to fund expenses incurred in administering the distributions for the Approved Opioid Abatement Uses, including the process of selecting programs to receive distributions of NOAT II Funds for implementing those programs and in connection with the Government Participation Mechanism<sup>2</sup> (“<b>Approved Administrative Expenses</b>”) and together with the other Authorized Abatement Purposes set forth in Approved Uses and Core Strategies, “<b>Approved Uses</b>”.</p> <p>NOAT II shall, in accordance with the Plan, the Confirmation Order and the NOAT II Documents, distribute NOAT II Funds to States and Local Governments exclusively for Approved Uses. Decisions concerning NOAT II Funds made by States and Local Governments will consider the need to ensure that underserved urban and rural areas, as well as minority communities, receive equitable access to the funds.</p> <p>Notwithstanding anything in these National Opioid Abatement Trust II Distribution Procedures that might imply to the contrary, projects or programs that constitute Approved Opioid Abatement Uses may be</p>

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<sup>2</sup> Capitalized terms not defined where first used shall have the meanings later ascribed to them in these National Opioid Abatement Trust II Distribution Procedures.

Issue	Description
	provided by States, State agencies, Local Governments, Local Government agencies or nongovernmental parties and funded from NOAT II Funds.
<b>3. DISBURSEMENT OF FUNDS</b>	The Chapter 11 Plan shall provide for the establishment of NOAT II and the appointment of NOAT II Trustees. <sup>3</sup> The NOAT II Trustees shall distribute the NOAT II Funds consistent with the allocation attached as <b><u>Schedule C</u></b> and in accordance with the NOAT II Agreement.
<b>4. ATTORNEYS' FEES AND COSTS FUND</b>	Pursuant to Article IV.X.9 of the Plan, among other things, the Plan will establish the Opioid Attorneys' Fee Fund, which shall be used to pay qualifying costs and expenses (including attorneys' fees) of Holders of State Opioid Claims, Municipal Opioid Claims, and Tribe Opioid Claims (including ad hoc groups thereof).
<b>5. DIVISION OF NOAT II FUNDS</b>	<p>NOAT II Funds shall be allocated among the States, the District of Columbia, and Territories in the percentages set forth on <b><u>Schedule C</u></b>.</p> <p>A. Except as set forth below in Section 5(B) for the District of Columbia and Territories, each State's Schedule C share shall then be allocated within the State in accordance with the following:<sup>4</sup></p> <ol style="list-style-type: none"> <li>1. <b>Default Allocation Mechanism (excluding Territories and DC addressed below).</b> The NOAT II Funds allocable to a State that is not party to a Statewide Abatement Agreement as defined in Section 5(A)(2) below (each a "<b>Non-SAA State</b>") shall be allocated as between the State and its Local Governments to be used only for <b>Approved Uses</b>, in accordance with this Section 5(A)(1) (the "<b>Default Allocation Mechanism</b>").</li> </ol>

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<sup>3</sup> The NOAT II Trustees shall be selected by the Governmental Plaintiff Ad Hoc Committee and the MSGE Group. The NOAT II Agreement shall provide that: (i) the Trustees shall receive compensation from NOAT II for their services as Trustees; (ii) the amounts paid to the Trustees for compensation and expenses shall be disclosed in the Annual Report; (iii) the Trustees shall not be required to post any bond or other form of surety or security unless otherwise ordered by the Bankruptcy Court; (iv) the Trustees shall have the power to appoint such officers and retain such employees, consultants, advisors, independent contractors, experts, and agents and engage in such legal, financial, accounting, investment, auditing, and alternative dispute resolution services and activities as NOAT II requires, and delegate to such persons such powers and authorities as the fiduciary duties of the Trustees permit and as the Trustees, in their discretion, deem advisable or necessary in order to carry out the terms of this Trust Agreement; and (v) the Trustees shall have the power to pay reasonable compensation and expenses to any such employees, consultants, advisors, independent contractors, experts, and agents for legal, financial, accounting, investment, auditing, and alternative dispute resolution services and activities.

<sup>4</sup> Notwithstanding anything to the contrary contained herein, Puerto Rico shall be treated as a State for purposes of allocating its portion of NOAT II Funds set forth on Schedule C within Puerto Rico in accordance with this Section 5.

Issue	Description
	<p>i. <b>Regions.</b> Except as provided in the final sentence of this paragraph, each Non-SAA State shall be divided into “<b>Regions</b>” as follows: (a) each Qualifying Block Grantee (as defined below) shall constitute a Region; and (b) the balance of the State shall be divided into Regions (such Regions to be designated by the State agency with primary responsibility (referred to herein as a “<b>lead agency</b>”)<sup>5</sup> for opioid use disorder services employing, to the maximum extent practical, existing regions established in that State for opioid use disorder treatment or similar public health purposes); such non-Qualifying Block Grantee Regions are referred to herein as “<b>Standard Regions</b>”. The Non-SAA States which have populations under four (4) million and do not have existing regions described in the foregoing clause (b) shall not be required to establish Regions;<sup>6</sup> such a State that does not establish Regions but which does contain one or more Qualifying Block Grantees shall be deemed to consist of one Region for each Qualifying Block Grantee and one Standard Region for the balance of the State.</p> <p>ii. <b>Regional Apportionment.</b> NOAT II Funds shall be allocated to each Non-SAA State as (a) a Regional Apportionment or (b) a Non-Regional Apportionment based on the amount of NOAT II Funds dispersed under a confirmed Chapter 11 Plan as follows:</p> <p>A. <b>First \$260 million</b> – 70% Regional Apportionment /30% Non-Regional Apportionment</p> <p>B. <b>\$260 million – \$650 million</b>– 64% Regional Apportionment /36% Non-Regional Apportionment</p> <p>C. <b>\$650 million – \$910 million</b>– 60% Regional Apportionment /40% Non-Regional Apportionment</p> <p>D. <b>Above \$910 million</b>– 50% Regional Apportionment /50% Non-Regional Apportionment</p>

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<sup>5</sup> A list of lead agencies will be made available on the NOAT II website.

<sup>6</sup> To the extent they are not parties to a Statewide Abatement Agreement and do not have existing regions described in clause (b), the following States will qualify as a Non-SAA State that does not have to establish Regions: Alaska, Arkansas, Connecticut, Delaware, Hawai’i, Kansas, Idaho, Iowa, Maine, Mississippi, Montana, Nebraska, Nevada, New Hampshire, New Mexico, North Dakota, Puerto Rico, Rhode Island, South Dakota, Utah, Vermont, West Virginia, and Wyoming.



Issue	Description
	<p>iii. <b>Qualifying Block Grantee.</b> A “<b>Qualifying Local Government</b>” means a county or parish (or in the cases of States that do not have counties or parishes that function as political subdivisions, a city), that (a) either (i) has a population of 400,000 or more or (ii) in the case of California has a population of 750,000 or more and (b) has funded or otherwise manages an established, health care and/or treatment infrastructure (e.g., health department or similar agency) to evaluate, award, manage and administer a Local Government Block Grant.<sup>7</sup> Where a city, county or parish does not meet the threshold population requirement but would otherwise be a Qualifying Local Government, the Government Participation Mechanism (defined below) may recommend treating that city, county or parish as a Qualifying Local Government eligible to receive a Local Government Block Grant. If the SAA Filing Deadline has passed and no SAA has been filed for a State, any Qualifying Local Government that is eligible to receive NOAT II Funds through Local Government Block Grants shall have until the later of (a) (60) sixty days after the SAA Filing Deadline or (b), for any city, county, or parish that a Government Participation Mechanism has recommended treating as a Qualifying Local Government pursuant to the foregoing sentence, (60) sixty days after the relevant city, county or parish becomes eligible to receive a Local Government Block Grant (the “<b>Block Grant Deadline</b>”) to elect whether to receive NOAT II Funds through Local Government Block Grants, and if it elects to receive Local Government Block Grants, whether to receive its Local Government Block Grants directly from NOAT II or from the State in which the Qualifying Local Government is located. Each Qualifying Local Government shall inform the NOAT II Trustees of its election in writing or in such other form prescribed by the NOAT II Trustees on the NOAT II website. If a Qualifying Local Government that is eligible to receive a Local Government Block Grant fails to make the foregoing election by the Block Grant Deadline, such failure to make an election will constitute an election not to receive a Local Government Block Grant. A Qualifying Local Government that elects to receive NOAT II Funds through Local</p>

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<sup>7</sup> As noted in footnote 11, the population for each State shall refer to published U. S. Census Bureau population estimates as of July 1, 2019, released March 2020, and shall remain unchanged during the term of this agreement. These estimates can currently be found at <https://www.census.gov/data/datasets/time-series/demo/popest/2010s-counties-total.html>.

Issue	Description
	<p>Government Block Grants is referred to herein as a “<b>Qualifying Block Grantee</b>”.</p> <p>iv. <b>Proportionate Shares of Regional Apportionment.</b> As used herein, the “<b>Proportionate Share</b>” of each Region in each Non-SAA State shall be (a) for States in which counties or parishes function as Local Governments, the aggregate shares of the counties or parishes located in such Region under an allocation model (the “<b>Allocation Model</b>”),<sup>8</sup> divided by the aggregate shares for all counties or parishes in the State under that Allocation Model; and (b) for all other States, the aggregate shares of the cities and towns in that Region under that Allocation Model’s intra-county allocation formula, divided by the aggregate shares for all cities and towns in the State under that Allocation Model.</p> <p>v. <b>Expenditure or Disbursement of Regional Apportionment.</b> Subject to Section 5(A)(1)(ix) below regarding Approved Administrative Expenses, all Regional Apportionments shall be disbursed or expended in the form of Local Government Block Grants or otherwise for Approved Opioid Abatement Uses in the Standard Regions of each Non-SAA State.</p> <p>vi. <b>Qualifying Block Grantees.</b> Each Qualifying Block Grantee shall receive its Regional Apportionment as a block grant (a “<b>Local Government Block Grant</b>”).</p> <p>Local Government Block Grants shall be used only for Approved Opioid Abatement Uses by the Qualifying Block Grantee or for grants to organizations within its jurisdiction for Approved Opioid Abatement Uses and for Approved Administrative Expenses in accordance with Section 5(A)(1)(ix) below. Where a municipality located wholly within a Qualifying Block Grantee would independently qualify as a block grant recipient (an “<b>Independently Qualifying Municipality</b>”), the Qualifying Block Grantee and Independently Qualifying Municipality must make a substantial</p>

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<sup>8</sup> The Allocation Model shall be the allocation model available at [Dkt. No. 7391, Exh. A] developed in In re: National Prescription Opiates Litigation, MDL No. 2804 (N.D. Ohio) (the “**Negotiation Class Allocation Model**”), provided, however, that notwithstanding the foregoing, a State and its Local Governments may instead agree to utilize the model developed by Christopher J. Ruhm, Professor of Public Policy and Economics at the University of Virginia (the “**Ruhm Allocation Model**”), available at [Dkt. No. 7391, Exh. B]. The GPM Notice (defined herein) filed by a State and its Local Governments (or the NOAT II Trustees on their behalf) will specify whether such State and its Local Governments have agreed to use the Negotiation Class Allocation Model or the Ruhm Allocation Model.

Issue	Description
	<p>and good faith effort to reach agreement on use of NOAT II Funds as between the qualifying jurisdictions. If the Independently Qualifying Municipality and the Qualifying Block Grantee cannot reach such an agreement on or before the effective date of the Chapter 11 Plan (the “<b>Effective Date</b>”), the Qualifying Block Grantee will receive the Local Government Block Grant for its full Proportionate Share and commit programming expenditures to the benefit of the Independently Qualifying Municipality in general proportion to Proportionate Shares (determined as provided in Section 5(A)(2)(iv) above) of the municipalities within the Qualifying Block Grantee. Notwithstanding the allocation of the Proportionate Share of each Regional Apportionment to the Qualifying Block Grantee, a Qualifying Block Grantee may choose to contribute a portion of its Proportionate Share towards a statewide program.</p> <p>vii. <b>Standard Regions.</b> The portions of each Regional Apportionment not disbursed in the form of Local Government Block Grants shall be expended throughout the Standard Regions of each Non-SAA State in accordance with 95%-105% of the respective Proportionate Shares of such Standard Regions. Such expenditures will be in a manner that will best address opioid abatement within the State as determined by the State with the input, advice and recommendations of the Government Participation Mechanism described in Section 6 below. This regional spending requirement may be met by delivering Approved Opioid Abatement Use services or programs to a Standard Region or its residents. Delivery of such services or programs can be accomplished directly or indirectly through many different infrastructures and approaches, including without limitation the following:</p> <ul style="list-style-type: none"> <li>A. State agencies, including local offices;</li> <li>B. Local governments, including local government health departments;</li> <li>C. State public hospital or health systems;</li> <li>D. Health care delivery districts;</li> <li>E. Contracting with abatement service providers, including nonprofit and commercial entities; or</li> <li>F. Awarding grants to local programs.</li> </ul>

Issue	Description
	<p>viii. <b>Expenditure or Disbursement of NOAT II Funds Other Than Regional Apportionment.</b> All NOAT II Funds allocable to a Non-SAA State that are not included in the State’s Regional Apportionment shall be expended only on Approved Uses. The expenditure of such funds shall be at the direction of the State’s lead agency (or other point of contact designated by the State) and may be expended on a statewide and/or localized manner, including in the manners described herein. Qualifying Block Grantees will be eligible to participate in or receive the benefits of any such expenditures on the same basis as other <b>Regions.</b></p> <p>ix. <b>Approved Administrative Expenses.</b> States may use up to five percent (5%) of their Non-Regional Apportionments plus five percent (5%) of the Regional Apportionment not used to fund Local Government Block Grants, for Approved Administrative Expenses. Qualifying Block Grantees may use up to five percent (5%) of their Local Government Block Grants to fund their Approved Administrative Expenses.</p> <p>2. <b>Statewide Abatement Agreement.</b> Each State and its Local Governments will have until (60) sixty days after the Effective Date of the Plan (such date, the “<b>SAA Filing Deadline</b>”) to file with the Bankruptcy Court or authorize the NOAT II Trustees to file with the Bankruptcy Court on their behalf, an agreed-upon allocation or method for allocating the NOAT II Funds for that State dedicated only to Approved Uses (each a “<b>Statewide Abatement Agreement</b>” or “<b>SAA</b>”).<sup>9</sup> The NOAT II Trustees will file any SAAs submitted to the NOAT II Trustees for filing within (5) five business days of receipt. Any dispute regarding allocation within a State that has adopted a Statewide Abatement Agreement will be resolved as provided by that Statewide Abatement Agreement; <i>provided</i> that no Statewide Abatement Agreement may remove or otherwise limit the reporting requirements set forth in any of the</p>

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<sup>9</sup> Any Non-SAA State that later reaches agreement on a SAA as set forth in and in compliance with Section 5(A)(2) herein shall file with the Bankruptcy Court, or authorize the NOAT II Trustees to file on its behalf, a notice with the Bankruptcy Court stating that a SAA has been agreed to, and such SAA will become effective fourteen (14) days after the notice being filed. Thereafter, the State shall no longer be considered a Non-SAA State for the purposes of these National Opioid Abatement Trust II Distribution Procedures, and the SAA will replace any previously-agreed to GPM solely with respect to any future distributions made by NOAT II. If a SAA becomes effective for a State prior to any distributions being made by NOAT II to such State, such SAA shall apply to all distributions made by NOAT II for such State (unless such SAA is otherwise amended or modified). All obligations of States and Local Governments under these National Opioid Abatement Trust II Distribution Procedures and the NOAT II Agreement shall continue to apply to all NOAT II Funds distributed before any SAA becomes effective.

Issue	Description
	<p>NOAT II Documents, including without limitation in the NOAT II Agreement and Sections 5(A)(3) and 7 hereof.</p> <p>A Statewide Abatement Agreement shall be agreed when it has been approved by the State and either (a) representatives<sup>10</sup> of its Local Governments whose aggregate Population Percentages, determined as set forth below, total more than sixty percent (60%), or (b) representatives of its Local Governments whose aggregate Population Percentages total more than fifty percent (50%) provided that these Local Governments also represent fifteen percent (15%) or more of the State’s counties or parishes (or, in the case of States whose counties and parishes that do not function as Local Governments, fifteen percent (15%) of or more of the State’s incorporated cities or towns), by number.<sup>11</sup></p> <p>Population Percentages shall be determined as follows:</p> <p>For States with counties or parishes that function as Local Governments,<sup>12</sup> the Population Percentage of each county or parish shall be deemed to be equal to (a) (1) 200% of the population of such county or parish, minus (2) the aggregate population of all Primary Incorporated Municipalities located in such county or parish, divided by (b) 200% of the State’s population. A “<b>Primary Incorporated Municipality</b>” means a city, town, village or other municipality incorporated under applicable state law with a population of at least 25,000 that is not located within another incorporated municipality. The Population Percentage of each primary incorporated municipality shall be equal to its population (including the population of any incorporated or unincorporated municipality located therein) divided by 200% of the State’s population; <i>provided</i> that the Population Percentage of a primary incorporated municipality that is not located within a county shall be equal to 200% of its population (including the population of any incorporated or unincorporated municipality located therein) divided by 200% of the State’s population. For all States that do</p>

<sup>10</sup>An authorized “representative” of local, or even State, government can differ in these National Opioid Abatement Trust II Distribution Procedures depending on the context.

<sup>11</sup>All references to population in these National Opioid Abatement Trust II Distribution Procedures shall refer to published U. S. Census Bureau population estimates as of July 1, 2019, released March 2020, and shall remain unchanged during the term of this agreement. These estimates can currently be found at <https://www.census.gov/data/datasets/time-series/demo/opest/2010s-counties-total.html>.

<sup>12</sup> Certain states do not have counties or parishes that function as Local Governments, including: Alaska, Connecticut, Massachusetts, Rhode Island, and Vermont. All other States have counties or parishes that function as Local Governments.

Issue	Description
	<p>not have counties or parishes that function as Local Governments, the Population Percentage of each incorporated municipality (including any incorporated or unincorporated municipality located therein), shall be equal to its population divided by the State's population.</p> <p>The Statewide Abatement Agreement will become effective fourteen (14) days after filing, unless otherwise ordered by the Bankruptcy Court. No distributions shall be made to any State or Local Government prior to the earlier of (a) eighty (80) days after the Effective Date or (b) the date that the SAA covering such State or Local Government becomes effective. All subsequent distributions shall be made in accordance with all SAAs then in effect.</p> <p>A State and its Local Governments may revise, supplement, or refine a Statewide Abatement Agreement by filing, or authorizing the NOAT II Trustees to file on their behalf, an amended Statewide Abatement Agreement that has been approved by the State and sufficient Local Governments to satisfy the approval standards set forth above with the Bankruptcy Court, which shall become effective fourteen (14) days after filing, unless otherwise ordered by the Bankruptcy Court.</p> <p>3. <b>Records.</b> The States shall maintain records of abatement expenditures and their required reporting, as set forth in further detail in Section 7, will include data on regional expenditures so it can be verified that the Regional Distribution mechanism guarantees are being met. Qualifying Block Grantees shall maintain records of abatement expenditures and shall provide those records periodically to their State for inclusion in their State's required periodic reporting.</p> <p><b>B. Allocation for Territories other than Puerto Rico and the District of Columbia Only.</b> The allocation of NOAT II Funds within a Territory or the District of Columbia (the "<b>Territory/DC Allocation Mechanism</b>") will be determined by its local legislative body, unless that legislative body is not in session, in which case, the allocation of NOAT II Funds shall be distributed pursuant to the direction of the Territory's or District of Columbia's executive, in consultation – to the extent applicable – with its Government Participation Mechanism. Each Territory and the District of Columbia will file a notice with the Bankruptcy Court, or authorize the NOAT II Trustees to file on their behalf, a notice of its Territory/DC Allocation Mechanism, which will become effective fourteen (14) days after filing the notice. The NOAT II Trustees will file any notices of Territory/DC Allocation</p>

Issue	Description
	<p>Mechanisms submitted to the NOAT II Trustees for filing within (5) five business days of receipt.<sup>13</sup> No NOAT II Funds will be distributed to Territories (other than Puerto Rico) and the District of Columbia until the notice of the Territory/DC Allocation Mechanism is effective, and such funds will be reserved by NOAT II until the notice of the Territory/DC Allocation Mechanism is effective.</p>
<p><b>6. GOVERNMENT PARTICIPATION MECHANISM</b></p>	<p>In each Non-SAA State, as defined in Section 5(A)(1) above, there shall be a process, preferably pre-existing, whereby the State shall allocate funds under the Regional Distribution mechanism only after meaningfully consulting with its respective Local Governments. Each such State shall identify its mechanism (whether be it a council, board, committee, commission, taskforce, or other efficient and transparent structure) for consulting with its respective Local Governments (the “<b>Government Participation Mechanism</b>” or “<b>GPM</b>”) in a notice filed with the Bankruptcy Court identifying what GPM has been formed and describing the participation of its Local Governments in connection therewith (the “<b>GPM Notice</b>”). A State may file the GPM Notice with the Bankruptcy Court itself or authorize the NOAT II Trustees to file the GPM Notice. The NOAT II Trustees will file any GPM Notices submitted to the NOAT II Trustees for filing within (5) five business days of receipt.<sup>14</sup> States may combine these notices into one or more notices for filing with the Bankruptcy Court. These notices are reviewable by the Bankruptcy Court upon the motion of any Local Government in that State asserting that no GPM has been formed.</p> <p>The GPM will become effective fourteen (14) days after filing, unless otherwise ordered by the Bankruptcy Court.</p> <p><b>Government Participation Mechanisms</b> shall conform to the following:</p> <p>A. <i>Composition.</i> For each State,</p> <ol style="list-style-type: none"> <li>1. the State, on the one hand, and State’s Local Governments, on the other hand, shall have equal representation on a GPM;</li> <li>2. Local Government representation on a GPM shall be weighted in favor of the Standard Regions but can include representation from the State’s Qualifying Block Grantees;</li> </ol>

<sup>13</sup> A Territory or the District of Columbia that has submitted its Territory/DC Allocation Mechanism to the NOAT II Trustees for filing with the Bankruptcy Court may also file the Territory/DC Allocation Mechanism with the Bankruptcy Court itself if it has not yet been filed by the NOAT II Trustees.

<sup>14</sup> A State that has submitted its GPM Notice to the NOAT II Trustees for filing with the Bankruptcy Court may also file the GPM Notice with the Bankruptcy Court itself if it has not yet been filed by the NOAT II Trustees.

Issue	Description
	<p>3. the GPM will be chaired by a non-voting chairperson appointed by the State;</p> <p>4. Groups formed by the States’ executive or legislature may be used as a GPM, provided that the group has equal representation by the State and the State’s Local Governments.</p> <p>A GPM should have appointees such that as a group they possess experience, expertise and education with respect to one or more of the following: public health, substance abuse, healthcare equity and other related topics as is necessary to assure the effective functioning of the GPM.</p> <p>B. <b>Consensus.</b> Members of the GPMs should attempt to reach consensus with respect to GPM Recommendations and other actions of the GPM. Consensus is defined in this process as a general agreement achieved by the members that reflects, from as many members as possible, their active support, support with reservations, or willingness to abide by the decision of the other members. Consensus does not require unanimity or other set threshold and may include objectors. In all events, however, actions of a GPM shall be effective if supported by at least a majority of its members. GPM Recommendations and other actions shall note the existence and summarize the substance of objections where requested by the objector(s).</p> <p>C. <b>Proceedings.</b> Each GPM shall hold no fewer than four (4) public meetings annually, to be publicized and located in a manner reasonably designed to facilitate attendance by residents throughout the State. Each GPM shall function in a manner consistent with its State’s open meeting, open government or similar laws, and with the Americans with Disabilities Act. GPM members shall be subject to State conflict of interest and similar ethics in government laws.</p> <p>D. <b>Consultation and Discretion.</b> The GPM shall be a mechanism by which the State consults with community stakeholders, including Local Governments (including those not a part of the GPM), state and local public health officials and public health advocates, in connection with opioid abatement priorities and expenditure decisions for the use of NOAT II Funds on Approved Opioid Abatement Uses.</p> <p>The GPM is authorized to identify and recommend that non-Qualifying Local Government(s) (individually or in combination) should be considered for a block grant to be funded from an applicable Regional Apportionment. “<b>Non-Qualifying Local Government(s)</b>” individually or in combination are Local Governments that are not Qualifying Local Governments but they fund or otherwise manage an established, health care and/or treatment infrastructure (<i>e.g.</i>, health</p>



Issue	Description
	<p>department or similar agency) to evaluate, award, manage and administer a block grant for programs <b>constituting Approved Uses</b>.</p> <p>E. <b>Recommendations</b>. A GPM shall make recommendations regarding specific opioid abatement priorities and expenditures for the use of NOAT II Funds on Approved Opioid Abatement Uses to the State or the agency designated by a State for this purpose (“<b>GPM Recommendations</b>”). In carrying out its obligations to provide GPM Recommendations, a GPM may consider local, state and federal initiatives and activities related to education, prevention, treatment and services for individuals and families experiencing and affected by opioid use disorder; recommend priorities to address the State’s opioid epidemic, which recommendations may be Statewide or specific to Regions; recommend Statewide or Regional funding with respect to specific programs or initiatives; recommend measurable outcomes to determine the effectiveness of funds expended for Approved Opioid Abatement Uses; and monitor the level of Approved Administrative Expenses expended from NOAT II Funds.</p> <p>The goal is for a process that produces GPM Recommendations that are recognized as being an efficient, evidence-based approach to abatement that addresses the State’s greatest needs while also including programs reflecting particularized needs in local communities. It is anticipated that such a process, particularly given the active participation of State representatives, will inform and assist the State in making decisions about the spending of the NOAT II Funds. To the extent a State chooses not to follow a GPM Recommendation, it will make publicly available within fourteen (14) days after the decision is made a written explanation of the reasons for its decision, and allow seven (7) days for the GPM to respond.</p> <p>F. <b>Non-SAA States Review</b>. In Non-SAA States, Local Governments and States may object to any apportionment, allocation, use or expenditure of NOAT II Funds (an “<b>Allocation</b>”) solely on the basis that: the Allocation at issue (i) is inconsistent with the provisions of Section 5(A)(1)(ii) hereof with respect to the levels of Regional Apportionments and Non-Regional Apportionments, (ii) is inconsistent with the provisions of Section 5(A)(1) hereof with respect to the amounts of Local Government Block Grants or Regional Apportionment expenditures, (iii) is not for an Approved Use or (iv) violates the limitations set forth herein with respect to Approved Administrative Expenses. The objector shall have the right to bring that objection to either (a) a state court with jurisdiction within the applicable State (“<b>State Court</b>”) or (b) the Bankruptcy Court if the Mallinckrodt Chapter 11 Cases have not been closed (each an “<b>Objection</b>”). If an Objection is filed within fourteen (14) days of</p>

Issue	Description
	<p>approval of an Allocation, then no funds shall be distributed on account of the aspect of the Allocation that is the subject of the Objection until the Objection is resolved or decided by the Bankruptcy Court or State Court, as applicable. There shall be no other basis for bringing an Objection to the approval of an Allocation.</p>
<p><b>7. COMPLIANCE, REPORTING, AUDIT AND ACCOUNTABILITY</b></p>	<ol style="list-style-type: none"> <li data-bbox="526 474 1474 905">1. At least annually, each State shall publish on its lead agency’s website and/or on its Attorney General’s website and deliver to NOAT II, a report detailing for the preceding time period, respectively (i) the amount of NOAT II Funds received, (ii) the allocation of awards approved (indicating the recipient, the amount of the allocation, the program to be funded and disbursement terms), and (iii) the amounts disbursed on approved allocations, to Qualifying Local Governments for Local Government Block Grants and Approved Administrative Expenses. Such annual reports for NOAT II may be combined with any reports submitted by a State as required in the National Opioid Abatement Trust Distribution Procedures, to the extent set forth in guidance to be provided by the NOAT II Trustees.<sup>15</sup></li> <li data-bbox="526 947 1474 1377">2. At least annually, each Qualifying Block Grantee which has elected to take a Local Government Block Grant shall publish on its lead agency’s or Local Government’s website, and deliver to NOAT II, a report detailing for the preceding time period, respectively (i) the amount of Local Government Block Grants received, (ii) the allocation of awards approved (indicating the recipient, the amount of the grant, the program to be funded and disbursement terms), and (iii) the amounts disbursed on approved allocations. Such annual reports for NOAT II may be combined with any reports submitted by a Qualifying Block Grantee as required in the National Opioid Abatement Trust Distribution Procedures, to the extent set forth in guidance to be provided by the NOAT II Trustees.</li> <li data-bbox="526 1419 1474 1556">3. As applicable, each State or Local Government shall impose reporting requirements on each recipient to ensure that NOAT II Funds are only being used for Approved Uses, in accordance with the terms of the allocation.</li> <li data-bbox="526 1598 1474 1772">4. NOAT II shall prepare an annual report (an “<b>Annual Report</b>”) that shall be audited by independent auditors as provided in the NOAT II Agreement, which audited Annual Report shall be filed annually with the Bankruptcy Court, and the States and Qualifying Block Grantees shall provide NOAT II with any information reasonably required</li> </ol>

<sup>15</sup> The National Opioid Abatement Trust Distribution Procedures are filed in *In re Purdue Pharma L.P., et al.*, Case No. 19-23649 (RDD), at Dkt. No. 3232. The National Opioid Abatement Trust established in the *Purdue* bankruptcy cases shall be referred to herein as “**NOAT.**”

Issue	Description
	<p>regarding the expenditure and disbursement of NOAT II Funds to satisfy the requirements of such an audited Annual Report of NOAT II.</p> <p>5. (a) A State Court or (b) the Bankruptcy Court if the Mallinckrodt Chapter 11 Cases have not been closed shall have jurisdiction to enforce the terms of these National Opioid Abatement Trust II Distribution Procedures, and as applicable, a Statewide Abatement Agreement or default mechanism; <i>provided</i> that nothing herein is intended to expand the scope of the Bankruptcy Court's post-confirmation jurisdiction. For the avoidance of doubt, the Bankruptcy Court shall have continuing jurisdiction over NOAT II, <i>provided, however,</i> the courts of the State of Delaware, including any federal court located therein, shall also have jurisdiction over NOAT II, <i>provided further,</i> that the foregoing shall not preclude State Court jurisdiction in any State with respect to any matter arising under the National Opioid Abatement Trust II Distribution Procedures involving that State and one or more of its political subdivisions or agencies.</p> <p>6. The NOAT II Trustees shall have the power to take any and all actions that in the judgment of the Trustees are necessary or proper to fulfill the purposes of NOAT II, including the requirement that 100% of the NOAT II Funds distributed under the Chapter 11 Plan (and not otherwise dedicated to the attorneys' fee fund set forth in Section 4 herein) shall be used to abate the opioid crisis in accordance with the terms hereof.</p>

**Schedule A**  
**Core Strategies**

States and Qualifying Block Grantees shall choose from among the abatement strategies listed in Schedule B. However, priority shall be given to the following core abatement strategies (“**Core Strategies**”).<sup>1</sup>

A. **NALOXONE OR OTHER FDA-APPROVED DRUG TO REVERSE OPIOID OVERDOSES**

1. Expand training for first responders, schools, community support groups and families; and
2. Increase distribution to individuals who are uninsured or whose insurance does not cover the needed service.

B. **MEDICATION-ASSISTED TREATMENT (“MAT”) DISTRIBUTION AND OTHER OPIOID-RELATED TREATMENT**

1. Increase distribution of MAT to individuals who are uninsured or whose insurance does not cover the needed service;
2. Provide education to school-based and youth-focused programs that discourage or prevent misuse;
3. Provide MAT education and awareness training to healthcare providers, EMTs, law enforcement, and other first responders; and
4. Treatment and Recovery Support Services such as residential and inpatient treatment, intensive outpatient treatment, outpatient therapy or counseling, and recovery housing that allow or integrate medication and with other support services.

C. **PREGNANT & POSTPARTUM WOMEN**

1. Expand Screening, Brief Intervention, and Referral to Treatment (“SBIRT”) services to non-Medicaid eligible or uninsured pregnant women;
2. Expand comprehensive evidence-based treatment and recovery services, including MAT, for women with co-occurring Opioid Use Disorder (“OUD”) and other Substance Use Disorder (“SUD”)/Mental Health disorders for uninsured individuals for up to 12 months postpartum; and

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<sup>1</sup> As used in this Schedule A, words like “expand,” “fund,” “provide” or the like shall not indicate a preference for new or existing programs. Priorities will be established through the mechanisms described in the National Opioid Abatement Trust II Distribution Procedures.

3. Provide comprehensive wrap-around services to individuals with Opioid Use Disorder (OUD) including housing, transportation, job placement/training, and childcare.

D. **EXPANDING TREATMENT FOR NEONATAL ABSTINENCE SYNDROME**

1. Expand comprehensive evidence-based and recovery support for NAS babies;
2. Expand services for better continuum of care with infant-need dyad; and
3. Expand long-term treatment and services for medical monitoring of NAS babies and their families.

E. **EXPANSION OF WARM HAND-OFF PROGRAMS AND RECOVERY SERVICES**

1. Expand services such as navigators and on-call teams to begin MAT in hospital emergency departments;
2. Expand warm hand-off services to transition to recovery services;
3. Broaden scope of recovery services to include co-occurring SUD or mental health conditions;
4. Provide comprehensive wrap-around services to individuals in recovery including housing, transportation, job placement/training, and childcare; and
5. Hire additional social workers or other behavioral health workers to facilitate expansions above.

F. **TREATMENT FOR INCARCERATED POPULATION**

1. Provide evidence-based treatment and recovery support including MAT for persons with OUD and co-occurring SUD/MH disorders within and transitioning out of the criminal justice system; and
2. Increase funding for jails to provide treatment to inmates with OUD.

G. **PREVENTION PROGRAMS**

1. Funding for media campaigns to prevent opioid use (similar to the FDA's "Real Cost" campaign to prevent youth from misusing tobacco);
2. Funding for evidence-based prevention programs in schools.;
3. Funding for medical provider education and outreach regarding best prescribing practices for opioids consistent with the 2016 CDC guidelines, including providers at hospitals (academic detailing);
4. Funding for community drug disposal programs; and

5. Funding and training for first responders to participate in pre-arrest diversion programs, post-overdose response teams, or similar strategies that connect at-risk individuals to behavioral health services and supports.

H. **EXPANDING SYRINGE SERVICE PROGRAMS**

1. Provide comprehensive syringe services programs with more wrap-around services including linkage to OUD treatment, access to sterile syringes and linkage to care and treatment of infectious diseases.

I. **EVIDENCE-BASED DATA COLLECTION AND RESEARCH ANALYZING THE EFFECTIVENESS OF THE ABATEMENT STRATEGIES WITHIN THE STATE.**

**Schedule B**  
**Approved Uses**

Support treatment of Opioid Use Disorder (OUD) and any co-occurring Substance Use Disorder or Mental Health (SUD/MH) conditions through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, the following:

PART ONE: TREATMENT
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**A. TREAT OPIOID USE DISORDER (OUD)**

Support treatment of Opioid Use Disorder (OUD) and any co-occurring Substance Use Disorder or Mental Health (SUD/MH) conditions through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, the following<sup>1</sup>:

1. Expand availability of treatment for OUD and any co-occurring SUD/MH conditions, including all forms of Medication-Assisted Treatment (MAT) approved by the U.S. Food and Drug Administration.
2. Support and reimburse evidence-based services that adhere to the American Society of Addiction Medicine (ASAM) continuum of care for OUD and any co-occurring SUD/MH conditions
3. Expand telehealth to increase access to treatment for OUD and any co-occurring SUD/MH conditions, including MAT, as well as counseling, psychiatric support, and other treatment and recovery support services.
4. Improve oversight of Opioid Treatment Programs (OTPs) to assure evidence-based or evidence-informed practices such as adequate methadone dosing and low threshold approaches to treatment.
5. Support mobile intervention, treatment, and recovery services, offered by qualified professionals and service providers, such as peer recovery coaches, for persons with OUD and any co-occurring SUD/MH conditions and for persons who have experienced an opioid overdose.
6. Treatment of trauma for individuals with OUD (e.g., violence, sexual assault, human trafficking, or adverse childhood experiences) and family members (e.g., surviving family members after an overdose or overdose fatality), and training of health care personnel to identify and address such trauma.
7. Support evidence-based withdrawal management services for people with OUD and any co-occurring mental health conditions.

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<sup>1</sup> As used in this Schedule B, words like “expand,” “fund,” “provide” or the like shall not indicate a preference for new or existing programs. Priorities will be established through the mechanisms described in the National Opioid Abatement Trust II Distribution Procedures.

8. Training on MAT for health care providers, first responders, students, or other supporting professionals, such as peer recovery coaches or recovery outreach specialists, including telementoring to assist community-based providers in rural or underserved areas.
9. Support workforce development for addiction professionals who work with persons with OUD and any co-occurring SUD/MH conditions.
10. Fellowships for addiction medicine specialists for direct patient care, instructors, and clinical research for treatments.
11. Scholarships and supports for behavioral health practitioners or workers involved in addressing OUD and any co-occurring SUD or mental health conditions, including but not limited to training, scholarships, fellowships, loan repayment programs, or other incentives for providers to work in rural or underserved areas.
12. Provide funding and training for clinicians to obtain a waiver under the federal Drug Addiction Treatment Act of 2000 (DATA 2000) to prescribe MAT for OUD, and provide technical assistance and professional support to clinicians who have obtained a DATA 2000 waiver.
13. Dissemination of web-based training curricula, such as the American Academy of Addiction Psychiatry's Provider Clinical Support Service-Opioids web-based training curriculum and motivational interviewing.
14. Development and dissemination of new curricula, such as the American Academy of Addiction Psychiatry's Provider Clinical Support Service for Medication-Assisted Treatment.

**B. SUPPORT PEOPLE IN TREATMENT AND RECOVERY**

Support people in recovery from OUD and any co-occurring SUD/MH conditions through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, the following:

1. Provide comprehensive wrap-around services to individuals with OUD and any co-occurring SUD/MH conditions, including housing, transportation, education, job placement, job training, or childcare.
2. Provide the full continuum of care of treatment and recovery services for OUD and any co-occurring SUD/MH conditions, including supportive housing, peer support services and counseling, community navigators, case management, and connections to community-based services.
3. Provide counseling, peer-support, recovery case management and residential treatment with access to medications for those who need it to persons with OUD and any co-occurring SUD/MH conditions.
4. Provide access to housing for people with OUD and any co-occurring SUD/MH conditions, including supportive housing, recovery housing, housing assistance



programs, training for housing providers, or recovery housing programs that allow or integrate FDA-approved medication with other support services.

5. Provide community support services, including social and legal services, to assist in deinstitutionalizing persons with OUD and any co-occurring SUD/MH conditions.
6. Support or expand peer-recovery centers, which may include support groups, social events, computer access, or other services for persons with OUD and any co-occurring SUD/MH conditions.
7. Provide or support transportation to treatment or recovery programs or services for persons with OUD and any co-occurring SUD/MH conditions.
8. Provide employment training or educational services for persons in treatment for or recovery from OUD and any co-occurring SUD/MH conditions.
9. Identify successful recovery programs such as physician, pilot, and college recovery programs, and provide support and technical assistance to increase the number and capacity of high-quality programs to help those in recovery.
10. Engage non-profits, faith-based communities, and community coalitions to support people in treatment and recovery and to support family members in their efforts to support the person with OUD in the family.
11. Training and development of procedures for government staff to appropriately interact and provide social and other services to individuals with or in recovery from OUD, including reducing stigma.
12. Support stigma reduction efforts regarding treatment and support for persons with OUD, including reducing the stigma on effective treatment.
13. Create or support culturally appropriate services and programs for persons with OUD and any co-occurring SUD/MH conditions, including new Americans.
14. Create and/or support recovery high schools.
15. Hire or train behavioral health workers to provide or expand any of the services or supports listed above.

**C. CONNECT PEOPLE WHO NEED HELP TO THE HELP THEY NEED (CONNECTIONS TO CARE)**

Provide connections to care for people who have – or at risk of developing – OUD and any co-occurring SUD/MH conditions through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, the following:

1. Ensure that health care providers are screening for OUD and other risk factors and know how to appropriately counsel and treat (or refer if necessary) a patient for OUD treatment.

2. Fund Screening, Brief Intervention and Referral to Treatment (SBIRT) programs to reduce the transition from use to disorders, including SBIRT services to pregnant women who are uninsured or not eligible for Medicaid.
3. Provide training and long-term implementation of SBIRT in key systems (health, schools, colleges, criminal justice, and probation), with a focus on youth and young adults when transition from misuse to opioid disorder is common.
4. Purchase automated versions of SBIRT and support ongoing costs of the technology.
5. Expand services such as navigators and on-call teams to begin MAT in hospital emergency departments.
6. Training for emergency room personnel treating opioid overdose patients on post-discharge planning, including community referrals for MAT, recovery case management or support services.
7. Support hospital programs that transition persons with OUD and any co-occurring SUD/MH conditions, or persons who have experienced an opioid overdose, into clinically appropriate follow-up care through a bridge clinic or similar approach.
8. Support crisis stabilization centers that serve as an alternative to hospital emergency departments for persons with OUD and any co-occurring SUD/MH conditions or persons that have experienced an opioid overdose.
9. Support the work of Emergency Medical Systems, including peer support specialists, to connect individuals to treatment or other appropriate services following an opioid overdose or other opioid-related adverse event.
10. Provide funding for peer support specialists or recovery coaches in emergency departments, detox facilities, recovery centers, recovery housing, or similar settings; offer services, supports, or connections to care to persons with OUD and any co-occurring SUD/MH conditions or to persons who have experienced an opioid overdose.
11. Expand warm hand-off services to transition to recovery services.
12. Create or support school-based contacts that parents can engage with to seek immediate treatment services for their child; and support prevention, intervention, treatment, and recovery programs focused on young people.
13. Develop and support best practices on addressing OUD in the workplace.
14. Support assistance programs for health care providers with OUD.
15. Engage non-profits and the faith community as a system to support outreach for treatment.

16. Support centralized call centers that provide information and connections to appropriate services and supports for persons with OUD and any co-occurring SUD/MH conditions.

**D. ADDRESS THE NEEDS OF CRIMINAL-JUSTICE-INVOLVED PERSONS**

Address the needs of persons with OUD and any co-occurring SUD/MH conditions who are involved in, are at risk of becoming involved in, or are transitioning out of the criminal justice system through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, the following:

1. Support pre-arrest or pre-arraignment diversion and deflection strategies for persons with OUD and any co-occurring SUD/MH conditions, including established strategies such as:
  1. Self-referral strategies such as the Angel Programs or the Police Assisted Addiction Recovery Initiative (PAARI);
  2. Active outreach strategies such as the Drug Abuse Response Team (DART) model;
  3. “Naloxone Plus” strategies, which work to ensure that individuals who have received naloxone to reverse the effects of an overdose are then linked to treatment programs or other appropriate services;
  4. Officer prevention strategies, such as the Law Enforcement Assisted Diversion (LEAD) model;
  5. Officer intervention strategies such as the Leon County, Florida Adult Civil Citation Network or the Chicago Westside Narcotics Diversion to Treatment Initiative; or
  6. Co-responder and/or alternative responder models to address OUD-related 911 calls with greater SUD expertise.
2. Support pre-trial services that connect individuals with OUD and any co-occurring SUD/MH conditions to evidence-informed treatment, including MAT, and related services.
3. Support treatment and recovery courts that provide evidence-based options for persons with OUD and any co-occurring SUD/MH conditions.
4. Provide evidence-informed treatment, including MAT, recovery support, harm reduction, or other appropriate services to individuals with OUD and any co-occurring SUD/MH conditions who are incarcerated in jail or prison.
5. Provide evidence-informed treatment, including MAT, recovery support, harm reduction, or other appropriate services to individuals with OUD and any co-occurring SUD/MH conditions who are leaving jail or prison have recently left jail

or prison, are on probation or parole, are under community corrections supervision, or are in re-entry programs or facilities.

6. Support critical time interventions (CTI), particularly for individuals living with dual-diagnosis OUD/serious mental illness, and services for individuals who face immediate risks and service needs and risks upon release from correctional settings.
7. Provide training on best practices for addressing the needs of criminal-justice-involved persons with OUD and any co-occurring SUD/MH conditions to law enforcement, correctional, or judicial personnel or to providers of treatment, recovery, harm reduction, case management, or other services offered in connection with any of the strategies described in this section.

**E. ADDRESS THE NEEDS OF PREGNANT OR PARENTING WOMEN AND THEIR FAMILIES, INCLUDING BABIES WITH NEONATAL ABSTINENCE SYNDROME**

Address the needs of pregnant or parenting women with OUD and any co-occurring SUD/MH conditions, and the needs of their families, including babies with neonatal abstinence syndrome (NAS), through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, the following:

1. Support evidence-based or evidence-informed treatment, including MAT, recovery services and supports, and prevention services for pregnant women – or women who could become pregnant – who have OUD and any co-occurring SUD/MH conditions, and other measures to educate and provide support to families affected by Neonatal Abstinence Syndrome.
2. Expand comprehensive evidence-based treatment and recovery services, including MAT, for uninsured women with OUD and any co-occurring SUD/MH conditions for up to 12 months postpartum.
3. Training for obstetricians or other healthcare personnel that work with pregnant women and their families regarding treatment of OUD and any co-occurring SUD/MH conditions.
4. Expand comprehensive evidence-based treatment and recovery support for NAS babies; expand services for better continuum of care with infant-need dyad; expand long-term treatment and services for medical monitoring of NAS babies and their families.
5. Provide training to health care providers who work with pregnant or parenting women on best practices for compliance with federal requirements that children born with Neonatal Abstinence Syndrome get referred to appropriate services and receive a plan of safe care.
6. Child and family supports for parenting women with OUD and any co-occurring SUD/MH conditions.

7. Enhanced family supports and child care services for parents with OUD and any co-occurring SUD/MH conditions.
8. Provide enhanced support for children and family members suffering trauma as a result of addiction in the family; and offer trauma-informed behavioral health treatment for adverse childhood events.
9. Offer home-based wrap-around services to persons with OUD and any co-occurring SUD/MH conditions, including but not limited to parent skills training.
10. Support for Children's Services – Fund additional positions and services, including supportive housing and other residential services, relating to children being removed from the home and/or placed in foster care due to custodial opioid use.

PART TWO: PREVENTION
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**F. PREVENT OVER-PRESCRIBING AND ENSURE APPROPRIATE PRESCRIBING AND DISPENSING OF OPIOIDS**

Support efforts to prevent over-prescribing and ensure appropriate prescribing and dispensing of opioids through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, the following:

1. Fund medical provider education and outreach regarding best prescribing practices for opioids consistent with the Guidelines for Prescribing Opioids for Chronic Pain from the U.S. Centers for Disease Control and Prevention, including providers at hospitals (academic detailing).
2. Training for health care providers regarding safe and responsible opioid prescribing, dosing, and tapering patients off opioids.
3. Continuing Medical Education (CME) on appropriate prescribing of opioids.
4. Support for non-opioid pain treatment alternatives, including training providers to offer or refer to multi-modal, evidence-informed treatment of pain.
5. Support enhancements or improvements to Prescription Drug Monitoring Programs (PDMPs), including but not limited to improvements that:
  1. Increase the number of prescribers using PDMPs;
  2. Improve point-of-care decision-making by increasing the quantity, quality, or format of data available to prescribers using PDMPs, by improving the interface that prescribers use to access PDMP data, or both; or
  3. Enable states to use PDMP data in support of surveillance or intervention strategies, including MAT referrals and follow-up for individuals identified within PDMP data as likely to experience OUD in a manner that complies with all relevant privacy and security laws and rules.

6. Ensuring PDMPs incorporate available overdose/naloxone deployment data, including the United States Department of Transportation's Emergency Medical Technician overdose database in a manner that complies with all relevant privacy and security laws and rules.
7. Increase electronic prescribing to prevent diversion or forgery.
8. Educate Dispensers on appropriate opioid dispensing.

**G. PREVENT MISUSE OF OPIOIDS**

Support efforts to discourage or prevent misuse of opioids through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, the following:

1. Fund media campaigns to prevent opioid misuse.
2. Corrective advertising or affirmative public education campaigns based on evidence.
3. Public education relating to drug disposal.
4. Drug take-back disposal or destruction programs.
5. Fund community anti-drug coalitions that engage in drug prevention efforts.
6. Support community coalitions in implementing evidence-informed prevention, such as reduced social access and physical access, stigma reduction – including staffing, educational campaigns, support for people in treatment or recovery, or training of coalitions in evidence-informed implementation, including the Strategic Prevention Framework developed by the U.S. Substance Abuse and Mental Health Services Administration (SAMHSA).
7. Engage non-profits and faith-based communities as systems to support prevention.
8. Fund evidence-based prevention programs in schools or evidence-informed school and community education programs and campaigns for students, families, school employees, school athletic programs, parent-teacher and student associations, and others.
9. School-based or youth-focused programs or strategies that have demonstrated effectiveness in preventing drug misuse and seem likely to be effective in preventing the uptake and use of opioids.
10. Create of support community-based education or intervention services for families, youth, and adolescents at risk for OUD and any co-occurring SUD/MH conditions.
11. Support evidence-informed programs or curricula to address mental health needs of young people who may be at risk of misusing opioids or other drugs, including emotional modulation and resilience skills.

12. Support greater access to mental health services and supports for young people, including services and supports provided by school nurses, behavioral health workers or other school staff, to address mental health needs in young people that (when not properly addressed) increase the risk of opioid or another drug misuse.

**H. PREVENT OVERDOSE DEATHS AND OTHER HARMS (HARM REDUCTION)**

Support efforts to prevent or reduce overdose deaths or other opioid-related harms through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, the following:

1. Increase availability and distribution of naloxone and other drugs that treat overdoses for first responders, overdose patients, individuals with OUD and their friends and family members, schools, community navigators and outreach workers, persons being released from jail or prison, or other members of the general public.
2. Public health entities providing free naloxone to anyone in the community.
3. Training and education regarding naloxone and other drugs that treat overdoses for first responders, overdose patients, patients taking opioids, families, schools, community support groups, and other members of the general public.
4. Enable school nurses and other school staff to respond to opioid overdoses, and provide them with naloxone, training, and support.
5. Expand, improve, or develop data tracking software and applications for overdoses/naloxone revivals.
6. Public education relating to emergency responses to overdoses.
7. Public education relating to immunity and Good Samaritan laws.
8. Educate first responders regarding the existence and operation of immunity and Good Samaritan laws.
9. Syringe service programs and other evidence-informed programs to reduce harms associated with intravenous drug use, including supplies, staffing, space, peer support services, referrals to treatment, fentanyl checking, connections to care, and the full range of harm reduction and treatment services provided by these programs.
10. Expand access to testing and treatment for infectious diseases such as HIV and Hepatitis C resulting from intravenous opioid use.
11. Support mobile units that offer or provide referrals to harm reduction services, treatment, recovery supports, health care, or other appropriate services to persons that use opioids or persons with OUD and any co-occurring SUD/MH conditions.
12. Provide training in harm reduction strategies to health care providers, students, peer recovery coaches, recovery outreach specialists, or other professionals that provide

care to persons who use opioids or persons with OUD and any co-occurring SUD/MH conditions.

13. Support screening for fentanyl in routine clinical toxicology testing.

PART THREE: OTHER STRATEGIES

**I. FIRST RESPONDERS**

In addition to items in section C, D and H relating to first responders, support the following:

1. Educate law enforcement or other first responders regarding appropriate practices and precautions when dealing with fentanyl or other drugs.
2. Provision of wellness and support services for first responders and others who experience secondary trauma associated with opioid-related emergency events.

**J. LEADERSHIP, PLANNING AND COORDINATION**

Support efforts to provide leadership, planning, coordination, facilitations, training and technical assistance to abate the opioid epidemic through activities, programs, or strategies that may include, but are not limited to, the following:

1. Statewide, regional, local or community regional planning to identify root causes of addiction and overdose, goals for reducing harms related to the opioid epidemic, and areas and populations with the greatest needs for treatment intervention services, and to support training and technical assistance and other strategies to abate the opioid epidemic described in this opioid abatement strategy list.
2. A dashboard to (a) share reports, recommendations, or plans to spend opioid settlement funds; (b) to show how opioid settlement funds have been spent; (c) to report program or strategy outcomes; or (d) to track, share or visualize key opioid- or health-related indicators and supports as identified through collaborative statewide, regional, local or community processes.
3. Invest in infrastructure or staffing at government or not-for-profit agencies to support collaborative, cross-system coordination with the purpose of preventing overprescribing, opioid misuse, or opioid overdoses, treating those with OUD and any co-occurring SUD/MH conditions, supporting them in treatment or recovery, connecting them to care, or implementing other strategies to abate the opioid epidemic described in this opioid abatement strategy list.
4. Provide resources to staff government oversight and management of opioid abatement programs.

**K. TRAINING**

In addition to the training referred to throughout this document, support training to abate the opioid epidemic through activities, programs, or strategies that may include, but are not limited to, the following:



1. Provide funding for staff training or networking programs and services to improve the capability of government, community, and not-for-profit entities to abate the opioid crisis.
2. Support infrastructure and staffing for collaborative cross-system coordination to prevent opioid misuse, prevent overdoses, and treat those with OUD and any co-occurring SUD/MH conditions, or implement other strategies to abate the opioid epidemic described in this opioid abatement strategy list (e.g., health care, primary care, pharmacies, PDMPs, etc.).

**L. RESEARCH**

Support opioid abatement research that may include, but is not limited to, the following:

1. Monitoring, surveillance, data collection and evaluation of programs and strategies described in this opioid abatement strategy list.
2. Research non-opioid treatment of chronic pain.
3. Research on improved service delivery for modalities such as SBIRT that demonstrate promising but mixed results in populations vulnerable to opioid use disorders.
4. Research on novel harm reduction and prevention efforts such as the provision of fentanyl test strips.
5. Research on innovative supply-side enforcement efforts such as improved detection of mail-based delivery of synthetic opioids.
6. Expanded research on swift/certain/fair models to reduce and deter opioid misuse within criminal justice populations that build upon promising approaches used to address other substances (e.g. Hawaii HOPE and Dakota 24/7).
7. Epidemiological surveillance of OUD-related behaviors in critical populations including individuals entering the criminal justice system, including but not limited to approaches modeled on the Arrestee Drug Abuse Monitoring (ADAM) system.
8. Qualitative and quantitative research regarding public health risks and harm reduction opportunities within illicit drug markets, including surveys of market participants who sell or distribute illicit opioids.
9. Geospatial analysis of access barriers to MAT and their association with treatment engagement and treatment outcomes.

**Schedule C**  
**State Allocation Percentages**

<b>State</b>	<b>Final Percentage Division of Funds</b>
Alabama	1.5958653635%
Alaska	0.2283101787%
American Samoa*	0.0171221696%
Arizona	2.3755949882%
Arkansas	0.9322152924%
California	9.8347649255%
Colorado	1.6616291219%
Connecticut	1.3010642872%
Delaware	0.4490315873%
District of Columbia	0.1799774824%
Florida	7.0259134409%
Georgia	2.7882080114%
Guam*	0.0480366565%
Hawaii	0.3246488040%
Idaho	0.4919080117%
Illinois	3.3263363702%
Indiana	2.2168933059%
Iowa	0.7419256132%
Kansas	0.7840793410%
Kentucky	2.0059653429%
Louisiana	1.4650905059%
Maine	0.5354480863%
Maryland	2.1106090494%
Massachusetts	2.3035761083%
Michigan	3.4020234989%
Minnesota	1.2972597706%
Mississippi	0.8624327860%
Missouri	2.0056475170%
Montana	0.3125481816%
N. Mariana Islands*	0.0167059202%
Nebraska	0.4171546352%
Nevada	1.2090024165%
New Hampshire	0.5854539780%
New Jersey	2.7551354545%
New Mexico	0.8057440820%
New York	5.3903813405%
North Carolina	3.2502525994%
North Dakota	0.1700251989%
Ohio	4.3567051408%
Oklahoma	1.5400628332%
Oregon	1.3741405009%

Pennsylvania	4.5882419559%
Puerto Rico**	0.7101195950%
Rhode Island	0.4527927277%
South Carolina	1.5393083548%
South Dakota	0.1982071487%
Tennessee	2.6881474977%
Texas	6.2932157196%
Utah	1.1535777967%
Vermont	0.2597674231%
Virgin Islands*	0.0315673573%
Virginia	2.2801150757%
Washington	2.3189040182%
West Virginia	1.0660758910%
Wisconsin	1.7582560561%
Wyoming	0.1668134842%

\* Allocations for American Samoa, Guam, N. Mariana Islands, and Virgin Islands are 100% based on population because of lack of available information for the other metrics.

\*\* Allocations for Puerto Rico are 25% based on MMEs and 75% based on population because of lack of available information for the other metrics.

The allocations set forth above are based on a formula developed through extensive negotiations among the Attorneys General of various states. The allocation formula consists of the following metrics, each of which are described in more detail below, weighted as indicated, and subject to reallocation as described herein: (a) 85% sub-allocated among (i) 25% amount of prescription opioid sales as measured by morphine milligram equivalents (“MME”), (ii) 22% number of persons suffering from pain reliever use disorder, (iii) 22% number of overdose deaths, (iv) 31% population and (b) 15% based on the Opioid MDL Plaintiffs’ proposed “negotiation class” metrics. Each metric is described in greater detail below.

All states agreed to place 1% of their allocation into an “Intensity Fund,” which is redistributed to the following small, hard-hit States: Connecticut, Delaware, Kentucky, Maine, Nevada, New Hampshire, Oklahoma, Rhode Island, Utah, Vermont, and West Virginia. The resulting percentage allocation for each State is set forth in in Schedule C above.

The metrics noted above are calculated as follows:

A. Amount of Prescription Opioids Sold as Measured by MME

The MME metric reflects the intensity of prescription opioid sales by state over a nine-year period from 2006 to 2014. This measure accounts for the flow of prescription opioids from manufacturers to distributors to pharmacies. The MME metric uses sales data for 12 categories of prescription opioids and was collected in a standardized manner by the Drug Enforcement Administration (DEA) in its Automation of Reports and Consolidated Orders System (ARCOS) database. As part of the National Prescription Opiate Litigation Multi-District Litigation, Case No. 1:17-MD-2804 (N.D. Ohio) (Opioid MDL), the DEA agreed to produce the nine years of data from 2006-2014, which encompassed the peak years of opioid sales in most states. The ARCOS

data is standardized by converting data from varying products and prescription strengths into uniform MME totals to accurately reflect higher doses and stronger drugs in the data.

#### B. Pain Reliever Use Disorder

This metric consists of the number of people in each state with pain reliever use disorder, as identified by the annual National Survey on Drug Use and Health conducted by the federal Substance Abuse and Mental Health Services Administration (SAMHSA). The SAMHSA survey is widely used by federal and other agencies. This metric included all three prior years in which pain reliever use disorder was broken down by state, 2015-2017, and included both people receiving treatment and those who are not.

#### C. Overdose Deaths

The overdose death metric includes two measures: (1) overdose deaths caused by opioids and (2) overdose deaths caused by all drugs. The overdose death figures used for the metric are from the years 2007-2017, with data drawn from a database compiled by the Centers for Disease Control and Prevention (“CDC”). The CDC database does not adjust for local reporting problems that differ from state to state and over time. To mitigate this data collection issue, figures for all drug overdose deaths, which captures some unidentified opioid overdoses as well as overdoses unrelated to opioids.

#### D. Population

Population is measured by the 2018 U.S. Census estimate.

#### E. Negotiation Class Metrics

The Opioid MDL Plaintiffs’ proposed “negotiation class” metrics weighting factor consists of the Negotiating Class Allocation Model (defined below) applied at the state level.

##### ii. Intrastate Allocation of NOAT II Abatement Funds

Each State and its Local Governments will have until (60) sixty days after the Effective Date of the Plan (the “**SAA Filing Deadline**”) to file with the Bankruptcy Court or authorize the NOAT II Trustees to file with the Bankruptcy Court on their behalf, an agreed-upon allocation or method for allocating the NOAT II Funds for that State dedicated only to Approved Uses (each a “**Statewide Abatement Agreement**” or “**SAA**”). The NOAT II Trustees will file any SAAs submitted to the NOAT II Trustees within (5) five business days of receipt. Any dispute regarding allocation within a State will be resolved as provided by the Statewide Abatement Agreement; *provided* that no Statewide Abatement Agreement may remove or otherwise limit the reporting requirements set forth in any of the NOAT II Documents, including without limitation in the NOAT II Agreement.

A Statewide Abatement Agreement shall be agreed when it has been approved by the State and either (a) representatives of its Local Governments whose aggregate Population

Percentages, determined as set forth below, total more than sixty percent (60%), or (b) representatives of its Local Governments whose aggregate Population Percentages total more than fifty percent (50%) provided that these Local Governments also represent 15% or more of the State's counties or parishes (or, in the case of States whose counties and parishes that do not function as Local Governments, 15% of or more of the State's incorporated cities or towns), by number.

Population Percentages shall be determined as follows: For States with counties or parishes that function as Local Governments,<sup>1</sup> the Population Percentage of each county or parish shall be deemed to be equal to (a) (1) 200% of the population of such county or parish, minus (2) the aggregate population of all Primary Incorporated Municipalities located in such county or parish, divided by (b) 200% of the State's population. A "**Primary Incorporated Municipality**" means a city, town, village or other municipality incorporated under applicable state law with a population of at least 25,000 that is not located within another incorporated municipality. The Population Percentage of each primary incorporated municipality shall be equal to its population (including the population of any incorporated or unincorporated municipality located therein) divided by 200% of the State's population; *provided* that the Population Percentage of a primary incorporated municipality that is not located within a county shall be equal to 200% of its population (including the population of any incorporated or unincorporated municipality located therein) divided by 200% of the State's population. For all States that do not have counties or parishes that function as Local Governments, the Population Percentage of each incorporated municipality (including any incorporated or unincorporated municipality located therein), shall be equal to its population divided by the State's population.

The Statewide Abatement Agreement will become effective fourteen (14) days after filing, unless otherwise ordered by the Bankruptcy Court.

A State and its Local Governments may revise, supplement, or refine a Statewide Abatement Agreement by filing, or authorizing the NOAT II Trustees to file on their behalf, an amended Statewide Abatement Agreement that has been approved by the State and sufficient Local Governments to satisfy the approval standards set forth above with the Bankruptcy Court, which shall become effective fourteen (14) days after filing, unless otherwise ordered by the Bankruptcy Court

Under the Plan, NOAT II Funds allocated to each Non-SAA State are allocated between a "**Regional Apportionment**" and a "**Non-Regional Apportionment.**" The Proportionate Share of the Regional Apportionment for each Region in a Non-SAA State is determined by reference to the aggregate shares of counties (as used herein, the term county includes parishes), and cities or towns in the cases of a Non-SAA States in which counties do not function as Local

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<sup>1</sup> Certain states do not have counties or parishes that function as Local Governments, including: Alaska, Connecticut, Massachusetts, Rhode Island, and Vermont. All other States have counties or parishes that function as Local Governments.

Governments, in the Region either (i) under the allocation model available at [Dkt. No. [ ]] that was developed as part of the establishment of a negotiation class procedure developed in *In re: National Prescription Opiates Litigation*, MDL No. 2804 (N.D. Ohio) (the “**Negotiating Class Allocation Model**”), or (ii) the model developed by Christopher J. Ruhm, Professor of Public Policy and Economics at the University of Virginia (the “**Ruhm Allocation Model**”), available at [Dkt. No. [ ]], (collectively with the Negotiating Class Allocation Model, the “**Allocation Models.**”).

a. The Negotiating Class Allocation Model

The Negotiating Class Allocation Model employs a three-factor analysis to allocate potential opioids settlement proceeds among counties. The three factors are:

- A. Opioid Use Disorder (“**OUD**”). Under this factor, each county is assigned a percentage derived by dividing the number of people in the county with OUD by the total number of people nationwide with OUD. The Model uses data reported in the National Survey on Drug Use and Health (“**NSDUH**”) for 2017. The data is accessible at <https://bit.ly/2HqF554>.
- B. Overdose Deaths. This factor assigns to each county a percentage of the nation’s opioid overdose deaths. The percentage is based on Multiple Causes of Death (“**MCOD**”) data reported by the National Center for Health Statistics (“**NCHS**”), the Centers for Disease Control (“**CDC**”) and the Department of Health and Human Services (“**DHHS**”). The data so reported is adjusted using a standard, accepted method (the “**Ruhm Adjustment**”) designed to address the well-established under-reporting of deaths by opioids overdose.
- C. Amount of Opioids. This factor assigns to each county a percentage of the national opioids shipments during 2006-2016 (expressed as morphine molecule equivalents, or MMEs) that produced a negative outcome. This percentage is based on data reported by the U.S. Drug Enforcement Agency (“**DEA**”) in its ARCOS (Automation of Reports and Consolidated Orders System) database. Each county’s share of national shipments is multiplied by the higher of two ratios: (1) the ratio of the percentage of people in the county with OUD to the percentage of people nationwide with OUD; or (2) the ratio of the percentage of people in the county who died of an opioids overdose between 2006-2016 to the national percentages of opioids overdose deaths during that time.

The Negotiating Class Allocation Model gives equal weight to each of these factors. Thus, a hypothetical county with an OUD percentage of .3%, and overdose deaths percentage of .2% and an amounts of opioids percentage of .16% would receive an overall allocation of .22%.

Where a county and its cities and towns are unable to reach agreement regarding the sharing of the county's overall allocation, the Negotiating Class Allocation Model provides for such sharing based on how the county and its cities and towns have historically split funding for opioids abatement. This historical analysis employs data reported by the U.S. Census Bureau on local government spending by certain functions. The Negotiating Class Allocation Model assigns to each incorporated city and town a portion of the county's overall allocation based on this historical data.

b. The Ruhm Allocation Model

The Ruhm Allocation Model employs a three-factor analysis to allocate potential opioids settlement proceeds among counties. The three factors are:

- A. Number of Persons with Opioid Use Disorder (“**OUD**”). **NSDUH** data from 2007-2016 is used to estimate the number of persons in the state with OUD. The county share of OUD cases was assumed to be the same as its share of opioid-involved overdose deaths, calculated as described in (B) below.
- B. Opioid-Related Overdose Deaths. This factor assigns to each county a percentage of the nation's opioid overdose deaths. The percentage is based on **MCOD** data reported by the **NCHS, CDC** and **DHHS**. The data so reported is adjusted using the **Ruhm Adjustment** designed to address the well-established under-reporting of deaths by opioids overdose.
- C. Opioid Shipments. This factor assigns to each county a percentage of the national opioids shipments during 2006-2016 (expressed as morphine molecule equivalents, or **MMEs**) that produced a negative outcome. This percentage is based on data reported by the **DEA** in its **ARCOS**. No additional adjustments are used.

Under the Plan, the Allocation Models' shares of each county in a Region are aggregated. Those aggregate Allocation Model shares are then divided by the total Allocation Model shares for all Regions in the State to determine the subject Region's Proportionate Share. For Non-SAA States in which counties do not function as Local Governments, the Allocation Model shares for each city and town in a Region are aggregated, and the aggregate is divided by the total Allocation Model shares for all cities and towns in the State to determine the Region's Proportionate Share.