

MEMORANDUM

To: All Counties and Litigating Subdivisions Recipients

From: Pennsylvania Opioid Misuse and Addiction Abatement Trust

Date: August 30, 2023

Re: September 1, 2023 Notice of Estimated Distributions for 2023

The Pennsylvania Opioid Misuse and Addiction Abatement Trust (“Trust”) is pleased to report that the Pennsylvania Office of Attorney General (“OAG”) has calculated estimated distributions to Counties, Litigating Subdivisions and the Commonwealth for 2023. Capitalized terms used herein are as they are defined in the Commonwealth Court Order, entered July 12, 2022, creating the Trust (“Order”). A copy of the Order appears on the Trust’s website at: <https://paopioidtrust.org/>. This notice is given in compliance with ¶ V.D.2. of the Order.

ESTIMATED DISTRIBUTIONS FOR 2023

Attached to this Memorandum is an Excel file with spreadsheets that provide estimated distributions for 2023 from the Distributors and J&J settlements to each County and Litigating Subdivision recipient, as well as the Commonwealth’s distribution. **These are estimated distributions and will change** due to payment of administrative costs and litigation costs, both of which will come off the top, as well as the possibility of receipt of settlement funds from additional sources before disbursement occurs later this year and potential changes in the Mallinckrodt bankruptcy. This spreadsheet, however, provides a reasonable estimate of what each recipient will receive.

There are 11 tabs on the spreadsheet, as follows:

Payment 3 Breakdown – This tab includes each recipient’s Unique ID and reflects distributions to be received from both the County Abatement Account (Order ¶ II.1.b.), Litigating Subdivision Account (Order ¶ II.1.c), and Commonwealth Account (Order ¶ II.1.a.). Costs and attorneys’ fees, as required by the Order, are also reflected.

- Under “Payee (Counties),” this tab includes estimated distributions to Counties from the County Abatement Account (Column C) and Mallinckrodt bankruptcy (Column D). It also reflects estimated distributions to Counties from the Litigating Subdivision Account funds paid by the Distributors (Column E) and J&J (Column F). Estimated Bellwether distributions are reflected from funds paid by the Distributors (Column G) and J&J (Column H). Estimated distributions to Counties as Litigating Subdivisions from the Mallinckrodt bankruptcy are reflected (Column I), as are Bellwether distributions to Counties as Litigating Subdivisions (Column

J). Total estimated distributions to Counties from all sources are shown (Column L).

- Under “Payee (DAs),” estimated distributions to DAs as Litigating Subdivisions from the Litigating Subdivision Account are reflected from the Litigating Subdivision Account funds paid by the Distributors (Column C) and J&J (Column D). Estimated Bellwether distributions are reflected from funds paid by the Distributors (Column E) and J&J (Column F). Estimated distributions to DAs as Litigating Subdivisions from the Mallinckrodt bankruptcy are reflected (Column G), as are Bellwether distributions to DAs as Litigating Subdivisions (Column H). Total estimated distributions to DAs from all sources are shown (Column I).
- Under “Payee (Subdivisions),” estimated distributions to Litigating Subdivisions from the Litigating Subdivision Account are reflected from funds paid by the Distributors (Column C) and J&J (Column D). Estimated distributions to Litigating Subdivisions from the Mallinckrodt bankruptcy are reflected (Column E). Total estimated distributions to Litigating Subdivisions from all sources (Column I).
- Under “Payee (COPA),” estimated distributions from all sources to the Commonwealth of Pennsylvania from the Commonwealth Account are reflected.
- Costs and attorneys’ fees, as required by the Order at ¶ IX, are shown under “Cost/Fees.”

Payment 3 Correction - In calculating estimated disbursements for 2023, a clerical error was discovered in the calculations of actual disbursements made in 2022. As a result of the error, \$1,172,454.66 was credited to J&J as a source of settlement funds for the Litigating Subdivision Account that should have been credited to Distributors. This inadvertent error resulted in amounts distributed to 8 Litigating Subdivisions slightly in excess of what they should have received; each overage was *de minimis* in relation to the overall amount received by that recipient in 2022. The error also resulted in amounts distributed to other Litigating Subdivisions slightly below what they should have received; each underage was also *de minimis* in relation to the overall amount received by that recipient in 2022. Either way, this tab reflects the adjustment in 2023 to any recipient affected by the error so that, after 2023 distributions are made, each recipient will have received 100% of the distributions to which it was entitled for 2022 and 2023 combined.

Dist and JJ Totals - This tab provides a topline summary of all funds flowing and anticipated to flow into the Commonwealth of Pennsylvania over the life of the settlements. Columns include sources of settlement funds as well as categories of recipients by source.

Fee Calculations – This tab includes additional backup for the attorneys’ fees calculations reflected on the Payment 3 Breakdown tab described above.

Dist and JJ County Payments - This tab provides each County’s distribution based on the formula to distribute the 70% in the County Abatement Account, with the true-up provisions for

the smallest counties already incorporated.¹ Counties highlighted in red do not yet have all of their municipalities greater than 10,000 people in the settlement and will be assessed a penalty.

Dist and JJ County Reductions - This tab only pertains to those Counties highlighted in red on the previous Dist and JJ County Payments tab and is assessing the reductions to those counties that do not have all of their municipalities greater than 10,000 signed on. If one of these Counties gets full participation, then the reduction will be removed for any subsequent distributions.

Distributors Litigating Subs - This tab outlines how 15% of the settlement funds from Distributors will be allocated among the Litigating Subdivisions, including Counties in that capacity, that brought claims against the Distributors.

J&J Litigating Subs - This tab outlines how 15% of the settlement funds from J&J will be allocated among the Litigating Subdivisions, including Counties in the capacity, that brought claims against J&J.

MNK, MNK County and MNK Litigating Subs – These 3 tabs provide additional detail regarding anticipated funds to be received from the Mallinckrodt bankruptcy, timing and estimated distributions from those receipts. As indicated, this information is subject to change.

CERTIFICATIONS DUE BY NOVEMBER 15, 2023

Also attached hereto is a blank certification form to use for funds to be distributed from the County Abatement Account and the Litigating Subdivision Account. **The completed certification form must be submitted no later than November 15, 2023** to administrator@paopioidtrust.org. **Please note**, payments will be distributed according to the payment information provided by a payee in 2022 unless a different method of payment is requested.

The Trust has worked and continues to work diligently to distribute all available settlement funds in accordance with deadlines set forth in the Order. In this regard, the Trust appreciates the cooperation and support of the Counties, Litigating Subdivisions and Commonwealth of Pennsylvania. Special thanks go to the Office of Attorney General, which has played and continues to play an important role in making this possible.

**Enclosures: Trust_Payment_3_Notice.xlsx
Certification Form**

¹ If a County did not bring litigation, its total payment is the amount listed in the Dist and JJ County Payments tab. For Counties that brought suit, their total funds will be the sum of their payments in the Dist and JJ County Payments tab as well as any payments listed on the Distributor Litigating Subs and J&J Litigating Subs tabs, less any reductions on the Dist and JJ County Reductions tab.