

RESOLUTION NO. 23-071

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, AUTHORIZING THE CITY MANAGER TO CARRY OUT ALL NECESSARY ACTS FOR CITY OF CARSON TO ENTER INTO THE MASTER SETTLEMENT AGREEMENTS WITH CVS, ALLERGAN, TEVA, WALMART, AND WALGREENS (INCLUDING THE RELATED PARTICIPATION AGREEMENTS) AND RELATED STATE-SUBDIVISION ALLOCATION AGREEMENTS

WHEREAS, the United States is facing an ongoing public health crisis of opioid abuse, addiction, overdose, and death, forcing the State of California and California counties and cities to spend billions of dollars each year to address the direct consequences of this crisis; and

WHEREAS, pending in the U.S. District Court for the Northern District of Ohio is a multidistrict litigation (“MDL”) being pursued by numerous public entity plaintiffs against the manufacturers and distributors of various opioids based on the allegation that the defendants’ unlawful conduct caused the opioid epidemic; and

WHEREAS, on or about November 14, 2022, a proposed nationwide tentative settlement was reached between the plaintiffs in the MDL and Walmart Inc. (“Walmart”); and

WHEREAS, on or about November 22, 2022, a proposed nationwide tentative settlement was reached between the plaintiffs in the MDL and Teva Pharmaceutical Industries Ltd. and all of its respective past and present direct or indirect parents, subsidiaries, divisions, affiliates, joint ventures, predecessors, successors, assigns, including but not limited to Teva Pharmaceuticals USA, Inc., Actavis LLC (f/k/a Actavis Inc.), Actavis Elizabeth LLC, Actavis Kadian LLC, Actavis Pharma, Inc. (f/k/a Watson Pharma, Inc.), Actavis Kadian LLC, Actavis Laboratories UT, Inc. (f/k/a Watson Laboratories, Inc. – Utah), Actavis Mid Atlantic LLC, Actavis Totowa LLC, Actavis Laboratories FL, Inc. (f/k/a Watson Laboratories, Inc. – Florida), Actavis South Atlantic LLC, Warner Chilcott Company LLC, and Watson Laboratories, Inc., and Anda Inc. (collectively, “Teva”); and

WHEREAS, on or about November 22, 2022, a proposed nationwide tentative settlement was reached between the plaintiffs in the MDL and Allergan Finance, LLC (f/k/a Actavis, Inc., which in turn was f/k/a Watson Pharmaceuticals, Inc.) and Allergan Limited (f/k/a Allergan plc, which, in turn, was f/k/a Actavis plc)(collectively, “Allergan”); and

WHEREAS, on or about December 9, 2022, a proposed nationwide tentative settlement was reached between the plaintiffs in the MDL and CVS Health Corporation and CVS Pharmacy, Inc. and all of their past and present direct and indirect parent and subsidiaries (collectively, “CVS”); and

WHEREAS, on or about December 9, 2022, a proposed nationwide tentative settlement was reached between the plaintiffs in the MDL and Walgreen Co. (“Walgreens”); and

WHEREAS, CVS, Teva, Walgreens, Walmart, and Allergan shall be referred in this Resolution as “Settling Defendants”; and

WHEREAS, as part of the settlements with the Settling Defendants, local subdivisions, including certain cities, that are not plaintiffs in the MDL may participate in the settlements in

exchange for a release of the Settling Defendants (“Participating Subdivision”); and

WHEREAS, copies of the proposed terms of those proposed nationwide settlements have been set forth in the Master Settlement Agreements with the Settling Defendants; and

WHEREAS, copies of the Master Settlement Agreements have been made available to the City Council with this Resolution (“Master Settlement Agreements”); and

WHEREAS, the Master Settlement Agreements provide, among other things, for the payment of a certain sum to settling government entities in California including to the State of California and Participating Subdivisions upon occurrence of certain events as defined in the Master Settlement Agreements (“California Opioid Funds”); and

WHEREAS, in order to become a Participating Subdivision, the City must enter into “Participation Agreements” which allow participation in the Master Settlement Agreements; and

WHEREAS, California local governments in the MDL have engaged in extensive discussions with the State Attorney General’s Office (“AGO”) as to how the California Opioid Funds will be allocated, which has resulted in the Proposed California State-Subdivision Agreements Regarding Distribution and Use of Settlement Funds (“Allocation Agreements”) from the settlements with the Settling Defendants; and

WHEREAS, copies of the Allocation Agreements for all of the settlements with the Settling Defendants have been made available to the City Council with this Resolution; and

WHEREAS, the Allocation Agreements allocate the California Opioid Funds as follows: 15% to the State Fund; 70% to the Abatement Accounts Fund; and 15% to the Subdivision Fund. For the avoidance of doubt, all funds allocated to California from the Master Settlement Agreements shall be combined pursuant to the Allocation Agreements, and 15% of total from each settlement shall be allocated to the State of California (the “State of California Allocation”), 70% to the California Abatement Accounts Fund (“CA Abatement Accounts Fund”), and 15% to the California Subdivision Fund (“CA Subdivision Fund”); and

WHEREAS, under the Master Settlement Agreements, certain local subdivisions that did not file a lawsuit against the Settlement Defendants may qualify to participate in the settlements and obtain funds from the Abatement Account Fund; and

WHEREAS, the City is eligible to participate in the Master Settlement Agreements and become a CA Participating Subdivision; and

WHEREAS, the funds in the CA Abatement Accounts Fund (the 70% allocation) will be allocated based on the allocation model developed in connection with the proposed negotiating class in the National Prescription Opiate Litigation (MDL No. 2804), as adjusted to reflect only those cities and counties that are eligible, based on population or litigation status, to become a CA Participating Subdivision (those above 10,000 in population). The percentage from the CA Abatement Accounts Fund allocated to each CA Participating Subdivision is set forth in Appendix 1 to the Allocation Agreements and provided to the City Council with this Resolution. The City’s share of the CA Abatement Accounts Fund will be a product of the total in the CA Abatement Accounts Fund multiplied by the City’s percentage set forth in Appendix 1 of the Allocation Agreements (the “Local Allocation”); and

WHEREAS, a CA Participating Subdivision that is a city will be allocated its Local Allocation share as of the date on which it becomes a Participating Subdivision. The Local Allocation share for a city that is a CA Participating Subdivision will be paid to the county in which the city is located, unless the city elects to take a direct election of the settlement funds, so long as: (a) the county is a CA Participating Subdivision, and (b) the city has not advised the Settlement Fund Administrator that it requests direct payment at least 60 days prior to a Payment Date; and

WHEREAS, the intent of this Resolution is to authorize the City to enter into the Master Settlement Agreements with the Settling Defendants by executing the Participation Agreements and to enter into the Allocation Agreements by executing the signature pages to those agreements.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. Approval and Authorization. The City Manager is hereby approved and authorized to settle and release the City's claims against the Settling Defendants in exchange for the consideration set forth in the Master Settlement Agreements, Participation Agreements, Allocation Agreements, and all exhibits thereto.

Section 3. Further Acts. The City Manager is hereby authorized to carry out all necessary acts such that the City can participate in the Master Settlement Agreements, including, without limitation, execution (as necessary) of the Participation Agreements, Master Settlement Agreements, Allocation Agreements; and all related documents and the transmittal of thereof as necessary and appropriate.

Section 4. Ratification. All actions heretofore taken by the City Council and other appropriate public officers and agents of the City with respect to the matters contemplated under this Resolution are hereby ratified, confirmed and approved.

Section 5. Severability. The City Council declares that, should any provision, section, paragraph, sentence or word of this Resolution be rendered or declared invalid by any final court action in a court of competent jurisdiction or by reason of any preemptive legislation, the remaining provisions, sections, paragraphs, sentences or words of this Resolution as hereby adopted shall remain in full force and effect.

Section 6. Certification. The City Clerk shall certify to the adoption of this Resolution and enter it into the book of original Resolutions.

Section 7. Effective Date. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED, and ADOPTED this 4th day of April, 2023.

Lula Davis-Holmes, Mayor

ATTEST:

Dr. Khaleah R. Bradshaw, City Clerk

APPROVED AS TO FORM:

Sunny K. Soltani, City Attorney