



DATE: September 23, 2025

TO: Mayor and City Council

FROM: City Attorney

SUBJECT: Adopt a Resolution Approving Participation in the Purdue Pharma L.P./Sackler National Opioid Settlement and the Secondary Manufacturers National Opioid Settlements, Accepting the Terms of the California Allocation Agreements, and Authorizing the City Manager to Execute and Submit all Necessary Settlement Participation Documents on Behalf of the City of Hayward

RECOMMENDATION

That the Council adopts a resolution (Attachment II) approving participation in the Purdue Pharma L.P./Sackler National Opioid Settlement and the Secondary Manufacturers National Opioid Settlements, accepting the terms of the California Allocation Agreements for each party, and authorizing the City Manager to execute and submit all necessary settlement participation documents on behalf of the City of Hayward.

SUMMARY

In June 2025, California Attorney General Rob Bonta announced California's agreement to participate in a \$7.4 billion settlement with Purdue Pharma L.P. and its owners, the Sackler family ("Purdue Settlement") arising out of coordinated national lawsuits filed by various state attorneys general and various local subdivisions for Purdue's role in the opioid epidemic. California will receive as much as \$440 million from this settlement over the next 15 years. Settlement participation documents must be submitted to the settlement administrator by September 30, 2025.

In July 2025, Attorney General Bonta announced an approximately \$720 million nationwide settlement arising out of multi-state litigation by states and local subdivisions against eight drug makers (Alvogen, Amneal, Apotex, Hikma, Indivior, Mylan, Sun, and Zydus) that manufactured opioid pills, which contributed to the nationwide opioid crisis. California could receive up to \$70 million in total over 10 years. Settlement participation documents must be submitted to the settlement administrator by October 8, 2025.

If Hayward participates in the settlements described above, it would be entitled to receive a portion of California's settlement proceeds.

BACKGROUND

On December 14, 2021, the City Council previously approved participation in settlements involving the three largest pharmaceutical opioid distributors: McKesson, Cardinal Health and AmerisourceBergen (“Distributors”), and opioid manufacturer Janssen Pharmaceuticals, Inc. and its parent company Johnson & Johnson (collectively, “J&J”). On March 28, 2023 the City Council approved participation in the nationwide settlement involving Teva, Allergan, CVS, Walmart and Walgreens. All of the settlements will provide substantial funds to states and subdivisions for abatement of the Opioids epidemic across the country and will impose transformative changes in the way the settling defendants conduct their business.¹

DISCUSSION

The Purdue Settlement and the Secondary Manufacturers Settlements would resolve the claims of states and local governments across the country that have filed lawsuits in federal and state courts against the respective entities. Settlement approval is contingent on a critical mass of states and local governments participating in the respective settlements. States and their local governments will receive maximum payments if each state and its local governments join together in support of the agreements.

As part of the proposed Purdue Settlement, California stands to receive a maximum of \$440 million over 15 years if all California local governments sign on. As part of the Secondary Manufacturers Settlement, California could receive up to \$70 million over 10 years if all California local governments sign on.

Consistent with prior opioid settlements, the State of California, and counsel representing a group of cities and counties, will enter into an agreement (“Allocation Agreement”) on a proposed allocation of recoveries that California may receive pursuant to the settlement. Acceptance of the Allocation Agreement is a condition of a city or county joining the settlement.

The Allocation Agreement divides California’s settlement proceeds among three funds:

- State Fund – 15% of settlement goes to State.
- Subdivision Fund – 15% to litigating subdivisions.
- Abatement Fund – 70% to eligible subdivisions (including Hayward) identified in the respective settlement agreements. Also includes litigating subdivisions.

Pursuant to the Allocation Agreements, Hayward is entitled to receive .117% of California’s Abatement Fund for the respective settlements.

The settlement funds must be used on opioid remediation programs that are specifically described in the settlement agreements. Hayward may elect to receive direct payments in

¹ Refer to national settlement website at [National Opioid Settlement](#)

any given payment year of the settlement. If Hayward chooses not to receive a direct payment in any given payment year, the funds will go to the County which is not required to spend the funds in Hayward. Payments into state settlement funds are scheduled to be received once annually. The exact date of the annual payments for each respective settlement has not yet been finalized.

In order to participate in the settlements, the City must submit a participation form which includes a release of claims against Purdue Pharma and the Sackler family for the Purdue Settlement and a release of claims against Alvogen, Amneal, Apotex, Hikma, Indivior, Mylan, Sun, and Zydus, respectively, for the Secondary Manufacturers Settlement. Additionally, the City must accept the terms of the Allocation Agreements with the State of California for the respective settlements. If authorized by the Council, the City Manager will submit the necessary forms by their respective participation deadlines.

FISCAL IMPACT

If the City chooses to receive funds directly from the settlements, the funds will be used to fund care, treatment, or other programs and expenditures designed to (1) address the misuse and abuse of opioid products, (2) treat or mitigate opioid use or related disorders, or (3) mitigate other alleged effects of, including on those injured as a result of, the opioid epidemic, including reasonably related administrative expenses. The City can use these funds to offset or supplement future expenses of existing programs, to expand or enhance existing programs, or to fund new programs. The funds cannot be used to reimburse past program expenses.

STRATEGIC ROADMAP

This item does not relate to any of the specific projects outlined in the Council's Strategic Roadmap.

NEXT STEPS

Adoption of the resolution will allow the City Manager to submit the required forms for participation in the settlements. The participation forms must be submitted to the national settlement administrator by September 30, 2025 (Purdue Settlement) and October 8, 2025 (Secondary Manufacturers Settlement), respectively.

Prepared and Recommended by: Michael Lawson, City Attorney
Michael Vigilia, Senior Assistant City Attorney

Approved by:



Jayanti Addleman, Interim City Manager