



DATE: April 7, 2026

TO: Mayor and City Council

FROM: City Attorney

SUBJECT: Adopt a Resolution Approving Participation in the National Opioid Remnant Defendants Settlement 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 Remnant Defendants Settlement with six regional distributors/dispenser defendants: Associated Pharmacies, Inc (and American Associated Pharmacies); J M Smith Corporation; Louisiana Wholesale Drug Company, Inc.; Morris and Dickson Co.; North Carolina Mutual Wholesale Drug Company, Inc.; and United Natural Foods, Inc. (including its subsidiaries SuperValu and Advantage Logistics) (the Six Remnant Defendants), and authorizing the City Manager to execute and submit all necessary settlement participation documents on behalf of the City of Hayward.

SUMMARY

In March 2026, the settlement administrator for the national opioid litigation advised the City of Hayward that it is eligible to participate in a new national opioid settlement that has been reached with six regional distributors/dispenser defendants (Remnant Defendants Settlement): Associated Pharmacies, Inc (and American Associated Pharmacies); J M Smith Corporation; Louisiana Wholesale Drug Company, Inc.; Morris and Dickson Co.; North Carolina Mutual Wholesale Drug Company, Inc.; and United Natural Foods, Inc. (including its subsidiaries SuperValu and Advantage Logistics) (Six Remnant Defendants). There is one settlement agreement covering the combined settlement with the Six Remnant Defendants.

If effectuated, the proposed Remnant Defendants Settlement will result in the Six Remnant Defendants paying a combined \$97,625,000 nationally in cash for purposes of abating the opioid epidemic. An Eligible Entity's participation in the Settlement will result in a one-time settlement payment to each Eligible Entity. The Settlement funds must be used for approved uses identified in the Settlement Agreement.

The Remnant Defendants Settlement does not include State Attorneys General or any amount allocated to a State. Rather, this Settlement will be distributed only and directly to any Eligible Entity that participates by signing and returning the settlement participation documents to the settlement administrator by May 4, 2026. If Hayward participates in the settlements described above, it would be entitled to receive a portion of the settlement proceeds as set forth in the Settlement Agreement.

FISCAL IMPACT

If the City chooses to participate in the settlement, 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. Pursuant to the terms of the Settlement Agreement, Hayward has been allocated 0.0128788857% of the \$97,625,000 settlement proceeds (approximately \$12,500).

BACKGROUND AND DISCUSSION

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. On September 23, 2025, the City Council approved participation in the Purdue Pharma L.P./Sackler National Opioid Settlement and the Secondary Manufacturers National Opioid Settlements. 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

The Remnant Defendants Settlement would resolve the claims of local governments across the country that have filed lawsuits in federal and state courts against the respective entities. The Settlement requires that each Eligible Entity take affirmative steps to “opt in” to the Settlement. The participation rate will be used to determine whether participation for each Remnant Defendant is sufficient to move forward.

The date of the one-time settlement payment has not been finalized. Settlement funds must be spent on identified uses described in the Settlement Agreement. If authorized by the City Council, the City Manager will submit the necessary forms by the May 4, 2026 participation deadline.

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

STRATEGIC ROADMAP

This item is a routine operational item and 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 settlement. The participation forms must be submitted to the national settlement administrator by May 4, 2026.

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

Approved by:

A handwritten signature in blue ink, appearing to read "Jennifer Ott".

Jennifer Ott, City Manager