



MEMORANDUM

TO: Mayor Greenlaw & members of Fredericksburg City Council
FROM: Kathleen Dooley, City Attorney
SUBJECT: Opioid litigation – proposed settlement – Teva, Allergan, Walmart, Walgreens, and CVS
DATE: February 15, 2023 (for the February 28, 2023 Council Meeting)

ISSUE

Shall the City Council approve a proposed settlement of the opioid litigation against five defendants – Teva, Allergan, Walmart, Walgreens, and CVS?

RECOMMENDATION

The City’s litigation counsel recommends approval of the attached resolution, and I concur in this recommendation. An executive summary of the settlements, prepared by the litigation counsel, follows.

DISCUSSION

As you are aware, the City previously filed a lawsuit against Teva, Allergan, Walmart, Walgreens, CVS, and their related corporate entities (collectively, the “Defendants”) for their roles in the distribution, manufacture, and sale of opioid products that have fueled an epidemic. After years of litigation, these Defendants have now agreed to terms of global settlements that combined provide over \$18.7 billion to state and local governments nationwide for abatement of the harms caused by the opioid epidemic. Additionally, the settlements will offer injunctive relief that will compel the settling defendants to change their business practices in meaningful ways. Assuming that relevant participation thresholds are reached, Virginia’s share of the settlement proceeds is expected to be in excess of \$425 million.

Once approved, these settlements will be allocated and administered pursuant to the terms of the Virginia Opioid Abatement Fund and Settlement Allocation Memorandum of Understanding entered into by the City and the Office of the Virginia Attorney General previously in 2021. Thus, they will be treated in the same way as the earlier settlements with the Distributor Defendants and Janssen Pharmaceutical, which began distributing settlement funds last calendar year. Settlement funds will flow to the City, both directly and indirectly via the Virginia Opioid Abatement Authority, over a period of years.

This represents the second wave of settlements flowing from the litigation commenced by the City against numerous opioid supply chain defendants several years ago. The legal work connected with this litigation has been performed on a contingent fee basis and has involved no out of pocket cost to the City. Litigation will continue against several currently non-settling defendants.

The settlements with Teva, Allergan, Walmart, Walgreens and CVS are the product of years of hard-fought litigation and complicated negotiation by outside counsel. The settlements provide significant sums to state and local governments to help recover from the past harm suffered because of the opioid epidemic and to help fight the ongoing harms the epidemic continues to inflict on public entities. The settlements also provide important injunctive relief that will force the settling entities to change the way they do business.

Our office has carefully reviewed the available information about the proposed settlements and concurs with the recommendation of outside counsel to join in the settlements with these Defendants.

FISCAL IMPACT

An estimated fiscal impact is not available at this time.



**February 28, 2023
Regular Meeting
Resolution 23-**

MOTION:

SECOND:

RE: Approving the City's Participation in the Proposed Settlement of Opioid-Related Claims Against Teva, Allergan, Walmart, Walgreen's, CVS, and their Related Corporate Entities, and Directing the City Attorney and/or the City's Outside Counsel to Execute the Documents Necessary to Effectuate the City's Participation in the Settlements

ACTION: APPROVED: Ayes: 0; Nays: 0

The opioid epidemic that has cost thousands of human lives across the country also impacts the City of Fredericksburg by adversely impacting the delivery of emergency medical, law enforcement, criminal justice, mental health and substance abuse services, and other services by the City's various departments and agencies.

The City has been required and will continue to be required to allocate substantial taxpayer dollars, resources, staff energy and time to address the damage the opioid epidemic has caused and continues to cause the residents of Fredericksburg.

The City of Fredericksburg has filed suit against Teva, Allergan, Walmart, Walgreens, CVS, and certain of their related corporate entities for their role in the distribution, manufacture, and sale of the pharmaceutical opioid products that have fueled the opioid epidemic that has harmed Fredericksburg.

The City's suit seeks recovery of the public funds previously expended and to be expended in the future to abate the consequences and harms of the opioid epidemic.

Settlement proposals have been negotiated that will cause Teva, Allergan, Walmart, Walgreens, and CVS to pay billions of dollars nationwide to resolve opioid-related claims against them.

The City has approved and adopted the Virginia Opioid Abatement Fund and Settlement Allocation Memorandum of Understanding (the "Virginia MOU"), and affirms that these pending settlements with Teva, Allergan, Walmart, CVS, and Walgreens shall be considered "Settlements" that are subject to the Virginia MOU, and shall be administered and allocated in the same manner as the opioid settlements entered into previously with the Distributors and Janssen.

The City's outside opioid litigation counsel has recommended that the City participate in the settlements in order to recover its share of the funds that the settlement would provide.

The City Attorney has reviewed the available information about the proposed settlements and concurs with the recommendation of outside counsel.

Therefore, the City Council hereby resolves to approve the City's participation in the proposed settlement of opioid-related claims against Teva, Allergan, Walmart, Walgreens, CVS, and their related corporate entities, and directs the City Attorney and/or the City's outside counsel to execute the documents necessary to effectuate the City's participation in the settlements, including the required release of claims against settling entities.

Votes:

Ayes:

Nays:

Absent from Vote:

Absent from Meeting:

Clerk's Certificate

I certify that I am Clerk of Council of the City of Fredericksburg, Virginia, and that the foregoing is a true copy of Resolution No. 23-__, adopted at a meeting of the City Council held Date, 2023, at which a quorum was present and voted.

Tonya B. Lacey, MMC
Clerk of Council