



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Submitted on:
(COB Stamp)

Department Name: County Counsel
Department No.: 013
Agenda Date: April 21, 2026
Placement: Administrative Agenda
Estimated Time:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Director(s): Rachel Van Mullem, County Counsel
Contact: Rachel Van Mullem
SUBJECT: Adoption of Resolution Authorizing County Counsel to Partially Settle the litigation *County of Santa Barbara v. Purdue Pharma, et al.* (Case No. 1:17-MD-2804) with Six Remnant Defendants

County Counsel Concurrence

As to form: Yes

Other Concurrence:

As to form: N/A

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions:

- a) Adopt a Resolution that approves and authorizes County Counsel or her designee to execute the following agreement to partially settle the litigation *County of Santa Barbara and the People of the State of California v. Purdue Pharma, et al.* (Case No. 1:17-MD-2804) as to 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 (collectively, the "Remnant Defendants"):
 - i. Combined Subdivision Participation and Release Form which includes a release of all claims against the six Remnant Defendants for their conduct complained of in the litigation.
- b) Determine that the above actions are not a project under the California Environmental Quality Act (CEQA), pursuant to CEQA Guidelines Sections 15378(b)(4) and 15378(b)(5) because they consist of government administrative or fiscal activities that will not result in direct or indirect physical changes in the environment.

Summary Text:

This item is on the agenda for the Board of Supervisors to adopt a Resolution (Attachment A) authorizing partial settlement of the lawsuit filed on behalf of the County of Santa Barbara and the People of the State of California as to the Remnant Defendants. Through execution of the Combined Subdivision Participation and Release Form (Attachment B), the County would receive settlement funds via the Proposed Litigating Subdivision's Plan Allocation (Attachment C). The Remnant Defendants Settlement Agreement would authorize outside counsel to recover its attorneys' fees and costs first from the Remnant Defendants Attorneys' Fees and Costs Funds and then, if outside counsel has not fully recovered from that Fund, through the County-received funds up to 15% of the County's settlement recovery.

Background:

At the Board of Supervisors' direction, the Office of County Counsel, with the assistance of outside counsel Keller Rohrback L.L.P., initiated litigation against distributors and manufacturers of prescription opioids to recover the County's damages from opioid drug misuse caused by the deceptive marketing and sale of prescription opioids, and to obtain other remedies to mitigate the problem going forward. The lawsuit, filed on February 15, 2019 and incorporated into the opioid Multi-District Litigation in the Northern District of Ohio, alleges that defendants created a public nuisance, and violated California's Unfair Competition and the False Advertising laws by distributing large volumes of opioids in Santa Barbara County despite knowledge of the growing epidemic caused by opioid misuse, and by failing to prevent and report suspicious opioid orders as required by State and Federal law.

On December 14, 2021, the Board of Supervisors adopted a Resolution to partially settle the lawsuit with opioid manufacturers and distributors Amerisource Bergen Corporation, Cardinal Health, Inc., McKesson Corporation, and Janssen Pharmaceuticals, doing business as Johnson & Johnson (Distributor and Janssen settlement). Through the Distributor and Janssen settlement, the County of Santa Barbara is estimated to receive between \$9.5 million and \$22.6 million over 18 years. The County received its first Distributor and Janssen settlement payment in November 2022.

On April 4, 2023, the Board of Supervisors adopted a Resolution to partially settle the lawsuit with Allergan and TEVA, and pharmacy chains CVS, Walgreens, Walmart (the Pharmacy settlement). Through the Pharmacy settlement, the County of Santa Barbara is estimated to receive between \$7.4 to \$18 million over 15 years. The County received its first Pharmacy settlement payment in August 2024.

On July 16, 2024, the Board of Supervisors adopted a resolution to partially settle the lawsuit with Kroger (Kroger Settlement). Through the Kroger Settlement, the County of Santa Barbara is estimated to receive \$1.2 million over 11 years. The County received its first Kroger settlement payment in July 2025.

On September 23, 2025, the Board of Supervisors adopted a Resolution to partially settle the lawsuit with Purdue Pharmacy and the Sackler family (Purdue Settlement). Through the Purdue settlement, the County of Santa Barbara is expected to receive up to \$4.4 million over 15 years. The County has not yet received any settlement payments from the Purdue Settlement.

The Remnant Defendants Settlement has a gross value of up to \$97.625 million, approximately \$12 million of which is set aside for attorney's fees and costs., with the County of Santa Barbara estimated to receive up to \$106,291.90. Unlike prior settlements, the Remnant Defendants Settlement does

not involve states; it involves direct payment to local subdivisions and litigating entities. The Remnant Defendants Settlement establishes allocation percentages for each local subdivision through the Settlement's "Exhibit E – Plan Allocation," attached hereto as Attachment C.

In order for the County to receive funds directly from the Remnant Defendants Settlement, it must "opt in" through execution of the Combined Subdivision Settlement Participation and Release form by May 4, 2026. "Opting in" to the settlement agreement releases all claims against the Remnant Defendants for their past actions related to opioids complained of in the litigation.

The County's contingency fee agreement with Keller Rohrback allows for a 17% contingency fee. However, the U.S. District Court Judge overseeing the opioid Multi District Litigation declined to presume that private counsel contingency fee agreements of more than 15% would be considered "reasonable." As a result, the Remnant Defendants Settlement requires that any outside counsel who seeks recovery through the Remnant Attorney Fee Fund, must also agree to cap their contingency fees to 15%. If there are not sufficient funds in the Attorney Fee Fund, outside counsel Keller Rohrback would be eligible to receive additional fees up to the 15% contingency fee limit from the settlement funds received by the County as a litigating jurisdiction.

Performance Measure:

N/A

Contract Renewals and Performance Outcomes:

N/A

Fiscal and Facilities Impacts:

Budgeted: N/A

Fiscal Analysis:

Annual receipt of funds will be dealt with through the County's annual budget process or through budget revisions, as applicable.

Key Contract Risks:

The County must prepare and file annual reports on the use of the funds it receives, which may be audited by the Department of Health Care Services, subject to a five-year statute of limitations from the date on which the expenditure of the funds is reported. The County must expend or encumber the Remnant Defendants Settlement funds within 5 years of receipt, or 7 years for capital outlay projects, otherwise the funds will be transferred back to the State.

Staffing Impacts:

None.

Special Instructions:

Please forward the Minute Order and a signed copy of the Resolution to Sara Brucker at sbrucker@countyofsb.org.

Attachments:

- A. Resolution re: Remnant Defendants Settlement
- B. Six (6) Remnant Defendants' Combined Subdivision Participation and Release Form
- C. Proposed Litigating Subdivision Plan Allocation

Contact Information:

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