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MEMORANDUM

To: Mayor and Council
Cc: City Manager
From: Justin Pierce, City Attorney
Date: September 8, 2025
Subject: Summary of Secondary Manufacturers Opioid Settlement Terms and Instructions for Submission of Subdivision Settlement Combined Participation Form

The purpose of this memorandum is to provide an overview of the terms for the new Secondary Manufacturers Settlement Agreements and outline next steps for the City if it seeks to participate. The documents associated with each settlement agreement are listed in Attachment A and are on file with the City Clerk.

Background

Since 2021, the State of Arizona and the City have participated in national opioid settlements as follows:

- J&J and Distributors McKesson, Cardinal Health, and AmerisourceBergen (“2021 National Settlements”);
- Teva, Allergan, Walmart, Walgreens and CVS (“2022 National Settlements”);
- Kroger (“Kroger Settlement”); and
- Purdue/Sackler Settlement (“Purdue Settlement”).

Settlement monies are allocated to Maricopa County with the requirement that the City be consulted about the use of funds and distributed in accordance with the One Arizona Distribution of Opioid Settlement Funds Agreement (“One Arizona Funds Agreement”).¹

Municipal Participation in the Settlement

A Notice was sent by email from opioidsparticipation@rubris.com to the City on August 22, 2025 providing notice of the Secondary Manufacturers Settlement Agreements (“Settlement Agreements”) and the deadline for becoming an Initial Participating Subdivision.

¹ For the full One Arizona Funds Agreement, visit <https://www.one-arizona.com/>



The settlements include the following Secondary Manufacturers:

1. Alvogen, Inc.
2. Amneal Pharmaceuticals LLC
3. Apotex Corp.
4. Hikma Pharmaceuticals USA Inc.
5. Indivior Inc.
6. Viatrix Inc. (“Mylan”)
7. Sun Pharmaceutical Industries, Inc.
8. Zydus Pharmaceuticals (USA) Inc.

In order to participate in the settlement proceeds, the City must execute and submit a Subdivision Settlement Combined Participation Form (“Participation Form”) before **October 8, 2025** for the City to be considered an “Initial Participating Subdivision.” If for any reason the Settlement Agreement does not become effective, the Participation Form is void.²

By executing and returning a Participation Form:

1. The City is aware of and has reviewed and understands the terms of the Participation Form;
2. The City agrees to dismiss with prejudice any Released Claims against each of the Secondary Manufacturers;
3. The City agrees that for the matter *In re National Prescription Opiate Litigation*, MDL No. 2804, Plaintiff’s Executive Committee may execute and file on behalf of the City a Stipulation of Dismissal with Prejudice substantially in the form online at <https://nationalopioidsettlement.com/wp-content/uploads/2025/08/Master-Template-Stipulation-of-Dismissal-8-manufacturer.pdf> ;
4. The City agrees to the terms of the applicable settlement agreement pertaining to Participating Subdivisions;
5. The City is entitled to the benefits of the Settlement Agreements;
6. The City agrees to use monies it receives as required under the Settlement Agreements;
7. The City submits to the jurisdiction of the court to resolve disputes relating to the Settlement Agreements;
8. The City has the right to enforce the Settlement Agreements;
9. The City provides a release of claims to the fullest extent of its authority for each of the Secondary Manufacturers;
10. The City takes on all rights and obligations of a Participating Subdivision as set forth in the Settlement Agreements;
11. The City expressly waives, releases and forever discharges any and all provisions, rights and benefits within the scope of each settlement, including a general release in a form similar to § 1542 of the California Civil Code;

² Alvogen, Amneal, Apotex, Hikma, Indivior, Mylan, Sun Pharmaceuticals - Section VIII.



12. The City understands each settlement is an independent agreement with its own terms and conditions; and
13. A release for an individual agreement becomes void if required deadlines are not met; however, all releases and other commitments remain in effect for agreements that satisfy the requirements.

The primary provision for the City to consider is the release of all claims against the Secondary Manufacturers in exchange for settlement monies.³ The release language is as follows:

“As of the Effective Date, the Released Entities are hereby released and forever discharged from all of the Releasers’ Released Claims. Each Settling State (for itself and its Releasers) and Participating Subdivision (for itself and its Releasers) hereby absolutely, unconditionally, and irrevocably covenants not to bring, file, or claim, or to cause, assist in bringing, or permit to be brought, filed, or claimed, or to otherwise seek to establish liability for any Released Claims against any Released Entity in any forum whatsoever. The releases provided for in this Agreement are intended by the Parties to be broad and shall be interpreted so as to give the Released Entities the broadest possible bar against any liability relating in any way to Released Claims and extend to the full extent of the power of each Settling State and its Attorney General to release claims. This Agreement shall be a complete bar to any Released Claim.”⁴

Additional requirements include that the City will not seek contributions, payments, or indemnification from other parties relating to these Settlement Agreements, including any amounts paid under this Agreement (except for amounts owed pursuant to insurance contracts); provisions if a party declares bankruptcy; management of other claims outside of the Agreement; indemnification and contribution prohibitions for amounts paid under the Agreement; a general release under § 1542 of the California Civil Code, which encompasses claims not known or suspected to exist; and that the City does not waive, release or limit any criminal liability, workers’ compensation claims, claims for liability under tax or securities laws, claims against parties who are not Released Entities or private individuals and any claims arising under this Agreement for enforcement of this Agreement. Further, the Parties agree to the entry of injunctive relief, which prohibits the Secondary Manufacturers from certain activities relating to opioids.⁵

Timeline Following Participation Form Submission

Following the deadline for subdivision participation, the State of Arizona and the other Settling States shall notify the Secondary Manufacturers and the Enforcement Committee of their decision and if participating, within seven (7) calendar days of notification (“Initial Participation Date”), all signatures

³ Alvogen, Apotex, Hikma, Sun Pharmaceuticals, Zydus – Sec. XI; Amneal, Indivior, Mylan - Sec. X.

⁴ The Release for Indivior and Mylan is nearly identical to this language and releases all claims against the manufacturers.

⁵ Alvogen, Amneal, Apotex, Hikma, Indivior, Mylan, Sun Pharmaceuticals, Zydus - Section III, Exhibit P.



and releases will be provided to the Secondary Manufacturers.⁶ Within thirty (30) days after the Initial Participation Date (“Reference Date”), the Secondary Manufacturers must inform the Settling States of whether conditions are satisfied and if there are sufficient eligible states and subdivisions to proceed with the settlement. If the settlements move forward, the Parties will file the Consent Judgments and Participation Forms, which are effective as of the Reference Date. If the settlement does not proceed, the Settlement Agreements and releases shall be void.⁷ The Settlement Agreement is terminated if the Consent Judgment is not timely entered within one hundred eighty (180) days or is not approved by the court unless an extension is granted.⁸

Distribution and Use of Settlement Funds

The amount to be distributed to Arizona under the Settlement Agreements is currently unknown and depends on the level of participation by eligible states and subdivisions. The Settlement Agreements require a Settlement Fund to be established and the Secondary Manufacturers shall make annual payments over a period of years to the Fund.⁹ Distribution of funds is based on population figures published by the U.S. Census Bureau’s population estimates for July 1, 2019, released May 2020.¹⁰ Settlement funds will be disbursed to Settling States and Participating Subdivisions unless otherwise permitted in the Agreement (*Exhibit G*) and subject to additional reporting requirements.

Similar to the previous settlement, the settlement funds must be used in connection with future opioid-remediation efforts including care, treatment and other programs and expenditures designed to address the misuse and abuse of opioid products; treat or mitigate opioid use or related disorders; or mitigate other alleged effects of the opioid epidemic. See *Exhibit E*.

Reporting Requirements

Each settlement requires reporting to demonstrate that the settlement funds are allocated to opioid-remediation efforts or any other lawful purpose. See *Subsection F. Compliance Reporting and Accountability* in the One Arizona Funds Agreement. The City does not have to report if its monies are allocated to the county for opioid remediation. More information will be provided once the Settlement Agreements are in effect, settlement amount is known, and distribution is confirmed to the State of Arizona.

Settlement Product

Certain manufacturers are providing a Settlement Product to counteract the life-threatening effects of opioid overdoses and significantly reduce opioid-overdose mortality. Other conditions apply relating to

⁶ Alvogen, Apotex, Hikma - Section IX (A); Amneal, Indivior, Mylan, Sun Pharmaceuticals, Zydus – Section VIII(A).

⁷ Alvogen, Apotex, Hikma - Section IX (C); Amneal, Indivior, Mylan, Sun Pharmaceuticals, Zydus – Section VIII(C).

⁸ Alvogen, Amneal, Apotex, Indivior, Mylan, Sun Pharmaceuticals, Zydus - Section XIII (V)(1)(a); Hikma - Section XIV (V)(1)(a).

⁹ Alvogen, Amneal, Apotex, Hikma, Indivior, Mylan, Sun Pharmaceuticals, Zydus - Section IV.

¹⁰ Alvogen, Amneal, Apotex, Indivior, Mylan, Sun Pharmaceuticals, Zydus - Section XIII(A); Hikma – Section XIV(A).



ordering deadlines, substitute products, prohibition on returning the product (except for recall), force majeure events, and acknowledgement that the Settlement Product constitutes compensatory restitution pursuant to 26 U.S.C. § 162(f)(2)(A). The details are as follows:

1. Amneal has agreed to provide the Settling States *Naloxone Hydrochloride Nasal Spray* valued at \$177,400,00.0, which equals 1,419,200 kits valued at \$125 per kit. Each Settling State may convert up to twenty-five percent (25%) of the value into a cash payment for years seven through ten.¹¹
2. Hikma has agreed to provide the Settling States *Kloxxado* (naloxone HC1) valued at \$34,720,371.00, which equals 277,763 cartons (two devices per carton) valued at \$125 per carton. Hikma shall provide the Settlement Product to Settling States by May 15, 2027.¹²
3. Indivior has agreed to provide Settling States *SUBLOCADE* (buprenorphine extended-release) injection for subcutaneous use and *OPVEE* (nalmefene) nasal spray valued at \$140,000,000.00. The *SUBLOCADE* has a value of \$2,017.34 per unit and *OPVEE* has a value of \$98 per unit.¹³

Next Steps

1. Place an action item on the agenda **prior to October 8, 2025** for Council to decide if the City will participate in the Settlement Agreement. The full settlement documents are on file with the City Clerk.
2. If the Council approves opting in to the Settlement Agreement, the City's designated point of contact will submit the Participation Form **by October 8, 2025**. The Participation Form, can be signed by one of three methods:
 - a. Electronic Signature via DocuSign;
 - b. Manual Signature returned via DocuSign; or
 - c. Manual Signature returned via electronic mail.
3. Once the settlement is finalized, the release against the Secondary Manufacturers will be in effect and Rubris and the Attorney General's Office will provide additional information about the distribution formula and reporting requirements.

Please contact me with any questions. You may also reach out directly to my Partner Christina Estes-Werther at (602) 772-5524 or Christina@PierceColeman.com.

¹¹ Amneal – Section XIV Settlement Product; Exhibit D.

¹² Hikma – Section XV Settlement Product; Exhibit D.

¹³ Indivior – Section XIV Settlement Product; Exhibit D.



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ATTACHMENT A

The following settlement documents and exhibits are on file with the City Clerk:

1. Alvogen Settlement Agreement (dated April 4, 2025)
 - a. Exhibit A – Alleged Harms
 - b. Exhibit B – Enforcement Committee Organization Bylaws
 - c. Exhibit C – Litigating Subdivisions
 - d. Exhibit D – [Intentionally Omitted]
 - e. Exhibit E – List of Opioid Remediation Uses
 - f. Exhibit F – List of Eligible States and State Allocation Percentages
 - g. Exhibit G – List of Subdivisions and Allocation Percentages
 - h. Exhibit H – [Intentionally Omitted]
 - i. Exhibit I – Primary Subdivisions and Subdivisions with Population Over 10,000
 - j. Exhibit J – Released Entities
 - k. Exhibit K – Subdivision Participation and Release Form
 - l. Exhibit L – Settlement Fund Administrator Terms (to be inserted prior to the Effective Date)
 - m. Exhibit M – Maximum Payments
 - n. Exhibit N – Additional Remediation Amount Allocation Percentages
 - o. Exhibit O – Adoption of a State Subdivision Agreement
 - p. Exhibit P – Injunctive Relief Term Sheet
 - q. Exhibit Q – [Intentionally Omitted]
 - r. Exhibit R – Agreement on Attorneys’ Fees, Costs, and Expenses
 - s. Exhibit S – [Intentionally Omitted]
 - t. Exhibit T – [Intentionally Omitted]
 - u. Exhibit U – Exemplar Tax Form
 - v. Exhibit V – [Intentionally Omitted]
 - w. Exhibit W – [Intentionally Omitted]
 - x. Exhibit X – Governor’s Release of Opioid-Related Claims Pursuant to the Alvogen Settlement Agreement
2. Amneal Settlement Agreement (dated April 4, 2025)
 - a. The titles of Exhibits A – X are the same as Alvogen except as follows:
 - i. Exhibit D - Settling States Plan for Acceptance and Delivery of Settlement Product
 - ii. Exhibit S - State Outside Counsel Fee Fund
3. Apotex Corp. Documents (dated April 4, 2025)



- a. The titles of Exhibits A – X are the same as Alvogen except as follows:
 - i. Exhibit Q – Aveva¹⁴ Injunctive Relief Term Sheet
4. Hikma Pharmaceuticals USA, Inc. (dated April 4, 2025)
 - a. The titles of Exhibits A – X are the same as Alvogen except as follows:
 - i. Exhibit D - Settling States Plan for Acceptance and Delivery of Settlement Product
5. Indivior Inc. Documents (dated April 4, 2025)
 - a. The titles of Exhibits A – X are the same as Alvogen except as follows:
 - i. Exhibit D - Settling States Plan for Acceptance and Delivery of Settlement Product
6. Mylan Documents (dated April 4, 2025)
 - a. The titles of Exhibits A – X are the same as Alvogen except as follows:
 - i. Exhibit J - List of Joint Ventures, Subsidiaries, Affiliates, and Predecessors
7. Sun Pharmaceuticals Industries, Inc. Documents (dated April 4, 2025)
 - a. The titles of Exhibits A – X are the same as Alvogen except as follows:
 - i. Exhibit J - Subsidiaries, Affiliates, and Joint Ventures
8. Zydus Pharmaceuticals (USA) Inc., Documents (dated April 4, 2025)
 - a. The titles of Exhibits A – X are the same as Alvogen.

¹⁴ Aveva was acquired by Apotex in 2012.