

County of Santa Cruz ⁰¹⁷⁰

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January 4, 2000

Agenda: January 11, 2000

Board of Supervisors
County of Santa Cruz
701 Ocean Street, Room 500
Santa Cruz, California 95060

Re: Agreement and Resolution Authorizing Acceptance of Tobacco Settlement Monies

Dear Members of the Board:

On June 18, 1996, your Board joined with several other counties and cities in initiating litigation against the tobacco industry seeking the recovery of county health care costs attributable to smoking. That litigation, in addition to numerous other state-initiated lawsuits, eventually led to a nationwide settlement with the tobacco industry. The settlement called for wide-ranging changes in the way that tobacco products are marketed, financed anti-smoking programs, and required tobacco companies to pay \$206 billion to states over the next 25 years.

Prior to the settlement, and in recognition of the key role played by local governments in the lawsuit, the California Attorney General entered into an Memorandum of Understanding (MOU) with the litigating local governments authorizing a 50-50 split between the State and local governments, of whatever settlement was achieved.

On November 24, 1998, your Board approved entering into the Master Settlement Agreement. Since that time, the local entities and Attorney General have been working out the details of how the share of settlement monies belonging to local government will be distributed. An agreement which supplements and clarifies the original MOU with the

Attorney General has been prepared for your consideration and approval (a copy of the agreement is on file with the Clerk of the Board). This agreement provides detailed instructions that the State shall give to the escrow agent responsible for the national escrow account created by the Master Settlement Agreement. These instructions specify how the settlement monies belonging to local governments are divided and disbursed. The agreement also provides procedures for resolving any attorney fee off-sets, or resolving any other conflicts that may arise over the agreement's implementation.

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An additional requirement for receiving settlement monies is that your Board adopt a Resolution accepting the funds and designating three County officers who would be authorized to accept and deposit the transfer of settlement monies. It is recommended that the three officers would be the County Administrative Officer, the Auditor-Controller, and the Treasurer-Tax Collector.

IT IS THEREFORE RECOMMENDED that your Board:

1. Enter into the Agreement with the State of California which interprets the current Memorandum of Understanding with the State of California; and
2. Adopt the resolution attached as Exhibit "A" entitled "Resolution Authorizing Withdrawal and Acceptance of Tobacco Settlement Monies Pursuant to the Memorandum of Understanding."

Very truly yours,

DWIGHT L. HERR, COUNTY COUNSEL

By 

RAHN GARCIA

Assistant County Counsel

RECOMMENDED:



SUSAN A. MAURIELLO

County Administrative Officer

RG:rg

Enclosure

cc: County Administrative Office
Auditor-Controller
Treasurer-Tax Collector

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**BEFORE THE BOARD OF SUPERVISORS
OF THE COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA**

RESOLUTION NO.

On the motion of Supervisor
duly seconded by Supervisor
the following resolution is adopted

**RESOLUTION AUTHORIZING WITHDRAWAL AND ACCEPTANCE OF
TOBACCO SETTLEMENT MONIES PURSUANT TO THE MEMORANDUM OF
UNDERSTANDING**

WHEREAS, the Attorney General of the State of California and representatives of a number of California Counties and Cities entered into a Memorandum of Understanding (“MOW”), which allocates a portion of settlement proceeds stemming from the litigation against various manufacturers of tobacco products;

WHEREAS, the County of Santa Cruz (hereinafter “the County”) wishes to receive its allocated share of settlement proceeds as provided for and set forth in the MOU;

WHEREAS, the County has obtained any necessary approval to participate in the settlement under the terms and conditions memorialized in the MOU; and

WHEREAS, in consideration for receiving its portion of the settlement proceeds as allocated in Cities and Counties in the MOU, the County has executed the Agreement Regarding Interpretation of MOU and the Release, which has been submitted to the J.C.C.P. 4041 Court for approval;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Supervisors does hereby authorize the acceptance and deposit of the County’s portion of the settlement proceeds as allocated to Cities and Counties in the MOU.

BE IT FURTHER RESOLVED, that the Board of Supervisors does hereby authorize the verification of the Office of the Attorney General of all banking information provided to effectuate the acceptance of the settlement proceeds.


BE IT FURTHER RESOLVED, that the Board of Supervisors does hereby authorize the verification by the Office of the Attorney General of all banking

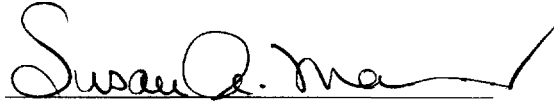
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information provided to effectuate the acceptance of the settlement proceeds.

BE IT FURTHER RESOLVED, that the following officers or their successors in office shall be authorized to direct the transfer of the County's settlement funds on behalf of the County:


GARY A. KNUTSON
Auditor-Controller


RICHARD BEDAL
Treasurer-Tax Collector


SUSAN A. MAURIELLO
County Administrative Officer

BE IT FURTHER RESOLVED, that all notices from the Office of the Attorney General to the County regarding tobacco settlement funds shall be sent to the following person:

SUSAN A. MAURIELLO
County Administrative Officer
Room 520, Government Center
701 Ocean Street
Santa Cruz, California 95060

(83 1) 454-2100 (telephone)
(83 1) 454-3420 (facsimile)
susan.mauriello@co.santa-cruz.ca.us (E-mail)

PASSED AND ADOPTED by the Board of Supervisors of the County of Santa Cruz, State of California, this ____ day of _____, 2000, by the following vote:

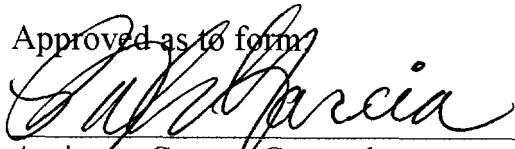
AYES: SUPERVISORS
NOES: SUPERVISORS

ABSENT: SUPERVISORS
ABSTAIN: SUPERVISORS

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Chair of the
Board of Supervisors

ATTEST: _____
Clerk of the Board

Approved as to form:


Assistant County Counsel

DISTRIBUTION: County Counsel
Auditor-Controller
Treasurer-Tax Collector