

FAQs for Tennessee's Food City Settlement

As a guide to the Tennessee settlement with K-VA-T Food Stores, Inc., which does business as Food City, information about the agreement is set out below in a Frequently Asked Questions format. The settlement agreement¹ and other information can be found on the Tennessee Attorney General's opioid settlement webpage: [Opioid Settlements \(tn.gov\); \(https://www.tn.gov/attorneygeneral/working-for-tennessee/filings-of-interest/opioids.html\)](https://www.tn.gov/attorneygeneral/working-for-tennessee/filings-of-interest/opioids.html).

1. *How is the Food City settlement similar to the national settlements?*

While the Food City settlement is a one-state agreement, the structure generally follows the national settlements with opioid manufacturers, distributors, and pharmacies. The \$40 million in abatement funds are split three ways: 15% paid directly to subdivisions; 15% paid to the State's General Fund; and 70% paid into the State's Opioid Abatement Fund. By statute, 35% of the Opioid Abatement Fund payment will be allocated to the State's 95 counties. The rules regarding the use of the settlement funds are generally the same as with the national agreements.

2. *How is the Food City settlement different from the national settlements?*

There are two key differences between the Food City settlement and the national settlements. First, the Food City agreement is entirely contingent on a statutory bar of public entity claims. Second, the direct payments to subdivisions are generally limited to Knoxville and counties in East Tennessee, where Food City stores are located.

While the national settlements have a complicated mix of incentives and penalties to encourage the resolution of governmental claims, the Food City agreement simply requires that a declaration of a statewide opioid settlement agreement release be issued in order for the settlement to become effective and for full payments to be made. As a practical matter, this is not a significant difference because Tennessee has used such a statutory bar in the national agreements to earn the maximum payments in those settlements. A statute allowing for such a statewide release of public entity claims for this settlement was enacted earlier this year and the declaration is expected to be issued shortly by the Attorney General, with the approval of the Governor and Comptroller.

Food City is a regional grocery and pharmacy chain and doesn't have a statewide presence in Tennessee. Almost all its stores in the state are in East Tennessee, with a couple in eastern Middle Tennessee. Because of this regional impact, the direct payments to subdivisions are focused on subdivisions in that region. (However, as addressed in FAQ #7 below, the county share of the Abatement Fund payments is allocated among all 95 counties, as with other settlements.)

3. *Which local governments are eligible to receive direct payments to subdivisions?*

The local governments receiving direct subdivision payments are the East Tennessee counties plus four Middle Tennessee counties that either have a Food City pharmacy or have filed suit against the company. Additionally, Knoxville will receive a direct subdivision payment as it is also a plaintiff in an existing lawsuit against the company. Knoxville and these counties are

¹ The terms of the settlement agreement are controlling and are not in any way affected by this document.

“Food City Subdivisions” in the settlement agreement, each with a “Food City Subdivision Allocation” of the “Food City Subdivision Payment.”² The list of counties receiving these payments are:

Anderson	Cumberland	Hawkins	Meigs	Scott
Bledsoe	Franklin	Jefferson	Monroe	Sevier
Blount	Grainger	Johnson	Morgan	Sequatchie
Bradley	Greene	Knox	Polk	Sullivan
Campbell	Grundy	Loudon	Putnam	Unicoi
Carter	Hamblen	Marion	Rhea	Union
Claiborne	Hamilton	McMinn	Roane	Washington
Cocke	Hancock			

4. *How much will each Food City Subdivision be paid from the Food City Subdivision Payment?*

The total Food City Subdivision Payment is \$6 million. The allocation percentage and payment amount for each Food City Subdivision is listed in Exhibit F to the settlement agreement. (The allocation percentages were calculated using the same formula used for allocating county shares of the Opioid Abatement Fund, set out in the Tennessee State-Subdivision Agreement.) A copy of Exhibit F is **Attachment 1** to this document.

5. *When will the Food City Subdivision Payments be made to the Food City Subdivisions?*

The full amount of the Food City Subdivision Payment is being made at one time, 45 days after the entry of the Consent Judgment by the court approving the settlement. If things stay on track, the judgment will likely be entered by the end of the year with the payments following in early 2024. There is not a settlement administrator, so the payments will come directly from the company. The Participation Forms for the Food City Subdivisions request contact information so the company can reach out to receive payment instructions.

6. *What does a Food City Subdivision have to do to receive its direct payment?*

To receive a Subdivision Payment, a Food City Subdivision must join the settlement as set out in Section VII of the agreement. The joinder requirements and process are slightly different for Food City Subdivisions that are a party to the existing lawsuit against Food City³ (“Litigating Subdivisions”) compared to those that are not Litigating Subdivisions. However, all Food City Subdivisions are being asked to complete a Participation Form. The form is Exhibit E to the settlement agreement and a copy is **Attachment 2** to this document.

² The Food City Subdivision Payment is the equivalent of the Subdivision Fund payment in the national settlement agreements with other companies.

³ *Anderson County, et al., v. Bearden Healthcare Associates, Inc., et al.*, Sevier County Circuit Court Case No. 78CC1-2022-CV-138-III.

- Food City Subdivisions that are Litigating Subdivisions: Food City Subdivisions that are Litigating Subdivisions⁴ have the resolution of their claims directly addressed in the settlement agreement. They are parties to the agreement and join the settlement through their litigating counsel signing the agreement. However, to provide contact information for payment and other documentation, Litigating Subdivisions are also being asked to provide Participation Forms. Completed forms should be sent to: J. Gerard Stranch, IV at: gstranch@stranchlaw.com.
- Food City Subdivisions that are not Litigating Subdivisions: Food City Subdivisions that are not Litigating Subdivisions⁵ will need to complete a Participation Form to formally join the settlement and receive a Subdivision Payment. Completed forms should be sent to Daimon Duggar at the Attorney General’s Office at: Daimon.Duggar@ag.tn.gov.

Both sets of completed forms will be shared with the other parties and become part of the agreement upon the settlement becoming effective.

7. *How much will each county receive through the Opioid Abatement Fund?*

All Tennessee counties will receive disbursements through the Opioid Abatement Fund, just as with the national settlements. The allocation percentages for each county are the same as those used for all county payments from the Abatement Fund. As with the other agreements, 35% of the funds paid into the Abatement Fund are directed to the counties to be spent on future opioid abatement expenditures approved by the Opioid Abatement Council. The remaining 65% of the funds will be allocated by the Opioid Abatement Council.

The scheduled payments by the company to the Opioid Abatement Fund are made annually from 2025-2029 as set out in the chart below. These figures assume all payments are made as scheduled. The actual amounts disbursed may be slightly lower to reflect the administrative costs of the Council. The county share of these Abatement Fund payments will likely be combined with funds from other settlements being disbursed by the Council and on a schedule determined by the Council.

Food City Abatement Fund Payments

Payment Year	Total Abatement Fund Payment	65% Share Allocated by Council	County 35% Share of Payment
2025	\$5,600,000.00	\$3,640,000.00	\$1,960,000.00
2026	\$5,600,000.00	\$3,640,000.00	\$1,960,000.00
2027	\$5,600,000.00	\$3,640,000.00	\$1,960,000.00
2028	\$5,600,000.00	\$3,640,000.00	\$1,960,000.00
2029	\$5,600,000.00	\$3,640,000.00	\$1,960,000.00
Total	\$28,000,000.00	\$18,200,00.00	\$9,800,000.00

⁴ These Litigating Subdivisions are: the City of Knoxville and the following counties: Anderson, Bledsoe, Bradley, Claiborne, Cocke, Franklin, Grainger, Grundy, Knox, Loudon, Marion, McMinn, Meigs, Monroe, Polk, Rhea, Roane, Sevier, Sequatchie, and Union.

⁵ The non-Litigating counties that need to complete and return Participation Forms to formally join the settlement are: Blount, Campbell, Carter, Cumberland, Greene, Hamblen, Hamilton, Hancock, Hawkins, Jefferson, Johnson, Morgan, Putnam, Scott, Sullivan, Unicoi, and Washington.

Because the Abatement Fund county allocation percentages will be updated every four years, calculations of future payments are just estimates. A county can determine its estimated Food City Abatement Fund payments by taking the relevant dollar amount from the last column and multiplying it by the county's Opioid Abatement Fund allocation percentage. A list of these allocation percentages is **Attachment 3** to this document. For example, Anderson County's allocation percentage is 1.3529267%, so its estimated Food City Opioid Abatement Fund payment in 2025 would be 1.3529267% of \$1,960,000.00, which is \$26,517.36. Additional information regarding payments from the Opioid Abatement Fund can be found in the Tennessee Opioid Settlement Guide for Local Governments.⁶

8. *How can the settlement payments be used?*

As with the national settlements, there are differences in how the direct payments to Food City subdivisions and the county payments from the Opioid Abatement Fund may be used. Please refer to the use of payment subsections of Section IV of the Tennessee Opioid Settlement Guide for details. The Food City settlement uses the same definition of "Opioid Remediation" used in the national agreements, including the initial settlements with the distributors and J&J.

The Food City settlement is different from the national agreements in that outside counsel attorneys' fees and litigation costs cannot be paid from Subdivision Payments. Such payments are discouraged, but technically possible, in the national agreements. In the Food City agreement, all fees and costs for the active litigation against the company are addressed through a separate cost and fee fund.

9. *What are the reporting requirements for the use of funds?*

Reporting requirements for the county allocations from the Opioid Abatement Fund will be the same as for all other amounts paid to counties from the Abatement Fund. See Section IV. B.5 in the Tennessee Opioid Settlement Guide for details.

The settlement agreement does not have a reporting requirement for the direct payments to Food City Subdivisions. However, as has been the case with other settlements, there is a good possibility that there will be inquiries by the press, public interest groups, and others concerning how settlement funds are used.

⁶ The Tennessee Opioid Settlement Guide can be found of the Attorney General's opioid settlement webpage.

Attachment 1

Food City Subdivision Name	Food City Subdivision Allocation Percentage	Food City Subdivision
Anderson County	3.1395348837%	\$ 188,372.09
Bledsoe County	0.5116279070%	\$ 30,697.67
Blount County	4.7674418605%	\$ 286,046.51
Bradley County	3.3953488372%	\$ 203,720.93
Campbell County	1.7441860465%	\$ 104,651.16
Carter County	1.8837209302%	\$ 113,023.26
Claiborne County	1.2558139535%	\$ 75,348.84
Cocke County	1.5116279070%	\$ 90,697.67
Cumberland County	2.1860465116%	\$ 131,162.79
Franklin County	1.4418604651%	\$ 86,511.63
Grainger County	0.8372093023%	\$ 50,232.56
Greene County	2.4651162791%	\$ 147,906.98
Grundy County	0.6279069767%	\$ 37,674.42
Hamblen County	2.1627906977%	\$ 129,767.44
Hamilton County	11.1395348837%	\$ 668,372.09
Hancock County	0.2558139535%	\$ 15,348.84
Hawkins County	2.1395348837%	\$ 128,372.09
Jefferson County	1.7906976744%	\$ 107,441.86
Johnson County	0.5116279070%	\$ 30,697.67
Knox County	18.6046511628%	\$ 1,116,279.07
Loudon County	1.8139534884%	\$ 108,837.21
Marion County	1.0697674419%	\$ 64,186.05
McMinn County	1.9069767442%	\$ 114,418.60
Meigs County	0.4418604651%	\$ 26,511.63
Monroe County	1.5813953488%	\$ 94,883.72
Morgan County	0.9069767442%	\$ 54,418.60
Polk County	0.5813953488%	\$ 34,883.72
Putnam County	2.6046511628%	\$ 156,279.07
Rhea County	1.1860465116%	\$ 71,162.79
Roane County	2.2558139535%	\$ 135,348.84
Scott County	0.7906976744%	\$ 47,441.86
Sevier County	3.6744186047%	\$ 220,465.12
Sequatchie County	0.5813953488%	\$ 34,883.72
Sullivan County	5.4418604651%	\$ 326,511.63
Unicoi County	0.6744186047%	\$ 40,465.12
Union County	0.7674418605%	\$ 46,046.51
Washington County	3.9302325581%	\$ 235,813.95
Knoxville	7.4186046512%	\$ 445,116.28
	100.0000000000%	\$ 6,000,000.00

Attachment 2

Exhibit E

Subdivision Participation and Release Form for Food City Settlement

Governmental Entity:
Authorized Signatory:
Address 1:
Address 2:
City, State, Zip:
Phone:
Email:

The governmental entity identified above (“Governmental Entity”), in order to obtain and in consideration for the benefits provided to the Governmental Entity pursuant to the Settlement Agreement with K-VA-T Food Stores, Inc. (d/b/a Food City) (“Food City Settlement”), and acting through the undersigned authorized official, hereby elects to participate in the Food City Settlement, release all Released Claims against all Released Entities, and agrees as follows:

1. The Governmental Entity is aware of and has reviewed the Food City Settlement, understands that all terms in the Participation and Release Form have the meanings defined therein, and agrees that by executing this Participation and Release Form, the Governmental Entity elects to participate in the Food City Settlement and become a Participating Subdivision as provided therein.

2. The Governmental Entity agrees to the terms of the Food City Settlement pertaining to Participating Subdivisions as defined therein.

3. By agreeing to the terms of the Food City Settlement and becoming a Releasor, the Governmental Entity is entitled to the benefits provided therein, including the monetary payment set out in Exhibit F to be paid after the Effective Date.

4. The Governmental Entity agrees to use any monies it receives through the Food City Settlement solely for the purposes provided therein.

5. The Governmental Entity submits to the jurisdiction of the Knox County Circuit Court, where the Consent Judgment is to be filed, for purposes limited to that court’s role as provided in, and for resolving disputes to the extent provided in, the Food City Settlement.

6. The Governmental Entity has the right to enforce the Food City Settlement as provided therein.

7. The Governmental Entity, as a Participating Subdivision, hereby becomes a Releasor for all purposes in the Food City Settlement, including without limitation all provisions of Section IX (Release), and along with all departments, agencies, divisions, boards, commissions, districts, instrumentalities of any kind and attorneys, and any person in their official capacity elected or appointed to serve any of the foregoing and any agency, person, or other entity claiming by or through any of the foregoing, and any other entity identified in the definition of Releasor, provides for a release to the fullest extent of its authority. As a Releasor, the Governmental Entity hereby absolutely, unconditionally, and irrevocably covenants not to bring, file, or claim, or to cause, assist, 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 the Food City Settlement 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 the Governmental Entity to release claims. The Food City Settlement shall be a complete bar to any Released Claims.

8. The Governmental Entity hereby takes on all rights and obligations of a Participating Subdivision as set forth in the Food City Settlement.

9. In connection with the releases provided for in the Food City Settlement, each Governmental Entity expressly waives, releases, and forever discharges any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States or other jurisdiction, or principle of common law. A Releasor may hereafter discover facts other than or different from those which it knows, believes, or assumes to be true with respect to the Released Claims, but each Governmental Entity hereby expressly waives and fully, finally, and forever settles, releases, and discharges upon the Effective Date, any and all Released Claims that may exist as of such date but which Releasors do not know or suspect to exist, whether through ignorance, oversight, error, negligence, or through no fault whatsoever, and which, if known, would materially affect the Governmental Entities' decision to participate in the Food City Settlement.

10. Nothing herein is intended to modify in any way the terms of the Food City Settlement, to which Governmental Entity hereby agrees. To the extent this Participation and

Release Form is interpreted differently from the Food City Settlement in any respect, the Food City Settlement controls.

I have all necessary power and authorization to execute this Participation and Release Form on behalf of the Governmental Entity.

Signature: _____

Name: _____

Title: _____

Date: _____

Governmental Entity Contacts for Payment Information

K-VA-T will be directly paying certain Participating Subdivisions their Food City Subdivision Payment. Please provide the following information for two contacts who, upon request, can provide payment information for the Governmental Entity:

Contact #1:

Name: _____

Telephone number: _____

Email address: _____

Contact #2:

Name: _____

Telephone number: _____

Email address: _____

Attachment 3

Tennessee Initial Opioid Abatement Fund County Allocation Percentages

County	Allocation Percentage
Anderson	1.3529267%
Bedford	0.7147711%
Benton	0.2558695%
Bledsoe	0.2225720%
Blount	2.0533524%
Bradley	1.4648524%
Campbell	0.7492480%
Cannon	0.2830317%
Carroll	0.3845316%
Carter	0.8133771%
Ceatham	0.9247968%
Chester	0.2164707%
Claiborne	0.5410868%
Clay	0.1396219%
Cocke	0.6453452%
Coffee	0.9292878%
Crockett	0.1655486%
Cumberland	0.9377659%
Davidson	10.8999846%
Decatur	0.1784083%
DeKalb	0.3791980%
Dickson	0.9733390%
Dyer	0.4779140%
Fayette	0.5229554%
Fentress	0.3672900%
Franklin	0.6164429%
Gibson	0.6441719%
Giles	0.4460273%
Grainger	0.3563783%
Greene	1.0622152%
Grundy	0.2677408%
Hamblen	0.9270873%
Hamilton	4.7857829%
Hancock	0.1108552%
Hardeman	0.3326917%
Hardin	0.4285971%
Hawkins	0.9214592%
Haywood	0.1952676%
Henderson	0.3890979%
Henry	0.4744302%

Hickman	0.4816033%
Houston	0.1578236%
Humphreys	0.2902618%
Jackson	0.2202072%
Jefferson	0.7742937%
Johnson	0.2220085%
Knox	7.9971725%
Lake	0.1130733%
Lauderdale	0.3225823%
Lawrence	0.6708883%
Lewis	0.2126860%
Lincoln	0.4758274%
Loudon	0.7783832%
Macon	0.3743831%
Madison	1.1728499%
Marion	0.4562305%
Marshall	0.5351692%
Maury	1.3766506%
McMinn	0.8186667%
McNairy	0.3515796%
Meigs	0.1905215%
Monroe	0.6757426%
Montgomery	3.1176576%
Moore	0.0950776%
Morgan	0.3914142%
Obion	0.4278681%
Overton	0.3774135%
Perry	0.1400999%
Pickett	0.0775687%
Polk	0.2477589%
Putnam	1.1154615%
Rhea	0.5123362%
Roane	0.9738860%
Robertson	1.2118923%
Rutherford	4.8157438%
Scott	0.3389911%
Sequatchie	0.2451811%
Sevier	1.5771190%
Shelby	11.3894382%
Smith	0.3466744%
Stewart	0.2587489%
Sullivan	2.3419111%
Sumner	2.8691118%
Tipton	0.8476023%
Trousdale	0.2031046%
Unicoi	0.2910812%

Union	0.3348429%
Van Buren	0.0893332%
Warren	0.6471045%
Washington	1.6866631%
Wayne	0.2500918%
Weakley	0.4660285%
White	0.4417949%
Williamson	2.4813940%
Wilson	2.1692092%
Total	100.0000000%