

Food City Settlement: Summary for Tennessee Counties

Tennessee and a coalition of litigating subdivisions have reached a settlement agreement with K-VA-T Food Stores, Inc., commonly known as Food City, arising out of Food City's conduct relating to the sale of opioids. As you may know, Food City is a grocery store chain that operates primarily in East Tennessee.

The \$44.5 million settlement addresses the claims of all public entities in Tennessee, with a structure that generally follows the one used in the national opioid agreements. Settlement funds are allocated as follows: \$6,000,000 in direct payments to Knoxville,¹ counties in East Tennessee, and a handful of counties in Middle Tennessee that either have a Food City location or that were litigating against Food City as of December 2022 (collectively the "Food City Subdivisions"); \$6,000,000 to the State's General Fund; \$28,000,000 to the State's Opioid Abatement Fund; and \$4,500,000 to litigation fees and costs.

- The \$28,000,000 directed to the State's Opioid Abatement Fund will be paid in five \$5,600,000 installments annually, beginning in 2025. By statute, 35% of the funds paid into the Opioid Abatement Fund will be distributed to the State's counties to be spent on future opioid abatement and remediation. All 95 counties will get an allocation. A county does not need to be a "Food City Subdivision" or to sign-on to this agreement to receive its share of these funds. The county allocation percentages for these distributions will be the same as those set for other settlements addressed by the opioid settlement statutes and the Tennessee State-Subdivision Opioid Abatement Agreement. The remaining amounts paid into the Opioid Abatement Fund will be spent at the Opioid Abatement Council's discretion.
- The \$6,000,000 allocated to Food City Subdivisions will likely be paid in early 2024, with each participating Food City Subdivision receiving its full payment at that time. The Food City Subdivisions eligible to receive a portion of this \$6 million are: the City of Knoxville and the following counties: Anderson, Bledsoe, Blount, Bradley, Campbell, Carter, Claiborne, Cocke, Cumberland, Franklin, Grainger, Greene, Grundy, Hamblen, Hamilton, Hancock, Hawkins, Jefferson, Johnson, Knox, Loudon, Marion, McMinn, Meigs, Monroe, Morgan, Polk, Putnam, Rhea, Roane, Scott, Sevier, Sequatchie, Sullivan, Unicoi, Union, and Washington.
- This Settlement Agreement is contingent upon a declaration of a statewide opioid settlement release by the Attorney General, with the approval of the Governor and Comptroller. This declaration will release all State and Subdivision claims against Food City. A statute allowing for such a release for this settlement was enacted earlier this year and the declaration is expected to be issued shortly. (Statutory releases have also been used for the other opioid settlements in order to maximize payments.) The settlement will become effective upon the court's entry of a consent judgment.
- The Food City Settlement Agreement, the Tennessee State-Subdivision Agreement, the FAQs, and additional information can be found on the Attorney General website: <https://www.tn.gov/attorneygeneral/working-for-tennessee/filings-of-interest/opioids.html>.

¹ Knoxville is a plaintiff in the existing subdivision lawsuit against Food City.