



June 1, 2023

This month I want to discuss the remaining work that needs to be done to complete our mission. We have worked diligently from the beginning to compensate fire survivors for their losses. I want to share with you the plan we will be implementing in the coming months to finalize the claims process.



- ▶ As of today, we have issued Determination Notices for 96% of all claims. Our goal is to issue initial Determination Notices on 100% of all claims by December 31, 2023.
- ▶ Approximately 14% of Determination Notices have not been accepted by claimants. We call this the overhang, and we are working with firms and claimants to fully resolve these claims. We cannot finalize *pro rata* payments without knowing the full amount of the Trust's payment obligations.

The Road to Completion

To focus on these unresolved claims, **we are implementing the following procedural modifications effective 7/1/23:**

- ▶ Claims Questionnaires with initial Determination Notices can receive one 30-day extension to respond to the Notice by accepting the award or requesting reconsideration;
- ▶ Reconsideration Determination Notices can receive one 30-day extension to respond;
- ▶ If no response is received by the notice deadline, the Notice will be deemed accepted, making the determination final and, if eligible, the awards will proceed to payment.

Implementing these guidelines will help all fire survivors by eliminating the uncertainty associated with unresolved claims, which affects the Trust's ability to make additional *pro rata* payments.

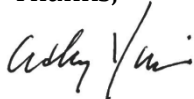
Resolution of Opt-Out Claims

I also want to address another important aspect of finalizing the Trust's work—resolving the Opt-Out claims. The Bankruptcy Court granted permission for 12 cases to be able to litigate their claims after receiving a Determination Notice from the Trust. We have worked on these claims with Linda Klamm, Insurance Recovery Partner at Hanson Bridgett, who has achieved favorable resolution of these claims. Here are a few thoughts from Linda:

Let me explain what the designation of a claim as an Opt-Out means for the Trust. Opt-Out claimants (there were 12 in total, three individual cases and 9 businesses) were still required to go through the same review procedures as other claimants and exhaust their claims through the Trust's regular process. But they were granted the option of pursuing their claims in the Bankruptcy Court if they deemed the Trust's final determination unacceptable. The option to revert to the Bankruptcy Court left the Trust open to the potential of years-long, costly litigation and uncertainty about its financial obligation for these claims. Opt-Outs also created an administrative challenge for the Trust, which has had to reserve the full amount of asserted damages and withhold that money from distributions until the claims were resolved. That makes it imperative that we resolve these Opt-Outs as fairly and quickly as possible to know what funds remain available for fire survivors. As of today, 11 of the original 12 Opt-Outs have been resolved, with only one claim that is still outstanding. The parties will be meeting in June with the hope of reaching a resolution of this last claim.

I will continue to update you on our efforts to complete the work of the Trust in the coming months. In the meantime, our progress continues. Looking at current performance, as of May 31, 2023, the Trust has issued Determination Notices on over 96% of all submitted CQs and has paid \$9.43 billion to claimants, and nearly 86% of all CQs have an accepted, final determination.

Thanks,



Cathy Yanni