



PRELIMINARY PAYMENT ANNOUNCEMENT

History

Collectively, the 2015 Butte Fire, the 2017 North Bay Fires, and the 2018 Camp Fire burned over 460,000 acres, destroyed tens of thousands of homes, businesses, and other structures, and caused over one-hundred fatalities. For every home, apartment or dwelling destroyed in these fires, the occupants' possessions also were lost. For every business consumed by these fires, the owners, the employers and the employees lost their means for making a living. Tens of thousands of fire victims were suddenly left with no possessions and no income. Thousands had to live in emergency tent communities or FEMA camps. Areas of California impacted by the wildfires were home to a proportionately greater number of retired, disabled, veteran, and economically disadvantaged individuals as compared to the demographic averages of the state.

For nearly one third of the homes destroyed in the North Bay Fires, reconstruction has not started. Nearly one third of destroyed parcels in Coffey Park, Fountaingrove, and Oakmont remain vacant. Rebuild efforts have slowed over the last 7 months in the wake of the COVID-19 crisis. Shelter in place and social distancing rules have slowed permitting and building inspection processes, while contractors must also comply with local labor rules that ensure additional safety standards. Building materials have been delayed due to supply chain issues. While construction continues, estimated time to completion has been pushed out for many projects in process.

The rebuild efforts in Butte County have been even slower than North Bay. The Camp Fire destroyed an estimated 18,000 housing units. Hampered by massive infrastructure losses, lack of adequate or any insurance, and larger town planning issues, very few homes have been rebuilt. As of September 9, 2020, Paradise had received 1,202 building permit applications, had issued 1,051 building permits, and had issued a certificate of occupancy for 345 new homes. COVID-19 has complicated the rebuild permitting process, with offices remaining closed to the public and town meetings being held via livestream.

2020 has been the largest wildfire season recorded in California history with 4.2 million acres of land burned, year to date. Thousands of firefighters have been battling dozens of major wildfires in the state, and Northern California residents have experienced weeks of consecutive days with unhealthy air quality.

Meeting the basic needs of life still proves challenging or even impossible for many of the fire survivors. A significant portion of this population relies on Medicare and Medi-Cal, Social Security, disability benefits, food stamps, and other assistance. The increasing downward pressure on these retirement communities and other vulnerable residents is exacerbating problems related to medical care, food security, debt, psychological health, and homelessness.

Already vulnerable and struggling because of the fires, wildfire victims have been impacted even more by COVID-19. There are record levels of unemployment occurring in the U.S. and jobs are far below pre-pandemic levels. The current job market exacerbates the already difficult unemployment circumstances that wildfire victims face, as many were unemployed or living paycheck to paycheck even before the shelter in place orders.



PRELIMINARY PAYMENT ANNOUNCEMENT

With the spread of the virus stopping normal ways of life, fire victims' progress towards rebuilding their lives has come to a halt. Home rebuilds have stopped or slowed because of the virus' impact on the supply chain and construction nationwide. In-person interactions have ceased, leaving people to deal with issues online and over the phone. COVID-19 has impacted access to healthcare as many had necessary surgery or treatment delayed or chose to not seek treatment out of fear of the virus itself. COVID-19 has isolated recovering communities and individuals, further straining the emotion and mental tenacity of those trying to rebuild their lives and their homes.

As Trustee, I have the ability and duty to act in such a crisis and, therefore, have approved the following Preliminary Payment Protocols.

Preliminary Payment Protocols

By November 23, 2020, the FVT will begin issuing Preliminary Payments of up to \$25,000 to Fire Victims who have submitted Claims and satisfied other eligibility criteria.

1. **Qualifying Submissions.** To be considered for a Preliminary Payment, Claimants must have signed under penalty of perjury and submitted a Claims Questionnaire.
 - (a) The Claims Questionnaire does not have to be completed in full, however;
 - (b) The Claims Questionnaire should contain as much information about applicable real and personal property, personal injury, wrongful death and other claimed damages as is currently available.
2. **Eligibility Determination.** The Claims Administrator, in coordination with the Claims Processor and other Trust Professionals, will review all Qualifying Submissions to determine whether the contents are eligible and compensable. In reliance on this information, the Claims Administrator will estimate the probable final claim value of the submitted Claim(s), analyzing information including but not limited to:
 - (a) The contents of the Claims Questionnaire and all supporting documents.
 - (b) Publicly available real estate, construction cost, personal property replacement cost data.
 - (c) Offsets for fire and casualty insurance policy limits, FEMA payments, and Wildfire Assistance Program payments.
3. **Award Amount.** After the Claims Administrator and Trust professionals complete their review confirming compliance with eligibility requirements, the Trustee may authorize a Preliminary Payment of up to \$25,000. The precise Preliminary Payment award amount will be determined on a case-by-case basis.
 - (a) The FVT will issue a Notice of Preliminary Payment informing the Claimant, or his or her lawyer, if represented, of the Preliminary Payment amount. This notice will be informational-only, advising of the forthcoming payment. The determination is not appealable.



PRELIMINARY PAYMENT ANNOUNCEMENT

- (b) Each Preliminary Payment will be credited against and be offset from the Claimant's final Approved Claim(s).
4. **Payment.** Preliminary Payments will be made on an ongoing basis. The FVT will disburse these awards to the primary law firm of represented Claimants and will distribute awards to *pro se* Claimants directly to each Claimant.
 5. **Update to Preliminary Payment Award Amounts as of June 15, 2021.** The Letter from the Trustee dated April 12, 2021 explained that the FVT must assess and value each Claim asserted on a submitted Claims Questionnaire before issuing a Determination Notice with a lump sum amount. On March 15, 2021, the FVT started disbursing initial *pro rata* payments of 30% of the total approved and accepted claim amount for finalized Determination Notices.

After additional review of the claims processing and Trust funding statuses, the Trustee determined that the FVT may authorize increased Preliminary Payment Award amounts to eligible Fire Victims who have not received a lump sum Determination Notice. Under this new guidance, the FVT may disburse Preliminary Payments of up to 30% of an eligible *pro rata* determination for one or more individual Claims that the Claims Administrator and Trust Professionals have adjudicated. The FVT will start issuing these authorized payments to firms and Claimants on June 15, 2021.