

Financial Report

Edward Wisner Donation Trust

December 31, 2021

Financial Report
(Reviewed)

Edward Wisner Donation Trust

December 31, 2021

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the City of New Orleans, Trustee,
Edward Wisner Donation Trust and the
Edward Wisner Donation Advisory Committee,
New Orleans, Louisiana.

We have reviewed the accompanying financial statements of Edward Wisner Donation Trust, which comprise the statements of assets, liabilities, and fund balance - cash basis as of December 31, 2021, 2020, 2019, and 2018, and the related statements of revenues, expenses, and changes in fund balance - cash basis for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the cash basis of accounting.

Basis of Accounting

We draw attention to Note 2a of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
March 15, 2023.

STATEMENTS OF ASSETS, LIABILITIES, AND
FUND BALANCE - CASH BASIS

Edward Wisner Donation Trust
New Orleans, Louisiana

December 31, 2021, 2020, 2019, and 2018

	<u>ASSETS</u>			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Current				
Cash and cash equivalents	<u>\$690,216</u>	<u>\$729,191</u>	<u>\$ 480,322</u>	<u>\$ 573,191</u>
Computer Equipment				
Cost	16,868	16,868	16,868	13,718
Less accumulated depreciation	<u>16,868</u>	<u>16,868</u>	<u>16,868</u>	<u>13,718</u>
Total computer equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u><u>\$690,216</u></u>	<u><u>\$729,191</u></u>	<u><u>\$ 480,322</u></u>	<u><u>\$ 573,191</u></u>

	<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities	\$ -	\$ -	\$ -	\$ -
Fund Balance	<u>690,216</u>	<u>729,191</u>	<u>480,322</u>	<u>573,191</u>
Total liabilities and fund balance	<u><u>\$690,216</u></u>	<u><u>\$729,191</u></u>	<u><u>\$ 480,322</u></u>	<u><u>\$ 573,191</u></u>

See notes to financial statements.

STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN FUND BALANCE - CASH BASIS

Edward Wisner Donation Trust

New Orleans, Louisiana

For the years ended December 31, 2021, 2020, 2019, and 2018

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Revenues				
Oil and gas royalties	\$1,143,670	\$1,088,619	\$2,042,120	\$2,185,384
Less severance tax and other costs	<u>119,023</u>	<u>137,502</u>	<u>253,799</u>	<u>345,140</u>
Net oil and gas royalties	1,024,647	951,117	1,788,321	1,840,244
Land rentals	3,903,936	3,463,730	3,793,070	5,669,053
British Petroleum Oil Spill settlement, net of expenses (Note 5)	1,000,000	1,500,000	1,485,675	1,417,576
British Petroleum Oil Spill HESI/Transocean settlement	-	5,819,446	-	-
Other income	-	41,267	-	-
Campsite and trapping leases	182,513	220,013	244,050	218,266
Interest income	<u>12</u>	<u>47</u>	<u>59</u>	<u>76</u>
Total revenues	<u>6,111,108</u>	<u>11,995,620</u>	<u>7,311,175</u>	<u>9,145,215</u>
Expenses				
Automobile and travel expenses	1,602	1,575	2,525	2,703
Bridge repair and restorations activities	3,000	-	40,960	61,218
Dues and subscriptions	5,945	6,191	6,117	6,600
Income tax expense (refund)	(7,920)	19,009	-	-
Insurance	82,657	80,403	81,429	79,068
Office expenses	80,933	58,126	88,180	60,587
Oyster clutch damage expenditures	-	-	29,403	29,403
Payroll taxes and related expenses	23,081	24,726	20,745	21,393
Professional fees	316,043	254,278	265,574	282,157
Salaries and benefits	<u>253,423</u>	<u>245,828</u>	<u>255,045</u>	<u>246,252</u>
Total expenses	<u>758,764</u>	<u>690,136</u>	<u>789,978</u>	<u>789,381</u>
Revenues in excess of expenses	<u>5,352,344</u>	<u>11,305,484</u>	<u>6,521,197</u>	<u>8,355,834</u>

Exhibit B
(Continued)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Fund Balance				
Beginning of year	<u>729,191</u>	<u>480,322</u>	<u>573,191</u>	<u>585,060</u>
Distributions to beneficiaries:				
Wisner Group	2,156,528	4,422,646	2,645,626	3,347,082
City of New Orleans	1,876,179	3,847,702	2,301,695	2,911,961
Charity Hospital Trust Fund	646,958	1,326,794	793,688	1,004,124
Tulane University	646,958	1,326,794	793,688	1,004,124
The Salvation Army, Inc.	<u>64,696</u>	<u>132,679</u>	<u>79,369</u>	<u>100,412</u>
Total distributions	<u>5,391,319</u>	<u>11,056,615</u>	<u>6,614,066</u>	<u>8,367,703</u>
End of year	<u><u>\$ 690,216</u></u>	<u><u>\$ 729,191</u></u>	<u><u>\$ 480,322</u></u>	<u><u>\$ 573,191</u></u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Edward Wisner Donation Trust**

New Orleans, Louisiana

December 31, 2021, 2020, 2019, and 2018

Note 1 - HISTORY OF TRUST

On August 4, 1914, Edward Wisner executed a donation inter vivos, in favor of the City of New Orleans in trust, of various parcels of land located in the Louisiana Parishes of Lafourche, St. John the Baptist, and Jefferson. The original notarial act named as beneficiaries, the City of New Orleans, the Board of Administrators of Tulane University ("Tulane"), the Board of Administrators of Charity Hospital (now known as University Medical Center New Orleans an institution under the control of the Board of Supervisors of Louisiana State University and Agriculture and Mechanical College) ("LSU"), and The Salvation Army, Inc.

Validity of the donation in trust was contested by Mrs. Mary J. Wisner, widow in community, and heirs of Edward Wisner. All parties subsequently agreed upon a settlement and adjustment of the differences which had arisen and entered into a Notarial Act of Settlement on April 24, 1929.

Under the Notarial Act of Settlement, which was affirmed by a judgment dated April 1, 1930, the Edward Wisner Group became a beneficiary of Edward Wisner Donation Trust (the "Trust"), and the participating interests of the original beneficiaries were revised. The various interests in the Trust are now as follows:

	<u>Percent</u>
Wisner Group	40.0
City of New Orleans	34.8
Charity Hospital Trust Fund	12.0
Tulane University	12.0
The Salvation Army, Inc.	<u>1.2</u>
Total	<u>100.0 %</u>

The judgment provided for the appointment of an advisory committee composed of five members, one member to be selected and appointed by each of the beneficiaries named above. The Council of the City of New Orleans passed an Ordinance creating the "Edward Wisner Donation Advisory Committee" (the "Committee") in compliance with this provision.

Note 1 - HISTORY OF TRUST (Continued)

The Committee has responsibility for supervision and administration of the Trust, and the Mayor of New Orleans (the “Mayor”), when acting on its advice, shall be deemed to be acting on its behalf.

It was provided in the donation and subsequent agreement that the Trusteeship should exist for the term and period of one hundred years from August 4, 1914, and after which, the City of New Orleans, as trustee, may dispose of any or all lands with the advice and consent of the Committee.

In December 2012, the Trustee, then Mayor Mitch Landrieu, filed a Motion to Petition the Court for Instructions to the Trustee. In January 2013, four Wisner heirs filed suit which among other points, asked to have the Mayor removed as Trustee and to declare the Trust perpetual under Act 167 of 1920. In March 2013, the suits were consolidated. On October 11, 2013, Judge Melvin Zeno ruled that the Trust was not perpetual, that the Advisory Committee’s authority to administer the trust was advisory only and limited to trust matters, that the Advisory Committee was a public entity and subject to Louisiana Open Meeting Law, and that the Heirs and the City’s Motions for Summary Judgement were moot. The Fourth Circuit Court of Appeal upheld Judge Melvin Zeno’s ruling that the donation was not perpetual and ended on August 4, 2014 and that the Advisory Committee was a public entity subject to the Louisiana Open Meetings Law. The Court reversed the advice and consent ruling, stating that the Mayor was required to get the Advisory Committee’s advice and consent before awarding grants. The Wisner Heirs and LSU filed Writ Applications with the Louisiana Supreme Court on October 15, 2014. The Louisiana Supreme Court denied the Writ Application of the four Wisner heirs, LSU, and The Salvation Army in this regard on February 13, 2015, making the lower courts’ ruling as the term of the Trust final.

Trust law provides for a reasonable wind down period and the Committee voted unanimously to continue operations, with the Trustee’s consent, as it had previously during this period. The most recent unanimous vote was taken March 31, 2017 to extend operations until June 1, 2017. A Memorandum of Understanding, effective June 1, 2017, was signed by all beneficiaries of the Trust and the Trustee extending operations through May 31, 2018. Several additional Memorandum of Understandings were signed by all parties extending operations through March 31, 2020. The Committee continued to operate *status quo* until the 2020 Ratification was signed by every beneficiary and the Mayor as Trustee and on behalf of the City as a beneficiary. The document was fully executed and recorded on March 18, 2020.

Note 1 - HISTORY OF TRUST (Continued)

The Ratification created the Edward Wisner Trust Management Board (the “Board”) to manage the Donation properties, activities and proceeds and the Committee turned over these functions to the Board. The Mayor remains the Trustee. The Board is chaired by the Mayor or her designee and includes a representative from each of the other beneficiary groups - LSU, Tulane, the Salvation Army and the heirs and assigns of Edward Wisner, his wife and children. The Trustee and the Board have shared responsibility for the Trust. New bylaws were drafted and accepted. The Secretary Treasurer became the Administrator (Ms. Amanda Phillips). (See Note 8.)

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

The Trust’s accounts are maintained, and these statements are presented, on a cash basis method of accounting under which only revenue collected, costs and expenses paid, and assets, liabilities and fund balance arising as a result of cash transactions or from the acquisition of long-lived assets (including provision for depreciation), are recognized. Therefore, accrued revenues and expenses are not reflected in the accompanying financial statements. These financial statements are not intended to be presented in conformity with accounting principles generally accepted in the United States of America.

No valuation of donated land has been made or recorded on the records of the Trust. The original act of donation stated that approximately 50,000 acres of land were donated. As of December 31, 1974, erosion and litigation over the years had reduced the acreage to approximately 34,100. It is estimated that 70 acres of land were lost per year between 1974 and 1979 due to coastal erosion and subsidence. The Trust continues to claim water bottoms under much of the interior property that has been lost. Current acreage is generally estimated at 32,000 to 35,000 acres pending survey. The property continues to be subject to extreme land loss due to coastal erosion and subsidence. The Committee is currently pursuing projects to curtail the loss such as beach fencing, mitigation, and other restoration projects.

b. Cash and Cash Equivalents

The Trust considers all investments with an initial maturity of three months or less to be cash equivalents.

c. Equipment

The Trust records all equipment acquisitions at cost.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Income Taxes

The Trust is classified as a “complex trust” for income tax purposes. Since the Trust routinely distributes all income to its beneficiaries, the Trust is not liable for Federal or state income taxes. Accordingly, no income tax expense has been recorded in the financial statements. Income distributed from the Trust to the beneficiaries is taxed to the beneficiaries.

Tax years ended December 31, 2019 and later remain subject to examination by the taxing authorities.

e. Concentration of Credit Risk

Financial instruments which potentially subject the Trust to concentration of credit risk consist principally of temporary cash investments. The Trust places its temporary cash investments with high credit quality financial institutions. As of December 31, 2021, the Trust had no bank deposits in excess of the \$250,000 Federal Deposit Insurance Corporation insured limit.

f) Subsequent Events

Management evaluates events occurring subsequent to the date of the financial statements in determining the disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through March 15, 2023, which is the date the financial statements were available to be issued.

Note 3 - LEASE INCOME

The Trust has several oil and gas leases which generate a significant portion of the Trust’s income. Future income will fluctuate with the market price and the quantity of oil and gas which will be produced on these leased properties.

The Trust also has several land leases, including some on land being held for future oil and gas production, and approximately 200 one-year campsite and trapping leases.

Minimum future payments on noncancellable leases in excess of one year are not a significant amount as the majority of land rental income is based on a percentage of sublease income and therefore contingent in nature.

Note 4 - MAJOR LESSEES

Income of the Trust is derived principally from oil and gas royalties, and rental income from the leasing of land. One land lease provided approximately 49% of the total income in 2021, 24% in 2020, 46% in 2019, and 50% in 2018. Net royalty income, by major lessee, as a percentage of total income is as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Lessee #1	<u>15%</u>	<u>7%</u>	<u>20%</u>	<u>9%</u>
Lessee #2	<u>2%</u>	<u>1%</u>	<u>4%</u>	<u>8%</u>

Note 5 - BRITISH PETROLEUM OIL SPILL

During 2010, the British Petroleum (BP) oil rig, Deep Water Horizon, exploded resulting in an oil spill of significant magnitude for the Southeastern portion of the United States. The property owned by the Trust was and still is impacted by the spill. The cost of addressing the spill was significant. The Trust and BP entered into a formal Access Agreement which required reimbursement of all costs incurred during the response and clean up portion of the spill while access to the property was ongoing. On May 22, 2014, BP informed the Trust via letter that they unilaterally terminated the Access Agreement as BP believes the United States Coast Guard has determined no further response activities were appropriate. The Trust filed suit in Federal Court against BP for breach of contract: the Access Agreement did not give BP the right to terminate the agreement, the property was not cleaned up to industry standards, and BP still owed the Trust reimbursements under the agreement.

During 2016, the Trust and BP reached a settlement agreement for the British Petroleum Oil Spill. The Trust will receive \$30 million over 22 years: \$5 million per year for the first two years, \$1.5 million per year for years 3-5, \$1 million per year for years 6-19, and \$500,000 per year for years 20-22. The Trust received the first payment of \$5 million made on October 3, 2016. The second payment was made on October 1, 2017 in the amount of \$5 million. The third payment was made on October 1, 2018 in the amount of \$1.5 million. The fourth payment in the amount of \$1.5 million was made on October 1, 2019. The fifth payment in the amount of \$1.5 million was made on October 1, 2020. The sixth payment in the amount of \$1 million was made on October 1, 2021.

Note 5 - BRITISH PETROLEUM OIL SPILL (Continued)

The following presents activity related to the oil spill for the years ended December 31, 2021, 2020, 2019, and 2018:

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Oil spill settlement payment	\$ 1,000,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
Legal fees	-	-	-	-
Oil spill expenses	<u>-</u>	<u>-</u>	<u>(14,325)</u>	<u>(82,424)</u>
Net revenue	<u>\$ 1,000,000</u>	<u>\$ 1,500,000</u>	<u>\$ 1,485,675</u>	<u>\$ 1,417,576</u>

BP's Global Settlement was released in April 2012. Hurricane Isaac delayed the deadline to file objections to September 7, 2012. The Department of Justice, as well as the states of Louisiana and Alabama, have filed objections to the proposed Global Settlement. The opt-out deadline was also extended to November 1, 2012 because of Hurricane Isaac. The Trust opted out of the Global Settlement and presented its Oil Pollution Act claim in January 2013. BP's Global Settlement was approved by U.S. District Judge Carl J. Barbier in April 2016. The Trust's Settlement with BP includes its Oil Pollution Act claim.

In addition to the BP Settlements, the Trust is enrolled in the HESI/Transocean Settlements. Halliburton Energy Services, Inc. and Halliburton Company (HESI) and Triton Asset Leasing GmbH, Transocean Deepwater Inc., Transocean Offshore Deepwater Drilling Inc., and Transocean Holdings LLC ("Transocean") each entered into separate settlement agreements with the Class, which total \$1,239,750,000. The HESI and Transocean settlements will be administered together to reduce administrative costs to the New Class. There are two classes: the New Class and the Old Class. The Trust is a member of the New Class. The New Class will receive punitive damages associated with the spill based on physical damages to real property and personal property, and to a lesser extent, losses related to commercial fishing or hunting during the Class Period. The deadline to file was December 15, 2016. The Trust filed on December 14, 2016. Eligible New Class claimants will be notified prior to distribution.

The New Class will receive punitive damages associated with the Spill based on physical damages to real property and personal property and, to a lesser extent, losses related to commercial fishing, charter boat operations, and subsistence fishing or hunting during the Class Period eligibility considered.

On November 10, 2016, the Hon. Carl Barbier presided over the Fairness Hearing. Objections were also heard at that time.

Note 5 - BRITISH PETROLEUM OIL SPILL (Continued)

On February 15, 2017, the Court entered the Final Order and Judgment Granting Approval of HESI and Transocean Punitive Damages and Assigned Claims Settlement Agreements as well as the Order and Reasons approving the HESI and Transocean settlements and the proposed Old and New Class Distribution Models.

The Trust received the second \$5 million settlement payment in October 2017. The attorney fees of \$3,493,887 were paid in full at that time. Waltzer & Wiygul and the Joint Venture attorneys went before Magistrate Judge Wilkinson in 2017 to determine how much of the contingency fee was due to Waltzer & Wiygul and to the Joint Venture attorneys. At the same time, the Judge determined the attorneys should be paid in full.

The Trust mapped its own damages in April 2019 for the HESI/TO settlement calculation. The first deficiency letter was received in May 2019 for the property in Jefferson, northern Lafourche, and St. John the Baptist Parishes. These areas were not oiled, and a final determination of ineligibility was issued for those properties on August 2, 2019. The determination for the southern Lafourche properties was received October 31, 2019, and appealed on November 20, 2019. The determination was increased slightly on November 20, 2019, and that was appealed on December 10, 2019.

The Trust pledged \$100,000 over 5 years to help LA1 receive a INFRA grant from the Federal government. The first payment will be made when the Notice to Proceed is issued. The Trust also pledged \$100,000 from its BP settlement payment for reconstruction/repair of the Geotubes on Fourchon Island.

April 24, 2020, the Trust received a revised determination of \$4,896,124 for its HESI/TO claim. A multiplier of 2.5 was applied to the claim amount, which was then reduced by a *pro rata* of 52.9796125650968%. The Trust received its settlement amount of \$7,096,885, through the JV attorneys, on September 10, 2020. The JV attorneys withheld \$1,277,439 for attorney fees, resulting in a net amount of \$5,819,446. The attorney fees are being disputed by the Trust. The Trust believes that the fees should be \$851,626. The JV attorneys paid themselves the amount the Trust contends is owed, and the balance, \$425,813, is in escrow. The Board approved Ms. Phillips and counsel to negotiate a settlement. An agreement to split the balance 50/50 was reached, but then rescinded by the JV attorneys.

The Trust received its \$1 million payment (sixth installment) in October 2021 and held back \$20,000 for the first payment of its pledge to LA1.

Note 5 - BRITISH PETROLEUM OIL SPILL (Continued)

On February 8, 2021, the JV attorneys filed suit against the Trust in the Civil District Court of New Orleans: *Herman, Herman & Katz, LLC., Domengeaux, Wright, Roy & Edwards, LLC., Leger & Shaw, L.L.C., Fayard & Honeycutt, APC, and Fred Herman, P.L.C., versus Edward Wisner Donation, No. 2021-3420*, regarding the attorney fees for the HESI/TO settlement, after being unable to come to another agreement. The Trust filed a Motion to Enforce Settlement on May 5, 2021 and a Peremptory Exception of *Res Judicata* on June 16, 2021. The Exception of *Res Judicata* has been continued to permit discovery.

Note 6 - EMPLOYEE BENEFITS

The Trust provides a 401(k) plan for its eligible employees pursuant to employee contracts between the Committee and the Trust's full time employees. These employee contracts state that the Trust will pay its full time employees a base salary and an additional 24% of that base salary as a benefit package. This 24%, at the employee's discretion, can be used to participate in the Trust's 401(k) plan or to purchase any other employee benefits such as health insurance, IRA contributions, etc. The Trust records the additional 24% as additional salary expense.

In 2008, the Trust initiated a 401(k) profit-sharing plan for all eligible employees in which they may elect to contribute a percentage of their annual compensation not to exceed statutory limits. The Trust may make an annual discretionary profit-sharing contribution to the plan. During December 31, 2021, 2020, 2019, and 2018, the Trust elected not to make an annual discretionary profit-sharing contribution.

Note 7 - COMMITMENTS

The Trust leases space for its office facility in New Orleans. In September 2021, the Trust extended their lease through August 31, 2026. Future minimum lease payments required under the lease are as follows:

<u>Year Ending December 31,</u>	
2022	\$ 31,748
2023	32,240
2024	32,568
2025	32,568
2026	<u>32,568</u>
Total	<u>\$161,692</u>

Note 7 - COMMITMENTS (Continued)

Rent expense for the years ended December 31, 2021, 2020, 2019, and 2018, totaled \$32,553, \$32,597, \$30,429, and \$29,616 respectively. Rent expense is included in office expenses on the Statements of Revenues, Expenses, and Changes in Fund Balance - Cash Basis.

The Trust utilizes the services of a company to monitor their property. The agreement, which extends through February 2023, provides for ten days per month of monitoring at \$1,400 per day through February 2022, and increases to \$1,450 per day through February 2023. Under this agreement, the Trust has future minimum payments of approximately \$202,000 through February 2023.

The Trust pledged \$100,000 over 5 years to help LAI receive an INFRA grant from the Federal Government. The first payment will be made when the Notice to Proceed is issued. The Notice to Proceed was issued in February 2022.

Note 8 - SUBSEQUENT EVENTS

2022 - Trust

On February 8, 2022, the City Council filed to intervene in the JV Attorney Suit. They were represented by Adam Swensk, the City Council's executive counsel. Mr. Swensk previously worked as an Assistant City Attorney under then Mayor Mitchell Landrieu, had litigated the City's Petition for Instructions against the Wisner heirs, and when that matter was final, met with the other attorneys for the beneficiaries to formulate the 2020 Ratification. The Trust filed a Motion to Disqualify him. He withdrew as counsel when the City Council hired Barrasso, Usdin, Kupperman, Freeman & Sarver, L.L.C. and Justin B. Schmidt to represent the City Council in all the Trust matters.

On July 25, 2022, the City Council withdrew its intervention, and on July 29, 2022, filed "*The Council of the City of New Orleans versus Edward Wisner Donation, the Honorable Mayor LaToya Cantrell, in her official capacity and as Trustee, Michael Peneguy, Senator Edwin Murray, Major Chris Thornhill and Patrick Norton,*" ("Council Suit") No. 2022-6765 in Civil District Court.

On September 23, 2022, in the Council Suit, Judge Kern Reese granted a Temporary Injunction Order, prohibiting the Trust from distributing proceeds or revenues of the Trust to any beneficiary of the Trust other than the City of New Orleans, and prohibiting Mayor Cantrell in her official capacity from distributing any Trust revenue received by the City to any third parties including vendors or grantees, without prior Court approval.

Note 8 - SUBSEQUENT EVENTS (Continued)

EDWARD WISNER DONATION - TRUST AND BP SETTLEMENT (Continued)

2022 - Trust (Continued)

On September 28, 2022, following a hearing, Judge Reese granted a Preliminary Injunction Order that prohibited the Trust from distributing proceeds and revenues of the Trust to any beneficiary of the Trust, and from making any other payments or distributions of any kind from Trust proceeds, including any debts or operational expenses incurred by the Trust without the Court's prior approval. Funds received in settlement with BP PLC, or any of its corporate affiliates, subsidiaries, parents, successors, predecessors, or assigns, for claims asserted in association with the Deepwater Horizon disaster, are excluded from this injunction. The Mayor was also enjoined from distributing the City's share of proceeds and revenues from the Trust, as well as any of the BP settlement funds.

On October 4, 2022, the Judge signed an Order granting the Trust permission to pay the Administrator (Ms. Amanda Phillips) salary, payroll service fees and taxes.

The Trust's BP settlement funds cleared its checking account on October 5, 2022.

On October 24, 2022, Judge Reese signed an Order allowing the payment of enumerated expenses that had been incurred as of entry of the TRO, as well as expenses that would be incurred through November 3, 2022.

A Writ and appeal were taken from Judge Reese's ruling. A Motion to Stay the Council Suit was filed in the district court by the Board pending appeal. The Motion for Stay was denied by Judge Reese. A Motion for Stay was also filed with the Fourth Circuit Court of Appeals. The Fourth Circuit Court of Appeals denied the Motion for Stay and denied the Writ, with a dissent from Judge Ledet. A Writ to the Louisiana Supreme Court is being prepared.

Discovery is ongoing in the Council Suit in the district court.

On November 22, 2022, Judge Reese signed an Order allowing the Trust to pay certain of its monthly operating expenses without having to come back to the City Council or the Judge for approval. Amounts in excess of the approved amounts, required notification to the City Council and to the Court as soon as possible.

The Trust turned over documents for discovery in early January, 2023.

\$820,000 of the BP Proceeds was deposited in a new account dedicated solely to the BP Proceeds in January, 2023. A distribution of \$500,000 was made from these funds in January, 2023. The second LA1 payment of \$20,000 was also made from this account.

Note 8 - SUBSEQUENT EVENTS (Continued)

EDWARD WISNER DONATION - TRUST AND BP SETTLEMENT (Continued)

2022 - Trust (Continued)

On March 2, 2023, Judge Reese partially lifted the TRO to allow distributions to be made to the beneficiaries. This amount was the total net retained revenues that would have triggered a tax liability at the trust level if not distributed by March 6, 2023. Distributions totaling \$2,843,355 were made on March 2, 2023.

Management intends to continue to vigorously fight the attempts to terminate the Trust.

BP Deepwater Horizon Oil Spill and Subsequent Litigation

2022 - BP

The first payment to LA1 was made in February 2022 after the Notice to Proceed was issued on February 9, 2022.

The Trust received a \$1 million (seventh installment) payment from BP in October 2022. This money was exempted from the Temporary and Preliminary Restraining Orders, therefore \$970,000 was transferred to Simon Peragine's escrow account and \$30,000 was left in the Trust's account to cover any expenses that may be on autopay. Of the \$970,000 transferred, \$150,000 was to cover current and future legal fees with Simon Peragine and \$820,000 was to hold until the Trust could open a separate account for the funds.

The City Council filed a Motion to Intervene on February 8, 2022. The City Council subsequently withdrew the motion and filed a separate matter on August 29, 2022 (see Trust). The JV attorney case had depositions scheduled in September and October 2022, but those were postponed after the City Council filed their separate suit *The Council of the City of New Orleans versus Edward Wisner Donation, the Honorable Mayo LaToya Cantrell, in her official capacity and as Trustee, Michael Peneguy, Senator Edwin Murray, Major Chris Thornhill and Patrick Norton, No. 2022-6765* in Civil District Court. Discovery is ongoing and the filing of additional exceptions to the claims of the JV attorneys is anticipated.

Judge Ervin-Knott, who was presiding over the attorney fee dispute, was elected to a position on the Louisiana Fourth Circuit Court of Appeal in the fall of 2023. She joined the Fourth Circuit Court in January 2023. The Trust's case was then turned over to Judge Reese, who is also handling the City Council case. As of March 15, 2027, there has been one hearing for this case.

The Trust's second payment of \$20,000 to LA1 was made in January, 2023. An additional \$50,000 was authorized to replenish the Simon Peragine retainer fee.

Management intends to vigorously fight both the JV and City Council lawsuits.