

Volkswagen Diesel Emissions Environmental Mitigation Trust for Indian Tribe Beneficiaries
Semi Annual Reporting Table of Contents
For the Reporting Period Ending December 31, 2019

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Subparagraph 3.3.1.2.iii

No activity in the reporting period

Subparagraph 3.3.1.4

Semi-Annual Reporting Package includes a 3-year projected annual budget for the Tribal Administration Cost Subaccount, as well as balance statements for all subaccounts as of December 31, 2019.

**The Volkswagen Diesel Emissions Environmental Mitigation Trust
for Indian Tribe Beneficiaries**

**Trustee Descriptive Report
for Period July 1, 2019 to December 31, 2019**

As required under subparagraphs 3.3.1.6 and 3.3.1.7

Establishment, Purpose, and Funding of the Indian Tribe Trust

On October 25, 2016, Volkswagen AG (“VW”) and certain subsidiaries entered into a Partial Consent Decree, and on May 17, 2017 entered into a Second Partial Consent Decree, in the United States District Court, Northern District of California (the “Court”), which required VW to make payments in the amounts of \$2.7 billion and \$225 million, respectively, to fulfill their environmental mitigation obligations pursuant to the Decrees. The Consent Decrees required the Settling Defendants to establish the Environmental Mitigation Trust for Indian Tribe Beneficiaries (the “Indian Tribe Trust” or “Indian Tribe Mitigation Trust”) and to fund the Indian Tribe Trust with funds to be used for environmental mitigation projects that reduce emissions of nitrogen oxides (“NOx”) where the Subject Vehicles were, are, or will be operated (“Eligible Mitigation Actions”), and to pay for Trust Administration Costs as set forth in the trust agreement of the Indian Tribe Trust (the “Trust Agreement”).

On March 15, 2017, the Court appointed Wilmington Trust, N.A. (“WTNA”) as the Trustee for Indian Tribe Mitigation Trust. The Indian Tribe Trust’s purpose is to fund eligible environmental mitigation projects that reduce emissions of nitrogen oxide. The Indian Tribe Trust also provides for the payment of Trust Administration costs. On October 2, 2017, the Indian Tribe Trust was established and approximately \$41.4 million was deposited into the Trust before the end of 2017.

By the end of 2018, the Trustee received from the Settling Defendants a deposit of approximately \$18 million, which represented the Indian Tribe Trust’s portion of the final \$900 million required under the 2.0L Partial Consent Decree, meaning that the Indian Tribe Trust was considered fully funded at the start of this reporting period.

The Environmental Mitigation Trust Agreement for Indian Tribe Beneficiaries (as modified on November 15, 2018) was filed with the U.S. District Court for the Northern District of California on November 30, in accordance with the Order issued by Judge Charles R. Breyer on Friday November 16, 2018 approving the proposed Material Modifications to the Indian Tribe Trust (the “Approval Order”). A copy of the final, filed version of the Modified Indian Tribe Trust Agreement is available at https://www.vwenvironmentalmitigationtrust.com/modified_tribe_trust_agreement.

Introduction

In the reporting period (July 1, 2019 to December 31, 2019), WTNA completed a number of actions permitted and required under the Trust Agreement and Consent Decrees, which included application of Per Capita and Pro-Rata Allocation calculations, and notice to each Beneficiary electing to participate in the second funding cycle; reviewing and approving Eligible Mitigation Action Certification (Appendix D-4) Forms for the Second Funding Cycle and funding the approved requests; and, payment of Trust bills. A brief description of each of these actions is included below.

**The Volkswagen Diesel Emissions Environmental Mitigation Trust
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**3.3.1.7 Actions taken in reporting period in accordance with
Trust Agreement and Consent Decrees**

Implementation of Steps for Second Funding Cycle under the Modified Indian Tribe Trust Agreement

In the reporting period, the Trustee implemented a number of actions required for the second funding cycle under the Modified Indian Tribe Trust agreement.

Application of Per Capita and Pro-Rata Allocation and Notice to Each Participating Beneficiary

In the previous period, the Trustee had received timely-filed Designated Beneficiary's Participation Notices (Appendix D-6) submissions from 49 Beneficiaries, which enabled the Trustee to perform its allocation determinations.

As per subparagraph 5.0.5.3, "in order to ensure an equitable allocation of funds in the Tribal Allocation Subaccount among Beneficiaries to fund Eligible Mitigation Actions to be proposed and administered by the Beneficiaries, the Trustee ... [is required to] apply the allocation method set forth ...[in 5.0.5.3] in each funding cycle.

On July 1, 2019, according to 5.0.5.3.3 the Trustee allocated 50% of the available funding on a Per Capita Allocation and the other 50% of the available funding on a Pro Rata Population-based Allocation. On this date, the Trustee also transmitted an individualized notice to each of the 49 participating Beneficiaries regarding the Trustee's allocation determination of the amount of funding available for each Beneficiary for the second funding cycle.

Receipt, Approval, and Funding of Beneficiary Eligible Mitigation Action Certification (Appendix D-4) Forms for Second Funding Cycle

In the period, the Trustee received and reviewed Beneficiary Eligible Mitigation Action Certification (Appendix D-4) Forms from 45 federally-recognized Indian Tribes.

From October through November, the Trustee disbursed approximately \$14 million to fund the approved Eligible Mitigation Actions of 43 of the 45 Indian Tribe Trust Beneficiaries detailed in Table 1. Two Indian Tribe Trust Beneficiaries had distributions that were approved, but which were held up pending receipt by the Trustee of additional documentation at the end of the period.

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Table 1. Approved Second Funding Cycle Eligible Mitigation Actions Disbursed in the Reporting Period

Tribal Beneficiary Name	Action Title	Amount Paid	Date
Blue Lake Rancheria	Shuttle Bus Replacement	\$ 158,986	11/1/2019
Central Council Tlingit & Haida Indian Tribes of Alaska	Replacement of Class 4 Medium Truck	\$ 157,837	11/19/2019
Cheyenne River Sioux Tribe	Cheyenne River Sioux Tribe Large Truck Replacement Project	\$ 344,322	11/13/2019
Chefornak Traditional Council	Naterkaq Genset Replacement	\$ 169,670	11/15/2019
Cherokee Nation	Cherokee Nation's 2nd Round Zero Emission Project	\$ 1,791,682	11/13/2019
Chickaloon Native Village	Replacement of Class 8 Truck	\$ 277,761	11/13/2019
Citizen Potawatomi Nation	Citizen Potawatomi Nation 2019 Vehicle Replacement Project	\$ 554,541	11/13/2019
Confederated Tribes of the Colville Reservation	Replace Public Works program vehicles	\$ 304,131	11/6/2019
Confederated Tribes and Bands of the Yakama Nation	Yakama Nation's Round 2 School Bus Replacement Project	\$ 394,215	11/14/2019
Elk Valley Rancheria	Purchase and Installation of Electric Charging Stations	\$ 28,123	11/4/2019
Forest County Potawatomi	Replacement of Diesel Logging Truck	\$ 172,983	11/20/2019
Galena Village (Louden)	Diesel Engine Replacement & Powerhouse Upgrade	\$ 167,384	11/6/2019
Gila River Indian Community	Round 2 Replacement of GRIC Fleet Vehicles	\$ 489,361	11/7/2019
Gulkana Village Council	Gulkana Village Council Water Truck Replacement Project	\$ 160,695	PENDING
Hoopa Valley Tribe	Replacement of 1 Class 8 Truck	\$ 228,904	11/7/2019
Koyukuk Village Council	Replacement of 2 Stationary Power Generators	\$ 149,432	11/14/2019
Lower Brule Sioux Tribe	Farm Truck Diesel Emissions Reduction	\$ 195,115	10/29/2019
Mashantucket Pequot Indian Tribe	Replacement of (2) diesel trucks	\$ 164,408	11/8/2019
Mohegan Tribe of Indians of Connecticut	Shuttle Bus Replacement	\$ 158,721	11/1/2019
Muscogee (Creek) Nation	Replace 4 Vehicles and Install Electric Vehicle Charging Station	\$ 1,453,178	11/1/2019
Nez Perce Tribe	Nez Perce Tribe Truck Replacement and Electric Vehicle Charging Station	\$ 237,160	11/21/2019
Native Village of Brevig Mission	Replacement of Dump Truck, Brevig Mission	\$ 168,580	11/19/2019
Native Village of Koyuk	Replacement of Dump Truck, Koyuk	\$ 167,237	11/27/2019
Native Village of Port Heiden	Replacement of Class 8 Dump Trucks	\$ 160,401	12/4/2019
Native Village of Savoonga	Replacement of Dump Truck, Savoonga	\$ 176,607	11/27/2019
Native Village of White Mountain	Native Village of White Mountain (NVWM) Dump Truck Replacement	\$ 162,258	11/20/2019
Oglala Sioux Tribe	Oglala Sioux Tribe Transit Bus Replacement Project	\$ 655,993	11/13/2019
Pueblo of Isleta	Pueblo of Isleta Nox Reduction Project	\$ 251,245	11/8/2019
Saint Regis Mohawk Tribe	SRMT Nox Reduction	\$ 249,007	11/7/2019
Salt River Pima-Maricopa Indian Community	Shuttle/Transit Buses (2)	\$ 295,982	11/7/2019
Sault Ste. Marie of Chippewa Indians	Replacement of 1 Class 8 Local Freight Truck	\$ 194,110	11/12/2019
Swinomish Indian Tribal Community	Volkswagen Diesel Emissions Environmental Mitigation Trust: (1) Class 4-7 Local Freight Trucks (Medium Trucks) Replacement; (2) Light Duty Zero Emission Vehicle Supply Equipment Acquisition; and (3) Administrative Costs	\$ 179,465	11/6/2019
The Chickasaw Nation	FY 20 Shuttle Replacement	\$ 399,987	11/1/2019
The Fond du Lac Band of Lake Superior Chippewa	Diesel Vehicle Replacement and EV Charging Station Installation, second round	\$ 594,939	11/19/2019
Shoshone-Bannock Tribes	VW Mitigation Improvements	\$ 269,102	11/8/2019
Quapaw Tribe of Indians (The)	Quapaw Tribe Eligible Mitigation Action Project	\$ 196,556	10/30/2019
The Red Cliff Band of Lake Superior Chippewa	Roads Dept. Class 8 Vehicle Replacement Project	\$ 186,832	11/1/2019
The Red Lake Band of Chippewa Indians	Replace Class 7 & 8 Trucks, Install EV Chargers	\$ 328,889	11/8/2019
Three Affiliated Tribes (MHA)	Replacement Truck	\$ 298,185	11/21/2019
Upper Sioux Community	Upper Sioux Community Eligible Mitigation Action	\$ 161,756	11/25/2019
Ute Mountain Ute Tribe	Ute Mountain Diesel Passenger Bus Replacement	\$ 207,959	PENDING
Venetie Village	Replacement of Two Stationary Power Generators	\$ 151,432	11/14/2019
White Mountain Apache Tribe	VW Settlement 1	\$ 541,310	11/7/2019
Yocha Dehe Wintun Nation	Yocha Dehe Wintun Nation Truck Replacement Project	\$ 159,075	11/1/2019
Yurok Tribe	Replacement of 1 refrigerator truck and 2 dump trucks	\$ 178,817	11/18/2019

**The Volkswagen Diesel Emissions Environmental Mitigation Trust
for Indian Tribe Beneficiaries**

Federal Income Taxes

In accordance with the Trust Agreement, the Trustee continues to deduct (and deposit into the Tax Payment Subaccount) estimated federal income taxes from the investment income of the Indian Tribe Trust.

State Income Taxes

On August 7, 2019, the Trustee received a private letter ruling (“PLR”) from the Delaware Division of Revenue confirming that the Indian Tribe Trust is a Qualified Settlement Fund under Delaware Law and as a Qualified Settlement Fund, the Indian Tribe Trust is not subject to Delaware income tax. Considering the favorable conclusions within the Delaware PLR, the Indian Tribe Trust will no longer make estimated income tax payments to Delaware. As of December 31, 2019, the Trustee was continuing to work with its tax advisors to obtain a refund of all Delaware income taxes paid while the Delaware PLR was pending.

On December 11, 2019, the Trustee received a refund check from the California Franchise Tax Board (“FTB”) in the amount of \$1,700. The Trustee has deposited the California refund into the Indian Tribe Trust Tax Subaccount. Based on the refund from the California FTB and advice from its tax advisors, The Indian Tribe Trust will no longer make estimated income tax payments to California.


Payment of Trust Bills

In the period, the Indian Tribe Trust paid \$13,492 in Trust Administration Costs. The Indian Tribe Trust also paid approximately \$123,077 in costs to third-party professionals.

**The Volkswagen Diesel Emissions Environmental Mitigation Trust
for Indian Tribe Beneficiaries**

**3.3.1.6 Previously unreported action taken by Trust that
materially adversely affects Trust**

Nothing to report.

By:  _____
Name: Russell L. Crane, MBA
Title: Vice President
Wilmington Trust, N.A., as Trustee
Date: February 18, 2020

Volkswagen Diesel Emissions Environmental Trust for Indian Tribe Beneficiaries
Trust Asset Statements and Investments Listing
December 31, 2019
(Dollars in thousands)

Portfolio(s)	Maturity Date	Rating	Amount
Tribal Allocation Subaccount			
Cash			\$ (372)
BlackRock Liquidity Fund			581
Marketable Securities at Costs			
U.S. Treasury Bills	01/30/2020	AAA	452
U.S. Treasury Bills	02/13/2020	AAA	1,784
U.S. Treasury Bills	03/05/2020	AAA	3,487
U.S. Treasury Bills	03/26/2020	AAA	4,418
U.S. Treasury Bills	04/02/2020	AAA	1,308
U.S. Treasury Bills	04/16/2020	AAA	4,463
U.S. Treasury Bills	04/23/2020	AAA	2,948
U.S. Treasury Bills	05/21/2020	AAA	444
U.S. Treasury Bills	05/28/2020	AAA	4,033
U.S. Treasury Bills	06/11/2020	N/A	9,293
U.S. Treasury Bills	07/02/2020	N/A	372
Marketable Securities at Costs Total			33,002
Accrued Interest Income			204
Tribal Allocation Subaccount Total			\$ 33,415
Tribal Tech Advisor Subaccount			
Cash			\$ (154)
BlackRock Liquidity Fund			33
Marketable Securities at Costs			
U.S. Treasury Bills	01/02/2020	AAA	153
U.S. Treasury Bills	01/16/2020	AAA	74
U.S. Treasury Bills	01/30/2020	AAA	35
U.S. Treasury Bills	02/13/2020	AAA	64
U.S. Treasury Bills	02/27/2020	AAA	34
U.S. Treasury Bills	03/05/2020	AAA	204
U.S. Treasury Bills	03/12/2020	AAA	124
U.S. Treasury Bills	03/26/2020	AAA	196
U.S. Treasury Bills	04/02/2020	AAA	144
U.S. Treasury Bills	04/16/2020	AAA	203
U.S. Treasury Bills	04/23/2020	AAA	185
U.S. Treasury Bills	05/07/2020	AAA	35
U.S. Treasury Bills	05/21/2020	AAA	30
U.S. Treasury Bills	05/28/2020	AAA	189
U.S. Treasury Bills	06/11/2020	N/A	75
U.S. Treasury Bills	06/18/2020	AAA	94
U.S. Treasury Bills	07/02/2020	N/A	119
Marketable Securities at Costs Total			1,958
Accrued Interest Income			13
Tribal Tech Advisor Subaccount Total			\$ 1,850

Subparagraphs:
3.3.1.1.i
3.3.1.1.ii

Volkswagen Diesel Emissions Environmental Trust for Indian Tribe Beneficiaries
Trust Asset Statements and Investments Listing
December 31, 2019
(Dollars in thousands)

Portfolio(s)	Maturity Date	Rating	Amount
Tribal Administration Cost Subaccount			
Cash			\$ (243)
BlackRock Liquidity Fund			225
Marketable Securities at Costs			
U.S. Treasury Bills	01/02/2020	AAA	233
U.S. Treasury Bills	01/16/2020	AAA	99
U.S. Treasury Bills	01/30/2020	AAA	69
U.S. Treasury Bills	02/27/2020	AAA	127
U.S. Treasury Bills	03/05/2020	AAA	287
U.S. Treasury Bills	03/12/2020	AAA	184
U.S. Treasury Bills	03/26/2020	AAA	235
U.S. Treasury Bills	04/02/2020	AAA	189
U.S. Treasury Bills	04/16/2020	AAA	372
U.S. Treasury Bills	04/23/2020	AAA	268
U.S. Treasury Bills	05/07/2020	AAA	129
U.S. Treasury Bills	05/15/2020	AAA	164
U.S. Treasury Bills	05/21/2020	AAA	34
U.S. Treasury Bills	05/28/2020	AAA	288
U.S. Treasury Bills	06/11/2020	N/A	94
U.S. Treasury Bills	06/18/2020	AAA	139
U.S. Treasury Bills	07/02/2020	N/A	183
U.S. Treasury Bills	08/13/2020	AAA	182
Marketable Securities at Costs Total			3,276
Accrued Interest Income			22
Tribal Administration Cost Subaccount Total			\$ 3,280
Tribal Tax Subaccount			
Cash			\$ 795
Tribal Tax Subaccount Total			\$ 795
Tribal Advisory Council Subaccount			
Cash			\$ -
BlackRock Liquidity Fund			6
Marketable Securities at Costs			
U.S. Treasury Bills	03/12/2020	AAA	10
U.S. Treasury Bills	04/16/2020	AAA	10
U.S. Treasury Bills	04/23/2020	AAA	5
Marketable Securities at Costs Total			25
Accrued Interest Income			-
Tribal Advisory Council Subaccount Total			\$ 31
Indian Tribe Trust Total			
Cash			\$ 26
BlackRock Liquidity Fund			845
Marketable Securities at Costs			38,261
Accrued Interest Income			239
Indian Tribe Trust Total			\$ 39,371

Subparagraphs:

3.3.1.1.i

3.3.1.1.ii

Volkswagen Diesel Emissions Environmental Trust for Indian Tribe Beneficiaries
Tribe Trust Payments and Administration Costs Line Item
October 2, 2017 through December 31, 2019
(Dollars in thousands)

Subaccount	Cumulative Paid
Tribal Allocation	
Trust Administrator Costs	\$ 46
Tribal Allocation Total	\$ 46
Tribal Tech Advisor	
Trust Administrator Costs	\$ 1
Tribal Tech Advisor Costs	919
Tribal Allocation Total	\$ 920
Tribal Administration Cost	
Trust Administrator Costs	\$ 46
Trust Counsel	734
Insurance	307
Audit	85
Accounting	71
Tax Return	60
Consultant	190
Website Support	10
Tax Counsel	127
Intralink	2
Contingency Expenses	40
Tribal Administration Cost Total	\$ 1,672
Tribal Tax	
Estimated State Taxes Paid	\$ 3
Tribal Tax Total	\$ 3
Tribal Advisory Council	
Trust Administrator Costs	\$ 2
Tribal Advisory Council Total	\$ 2
Indian Tribe Trust Total	\$ 2,643

Subparagraphs:

3.3.1.1.iii

3.3.1.3.i