

ACTION ITEM

Finance and Investment Committee Meeting, September 24, 2019
Board of Governors Meeting, September 25, 2019

CONTRACT ID:	Legacy Asset Investments
BUDGETED ITEM	N/A
CONTRACT AMOUNT	N/A
PURPOSE / SCOPE	<p>Citizens' originally held five securities that made up the Legacy Assets: Lehman Brothers Holdings Escrow, AFF Financing, Atlantic East, Pacific West and Issuer Entity – these assets were determined to be distressed and writedowns occurred. We evaluated the sale of the SIV legacy securities and received Board approval in March 2016 to strategically sell the securities based on bids received in June 2016. As a result, Citizens sold two SIVs – Pacific West and Atlantic East – and held Issuer Entity (Ottimo), AFF Financing and Lehman bonds as the market conditions for these securities was not as liquid and they were continuing to generate cash flow. The market values of remaining SIVs are expected to remain relatively unchanged and there are potential risk and increased administrative costs from holding these securities due to the amortization and prepayments of the underlying assets.</p> <p>Citizens has the option to liquidate the SIV legacy assets and reinvest in liquid securities pursuant to its investment policy to maximize investment returns. Liquidating these securities will also limit future market risk and volatility, bring the overall portfolio into compliance with the investment policy, and end the legacy of illiquid securities.</p>
CONTRACT TERM(S)	N/A
PROCUREMENT METHOD	N/A
RECOMMENDATION	<p>It is recommended that Citizens' Finance and Investment Committee approve and recommends the Board of Governors:</p> <ul style="list-style-type: none">a) Approve the recommendation to sell the remaining Structured Investment Vehicles legacy securities and Lehman Brothers Holdings Escrow; andb) Authorize staff to take any appropriate or necessary action consistent with this Action Item.
CONTACTS	Jennifer Montero, Chief Financial Officer