

Newcomb, Kellee J.

From: Jayson Davidson <JDavidson@hyasgroup.com>
Sent: Wednesday, May 1, 2019 8:00 AM
To: Vanduren, Darla A.; Newcomb, Kellee J.
Cc: Kathi McKiernan
Subject: Information for the Trustees on the selling of the small GNMA positons

Hi Darla and Kellee,

Not sure how best to get this out to Trustees for a decision. We could also raise this at next meeting, but can't be sure bids will be there then too. My message below:

As we discussed, we asked Becker to the small GNMA positions out for indicative bids yesterday. The sent out four of the eight positions to the following brokers:

- Stifel Nicolaus
- JP Morgan
- Mesirow Financial
- Bank of Oklahoma
- Morgan Stanley
- Piper Jaffrey

Only one broker, the Bank of Oklahoma provided a bid.

The bids were as follows:

Original Face	Security	Coupon/Maturity	Pool Number	Cusip	BVAL	Best Bid	Net Difference
45,000	GNMA	6.00% 12/15/23	476724	36209NSM5	101-29+	99-10	\$ 25.03
60,000	GNMA	6.00% 8/20/28	2671	36202C6G3	109-29	99	\$ 52.69
63,000	GNMA	5.00% 2/20/33	3345	36202DWE7	105-8+	99-16+	\$ 116.84
40,110	GNMA	5.00% 10/20/33	3458	36202DZX2	105-21+	102-28	\$ 57.25

As you can see, the bids were a ways off of the Bloomberg Valuation (BVAL), but keep in mind that BVAL is based upon round lots of \$1,000,000. All of these aged positions are very small, with market values ranging from \$610 – \$6,000. When Becker factors in the net difference in potential proceeds, the difference between the BVAL and bids received ranges from \$25 – 116.

Per the discussion at the last meeting, this amount may not be a substantial disparity given the small, illiquid sizes of these MBS pieces. It may be better just to accept prices within this range in order to clean up these positions.

Please let me know if you would like me to put all of the bonds out for bids and to execute if the numbers are similar to what was initially received yesterday (we can request a couple more brokers to try to stir up a bit more interest).

Thank you,

Jayson