SUMMARY STATEMENT

ITEM NO.: DRPA-13-139 SUBJECT: Approval of Lehman Brothers Bankruptcy Claim

COMMITTEE: New Business

COMMITTEE MEETING DATE: N/A

BOARD ACTION DATE: November 20, 2013

PROPOSAL: That the Board authorizes staff to execute a settlement agreement with Lehman Brothers Special Financing, based on a gross claim amount of $4.0 million to $4.2 Million. As part of the resolution of Lehman’s Bankruptcy, DRPA expects to receive between 30% and 45% of the agreed upon claim amount based on current market conditions. This would result in periodic payments from Lehman totaling between $1.2 and $1.9 Million in the aggregate.

PURPOSE: To receive compensation for Lehman Brothers Special Financing failure to fulfill its obligation under the agreement with the DRPA.

BACKGROUND: Lehman Brothers entered into an agreement with the DRPA for the investment of part of the debt service reserve fund. DRPA was entitled to receive a guaranteed rate of return of 5.1539%. To assist it in pursuing a settlement, the Authority engaged experts at Public Financial Management (PFM), at a cost of $25,000.00 to directly negotiate with Lehman. Blank Rome also contributed to this effort.

Staff recommends execution of the settlement agreement.

SUMMARY: Amount: $4.0 million
Source of Funds: N/A
Capital Project #: N/A
Operating Budget: N/A
Master Plan Status: N/A
Other Fund Sources: N/A
Duration of Contract: N/A
Other Parties Involved: N/A
RESOLUTION

RESOLVED: That the Board authorizes staff to execute a settlement agreement with Lehman Brothers Special Financing; and be it further

RESOLVED: The Chair, Vice Chair and the Chief Executive Officer must approve and are hereby authorized to approve and execute all necessary agreements, contracts, or other documents on behalf of the DRPA. If such agreements, contracts, or other documents have been approved by the Chair, Vice Chair and Chief Executive Officer and if thereafter either the Chair or Vice Chair is absent or unavailable, the remaining Officer may execute the said document(s) on behalf of DRPA along with the Chief Executive Officer. If both the Chair and Vice Chair are absent or unavailable, and if it is necessary to execute the said document(s) while they are absent or unavailable, then the Chief Executive Officer shall execute such documents on behalf of DRPA.

SUMMARY:  
Amount: $4.0 million  
Source of Funds: N/A  
Capital Project #: N/A  
Operating Budget: N/A  
Master Plan Status: N/A  
Other Fund Sources: N/A  
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Other Parties Involved: N/A