

**Florida PRIME
Fixed Income Investment Oversight Group Meeting**

Minutes

March 28, 2013

11:00 a.m. - 12:00 p.m.

Attendees

Kevin Ceurvorst – Senior Portfolio Manager-Investment Grade Credit
Ken Chambers – Inspector General
Karen Chandler – Director of Enterprise Risk Management
Lisa Collins – Manager of Public Market Compliance
Bridget Dervish – Senior Risk & Control Analyst III
Belinda Dixon – Director of External Investment Manager Oversight
Tom Fernald – Senior Portfolio Manager-External Management
Cherie Jeffries – Director of Fixed Income Trading
Mykel Kenton – Manager of Public Market Compliance
Eric Nelson – Chief Risk & Compliance Officer
Sheilah Smith – Director of Public Market Compliance
Lamar Taylor – Deputy Executive Director
Katy Wojciechowski – Senior Investment Officer-Fixed Income

Agenda Topics

1. Follow-up item from 1/23/13:

The Senior Officer-Investment Programs & Governance will request an updated Eligible Securities procedure from Federated Investors to reflect the September 2012 implementation of additional controls governing the purchase of 144a securities in Florida PRIME (9/27/12 FI-IOG).

Conclusion:

The status of this item is ongoing. The Senior Officer-Investment Programs & Governance submitted a request to Federated Investors on 1/31/13 for an updated Eligible Securities procedure, reflecting the September 2012 implementation of additional controls governing the purchase of 144a securities in Florida PRIME. On 3/14/13, Federated sent an updated, draft procedure for review by the SBA. The Senior Officer-Investment Programs & Governance and the Director of Public Market Compliance will provide comments to Federated on the proposed changes.

2. Reviewed January 2013 monthly compliance, transaction, and holdings reports.

Conclusions:

- A. No compliance violations were reported on the Federated checklist.
- B. In the verification of high risk parameters, discrepancies were identified on Dollar Weighted Average Maturity (DWAM) and Weighted Average Life (WAL), which exceeded the tolerance limit of 6 and 12 days, respectively. The variance between the calculations generated by the internal Eagle system and those reported by Federated was 41 days for

DWAM and 29 days for WAL. These discrepancies were due to incorrect reset and/or maturity dates in the Eagle system for the St. Andrew and Mullenix demand notes; for two fixed rate corporates issued by General Electric Capital Corporation; and for floaters/extendibles issued by Australia New Zealand Banking Group, Canadian Imperial Bank of Commerce, Royal Bank of Canada, State Street Bank and Trust Company, and Wells Fargo Bank NA. After recalculating in Excel, the DWAM was within tolerance at 41 days versus 40 days reported by Federated, and WAL matched the Federated result of 82 days.

- C. No extraordinary transactions or holdings were identified.
- D. No QIB restrictions were identified on Bloomberg for 144A securities purchased in January 2013.

Action Item

Carried forward from 1/23/13:

The Senior Officer-Investment Programs & Governance will request an updated Eligible Securities procedure from Federated Investors to reflect the September 2012 implementation of additional controls governing the purchase of 144a securities in Florida PRIME (9/27/12 FI-IOG).