

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

Minutes

May 23, 2013

2:00 p.m. - 3:00 p.m.

Attendees

Kevin Ceurvorst – Senior Portfolio Manager-Investment Grade Credit
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
Cherie Jeffries – Director of Fixed Income Trading
Mykel Kenton – Manager of Public Market Compliance
Michael McCauley – Senior Officer-Investment Programs & Governance
Eric Nelson – Chief Risk & Compliance Officer
Sheilah Smith – Director of Public Market Compliance
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. On 4/3/13, the Senior Officer-Investment Programs & Governance and the Director of Public Market Compliance provided comments to Federated on the proposed changes. To date, the revised Federated Eligible Securities procedure has not been finalized.

3. Reviewed March 2013 monthly compliance, transaction, and holdings reports.

Conclusions:

- A. No compliance violations were reported on the Federated checklist. However, the checklist was revised to correct the percentage “Invested in any one Money Market Mutual Fund.” The 6.28% total exposure to all money market funds was reported, rather than the largest concentration to any one fund, which was 3.26%.
- B. In the verification of high risk parameters, a discrepancy was identified on Weighted Average Life (WAL), which exceeded the tolerance limit of 12 days. The variance between the calculation generated by the internal Eagle system and that reported by Federated was 39 days. The discrepancy was due to incorrect reset and/or maturity dates in the Eagle system for

the St. Andrew and Mullenix demand notes; for the municipal Illinois Finance Authority; and for 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 WAL was within tolerance at 85 days versus 88 days reported by Federated.

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