

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

Minutes

June 26, 2013

11:00 a.m. - 12:00 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
Belinda Dixon – Director of External Investment Manager Oversight
Tom Fernald – Senior Portfolio Manager-External Management
Mykel Kenton – Manager of Public Market Compliance
Eric Nelson – Chief Risk & Compliance Officer
Richard Smith – Senior Portfolio Manager-Short Term
Sheilah Smith – Director of Public Market Compliance
Lamar Taylor – Deputy Executive Director

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 Senior Officer-Investment Programs & Governance received the revised Eligible Securities Procedure from Federated on 6/13/13. The procedure now states that Florida PRIME is not a Qualified Institutional Buyer (QIB) and that Federated must confirm prior to purchase that any security to be acquired may be purchased by a non-QIB. This item is closed.

2. Reviewed April 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 following: 1) Weighted Average Life (WAL) and S&P Weighted Average Life were changed from 80.67 days to 80.69 days; 2) under “Issuer Diversification,” “Purchases this month” in Royal Bank of Canada, Montreal was revised to reflect a “No” response; 3) the percentage of “Repurchase agreements with any single dealer-Counterparty Rating A-1” was changed from 6.35% to 8.05%; and 4) the “Industry Concentration, excluding financial services industry” was increased from 4.29% to 4.36%.
- B. In the verification of high risk parameters, discrepancies were identified on Dollar Weighted Average Maturity (DWAM) and Weighted Average Life, which exceeded the tolerance limits of 6 days and 12 days, respectively. The variances between the calculations generated by the internal Eagle system and those reported by Federated were 8 days for DWAM and 78 days

for WAL. The discrepancies were due to incorrect reset and/or maturity dates in the Eagle system for the Mullenix and St. Andrew demand notes; for the municipals Illinois Finance Authority, Long Island Power Authority, Putnam County West Virginia County Commission, and State of Texas; and for floaters/extendibles issued by Australia New Zealand Banking Group, Canadian Imperial Bank of Commerce, JP Morgan Chase Bank N.A., 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 39 days versus 37 days reported by Federated, and WAL matched the Federated result of 81 days.

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

Action Items

None.