

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

Minutes

November 25, 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
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
Richard Smith – Senior Portfolio Manager-Short Term
Sheilah Smith – Director of Public Market Compliance
Lamar Taylor – Deputy Executive Director
Katy Wojciechowski – Senior Investment Officer-Fixed Income

Agenda Topics

1. Follow-up items:

None.

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

Conclusions:

- A. No compliance violations were reported on the Federated checklist. However, a revised checklist was issued correcting the *Industry Concentration, Excluding Financial Services Industry* from 0% to 1.64%.
- B. In the verification of high risk parameters, one discrepancy was identified. The variance between the Weighted Average Life (WAL) calculation generated by the internal Eagle system and that reported by Federated exceeded the tolerance limit of 12 days by 97 days. The discrepancy was due to incorrect maturity dates in the Eagle system for the Mullenix and St. Andrew demand notes and for the municipals California Statewide Communities Development Authority, Gibson County Indiana, Illinois Finance Authority, Long Island Power Authority, Putnam County West Virginia County Commission, and Saratoga County Industrial Development Agency. After correcting the maturity dates for these securities and recalculating in Excel, WAL matched the Federated result of 87 days.
- C. No extraordinary transactions or holdings were identified.
- D. No QIB restrictions were identified on Bloomberg for 144A securities purchased in September 2013.

3. Reviewed 3rd Quarter Stress Test results.

Conclusions:

The portfolio was tested on 9/30/13 for the following events: a) a change in short-term interest rates, b) an increase in net shareholder redemptions, c) downgrades and defaults, and d) changes between a benchmark overnight interest rate and the interest rates on securities held in Florida PRIME. Florida PRIME portfolio manager, Paige Wilhelm, was unavailable for a conference call but provided the 3rd Quarter Stress Test results and the following written comments:

None of these events that will cause the NAV to fall to 0.995 are likely to occur given the fact that the Fed is not in play to raise rates. Largest holding is Royal Bank of Canada (5.38%). Lowest rated holding is Sumitomo Mitsui Bank (rated Aa3/A+/A- and P-1/A-1/F1 by Moody's, S&P, and Fitch, respectively).

No follow-up questions were posed by the FI-IOG regarding the Stress Test results reported by Federated.

Action Items

None.