

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

Minutes

May 19, 2014

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
Bridget Dervish – Senior Risk & Control Analyst III
Belinda Dixon – Director of External Investment Manager Oversight
Tom Fernald – Senior Portfolio Manager-External Management
Mykel Kenton – Manager of Public Market Compliance
Angie Millard – Enterprise Risk Manager
Eric Nelson – Chief Risk & Compliance Officer
Richard Smith – Senior Portfolio Manager-Short Term
Sheilah Smith – Director of Public Market Compliance
Katy Wojciechowski – Senior Investment Officer-Fixed Income

Agenda Topics

1. Reviewed 1st Quarter Stress Test Results.

Conclusions:

A conference call was conducted with Florida PRIME Portfolio Manager, Paige Wilhelm, to review the 1st Quarter 2014 Stress Test results. The portfolio was tested on 3/31/14 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. At the end of March, the Net Asset Value (NAV) of the fund was at par. With no redemptions, it would take an estimated 374 basis point change in short-term interest rates or a 468 basis point change in spread rates to reduce the NAV to the minimum required \$.9950. Also, if the largest holding (U.S. Treasury Bills maturing 4/24/14) was downgraded or defaulted, an estimated recovery rate of 91.59% would be necessary to maintain a NAV of \$.9950. If the lowest rated entity (Svenska Handelsbanken with short-term ratings of P-1/A-1+/F1+ and long-term ratings of Aa3/AA-/AA- by Moody's, S&P, and Fitch, respectively) was downgraded or defaulted, an estimated recovery value of 89.90% would be necessary to maintain a NAV of \$.9950. Federated does not regard any of the reported Stress Test results as reasonably likely to occur during the next year and is not aware of any other events that the Advisor views as reasonably likely to occur in the next year that would cause the NAV of Florida PRIME to fall below \$.9950.

2. Follow-up items:

None.

3. Reviewed March 2014 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, no material discrepancies were identified.
- C. No extraordinary transactions or holdings were identified.
- D. No QIB restrictions were identified on Bloomberg for 144A securities purchased in March 2014.

Action Items

None.