

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

November 24, 2014

11:00 a.m. – 12:00 p.m.

Attendees

Karen Chandler – Director of Enterprise Risk Management / Acting Chief Risk & Compliance Officer
Lisa Collins – Manager of Public Market Compliance
Belinda Dixon – Director of External Investment Manager Oversight
Tom Fernald – Senior Portfolio Manager-External Management
Cherie Jeffries – Director of Fixed Income Trading
Michael McCauley – Senior Officer-Investment Programs & Governance
Sheilah Smith – Director of Public Market Compliance
Katy Wojciechowski – Senior Investment Officer-Fixed Income

Agenda Topics

1. A conference call was conducted with Florida PRIME Portfolio Manager, Paige Wilhelm, to review 3rd Quarter 2014 Stress Tests results. The portfolio was tested on 9/30/14 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 September, the Net Asset Value (NAV) of the fund was at par. With no redemptions, it would take an estimated 465 basis point change in short-term interest rates or a 334 basis point change in spread rates to reduce the NAV to the minimum required \$.9950. If the largest and lowest rated entity (BNP Paribas with short-term ratings of P-1/A-1/F1 and long-term ratings of A1/A+/A+ by Moody's, S&P, and Fitch, respectively) was downgraded or defaulted, an estimated recovery value of 90.71% 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 in the next year and is not aware of any other events that the Advisor views as reasonably likely to occur during the next year that would cause the NAV of Florida PRIME to fall below \$.9950.
2. Follow-up items:

None.
3. Reviewed September 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, 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 229 days. This discrepancy was due to incorrect maturity dates in the Eagle system for an extendible floater issued by ANZ Banking Group; for the Mullenix demand note; and for the municipals issued by the City of New York, New York Local

Government Assistance Corporation, the Illinois Finance Authority, and the State of Oregon. After recalculating in Excel, WAL matched the Federated result of 87 days.

- C. No extraordinary transactions or holdings were identified in Florida PRIME.
- D. No QIB restrictions were identified on Bloomberg for 144A securities purchased in September 2014.

Action Items

None.