

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

August 31, 2015

2:00 p.m. – 3:00 p.m.

Attendees

Kevin Ceurvorst – Senior Portfolio Manager-Investment Grade Credit
Karen Chandler – Director of Enterprise Risk Management / Acting Chief Risk & Compliance Officer
Tom Fernald – Senior Portfolio Manager-External Management
Cherie Jeffries – Director of Fixed Income Trading
Mykel Kenton – Manager of Public Market Compliance
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 Stress Test results for the quarter ended 6/30/15.

Conclusions:

The portfolio was tested on 6/30/15 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 June, the Net Asset Value (NAV) of the fund was at \$.9999. With no redemptions, it would take an estimated 528 basis point shift in short-term interest rates to reduce the NAV to the minimum required \$.9950. If the largest holding, Federated Prime Obligations Fund, was downgraded or defaulted, its price could decline to \$.9505 before the portfolio NAV would drop to \$.9950. If the lowest rated entity, JP Morgan Chase & Co.*, was downgraded or defaulted, a projected recovery value of 90.22% would be necessary to retain a NAV of at least \$.9950. On 6/30/15, with 0% redemptions, spread rates on floating rate instruments could widen by an estimated 314 basis points, and the fund would maintain a NAV of \$.9950. Federated is comfortable with the Stress Test results and does not regard any of the reported scenarios as reasonably likely to occur during the next year. Further, the manager and is not aware of any other events that it 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 June 2015 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 exceeding the tolerance limit of 12 days was identified on Weighted Average Life (WAL). The variance between the calculation generated by the internal Eagle system and that reported by Federated was 56 days. This discrepancy was due to an incorrect maturity date in the Eagle system for the municipal issue New York City Municipal Water Finance Authority. After recalculating in Excel, WAL was within tolerance at 85 days versus 84 days reported by Federated.
- C. No extraordinary transactions or holdings were identified in Florida PRIME.
- D. No QIB restrictions were identified on Bloomberg for 144A securities purchased in June 2015.

Action Items

None.

** On 6/30/15, Florida PRIME held JP Morgan Securities and JP Morgan Chase Bank. These entities had short-term ratings of P-1/A-1/F1+ and long-term ratings of Aa2/A+/AA- by Moody's, S&P, and Fitch, respectively. The parent company, JP Morgan Chase & Co., was rated P-2/A-1/F1 and A3/A+.*