

**Fixed Income Investment Oversight Group Meeting - Florida PRIME**  
**Meeting Minutes**  
**January 30, 2018      2:30 p.m.    Gold Coast Room**

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**Attending Members:** Karen Chandler – *Chief Risk & Compliance Officer*; Marcia Main – *Director, Enterprise Risk Management*; Sheilah Smith – *Director, Public Market Compliance*; Katy Wojciechowski – *Senior Investment Officer, Fixed Income*

**Other Attendees:** John Benton – *Senior Investment Policy Officer*; Kevin Ceurvorst – *Senior Portfolio Manager, Investment Grade Credit*; Lisa Collins – *Manager, Public Market Compliance*; Cherie Jeffries – *Director, Fixed Income Trading*; Mykel Kenton – *Manager, Public Market Compliance*; Melissa Macilveen – *Financial Specialist II, FHCF*; Kelly Marsey – *Director, Performance & Risk Analytics*; Mike McCauley – *Senior Officer, Investment Programs & Governance*; Joel Meyer – *Manager, Financial Operations, FHCF*; Richard Smith – *Senior Portfolio Manager, Short Term*; Deanna Wasson – *Manager, Quantitative Investment Analysis*

**Minutes:** Annette Bullock – *Administrative Assistant*

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**Agenda Topics**

1. A conference call was conducted with Federated Portfolio Manager, Paige Wilhelm, to review stress testing results for the quarter ended 12/31/17:

Conclusions:

The portfolio was tested against specified combinations of hypothetical events including: a) increases in the general level of short-term interest rates, in combination with various levels of increases in shareholder redemptions, b) the downgrade or default of particular portfolio security positions, each representing various portions of the fund's portfolio, in combination with various levels of increases in shareholder redemptions, and c) the widening of spreads, in various sectors, compared to the indexes to which portfolio securities are tied, in combination with various levels of increases in shareholder redemptions. See attached Q4 2017 *Stress Testing Board Summary Report for Florida Local Government Investment Pool A*.

2. Follow-up Item from 12/20/17:

Performance, Risk, and Analytics inquired about the performance reconciliation process required by the Investment Policy Statement between Federated and the Custodian Bank. Senior Officer, Investment Programs & Governance will ask Federated to provide information regarding their process and will follow up at the next IOG.

Conclusions:

Follow-up for this item was moved to the next meeting.

3. Compliance Review of December 2017 Data:

Conclusions:

A. No compliance violations were reported on the Federated checklist.

B. No discrepancies were identified in the verification of high risk parameters.

C. No extraordinary transactions or holdings were identified.

4. Other Topics:

No other topics were presented for discussion.

5. Action Item from 12/20/17:

Performance, Risk, and Analytics inquired about the performance reconciliation process required by the Investment Policy Statement between Federated and the Custodian Bank. Senior Officer, Investment Programs & Governance will ask Federated to provide information regarding their process and will follow up the next IOG.

**EXHIBIT A**

**Stress Testing Board Summary Report for Florida Local Government Investment Pool A**

<b>Date of Stress Tests:</b>	31-Oct	30-Nov	29-Dec
<b>Shadow NAV at Time of Tests:</b>	1.00008	1.00001	0.99986

**STRESS TESTING RESULTS DURING THE PERIOD**

Pct of Shares Redeemed	Redemptions Only					
	Stress NAV			Weekly Liquidity		
	Oct	Nov	Dec	Oct	Nov	Dec
0%	1.00008	1.00001	0.99986	31.42%	36.79%	34.53%
10%	1.00009	1.00001	0.99985	30.00%	30.00%	30.00%
20%	1.00010	1.00001	0.99983	30.00%	30.00%	30.00%
30%	1.00011	1.00001	0.99980	30.00%	30.00%	30.00%
40%	1.00013	1.00000	0.99977	30.00%	30.00%	30.00%

Pct of Shares Redeemed	Change in Interest Rates						Credit Event						Floater Spread Widening					
	Stress NAV			Weekly Liquidity			Stress NAV			Weekly Liquidity			Stress NAV			Weekly Liquidity		
	Oct	Nov	Dec	Oct	Nov	Dec	Oct	Nov	Dec	Oct	Nov	Dec	Oct	Nov	Dec	Oct	Nov	Dec
0%	0.99911	0.99899	0.99894	31.42%	36.79%	34.53%	1.00000	0.99993	0.99980	31.42%	36.79%	34.53%	0.99980	0.99956	0.99960	31.42%	36.79%	34.53%
10%	0.99901	0.99889	0.99883	30.00%	30.00%	30.00%	1.00000	0.99993	0.99978	30.00%	30.00%	30.00%	0.99978	0.99952	0.99955	30.00%	30.00%	30.00%
20%	0.99889	0.99876	0.99868	30.00%	30.00%	30.00%	1.00000	0.99992	0.99975	30.00%	30.00%	30.00%	0.99975	0.99945	0.99949	30.00%	30.00%	30.00%
30%	0.99873	0.99860	0.99849	30.00%	30.00%	30.00%	1.00000	0.99989	0.99972	30.00%	30.00%	30.00%	0.99972	0.99937	0.99942	30.00%	30.00%	30.00%
40%	0.99851	0.99840	0.99824	30.00%	30.00%	30.00%	1.00000	0.99989	0.99967	30.00%	30.00%	30.00%	0.99967	0.99926	0.99933	30.00%	30.00%	30.00%

Test	% of Orig. Portfolio Stressed			Pct of Shares Redeemed	Combination					
	Oct	Nov	Dec		Stress NAV			Weekly Liquidity		
	Oct	Nov	Dec		Oct	Nov	Dec	Oct	Nov	Dec
Redemptions Only	0.0%	0.0%	0.0%	0%	0.99875	0.99845	0.99862	31.42%	36.79%	34.53%
Change in Int. Rates	94.5%	93.0%	95.5%	10%	0.99862	0.99830	0.99847	30.00%	30.00%	30.00%
Credit Event	23.4%	24.8%	16.1%	20%	0.99844	0.99810	0.99827	30.00%	30.00%	30.00%
Floater Spread Widening	33.8%	32.9%	30.0%	30%	0.99822	0.99785	0.99803	30.00%	30.00%	30.00%
Combination	94.5%	95.3%	96.5%	40%	0.99792	0.99752	0.99770	30.00%	30.00%	30.00%

**B. Escalation Procedures:**

Based on Federated's procedures, as of 6/30/2016, Counsel to the Independent Directors or Trustees will receive notification from the Adviser upon the occurrence of the following events in a Rule 2a-7 money market fund: (1) any deviation between the NAV and the market based NAV in excess of \$0.0040 per share or (2) Weekly Liquid assets drop below 30%.

**C. Assessment of Fund's Ability to Withstand Events Reasonably Likely to Occur During the Following Year:**

Unless highlighted above for further discussion, the Adviser has determined that each fund is structured in such a way that the occurrence of the events, described more fully above, which the Adviser believes are reasonably likely to occur during the next 12 months would not result in a Fund's Weekly Liquid Assets falling below 10% or a fund failing to minimize principal volatility.

**D. Test Descriptions:**

- Unusual Redemption Activity: Resulting NAV & liquidity levels following redemptions equal to 40% in 10% increments
- Change in Interest Rates: Resulting NAV & liquidity levels following a change in rates of 0.75%.
- Credit Event: UK and Euro bank spreads widen by 0.50%
- Floater Spread Widening: Resulting NAV & liquidity levels following a widening of floater spreads off of the applicable index of 0.25%
- Combination: Change in Interest Rates, Credit Event, and Floater Spread Widening combined.

**E. Redemption Funding Method:**

Redemptions - Sell Daily Liquidity down to 0 percent then Weekly Liquidity down to 30 percent then based on Final Maturity Date