

Fixed Income Investment Oversight Group Meeting – Florida PRIME
Meeting Minutes
October 28, 2020 10:00 a.m. Conference Call

Attending Members: Karen Chandler – *Director, Enterprise Risk Management*; Mike McCauley – *Senior Officer, Investment Programs & Governance*; Sooni Raymaker – *Chief Risk & Compliance Officer*; Katy Wojciechowski – *Senior Investment Officer, Fixed Income*

Other Attendees: Jennifer Barrett – *Senior Compliance Analyst*; John Benton – *Senior Investment Policy Officer*; Annette Bullock – *Administrative Assistant (RMC)*; Lisa Collins – *Manager, Public Market Compliance*; Cherie Jeffries – *Director of Fixed Income Trading*; Melissa Macilveen – *Financial Specialist (FHCF)*; Joel Meyer – *Manager, Financial Operations (FHCF)*; Richard Smith – *Senior Portfolio Manager, Short Term*

Minutes: Lisa Collins – *Manager, Public Market Compliance*

Agenda Topics

1. The Federated Portfolio Manager, Paige Wilhelm, reviewed the stress test results for the quarter ended 09/30/2020.

Conclusions:

In combination with various levels of increases in shareholder redemptions, the portfolio was tested against the following hypothetical events: a) an increase in the general level of short-term interest rates, b) a credit event representing various portions of the fund's portfolio, c) the widening of spreads, in various sectors, compared to the indexes to which portfolio securities are tied, and d) a combination of a, b, and c. See attached *Stress Testing Board Summary Report for Florida Local Government Investment Pool A - 3Q2020*.

2. No Follow-up Items.
3. Compliance Review of September 2020 Data:

Conclusions:

- A. No new exceptions were reported.
 - B. No open/ongoing exceptions were reported.
 - C. No Affected Securities were reported.
4. Other Topics:

PMC will begin performing daily PRIME compliance reviews effective 11/1/2020 (the last monthly review will be conducted on 10/30/2020) using the Aladdin BlackRock System on a T+2 basis. This new process will include the review of all high and low risk parameters, excluding First Tier securities issued by or subject to demand features. PMC is unable to independently verify these parameters using

Aladdin so Federated's month-end results will be monitored. All other parameters will be reviewed daily using Aladdin as well as manual checks. The FI-IOG reviewed suggested thresholds and will allow a daily 10% tolerance for variations between the compliance limit and the Aladdin rule result for issuer and industry sector limits. The 10% tolerance will also apply to the check between Federated and Aladdin results for the last day of the month on all rules that contain a percentage limit as well as the Dollar Weighted Average Maturity and Weighted Average Life rules. Results exceeding the 10% threshold will be researched by PMC to determine the reason for the difference and the need to document and escalate their findings.

5. No Action Items.

EXHIBIT A

Stress Testing Board Summary Report for Florida Local Government Investment Pool A - 3Q2020

Date of Stress Tests:	31-Jul	31-Aug	30-Sep
Shadow NAV at Time of Tests:	1.00056	1.00044	1.00033

STRESS TESTING RESULTS DURING THE PERIOD

Pct of Shares Redeemed	Redemptions Only					
	Stress NAV			Weekly Liquidity		
	Jul	Aug	Sep	Jul	Aug	Sep
0%	1.00056	1.00044	1.00033	39.34%	41.40%	37.65%
10%	1.00063	1.00049	1.00037	32.59%	34.91%	30.73%
20%	1.00070	1.00055	1.00042	30.00%	30.00%	30.00%
30%	1.00080	1.00063	1.00048	30.00%	30.00%	30.00%
40%	1.00084	1.00073	1.00056	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		
	Jul	Aug	Sep	Jul	Aug	Sep	Jul	Aug	Sep	Jul	Aug	Sep	Jul	Aug	Sep	Jul	Aug	Sep
0%	0.99988	0.99982	0.99968	39.34%	41.40%	37.65%	1.00005	0.99999	0.99988	39.34%	41.40%	37.65%	1.00022	1.00015	1.00005	39.34%	41.40%	37.65%
10%	0.99986	0.99980	0.99964	32.59%	34.91%	30.73%	1.00006	0.99999	0.99986	32.59%	34.91%	30.73%	1.00024	1.00017	1.00005	32.59%	34.91%	30.73%
20%	0.99984	0.99977	0.99960	30.00%	30.00%	30.00%	1.00007	0.99999	0.99984	30.00%	30.00%	30.00%	1.00027	1.00019	1.00006	30.00%	30.00%	30.00%
30%	0.99982	0.99974	0.99954	30.00%	30.00%	30.00%	1.00008	0.99999	0.99982	30.00%	30.00%	30.00%	1.00031	1.00021	1.00007	30.00%	30.00%	30.00%
40%	0.99979	0.99969	0.99946	30.00%	30.00%	30.00%	1.00009	0.99998	0.99979	30.00%	30.00%	30.00%	1.00037	1.00025	1.00008	30.00%	30.00%	30.00%

Test	% of Orig. Portfolio Stressed			Pct of Shares Redeemed	Combination					
	Jul	Aug	Sep		Stress NAV			Weekly Liquidity		
	Jul	Aug	Sep		Jul	Aug	Sep	Jul	Aug	Sep
Redemptions Only	0.0%	0.0%	0.0%	0%	0.99902	0.99907	0.99894	39.34%	41.40%	37.65%
Change in Int. Rates	93.7%	92.3%	92.9%	10%	0.99892	0.99897	0.99882	32.59%	34.91%	30.73%
Credit Event	48.3%	46.1%	44.9%	20%	0.99878	0.99884	0.99867	30.00%	30.00%	30.00%
Floater Spread Widening	22.9%	23.8%	23.4%	30%	0.99861	0.99868	0.99848	30.00%	30.00%	30.00%
Combination	93.7%	92.3%	92.9%	40%	0.99837	0.99846	0.99823	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 0.50%.
- Credit Event: Banks, Oil companies, Travel and Leisure spreads all widen by 0.50%
- Floater Spread Widening: Resulting NAV & liquidity levels following a widening of floater spreads off of the applicable index of 0.50%
- 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