

**Fixed Income Investment Oversight Group Meeting – Florida PRIME
Meeting Minutes
January 30, 2017 1:00 p.m., Panther**

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

Members Not Present: Marcia Main – *Director, Enterprise Risk Management*

Other Attendees: Kathy Adkins – *Manager, Financial Operations*; John Benton – *Senior Investment Policy Officer*; Kevin Ceurvorst – *Senior Portfolio Manager, Investment Grade Credit*; Lisa Collins – *Manager, Public Market Compliance*; Melissa Macilveen – *Financial Specialist II*; Mike McCauley – *Senior Officer, Investment Programs & Governance*; Dennis McKee – *Acting Deputy Executive Director*; Richard Smith – *Senior Portfolio Manager, Short Term*; Kim Stirner – *Chief Audit Executive*

Minutes: Annette Bullock – *Administrative Assistant*

Agenda Topics

1. Follow-up Items:

None.

2. Compliance Review of December 2016 Data:

Conclusions:

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

B. No discrepancies were discovered in the verification of high risk parameters. However, several differences were noted in comparing the ratings verified on Bloomberg versus those Federated provided to S&P on the weekly surveillance report. The Director of Public Market Compliance contacted Federated regarding these issues and will follow up at the next FI-IOG meeting.

C. No extraordinary transactions or holdings were identified.

3. Other Topics:

A. Performed the annual review of the *Florida PRIME Compliance Risk Rankings*, relative to the Investment Policy Statement which became effective 8/2/16. See Appendix A, *Florida PRIME Compliance Risk Rankings*.

Conclusions:

1) Each IPS parameter is ranked as “High” or “Low” with respect to the level of risk associated with a potential guideline breach. These rankings along with the frequency for independent verification are reviewed and approved by the FI-IOG on a minimum annual basis.

- 2) No changes were recommended, and the current risk rankings were approved by the FI-IOG.
 - 3) SBA compliance staff will continue to perform independent testing of compliance parameters ranked as “High” risk on a monthly basis, with the exception of the Net Asset Value test, which will be verified daily.
- B. 4th Quarter 2016 Stress Test results were not yet available from Federated.
- C. The Chief Risk & Compliance Officer, Director of Public Market Compliance, and Senior Officer Investment Programs & Governance plan to participate in a due diligence visit to Federated in April 2017.

Action Items

The Director of Public Market Compliance contacted Federated regarding rating discrepancies noted in comparing the ratings verified on Bloomberg versus those Federated provided to S&P on the weekly surveillance report. Findings will be discussed at the next FI-IOG meeting.

Appendix A
Florida PRIME Compliance Risk Rankings

Risk Ranking	Test	Limits	
High	Securities must be USD denominated	Minimum	100%
High	Unregistered securities must be eligible for sale to Accredited Investors or Qualified Purchasers	Minimum	100%
<u>Ratings Requirements</u>			
High	First Tier Securities	Minimum	100%
Low	Long-term securities must have long-term ratings in the three highest categories	Pass/Fail	
Low	Commercial Paper must have short-term ratings from at least one NRSRO	Minimum	100%
Low	Securities in Highest Rating Category (A-1+ or equivalent)	Minimum	50%
<u>Maturity</u>			
Low	Individual Security	Maximum	397 days
Low	Government floating rate notes/variable rate notes	Maximum	762 days
High	Dollar Weighted Average Maturity	Maximum	60 days
High	Weighted Average Life	Maximum	120 days
High	S&P Weighted Average Life	Maximum	90-120 days
<u>Issuer Diversification</u>			
Low	First Tier issuer (limit does not apply to cash, cash items, U.S. Government securities and repo collateralized by these securities)	Maximum	5%
<u>Demand Feature and Guarantor Diversification</u>			
Low	First Tier securities issued by or subject to demand features and guarantees of a non-controlled person	Maximum	10%/75%
Low	First Tier securities issued by or subject to demand features and guarantees of a controlled person	Maximum	10%/100%

Risk Ranking	Test	Limits
--------------	------	--------

Money Market Mutual Funds

Low	Invested in any one Money Market Mutual Fund	Maximum	10%
-----	--	---------	-----

Repurchase Agreements

Low	Repurchase Agreement Counterparty Rating	Minimum	A-1
-----	--	---------	-----

Low	Term Repurchase Agreements with any single dealer - Counterparty Rating A-1+	Maximum	25%
-----	--	---------	-----

Low	Term Repurchase Agreements with any single dealer - Counterparty Rating A-1	Maximum	10%
-----	---	---------	-----

Low	Repurchase Agreements with any single dealer - Counterparty Rating A-1	Maximum	25%
-----	--	---------	-----

Low	Repurchase Agreement Counterparties must be rated by S&P	Pass/Fail	
-----	--	-----------	--

Concentration

Low	Industry Concentration, excluding financial services industry	Maximum	25%
-----	---	---------	-----

Low	Any Single Government Agency	Maximum	33.33%
-----	------------------------------	---------	--------

Low	Illiquid Securities	Maximum	5%
-----	---------------------	---------	----

High	Assets invested in securities accessible within 1 business day	Minimum	10%
------	--	---------	-----

High	Assets invested in securities accessible within 5 business days	Minimum	30%
------	---	---------	-----

High	Net Asset Value	Minimum	99.75%
------	-----------------	---------	--------

Risk Rankings Approved by the FI-IOG on 01/30/17.