

**Fixed Income Investment Oversight Group Meeting – Florida PRIME**  
**Meeting Minutes**  
**January 31, 2023 2:30 p.m.**  
**Emerald Coast Conference Room/Virtual via Teams**

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

**Members Not Present:** Mike McCauley – *Senior Officer, Investment Programs & Governance*

**Other Attendees:** Jennifer Barrett – *Senior Compliance Analyst*; John Benton – *Senior Investment Policy Officer*; Lisa Collins – *Manager, Public Market Compliance*; Hannah Day – *Investment Compliance Analyst*; Cherie Jeffries – *Director, Fixed Income Trading*; Mykel Kenton – *Manager, Public Market Compliance*; Melissa Macilveen – *Manager, Administrative Programs (FHCF)*; Richard Smith – *Senior Portfolio Manager, Short Term*; Paige Wilhelm – *Senior Vice President and Head of Investment Area/Prime Liquidity Team, Senior Portfolio Manager (Federated Hermes)*

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

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**Agenda Topics**

1. The Federated Portfolio Manager, Paige Wilhelm, reviewed the stress test results for the quarter ended 12/31/2022.

**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 - 4Q2022*.

2. Follow-up item from 7/27/22:

It was recommended that the PRIME Investment Policy Statement and the PRIME risk rankings are revisited after the SEC finalizes rules on money market funds.

**Conclusions:**

The SEC has not taken any final action on its proposed rule amendments to 2a-7 since they were issued in 12/2021.

3. Compliance recap for the quarter ended 12/31/2022:

**Conclusions:**

- A. No new exceptions were reported.
- B. No open/ongoing exceptions were reported.

C. No Affected Securities were reported.

4. No Other Topics.

5. Action item from 7/27/22.

It was recommended that the PRIME Investment Policy Statement and the PRIME risk rankings are revisited after the SEC finalizes rules on money market funds.

**EXHIBIT A**

**Stress Testing Board Summary Report for Florida Local Government Investment Pool A - 4Q2022**

<b>Date of Stress Tests:</b>	31-Oct	30-Nov	30-Dec
<b>Shadow NAV at Time of Tests:</b>	0.99933	0.99964	0.99985

**STRESS TESTING RESULTS DURING THE PERIOD**

Pct of Shares Redeemed	Redemptions Only					
	Stress NAV			Weekly Liquidity		
	Oct	Nov	Dec	Oct	Nov	Dec
0%	0.99933	0.99964	0.99985	53.89%	49.76%	42.56%
10%	0.99926	0.99960	0.99984	48.78%	44.17%	36.18%
20%	0.99917	0.99955	0.99982	42.40%	37.20%	30.00%
30%	0.99905	0.99948	0.99979	34.20%	30.00%	30.00%
40%	0.99889	0.99940	0.99976	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%	0.99883	0.99914	0.99924	53.89%	49.76%	42.56%	0.99867	0.99907	0.99920	53.89%	49.76%	42.56%	0.99871	0.99910	0.99927	53.89%	49.76%	42.56%
10%	0.99870	0.99905	0.99915	48.78%	44.17%	36.18%	0.99852	0.99897	0.99911	48.78%	44.17%	36.18%	0.99857	0.99900	0.99919	48.78%	44.17%	36.18%
20%	0.99854	0.99893	0.99905	42.40%	37.20%	30.00%	0.99833	0.99884	0.99900	42.40%	37.20%	30.00%	0.99839	0.99887	0.99908	42.40%	37.20%	30.00%
30%	0.99833	0.99877	0.99891	34.20%	30.00%	30.00%	0.99810	0.99868	0.99885	34.20%	30.00%	30.00%	0.99817	0.99871	0.99895	34.20%	30.00%	30.00%
40%	0.99805	0.99857	0.99873	30.00%	30.00%	30.00%	0.99778	0.99846	0.99866	30.00%	30.00%	30.00%	0.99786	0.99850	0.99878	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%	0.99755	0.99804	0.99800	53.89%	49.76%	42.56%
Change in Int. Rates	95.4%	86.6%	90.2%	10%	0.99727	0.99783	0.99777	48.78%	44.17%	36.18%
Credit Event	65.6%	60.3%	60.3%	20%	0.99693	0.99756	0.99750	42.40%	37.20%	30.00%
Floater Spread Widening	37.8%	35.3%	35.4%	30%	0.99650	0.99721	0.99714	34.20%	30.00%	30.00%
Combination	95.4%	86.6%	90.2%	40%	0.99591	0.99674	0.99666	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 1.25%.
- Credit Event: Banks widen by 0.50%, and Travel and Leisure spreads widen by 0.25%
- 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