

**Fixed Income Investment Oversight Group Meeting – Florida PRIME**  
**Meeting Minutes**  
**January 25, 2024 2:00 p.m.**  
**Emerald Coast Conference Room/Virtual via Teams**

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

**Other Attendees:** Jennifer Barrett – *Senior Compliance Analyst*; Lisa Collins – *Manager, Public Market Compliance*; Hannah Day – *Investment Compliance Analyst*; Paul Groom – *DED/Acting Senior Investment Officer, Real Estate*; Cherie Jeffries – *Director, Fixed Income Trading*; Mykel Kenton – *Manager, Public Market Compliance*; Mike McCauley – *Senior Officer, Investment Programs & Governance*; Joel Meyer – *Manager, Financial Operations (FHCF)*; Richard Smith – *Senior Portfolio Manager, Short Term*

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

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**Agenda Topics**

1. In her absence, Paige Wilhelm provided a written commentary, attached in Exhibit A, reviewing the stress test results for the quarter ended 12/31/2023.

**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 *Exhibit A: Stress Testing Board Summary Report for Florida Local Government Investment Pool A – Q4 2023* and the *Federated Commentary*.

There were no questions or follow-up items from attendees regarding the stress test results.

2. No follow-up items:
3. Compliance recap for the quarter ended 12/31/2023:

**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. No action items.

**EXHIBIT A**

**Stress Testing Board Summary Report for Florida Local Government Investment Pool A - Q4 2023**

<b>Date of Stress Tests:</b>	31-Oct	30-Nov	29-Dec
<b>Shadow NAV at Time of Tests:</b>	1.00011	1.00026	1.00023

**STRESS TESTING RESULTS DURING THE PERIOD**

Pct of Shares Redeemed	Redemptions Only					
	Stress NAV			Weekly Liquidity		
	Oct	Nov	Dec	Oct	Nov	Dec
0%	1.00011	1.00026	1.00023	39.76%	49.21%	41.86%
10%	1.00013	1.00028	1.00026	33.09%	43.61%	35.40%
20%	1.00014	1.00032	1.00029	30.00%	36.62%	30.00%
30%	1.00016	1.00037	1.00033	30.00%	30.00%	30.00%
40%	1.00019	1.00043	1.00039	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%	0.99921	0.99973	0.99968	39.76%	49.21%	41.86%	0.99922	0.99952	0.99958	39.76%	49.21%	41.86%	0.99958	0.99983	0.99984	39.76%	49.21%	41.86%
10%	0.99912	0.99970	0.99964	33.09%	43.61%	35.40%	0.99913	0.99946	0.99954	33.09%	43.61%	35.40%	0.99953	0.99982	0.99982	33.09%	43.61%	35.40%
20%	0.99901	0.99966	0.99960	30.00%	36.62%	30.00%	0.99902	0.99940	0.99948	30.00%	36.62%	30.00%	0.99947	0.99979	0.99980	30.00%	36.62%	30.00%
30%	0.99887	0.99961	0.99954	30.00%	30.00%	30.00%	0.99888	0.99931	0.99940	30.00%	30.00%	30.00%	0.99940	0.99976	0.99977	30.00%	30.00%	30.00%
40%	0.99868	0.99955	0.99946	30.00%	30.00%	30.00%	0.99869	0.99919	0.99930	30.00%	30.00%	30.00%	0.99929	0.99972	0.99974	30.00%	30.00%	30.00%

Test	% of Orig. Portfolio Stressed				Pct of Shares Redeemed	Combination					
	Oct	Nov	Dec	Oct		Stress NAV			Weekly Liquidity		
	Oct	Nov	Dec			Oct	Nov	Dec	Oct	Nov	Dec
Redemptions Only	0.0%	0.0%	0.0%	0%	0.99778	0.99857	0.99864	39.76%	49.21%	41.86%	
Change in Int. Rates	91.5%	87.5%	94.5%	10%	0.99753	0.99841	0.99848	33.09%	43.61%	35.40%	
Credit Event	67.8%	64.6%	58.4%	20%	0.99722	0.99821	0.99829	30.00%	36.62%	30.00%	
Floater Spread Widening	31.7%	26.4%	21.4%	30%	0.99682	0.99796	0.99805	30.00%	30.00%	30.00%	
Combination	91.5%	87.5%	94.5%	40%	0.99629	0.99762	0.99772	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%(0.75% in Oct).
- 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

## Exhibit A - Federated Commentary

### 4Q23 Stress Test Results for Florida PRIME

The stress tests are performed using the month end shadow NAV's. On December 29<sup>th</sup> the shadow NAV was \$1.00023. In the orange boxes at the top of the page, we stress for various redemption scenarios. At the end of December, if we had a 40% redemption from participants all in one day, the NAV would increase to \$1.00039 while still maintaining 30% in weekly liquidity. This is due to the fact that we would use overnight liquidity, priced at par, to meet the redemption. The remaining securities are priced at gains, due to the decline in yields during December, which causes the portfolio NAV to increase with redemptions. In the pink boxes we stress for a change in interest rates. In today's environment we are stressing for an instant 50 basis point increase in interest rates by the Federal Reserve. If rates rise by 50 basis points in one day, in conjunction with a 40% participant redemption, the December NAV falls to \$0.99946. The green boxes depict credit stress events. Currently we widen all of the banking exposure by 50 basis points and the travel and leisure sector by 25 basis points. At the end of December with a 40% redemption and these credit stresses, the NAV falls to \$0.99930. In the blue boxes we are stressing for widening of spreads for the floating rate instruments. The pool currently owns 21.4% in floating rate securities. A 50 basis point widening of the prices of these floating rate instruments at the end of December with a 40% redemption causes the NAV falls to \$0.99974. Finally, the purple boxes combine all of these events simultaneously and in this scenario at the December the NAV falls \$0.99772 while maintaining 30% in weekly liquidity. Under these stress scenarios we are comfortable that Florida PRIME's portfolio is configured in such a manner that we will be able to maintain ample liquidity for participants while maintain a stable \$1.00 NAV.