

Fixed Income Investment Oversight Group Meeting - Florida PRIME
Meeting Minutes
December 20, 2017 2:00 p.m. Gold Coast Room

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

Members Not Present: Karen Chandler – *Chief Risk & Compliance Officer*; Marcia Main – *Director, Enterprise Risk Management*

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*; Melissa Macilveen – *Financial Specialist II, FHCF*; Mike McCauley – *Senior Officer, Investment Programs & Governance*; Joel Meyer – *Manager, Financial Operations, FHCF*; Kent Perez – *Deputy Executive Director*

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

Agenda Topics

1. Follow-up Items:

None.

2. Compliance Review of November 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.

3. Other Topics:

A. Reviewed Third Quarter 2017 Stress Test results. See attached report and written commentary provided by Federated Portfolio Manager, Paige Wilhelm.

B. 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.

4. Action Items:

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.

EXHIBIT A

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

Date of Stress Tests:	31-Jul	31-Aug	29-Sep
Shadow NAV at Time of Tests:	1.00016	1.00015	1.00011

STRESS TESTING RESULTS DURING THE PERIOD

Pct of Shares Redeemed	Redemptions Only					
	Stress NAV			Weekly Liquidity		
	Jul	Aug	Sep	Jul	Aug	Sep
0%	1.00016	1.00015	1.00011	38.96%	38.70%	35.56%
10%	1.00018	1.00017	1.00013	32.18%	31.90%	30.00%
20%	1.00020	1.00019	1.00014	30.00%	30.00%	30.00%
30%	1.00023	1.00022	1.00016	30.00%	30.00%	30.00%
40%	1.00027	1.00025	1.00019	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%	0.99921	0.99915	0.99905	38.96%	38.70%	35.56%	1.00011	1.00005	1.00000	38.96%	38.70%	35.56%	0.99990	0.99989	0.99985	38.96%	38.70%	35.56%
10%	0.99912	0.99906	0.99894	32.18%	31.90%	30.00%	1.00012	1.00005	1.00000	32.18%	31.90%	30.00%	0.99989	0.99988	0.99983	32.18%	31.90%	30.00%
20%	0.99901	0.99894	0.99881	30.00%	30.00%	30.00%	1.00014	1.00006	1.00000	30.00%	30.00%	30.00%	0.99988	0.99986	0.99981	30.00%	30.00%	30.00%
30%	0.99887	0.99879	0.99864	30.00%	30.00%	30.00%	1.00016	1.00007	1.00000	30.00%	30.00%	30.00%	0.99986	0.99984	0.99978	30.00%	30.00%	30.00%
40%	0.99868	0.99858	0.99842	30.00%	30.00%	30.00%	1.00018	1.00008	1.00000	30.00%	30.00%	30.00%	0.99984	0.99981	0.99975	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%	0.99890	0.99878	0.99867	38.96%	38.70%	35.56%
Change in Int. Rates	96.6%	97.5%	98.0%	10%	0.99878	0.99865	0.99852	32.18%	31.90%	30.00%
Credit Event	30.5%	26.3%	28.0%	20%	0.99863	0.99848	0.99834	30.00%	30.00%	30.00%
Floater Spread Widening	29.5%	30.6%	34.5%	30%	0.99843	0.99826	0.99810	30.00%	30.00%	30.00%
Combination	96.6%	97.5%	98.0%	40%	0.99817	0.99797	0.99779	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

Collins_Lisa

From: Smith_Sheilah
Sent: Tuesday, December 19, 2017 10:07 AM
To: Collins_Lisa
Subject: FW: Q3 2017 Stress Test Results for Florida PRIME / December IOG Meeting

From: Wilhelm, Paige
Sent: Monday, December 18, 2017 1:28 PM
To: Smith_Sheilah
Subject: RE: Q3 2017 Stress Test Results for Florida PRIME / December IOG Meeting

<<< **This message originated from outside of SBA's network (be cautious with links and attachments)** >>>

It is the same commentary as every quarter. Read footnote D. "Test descriptions" for the various stress tests. The month end NAV's for the quarter are listed at the top of the page. For each stress scenario note that the NAV at the end of September, combined with 40% redemptions from the participants, never falls below \$0.995. The combination of events in purple also shows the NAV only falls to \$0.99779. We are comfortable with the portfolio structure.

From: Smith_Sheilah
Sent: Monday, December 18, 2017 1:20 PM
To: Wilhelm, Paige
Cc: Collins_Lisa
Subject: [EXTERNAL] RE: Q3 2017 Stress Test Results for Florida PRIME / December IOG Meeting

This is an EXTERNAL EMAIL. STOP. THINK before you CLICK links or OPEN attachments.

Thank you, Paige. Since you will be unavailable to join us for the IOG meeting, will you please forward a written commentary to include in the materials package? We're planning to distribute meeting materials at 4:30 p.m. today.

Thanks,

Sheilah

*Sheilah Smith
Director of Public Market Compliance
Florida State Board of Administration*