

Fixed Income Investment Oversight Group Meeting – Florida PRIME
Meeting Minutes
October 26, 2022 2:00 p.m.
Emerald Coast Conference Room/Virtual via Teams

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*; Lisa Collins – *Manager, Public Market Compliance*; Hannah Day – *Investment Compliance Analyst*; Cherie Jeffries – *Director of Fixed Income Trading*; Mykel Kenton – *Manager, Public Market Compliance*; Raymond Sherlock – *Senior Portfolio Manager, Asset Allocation & Investment Analytics*; Richard Smith – *Senior Portfolio Manager, Short Term*; Esther Widener – *Risk Management & Compliance Specialist*; Paige Wilhelm – *Senior Vice President and Head of Investment Area/Prime Liquidity Team, Senior Portfolio Manager (Federated Hermes)*

Minutes: Mykel Kenton – *Manager, Public Market Compliance*

Agenda Topics

1. The Federated Portfolio Manager, Paige Wilhelm, reviewed the stress test results for the quarter ended 09/30/2022.

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 - 3Q2022*.

The Senior Investment Officer, Fixed Income, Katy Wojciechowski, asked if the proposed prime money market funds reform will indirectly affect us through the markets. The Federated Portfolio Manager, Paige Wilhelm, responded that the impact to the market should be minimal because prime money market funds are smaller than they used to be and funds are highly liquid with maturities usually 3 months or less, therefore, funds have already adjusted.

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

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

Conclusions:

The SEC has not finalized the rules on money market funds.

3. Compliance Review of September 2022 Data:

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 (IPS) 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 - 3Q2022

Date of Stress Tests:	29-Jul	31-Aug	30-Sep
Shadow NAV at Time of Tests:	0.99939	0.99964	0.99962

STRESS TESTING RESULTS DURING THE PERIOD

Pct of Shares Redeemed	Redemptions Only					
	Stress NAV			Weekly Liquidity		
	Jul	Aug	Sep	Jul	Aug	Sep
0%	0.99939	0.99964	0.99962	53.19%	40.32%	42.08%
10%	0.99932	0.99961	0.99958	47.99%	33.68%	35.69%
20%	0.99924	0.99956	0.99953	41.49%	30.00%	30.00%
30%	0.99913	0.99949	0.99946	33.14%	30.00%	30.00%
40%	0.99899	0.99941	0.99937	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%	0.99863	0.99894	0.99893	53.19%	40.32%	42.08%	0.99871	0.99893	0.99887	53.19%	40.32%	42.08%	0.99888	0.99903	0.99890	53.19%	40.32%	42.08%
10%	0.99848	0.99882	0.99881	47.99%	33.68%	35.69%	0.99857	0.99882	0.99875	47.99%	33.68%	35.69%	0.99875	0.99893	0.99878	47.99%	33.68%	35.69%
20%	0.99829	0.99868	0.99866	41.49%	30.00%	30.00%	0.99839	0.99867	0.99859	41.49%	30.00%	30.00%	0.99859	0.99879	0.99863	41.49%	30.00%	30.00%
30%	0.99805	0.99849	0.99847	33.14%	30.00%	30.00%	0.99816	0.99848	0.99839	33.14%	30.00%	30.00%	0.99839	0.99862	0.99844	33.14%	30.00%	30.00%
40%	0.99772	0.99824	0.99822	30.00%	30.00%	30.00%	0.99786	0.99823	0.99813	30.00%	30.00%	30.00%	0.99813	0.99840	0.99818	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%	0.99744	0.99762	0.99746	53.19%	40.32%	42.08%
Change in Int. Rates	92.0%	95.5%	93.1%	10%	0.99716	0.99736	0.99718	47.99%	33.68%	35.69%
Credit Event	64.9%	70.5%	60.6%	20%	0.99680	0.99703	0.99684	41.49%	30.00%	30.00%
Floater Spread Widening	25.3%	32.3%	37.3%	30%	0.99635	0.99661	0.99639	33.14%	30.00%	30.00%
Combination	92.0%	95.5%	93.0%	40%	0.99574	0.99605	0.99579	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