

## Fixed Income Investment Oversight Group Meeting – Florida PRIME

### Meeting Minutes

April 30, 2021 11:00 a.m. Virtual

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**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*; John Benton – *Senior Investment Policy Officer*; Lisa Collins – *Manager, Public Market Compliance*; Mykel Kenton – *Manager, Public Market Compliance*; Melissa Macilveen – *Financial Specialist (FHCF)*; Richard Smith – *Senior Portfolio Manager, Short Term*

**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 03/31/2021.

#### 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 - 1Q2021*.

Federated is not buying LIBOR floaters with a maturity date beyond December 2021. They are comfortable with the Bloomberg Short-Term Bank Yield Index (BSBY) and plan to add BSBY floaters as the market develops and they become liquid securities. Federated is looking to add to their floater positions as other indices exist such as Secured Overnight Financing Rate (SOFR) and Fed Funds.

2. No follow-up items.
3. Compliance Review of March 2021 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 were presented for discussion.
  5. No Action Items.

**EXHIBIT A**

**Stress Testing Board Summary Report for Florida Local Government Investment Pool A - 1Q2021**

<b>Date of Stress Tests:</b>	29-Jan	26-Feb	31-Mar
<b>Shadow NAV at Time of Tests:</b>	1.00010	1.00008	1.00007

**STRESS TESTING RESULTS DURING THE PERIOD**

Pct of Shares Redeemed	Redemptions Only					
	Stress NAV			Weekly Liquidity		
	Jan	Feb	Mar	Jan	Feb	Mar
0%	1.00010	1.00008	1.00007	40.89%	39.30%	39.27%
10%	1.00011	1.00009	1.00007	34.32%	32.55%	32.54%
20%	1.00012	1.00010	1.00008	30.00%	30.00%	30.00%
30%	1.00014	1.00012	1.00009	30.00%	30.00%	30.00%
40%	1.00016	1.00014	1.00011	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		
	Jan	Feb	Mar	Jan	Feb	Mar	Jan	Feb	Mar	Jan	Feb	Mar	Jan	Feb	Mar	Jan	Feb	Mar
0%	0.99943	0.99940	0.99936	40.89%	39.30%	39.27%	0.99968	0.99961	0.99957	40.89%	39.30%	39.27%	1.00001	1.00000	1.00000	40.89%	39.30%	39.27%
10%	0.99937	0.99933	0.99929	34.32%	32.55%	32.54%	0.99965	0.99957	0.99952	34.32%	32.55%	32.54%	1.00001	1.00000	1.00000	34.32%	32.55%	32.54%
20%	0.99929	0.99925	0.99920	30.00%	30.00%	30.00%	0.99960	0.99952	0.99946	30.00%	30.00%	30.00%	1.00001	1.00000	1.00000	30.00%	30.00%	30.00%
30%	0.99919	0.99914	0.99908	30.00%	30.00%	30.00%	0.99955	0.99945	0.99938	30.00%	30.00%	30.00%	1.00001	1.00000	0.99999	30.00%	30.00%	30.00%
40%	0.99905	0.99900	0.99893	30.00%	30.00%	30.00%	0.99947	0.99936	0.99928	30.00%	30.00%	30.00%	1.00001	1.00000	0.99999	30.00%	30.00%	30.00%

Test	% of Orig. Portfolio Stressed			Pct of Shares Redeemed	Combination					
	Jan	Feb	Mar		Stress NAV			Weekly Liquidity		
	Jan	Feb	Mar		Jan	Feb	Mar	Jan	Feb	Mar
Redemptions Only	0.0%	0.0%	0.0%	0%	0.99892	0.99885	0.99879	40.89%	39.30%	39.27%
Change in Int. Rates	90.1%	91.0%	94.5%	10%	0.99880	0.99872	0.99866	34.32%	32.55%	32.54%
Credit Event	57.2%	61.4%	61.6%	20%	0.99865	0.99856	0.99849	30.00%	30.00%	30.00%
Floater Spread Widening	10.9%	10.5%	8.4%	30%	0.99846	0.99835	0.99827	30.00%	30.00%	30.00%
Combination	90.1%	91.0%	94.5%	40%	0.99821	0.99808	0.99799	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%.

Credit Event: Banks, Oil companies, Travel and Leisure spreads all widen by 0.50%

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