

Fixed Income Investment Oversight Group Meeting – Florida PRIME

Meeting Minutes

July 29, 2025 2:00 p.m.

Emerald Coast Conference Room/Virtual via Teams

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

Members not in Attendance: Mike McCauley – *Senior Officer, Investment Programs & Governance*

Other Attendees: Angelina Baker – *Analyst, Investment Compliance*; Jennifer Barrett – *Manager, Investment Compliance*; Lisa Collins – *Manager, Investment Compliance*; Hannah Day – *Sr. Analyst, Investment Compliance*; Paul Groom – *Deputy Executive Director*; Cherie Jeffries – *Director, Fixed Income Trading*; Mykel Kenton – *Director, Investment Compliance*; Joel Meyer – *Manager, Financial Operations (FHCF)*; Lamar Taylor – *Chief Investment Officer*; Paige Wilhelm – *Senior Vice President and Head of Investment Area/Prime Liquidity Team, Senior Portfolio Manager (Federated Hermes)*

Minutes: Lisa Collins

Agenda Topics

1. Paige Wilhelm reviewed the stress test results for the quarter ended 06/30/2025. She noted that in April, 2025 chemical and automotive industries were added to credit event stress testing.

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*.

2. No follow-up items.
3. Compliance recap for the quarter ended 06/30/2025:

Conclusions:

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

4. Other topics.

Performed the annual review of the Florida PRIME Risk Rankings relative to the Investment Policy Statement. See *Appendix A, Florida PRIME Compliance Risk Rankings*.

Conclusions:

- A. IPS parameters are ranked “High” or “Low” with respect to the level of risk associated with a potential guideline breach. These rankings along with the frequency for independent verification are reviewed and approved by the FI-IOG on a minimum annual basis.
 - B. No changes were recommended, and the current risk rankings were approved by the FI-IOG.
 - C. SBA compliance staff will continue to perform independent testing of compliance parameters daily.
5. No action items.

EXHIBIT A

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

Date of Stress Tests:	30-Apr	30-May	30-Jun
Shadow NAV at Time of Tests:	1.00007	0.99990	1.00002

STRESS TESTING RESULTS DURING THE PERIOD

Pct of Shares Redeemed	Redemptions Only					
	Stress NAV			Weekly Liquidity		
	Apr	May	Jun	Apr	May	Jun
0%	1.00007	0.99990	1.00002	56.81%	39.68%	40.78%
10%	1.00008	0.99989	1.00002	50.15%	32.98%	34.25%
20%	1.00009	0.99988	1.00002	41.84%	30.00%	30.00%
30%	1.00010	0.99986	1.00002	31.20%	30.00%	30.00%
40%	1.00012	0.99983	1.00003	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		
	Apr	May	Jun	Apr	May	Jun	Apr	May	Jun	Apr	May	Jun	Apr	May	Jun	Apr	May	Jun
0%	0.99916	0.99896	0.99906	56.81%	39.68%	40.78%	0.99924	0.99905	0.99920	56.81%	39.68%	40.78%	0.99956	0.99941	0.99956	56.81%	39.68%	40.78%
10%	0.99907	0.99885	0.99896	50.15%	32.98%	34.25%	0.99916	0.99895	0.99911	50.15%	32.98%	34.25%	0.99952	0.99934	0.99951	50.15%	32.98%	34.25%
20%	0.99896	0.99870	0.99883	41.84%	30.00%	30.00%	0.99905	0.99882	0.99900	41.84%	30.00%	30.00%	0.99946	0.99926	0.99945	41.84%	30.00%	30.00%
30%	0.99881	0.99852	0.99867	31.20%	30.00%	30.00%	0.99892	0.99865	0.99886	31.20%	30.00%	30.00%	0.99938	0.99915	0.99938	31.20%	30.00%	30.00%
40%	0.99861	0.99827	0.99845	30.00%	30.00%	30.00%	0.99874	0.99842	0.99868	30.00%	30.00%	30.00%	0.99928	0.99901	0.99927	30.00%	30.00%	30.00%

Test	% of Orig. Portfolio Stressed			Pct of Shares Redeemed	Combination					
	Apr	May	Jun		Stress NAV			Weekly Liquidity		
	Apr	May	Jun		Apr	May	Jun	Apr	May	Jun
Redemptions Only	0.0%	0.0%	0.0%	0%	0.99787	0.99762	0.99779	56.81%	39.68%	40.78%
Change in Int. Rates	85.5%	83.4%	88.2%	10%	0.99764	0.99736	0.99755	50.15%	32.98%	34.25%
Credit Event	60.6%	61.2%	65.3%	20%	0.99734	0.99703	0.99725	41.84%	30.00%	30.00%
Floater Spread Widening	16.1%	17.2%	18.4%	30%	0.99697	0.99660	0.99687	31.20%	30.00%	30.00%
Combination	85.5%	83.3%	88.2%	40%	0.99647	0.99603	0.99635	30.00%	30.00%	30.00%

B. Escalation Procedures:

Based on Federated Hermes' procedures, as of 06/30/2024, 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 sufficient liquidity levels, as identified in the board approved procedures, or if the Daily or Weekly Liquid Assets fall below 12.5% or 25%, respectively, and (3) the Adviser, as specified in the board approved procedures, is required to communicate a recommendation regarding a Discretionary Liquidity Fee.

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 failing to maintain sufficient liquidity 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 : Banks widen by 0.50% and Travel & Leisure spreads widen by 0.25%. Chemicals and Automotives spreads also widen 0.50% effective May.
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 10 percent then Weekly Liquidity down to 30 percent (Current, Target Liquidity Level) then based on Final Maturity Date

Appendix A
Florida PRIME Compliance Risk Rankings

Risk Ranking	Test	Limits	
High	Securities must be USD denominated	Minimum	100%
	<u>Ratings Requirements</u>		
High	First Tier Securities	Minimum	100%
Low	Long-term securities must have long-term ratings in the three highest categories	Pass/Fail	
Low	Commercial Paper must have short-term ratings from at least one NRSRO	Minimum	100%
Low	Securities in Highest Rating Category (A-1+ or equivalent)	Minimum	50%
	<u>Maturity</u>		
Low	Individual Security	Maximum	397 days
Low	Government floating rate notes/variable rate notes	Maximum	762 days
High	Dollar Weighted Average Maturity	Maximum	60 days
High	Weighted Average Life	Maximum	120 days
High	S&P Weighted Average Life	Maximum	90-120 days
	<u>Issuer Diversification</u>		
Low	First Tier issuer (limit does not apply to cash, cash items, U.S. Government securities and repo collateralized by these securities)	Maximum	5%
	<u>Demand Feature and Guarantor Diversification</u>		
Low	First Tier securities issued by or subject to demand features and guarantees of a non-controlled person	Maximum	10%/75%
Low	First Tier securities issued by or subject to demand features and guarantees of a controlled person	Maximum	10%/100%

Risk Ranking	Test	Limits	
	<u>Money Market Mutual Funds</u>		
Low	Invested in any one Money Market Mutual Fund	Maximum	10%
	<u>Repurchase Agreements</u>		
Low	Repurchase Agreement Counterparty Rating	Minimum	A-1
Low	Term (2-5 days) Repurchase Agreements with any single dealer - Counterparty Rating A-1+	Maximum	10%
Low	Term (2-5 days) Repurchase Agreements with any single dealer - Counterparty Rating A-1	Maximum	10%
Low	Repurchase Agreements with any single dealer - Counterparty Rating A-1	Maximum	25%
Low	Repurchase Agreement Counterparties must be rated by S&P	Pass/Fail	
Low	Term (more than 5 business days) Repurchase Agreements with any single dealer - Counterparty Rating A-1+	Maximum	5%
Low	Term (more than 5 business days) Repurchase Agreements with any single dealer - Counterparty Rating A-1	Maximum	5%
	<u>Concentration</u>		
Low	Industry Concentration, excluding financial services industry	Maximum	25%
Low	Any Single Government Agency	Maximum	33.33%
Low	Illiquid Securities	Maximum	5%
High	Assets invested in securities accessible within 1 business day	Minimum	10%
High	Assets invested in securities accessible within 5 business days	Minimum	30%
High	Net Asset Value	Minimum	99.75%