

Fixed Income Investment Oversight Group Meeting - Florida PRIME
Meeting Minutes
May 30, 2017 11:00 a.m. Emerald Coast Room

Attending Members: Karen Chandler – *Chief Risk & Compliance Officer*; Marcia Main – *Director, Enterprise Risk Management*; Sheilah Smith – *Director, Public Market Compliance*; Katy Wojciechowski – *Senior Investment Officer, Fixed Income*

Members Not Present:

Other Attendees: Kathy Adkins – *Manager, Financial Operations*; Kevin Ceurvorst – *Senior Portfolio Manager, Investment Grade Credit*; Lisa Collins – *Manager, Public Market Compliance*; Cherie Jeffries – *Director, Fixed Income Trading*; Ben Kieler – *Compliance Intern*; Mike McCauley – *Senior Officer, Investment Programs & Governance*; Richard Smith – *Senior Portfolio Manager Short Term*; Gina Wilson – *Sr. Director, Operations & Examinations*

Minutes: Annette Bullock – *Administrative Assistant*

Agenda Topics

1. Stress Testing Results:

A conference call was conducted with Federated Portfolio Manager, Paige Wilhelm, to review stress testing results for the quarter ended 3/31/17.

Conclusions:

The portfolio was tested against specified combinations of hypothetical events including: a) increases in the general level of short-term interest rates, in combination with various levels of increases in shareholder redemptions, b) the downgrade or default of particular portfolio security positions, each representing various portions of the fund's portfolio, in combination with various levels of increases in shareholder redemptions, and c) the widening of spreads, in various sectors, compared to the indexes to which portfolio securities are tied, in combination with various levels of increases in shareholder redemptions. See attached *Stress Testing Board Summary Report for Florida Local Government Investment Pool A*.

2. Follow-up items:

None.

3. Compliance Review of April 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.

4. Other Topics:

No other topics were presented for discussion.

5. Action Items:

None.

EXHIBIT A

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

Date of Stress Tests:	31-Jan	28-Feb	31-Mar
Shadow NAV at Time of Tests:	1.00016	1.00028	1.00019

STRESS TESTING RESULTS DURING THE PERIOD

Pct of Shares Redeemed	Redemptions Only					
	Stress NAV			Weekly Liquidity		
	Jan	Feb	Mar	Jan	Feb	Mar
0%	1.00016	1.00028	1.00019	38.77%	36.01%	34.06%
10%	1.00017	1.00031	1.00022	32.01%	30.00%	30.00%
20%	1.00019	1.00035	1.00024	30.00%	30.00%	30.00%
30%	1.00022	1.00039	1.00028	30.00%	30.00%	30.00%
40%	1.00026	1.00046	1.00032	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%	0.99909	0.99934	0.99926	38.77%	36.01%	34.06%	0.99995	1.00013	1.00010	38.77%	36.01%	34.06%	1.00001	1.00011	0.99997	38.77%	36.01%	34.06%
10%	0.99898	0.99926	0.99918	32.01%	30.00%	30.00%	0.99995	1.00014	1.00011	32.01%	30.00%	30.00%	1.00001	1.00013	0.99997	32.01%	30.00%	30.00%
20%	0.99886	0.99917	0.99908	30.00%	30.00%	30.00%	0.99994	1.00016	1.00012	30.00%	30.00%	30.00%	1.00001	1.00014	0.99996	30.00%	30.00%	30.00%
30%	0.99870	0.99906	0.99895	30.00%	30.00%	30.00%	0.99994	1.00018	1.00014	30.00%	30.00%	30.00%	1.00001	1.00016	0.99996	30.00%	30.00%	30.00%
40%	0.99848	0.99890	0.99877	30.00%	30.00%	30.00%	0.99992	1.00021	1.00016	30.00%	30.00%	30.00%	1.00002	1.00019	0.99995	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%	0.99874	0.99902	0.99894	38.77%	36.01%	34.06%
Change in Int. Rates	93.8%	94.5%	97.3%	10%	0.99860	0.99891	0.99882	32.01%	30.00%	30.00%
Credit Event	36.3%	38.9%	33.7%	20%	0.99843	0.99878	0.99868	30.00%	30.00%	30.00%
Floater Spread Widening	18.2%	16.2%	20.2%	30%	0.99820	0.99861	0.99849	30.00%	30.00%	30.00%
Combination	93.8%	94.5%	97.3%	40%	0.99791	0.99838	0.99824	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