

**Fixed Income Investment Oversight Group Meeting – Florida PRIME
Meeting Minutes
January 28, 2020 10:30 a.m. Everglades Conference Room**

Attending Members: Sooni Raymaker – *Chief Risk & Compliance Officer*; Katy Wojciechowski – *Senior Investment Officer, Fixed Income*

Members Not Present: Karen Chandler – *Director, Enterprise Risk Management*

Other Attendees: Jennifer Barrett – *Senior Policy & Compliance Analyst*; John Benton – *Senior Investment Policy Officer*; Annette Bullock – *Administrative Assistant (RMC)*; Lisa Collins – *Manager, Public Market Compliance*; Angie Deas – *Manager, Asset Allocation & Investment Analytics (IP&AA)*; Mykel Kenton – *Manager, Public Market Compliance*; Melissa Macilveen – *Financial Specialist (FHCF)*; Mike McCauley – *Senior Officer, Investment Programs & Governance*; Joel Meyer – *Manager, Financial Operations (FHCF)*; Ray Sherlock – *Senior Portfolio Manager, Asset Allocation & Investment Analytics (IP&AA)*

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

Agenda Topics

1. Federated's Portfolio Manager, Paige Wilhelm, provided a written commentary reviewing the stress test results for the quarter ended 12/31/19.

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 - 4Q2019 and written commentary*.

2. Follow-up Items:

None.

3. Compliance Review of December 2019 Data:

Conclusions:

- A. New Exceptions Report.

No exceptions were reported. See *Florida PRIME Compliance New Exceptions Report*.

- B. Open/Ongoing Exceptions Report:

No exceptions were reported. See *Florida PRIME Compliance Open/Ongoing Exceptions Report*.

C. Affected Securities Report:

No Affected Securities were reported. See *Florida PRIME Compliance Affected Securities Report*.

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 - 4Q2019

Date of Stress Tests:	31-Oct	29-Nov	30-Dec
Shadow NAV at Time of Tests:	1.00018	1.00010	1.00002

STRESS TESTING RESULTS DURING THE PERIOD

Pct of Shares Redeemed	Redemptions Only					
	Stress NAV			Weekly Liquidity		
	Oct	Nov	Dec	Oct	Nov	Dec
0%	1.00018	1.00010	1.00002	35.75%	42.11%	39.68%
10%	1.00020	1.00011	1.00002	30.00%	35.67%	33.03%
20%	1.00023	1.00012	1.00002	30.00%	30.00%	30.00%
30%	1.00026	1.00014	1.00003	30.00%	30.00%	30.00%
40%	1.00030	1.00016	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		
	Oct	Nov	Dec	Oct	Nov	Dec	Oct	Nov	Dec	Oct	Nov	Dec	Oct	Nov	Dec	Oct	Nov	Dec
0%	0.99970	0.99968	0.99961	35.75%	42.11%	39.68%	1.00008	1.00000	0.99996	35.75%	42.11%	39.68%	0.99985	0.99982	0.99974	35.75%	42.11%	39.68%
10%	0.99966	0.99964	0.99956	30.00%	35.67%	33.03%	1.00009	1.00000	0.99996	30.00%	35.67%	33.03%	0.99984	0.99980	0.99971	30.00%	35.67%	33.03%
20%	0.99962	0.99960	0.99951	30.00%	30.00%	30.00%	1.00010	1.00001	0.99995	30.00%	30.00%	30.00%	0.99982	0.99978	0.99967	30.00%	30.00%	30.00%
30%	0.99957	0.99954	0.99944	30.00%	30.00%	30.00%	1.00012	1.00001	0.99994	30.00%	30.00%	30.00%	0.99979	0.99975	0.99963	30.00%	30.00%	30.00%
40%	0.99950	0.99946	0.99935	30.00%	30.00%	30.00%	1.00014	1.00001	0.99994	30.00%	30.00%	30.00%	0.99976	0.99970	0.99957	30.00%	30.00%	30.00%

Test	% of Orig. Portfolio Stressed	Oct	Nov	Dec	Pct of Shares Redeemed	Combination					
						Stress NAV			Weekly Liquidity		
						Oct	Nov	Dec	Oct	Nov	Dec
Redemptions Only	0.0%	0.0%	0.0%	0%	0.99927	0.99931	0.99927	35.75%	42.11%	39.68%	
Change in Int. Rates	87.2%	82.2%	81.1%	10%	0.99918	0.99923	0.99919	30.00%	35.67%	33.03%	
Credit Event	15.0%	18.9%	13.0%	20%	0.99908	0.99914	0.99909	30.00%	30.00%	30.00%	
Floater Spread Widening	42.6%	37.0%	34.1%	30%	0.99896	0.99902	0.99896	30.00%	30.00%	30.00%	
Combination	87.2%	82.2%	81.0%	40%	0.99879	0.99886	0.99878	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: 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

Lisa Collins

From: Wilhelm, Paige
Sent: Tuesday, January 28, 2020 11:15 AM
To: Lisa Collins
Subject: RE: [EXT] RE: December 2019 IOG Meeting - Florida PRIME Stress Test Results

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

Sorry I missed the call. Overall we are comfortable with the structure of the portfolio and in all of our stress assumptions the pool has ample liquidity to meet the various redemption scenarios while maintaining a stable NAV.

On December 31, 2019 the Florida Prime NAV was \$1.0002. The orange boxes stress for redemption events. At a 40% redemption the December 31 NAV increases to \$1.0003 while continuing to maintain 30% in weekly liquidity.

The pink boxes stress for a 50 bp increase in interest rates that impacts the entire money market curve. In this scenario the NAV falls to \$0.99935 on December 31 and weekly liquidity remains at 30%. Our current interest rate outlook is for the Fed to stay on hold for 2020. If there is a risk to interest rates in today's environment it is to the downside and not an increase in short term rates.

The green boxes reflect a credit event that causes spreads to widen by 50 bp for the 13% exposure to the UK and Euro banks. At the end of December the NAV falls to \$0.99994 under this stress situation.

The blue box reflects a 25 bp widening of floating rate instruments spreads. At the end of December the pool held 34% in floating rate instruments. The NAV would fall to \$0.99957.

Finally, the purple boxes combine all four stress events to produce a price of \$0.99878 while maintaining 30% in weekly liquidity.

The pool is appropriately positioned to meet these various stress scenarios.

Please let me know if you need additional information.

Thanks,

Paige M. Wilhelm
Senior Vice President
Senior Portfolio Manager
Federated Investors, Inc.

Florida PRIME Compliance New Exceptions Report December 2019

Date of
Exception

Portfolio
Name

Policy

Description of Exception

SIO Response

No exceptions.

Daily reviews through 1/24/2020.
Monthly reviews through 12/31/2019.

**Florida PRIME Compliance
Open/Ongoing Exceptions Report
December 2019**

Date of Exception	Portfolio Name	Policy	Description of Exception	SIO Response	Resolution
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No exceptions.

**Florida PRIME Compliance
Affected Securities Report
December 2019**

Cusip	Description	Reason Affected	Resolution
None identified.			