

**MINUTES OF MEETING
SUNSHINE WATER CONTROL DISTRICT**

The 401(A) Committee of the Sunshine Water Control District held a Meeting on December 16, 2022 at 10:00 a.m., at the La Quinta Inn Coral Springs, 3701 N. University Drive, Coral Springs, Florida 33065.

Present were:

Joe Morera	President/Committee Member
Ivan Ortiz	Vice President/Committee Member
Cindy Cerbone	Committee Member
Cory Selchan	Committee Member

Also present were:

Jamie Sanchez	District Manager
Andrew Kantarzhi	Wrathell, Hunt and Associates, LLC
Brad Larsen	NFP

FIRST ORDER OF BUSINESS

Call to Order

Ms. Sanchez called the meeting to order at 10:05 a.m. Committee Members Morera, Ortiz, Cerbone and Selchan were present.

SECOND ORDER OF BUSINESS

Discussion: Additional Committee Members

Mr. Morera asked if additional employees will be joining the committee. Mr. Selchan stated they were asked and decided that they would have further discussion and make a decision in the near future.

Ms. Cerbone suggested that Mr. Selchan invite his employees to the next quarterly meeting, which will be an evening meeting in March. Asked if the Committee should have an odd or even number, Mr. Larsen stated there are no rules about it but best practices recommends an odd number of members for voting purposes.

THIRD ORDER OF BUSINESS

Presentation from NFP

Mr. Larsen presented the Fiduciary Investment Review Report dated November 9, 2022. He stated he will give an overview of the current markets followed by a review of specific investment options in the plan, followed by a review of the Provider Comparison Report, including alternative record keepers to take advantage of cost-savings.

Mr. Larson stated, if it makes sense to move from the District's current record keeper to a new one, the Committee will discuss that and, if an investment option meets the Committee's scoring criteria in the investment policy statement, very little time will be spent on it and, if an investment option does not meet the scoring criteria, there will be a discussion.

Mr. Larsen recalled that, at the previous meeting, he made some recommendations on a few fund changes that will be effective on January 23, 2023 and are already in process. Currently, there is nothing new on the watchlist.

Mr. Larsen provided an overview and discussed the following items:

- The Q3 2022 Market Review charts, including international versus domestic performance, the US equity market, growth stocks versus value stocks, large cap growth, emerging markets, impact of rising interest rates on bond valuations, fixed income, high inflation, the yield curve chart, looming recession and high unemployment.
- The bond market tends to correct itself quickly and it is doubtful that the negative bond performance will continue for a third year in a row.
- The Asset Class Returns, including an optimum risk-reward allocation is 40% bonds and 60% stocks. NFP does a lot of 60/40 portfolios.
- The Warren Buffet Chart: NFP clients are advised to "stay the course" and anticipate rebounds.
- The NFP Executive Summary of the SWCD 401(a) Plan Meeting of October 12, 2022, including Fund Review and Watchlist items.
- The Plan Allocation by Investment Type, including US Equity, International Equity, Fixed Income and Specialty and Stable Value Fund, which is an insurance product, and a great cash alternative.
- The Asset Allocation Solutions and Global Equity Funds, including Mission Square transitional growth funds, target date funds, lowering fees and fixed income space.

- NFP stores all the District’s service agreements with Mission Square and plan documents and quarterly reports in a Fiduciary Briefcase, created to make a history of the District’s plan.
- Provider Overview, including comparing Mission Square with Voya, Lincoln Financial Group and Empower. NFP updates data from the top 60 record keepers every quarter; the data is very accurate.

Mr. Morera asked about Mission Square’s fees. Mr. Larsen stated record keeping and administration is 55 basis points; at \$2,266, the weighted average investment expense is \$5,190 at .26% and the total fees are \$7,456. Empower offers the best deal, followed by Lincoln and then Voya. Overall, it is worth going through this process in terms of annualized savings.

Asked how long the District’s current investment portfolio has existed, Mr. Larsen stated probably since the District adopted the plan.

Discussion ensued regarding lowering fees, switching record keepers from Mission Square to Lincoln, investment options and taking action on changing providers at the next regular meeting. Mr. Ortiz directed Mr. Larsen to prepare an analysis/clear matrix with all the parameters, assign merits to fixed account rates, record keeping fees, cost savings, etc., for the Board to consider at the January meeting.

Ms. Cerbone asked if January is an opportune time for Mr. Selchan to encourage his employees to attend a Committee Meeting or would it be best to defer that to the next quarterly meeting. Mr. Selchan stated he would like the employees to have some education before inviting them to a meeting. Mr. Larsen stated it makes the most sense to invite Mr. Selchan’s employees after the transition to a new record keeper.

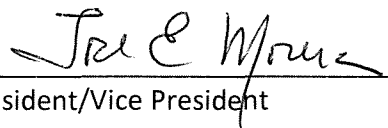
Discussion ensued regarding the timing of the education process for Mr. Selchan’s employees, going live in February or March, a weekly or bi-weekly call schedule, fund transfer, mapping the portfolio, fiduciary responsibility, establishing an employee-driven policy, target date funds, the 2035 funds, a QRF code and the next Committee Meeting.

FOURTH ORDER OF BUSINESS

Adjournment

On MOTION by Mr. Morera and seconded by Mr. Ortiz, with all in favor, the meeting adjourned at 11:25 a.m.


Secretary/Assistant Secretary


President/Vice President