

Special Finance Committee Meeting
Monday, July 11, 2022, 6:30 p.m. Village Hall

Members Present: Chairman Galicki, Council Member Berger, Fiscal Officer Romanowski,
Fiscal Auditor Lechman

Visitors: Council Members Canton and Cavanagh

Galicki called the meeting to order.

The Fiscal Auditor reported that the Treasury Investment Board met about a year ago to discuss a proposal by Meeder Investments. At that time, there was a lack of comfort in going forward because Council was considering a five-year plan, which would be important for planning investments. Over the year that has past, interest rates have started to climb. He contacted Meeder to ask for an update on the proposal based on current rates. The Fiscal Auditor distributed the Meeder proposal which showed an investment at the \$2.57 million level. The report reflected yield after the Meeder fees, the minimum of which would be \$5,000. The report looks at what the yield would be with the different levels of investment, and also shows what the Village was earning with Star Ohio, also managed by Meeder. The Fiscal Auditor acknowledged that Council may not be comfortable with the \$2.57 million level, and currently there is \$1.6 million invested in Star Ohio. About the same amount is in a checking account at Huntington Bank. The Fiscal Auditor provided the committee with a sheet reflecting asset allocation, which is at the \$1 million level. This would be his recommendation.

He further explained that the difference between Star Ohio and what Meeder is recommending is a mix of maturity dates. The shorter term would be about 18% of the amount invested. Almost 40% of the money would be relatively liquid with being tied up for less than a year. The remaining 60% would have varying maturities up to five years in accordance with the Ohio Revised Code. Because the Village still does not have a five-year plan, the Treasury Investment Board was hesitant to recommend a high amount for investment, and instead considered an amount where the Village could still benefit. \$1 million would allow for more than double the return with this type of investment strategy than what is currently being earned through Star Ohio. While the rates are high, he saw the benefit of investing \$1 million, and then once the five-year plan is established, this could be adjusted up or down.

The Fiscal Auditor showed the committee the Village's fund balances at month's end for every month for the last 10 years. The minimum fund balance over this period is \$2.3 million. The maximum is \$4.18 million, and the average is about \$3 million. Therefore, of the recommendation is that of the \$1.6 million the Village has in Star Ohio, \$1 million is moved over to allow Meeder to assist the Village with investments. Part of the recommendation, then, is to engage Meeder to help the Village attain the strategies they recommended at a level of \$1 million to be revisited once the five-year plan is in place.

Canton observed that what was being proposed is growth with liquidity. The Fiscal Auditor explained that essentially it is protection of Village funds, liquidity, and growth. It is not a terribly aggressive investment strategy and provides stability while locking in some of the

current higher interest rates. As interest rates rise and the investments mature, the monies can be reinvested at the higher rates.

The Fiscal Auditor reiterated that Meeder is a reputable investment firm which manages Star Ohio, Northeast Ohio Public Energy Council (NOPEC), and most communities. They know the rules and will keep the Village out of trouble. He added that a requirement for such investing is that the Village has someone who takes the minimum level of credits or is a Certified Municipal Finance Officer. The Fiscal Officer has this certification.

Berger referred to the Fiscal Auditor's examples and asked if there were a minimum requirement to get the 2.47% interest rate of return. The Fiscal Auditor explained that through his examples, he wanted to demonstrate that the Village would not want to invest so little that the fees would be more than earnings. Berger asked if the 2.47% was a blended interest rate. The Fiscal Auditor explained that it was a blended rate at that mix of maturities.

In summary, the Fiscal Auditor said it is not required by law to get Council's approval, but the Treasury Investment Board would like to do so. It would involve a motion for the Fiscal Officer to enter into an agreement with Meeder to act as the Village's investment advisor and for up to \$1 million investment to be revisited later pending the outcome of the five-year plan. Berger thought this is what the Finance Committee should recommend to Council.

Galicki noted that the Finance Committee would recommend the Village enter into an agreement with Meeder for the investment strategy.

Galicki adjourned the meeting at 6:44 p.m.

Dennis Galicki, Chairman