

Treasury Investment Board Meeting
June 2, 2025, 3:15 p.m. Village Hall

Members Present: Gerald Canton, Mayor Koons, Fiscal Officer Romanowski, Ike Tripp

Visitors: Eileen Stanic, Meeder Investments

The Mayor called the meeting to order. Ike Tripp asked that in the future, an agenda, minutes, and the Meeder presentation be provided in advance for preparation purposes and efficiency. Stanic provided her professional background for Tripp, who was a new member of the board.

She also explained that as a public entity, the Village is subject to the Ohio Revised Code, which restricts investments to shorter term fixed income space resulting in being limited to Treasury Securities, Agency Securities, Commercial Paper, FDIC insured CDs, and some municipal bonds. There are many restrictions as it relates to what the Village can invest in, which is what Meeder Investments does with entities across the country. Tripp questioned whether there was a tax concern, and Stanic explained that a public entity is a tax-exempt organization, which reduces the universe of municipal securities. It does not make sense to buy tax exempt, because the rates are lower. Tripp asked if the public entity must have an investment policy statement and Stanic concurred. Meeder assisted the Village in rewriting this in 2023. Tripp explained that his question pertained to having a clear mission statement that shows the Village's vision and goals. Stanic concurred and explained that three requirements of public funds investing are safety, liquidity, and return and are embedded in the investment policy. Tripp noted the need for the Village to ladder its investments, and Stanic explained that meeting discussions typically included upcoming capital expenditures and cash needs, as well as looking at historical balances. This drives the maximum maturity. Under the policy, investments can be made with a maximum maturity of five years. Five years may be too long, and recently, the maximum maturity was two years due to the Village having so many anticipated capital expenditures. Bond laddering was discussed, and Stanic advised that part of the investment strategy was to have maturities each month in any of the permissible investments.

Tripp asked about the fees charged by Meeder, and Stanic stated that it only has an all-inclusive fee that is not a wrap fee. The investment process is operated under a separately managed account. Investments are distinctly unique for each client and securities are held in a separate custody account in the name of the Village. Tripp asked if the Village is invested in any mutual funds, and Stanic stated that the only mutual fund in which the Village is invested is a government money market fund that is a sweep within the custody account. Tripp explained that his focus was on returns and fees.

Regarding fees, Stanic advised that one of the topics to discuss for the meeting was the adjustment to the current fee arrangement. Stanic reiterated that the Village is on a fixed annual fee, which is \$5,000. The minimum annual fee is typically \$15,000 per account, but they recognize the Village's portfolio is small and also the relationship both the Village and Meeder have to NOPEC. Stanic advised that Meeder is proposing increasing the annual fee for the Village to \$7,500 to take effect within the next several months.

Tripp asked if the Village's plan was an investment discretionary plan, and Stanic replied that it is called a contractual discretionary. This means they are under a discretionary agreement, but the investment is on autopilot and is provided by Stanic's direction, in particular with maximum maturity. If it was a full discretion, it would fall into a set strategies model which would be a zero-to-three years or zero-to-five years. Neither of those meet the Village's needs.

Stanic reviewed the investment strategy update she distributed. She discussed that the Federal Reserve anticipates two additional rate cuts in 2025, probably in latter part of the third quarter or fourth quarter with additional rate cuts into 2026. The market aligns with this. Inflation has continued to settle but has not reached the Fed's 2% target yet. The situation with the tariffs has created uncertainty. Growth has slowed, although it is hard to judge the underlying rate of growth. Earlier in the year, many economists were calling for the higher likelihood of a recession, but the current consensus is that there will be no recession in 2025, just slow growth. With slow growth and low inflation, interest rates are restricting economic activity which supports the Fed at some point lowering interest rates. The employment picture has been the other factor that has not deteriorated and allowed the Fed breathing room to just focus on inflation numbers. The Fed tends to look backwards with data where the market looks forward. Stanic addressed yields, which she described as volatile with the uncertainty of the tariffs.

Stanic discussed the Fed Funds Futures Market in terms of the gauge to predict where the overnight Fed Funds rate will be. The market's expectation is that the rate cuts will not occur until September or October and then in December. The changes would bring the overnight rates below 4%, which is still an attractive rate. She continued to review in greater detail inflation, growth, employment, and yields.

Regarding the Village's investment portfolio, the Village has \$2,000,000 in cash that is invested in STAR Ohio, a money market fund managed by the State Treasurer's Office with a maximum maturity of 60 days. It allows the Village to move money in and out on a daily basis. Previously, the board discussed getting the Village comfortable with the cash balances and utilizing the STAR Ohio investment opportunity for short-term needs. The current yield range is between 440 and 450 and is tied to what the Federal Reserve will do. Stanic continued that the \$1,000,000 in securities is invested in a combination of FDIC insured CDs, Money Market Fund, U.S. Treasuries, and U.S. Agencies. The weighted average maturity of the portfolio is 1.17 years and is based on a maximum maturity of two years. Stanic reviewed the distribution of the funds between the different maturities, with the bulk of the portfolio maturing within one to two years. The overall average yield of the securities is 4%.

Tripp clarified that the Village must stay with short-term investments because of cash needs, and the Fiscal Officer explained that previously, the Village had longer-term investments out to four to five years but needed a new salt structure. The cost of this has only recently been determined. With having this number as well as amounts and dates of other big projects, it will be possible to go further out with investments if that makes sense. Additionally, for a time the return was better on the shorter-term investments. Stanic explained public versus private investing. The Mayor asked if the weighted average would continue to go down, and Stanic thought it might go down to the high 3's.

Stanic reviewed the Cash Flow graphic and explained that it reflected month-end balances which included the investments plus Star Ohio and plus monies kept in the checking account. Balances went up in accordance with the cyclical nature of cash receipts, and went down as the cash receipts were spent. In 2025, there will be the salt structure project that is projected to be \$775,000 and a road project, both of which total about \$1.2 million cash that will come out of the cash balances. Tripp asked if the Village gets interest on the checking account, and the Fiscal Officer said no. The goal is to keep a minimum of \$600,000 in the account which involves anticipating when expenses are coming. This month, the Village received a large income tax distribution, so she will determine if some money can be moved over to STAR Ohio since she can move it back and forth.

Stanic advised that the Village is well positioned from a cash standpoint to be able to fund the costs. Relative to putting more money into investments or taking it out, Stanic thought the Village was currently in a good spot. She also discussed projected interest income, and said in 2025 the portfolio should generate about \$37,000 of interest income and in 2026 just under \$40,000. The anticipated interest income for 2027 is low due to the smaller percentage of funds invested for the two-to-three-year period.

Stanic reviewed how Meeder is meeting the objectives for the Village's funds, which are safety, liquidity, and return. The Mayor asked about any other adjustments, and Stanic offered that since the Village now knows the cost of the salt structure, it would make sense to start to extend the portfolio, especially since it only has 11% maturing in the two-to-three years and nothing in three-to-four or four-to-five. From an income standpoint, building up some of the longer-term investments, the investment portion of the portfolio can provide stability of the interest income rather than riding the wave of the overnight rates. She suggested adding another 10% between the two-to-three and three-to-four to get the Village up to a combined average of 20% maturing between two-to-three and three-to-four. This would be \$100,000 of monies invested out longer term for three to four years, and maintaining \$100,000 in the two-to-three-year area.

The next TIB meeting was determined to be October 21st at 3:15 p.m.



JUNE 2, 2025

Village of South Russell Investment Strategy Update

PRESENTED BY:
EILEEN STANIC, CTP
REGIONAL DIRECTOR, ADVISORY SERVICES





Economic Update

FIGEY Outlook and Commentary

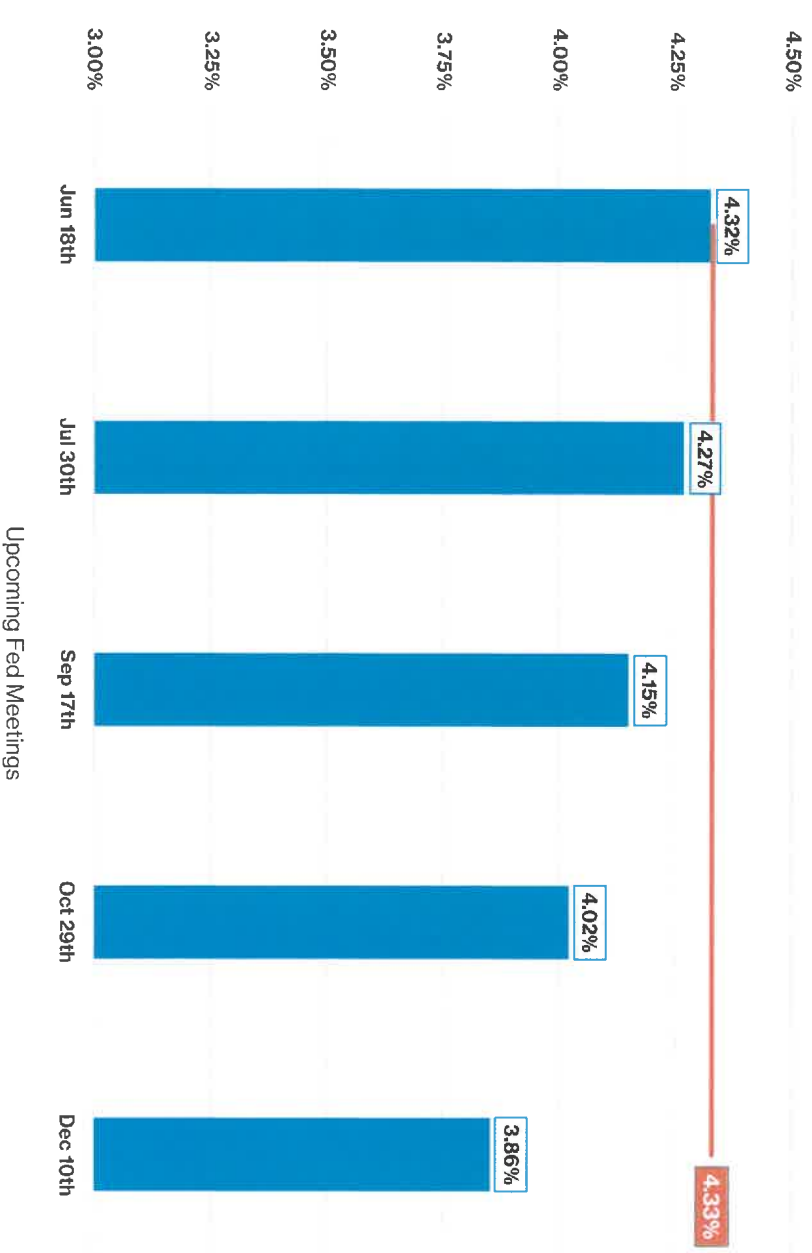


METRIC	ANALYSIS
 Fed Funds Rate	The Federal Reserve is expecting to lower the Fed Funds rate 50 basis points (0.50%) in 2025. The Fed Funds futures market is pricing in approximately 50 basis points of cuts for 2025 and end the year at ~3.86%.
 Inflation	The Consumer Price Index (CPI) continues to remain above 2% with the current rate at 2.3% on a YoY basis. Economists surveyed by Bloomberg expect CPI YoY to average 3.0% for all of 2025.
 Growth	Gross Domestic Product (GDP) contracted in the first quarter of 2025 as imports subtracted from economic growth. Imports soared a record 41% for the quarter as companies rushed to bring in imports before the tariffs were to be enacted.
 Employment	The unemployment rate remains low but has increased moderately since last year. The current rate is 4.2%. Weekly initial unemployment (jobless) claims also remain near historically low levels.
 Yields	The 2-year Treasury yield has declined materially recently, primarily due to tariff announcements, but then rebounded with the 90-day tariff pause and other negotiations.

SOURCE: BLOOMBERG, MEEDER PUBLIC FUNDS AS OF 5/29/25

Fed Funds

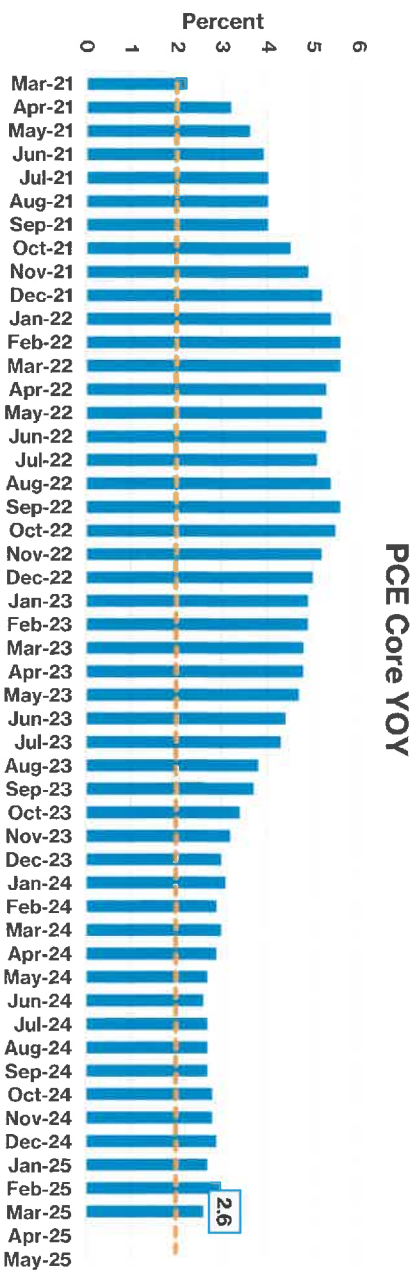
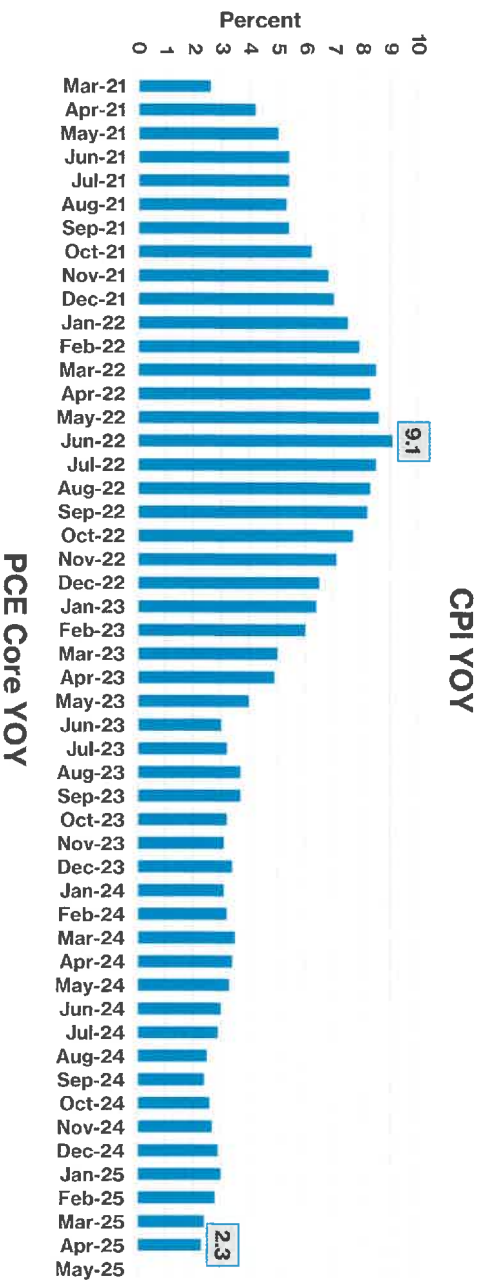
2025 Fed Funds Rate Per Futures Market by Fed Meeting Months



SOURCE: BLOOMBERG AS OF 5/29/25

- The last Federal Reserve cut of the Fed Funds rate was Dec 2024.
- The Fed is expecting to cut the Fed Funds rate by .50% or 50 basis points by the end of 2025, to an effective rate of 3.86%.

Inflation

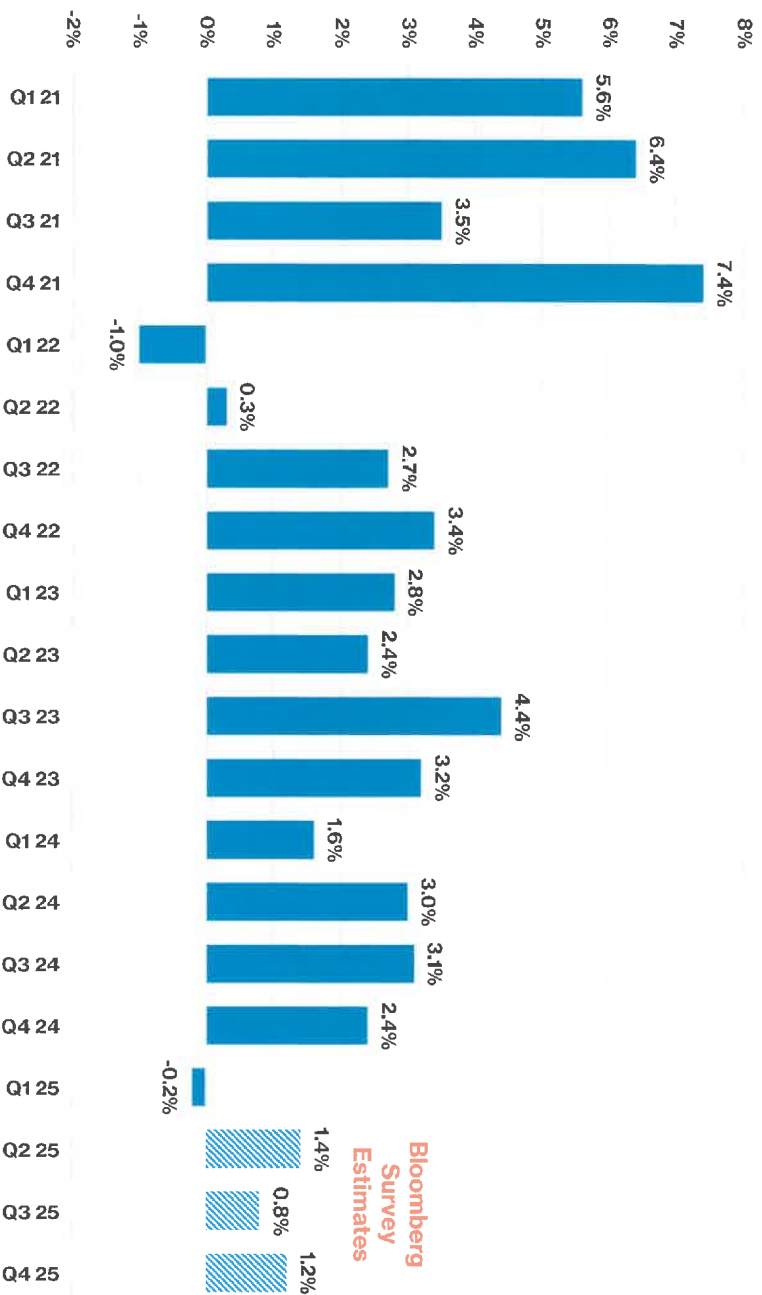


SOURCE: BLOOMBERG AS OF 5/29/25

- Inflation declined considerably from the pandemic highs of 2022.
- However, inflation remains above the Federal Reserve's target 2% (Personal Consumption Expenditures Core YoY rate – lower graph).
- Federal Reserve economists and other economists have expressed worries that inflation resulting from Trump-era tariffs might not be temporary.
- Above-target inflation is one of the primary reasons the Fed has not lowered the Fed Funds rate this year.

Growth

Real GDP QoQ

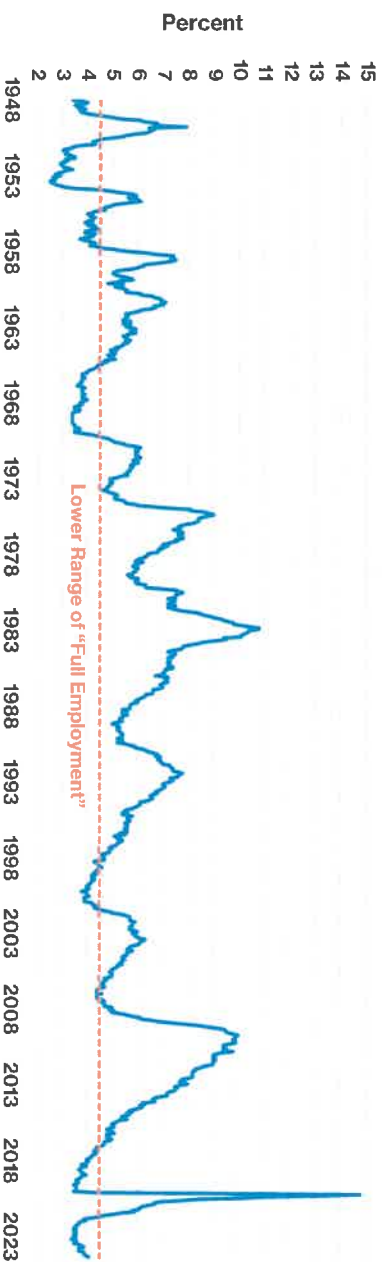


SOURCE: BLOOMBERG AS OF 5/29/25

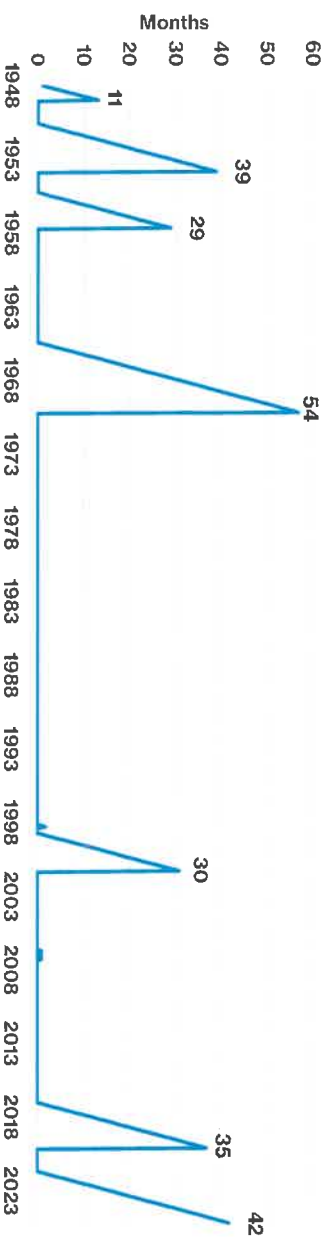
- The US economy contracted in the first quarter of 2025 for the first time since 2022 on a monumental pre-tariffs import surge and softer consumer spending, a first snapshot of the ripple effects from President Donald Trump's trade policy.
- Net exports subtracted nearly 5 percentage points from GDP, the most on record, and consumer spending advanced at a 1.8% pace, the weakest since mid-2023.
- Economic forecasters surveyed by Bloomberg see a 40% chance of a recession over the next year.

Employment

U.S. Unemployment Rate



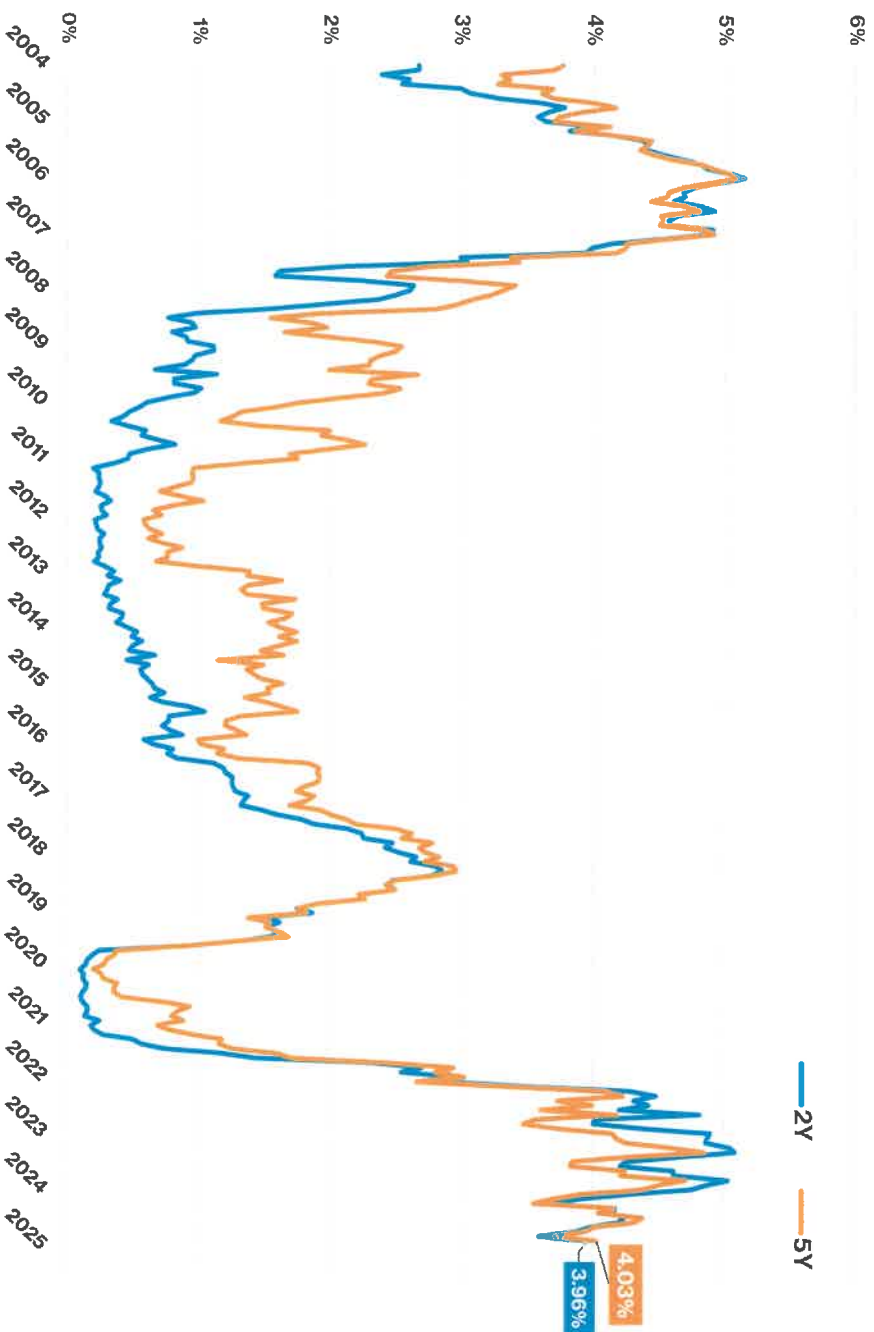
U.S. Unemployment Rate: Consecutive Months Below 4.5%



- Many economists consider the range of full employment between 4.5% and 5.5%.
- The US unemployment rate has been below 4.5% for 42 consecutive months; second best in history since after World War II.
- Fed Chair Powell stated recently that labor market conditions remain solid.
- This strong job market has been a reason the Fed has expressed patience regarding rate cuts.

Yields

2 Year and 5 Year Treasury Yields Past 20'ish Years



SOURCE: BLOOMBERG AS OF 5/29/25

- Intermediate-term U.S. Treasury rates have generally been rangebound the past two-ish years.
- These rates most likely have peaked for this cycle due to economic growth slowing and the rate of change of inflation moderating from 2022 highs.
- With fixed income investors not seeing these higher yields for the past 17 years, we believe locking in these intermediate-term rates is a prudent strategy.



Portfolio Review

Current Portfolio

Village of South Russell portfolio as of 5/31/2025

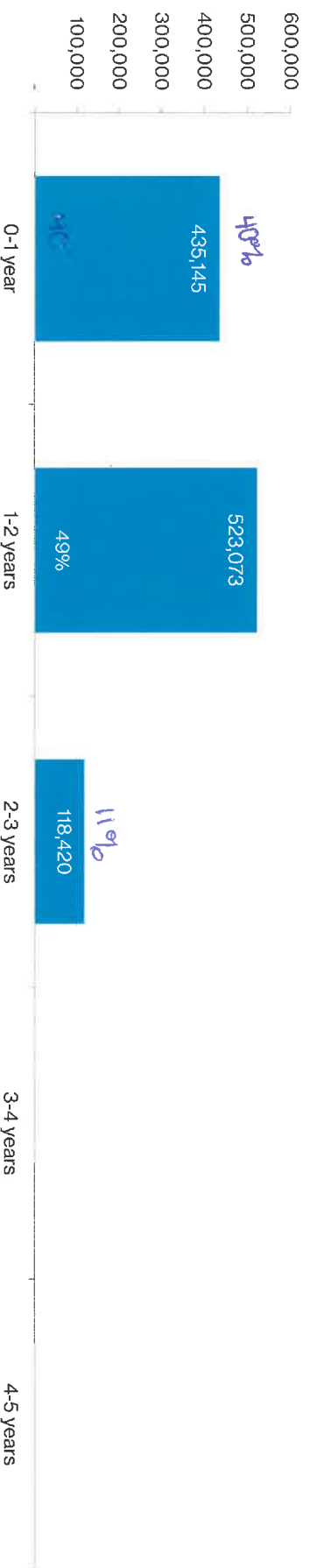
Your Portfolio

Cash \$2,082,988
 Securities \$1,076,638
 Total Portfolio \$3,159,626

Your Securities

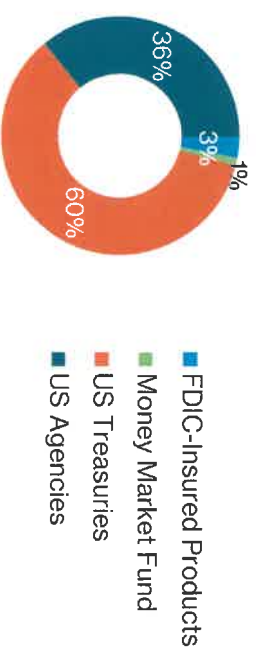
Weighted Average Maturity 1.17 years
 Weighted Average Duration 1.12 years
 Weighted Average Yield 4.00%

Your Maturity Distribution

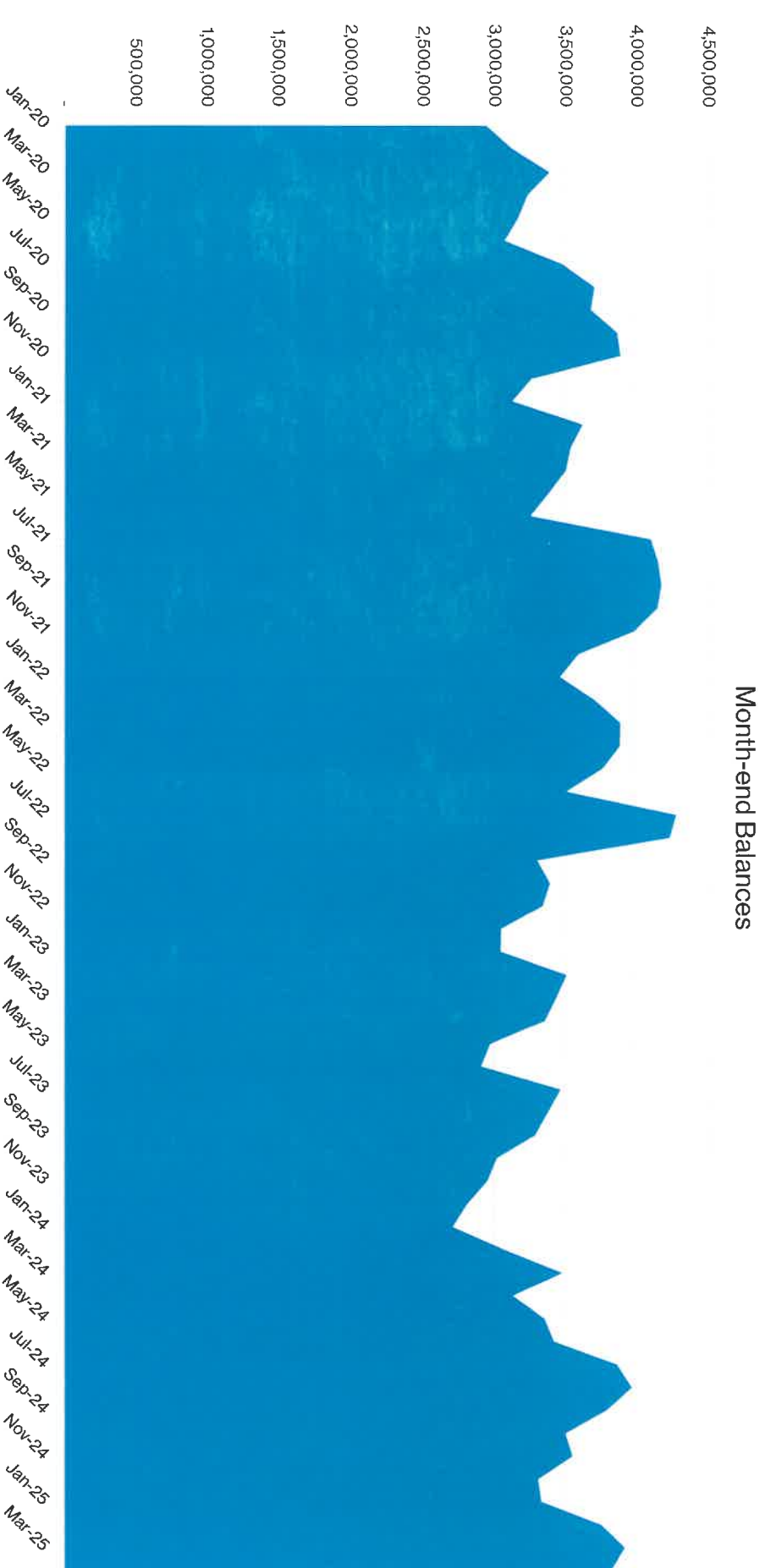


YIELD AND INTEREST INCOME INFORMATION IS ANNUALIZED. ALL YIELD INFORMATION IS SHOWN GROSS OF ANY ADVISORY AND CUSTODY FEES AND IS BASED ON YIELD TO MATURITY AT COST. PAST PERFORMANCE IS NOT A GUARANTEE OF FUTURE RESULTS.

Your Asset Allocation

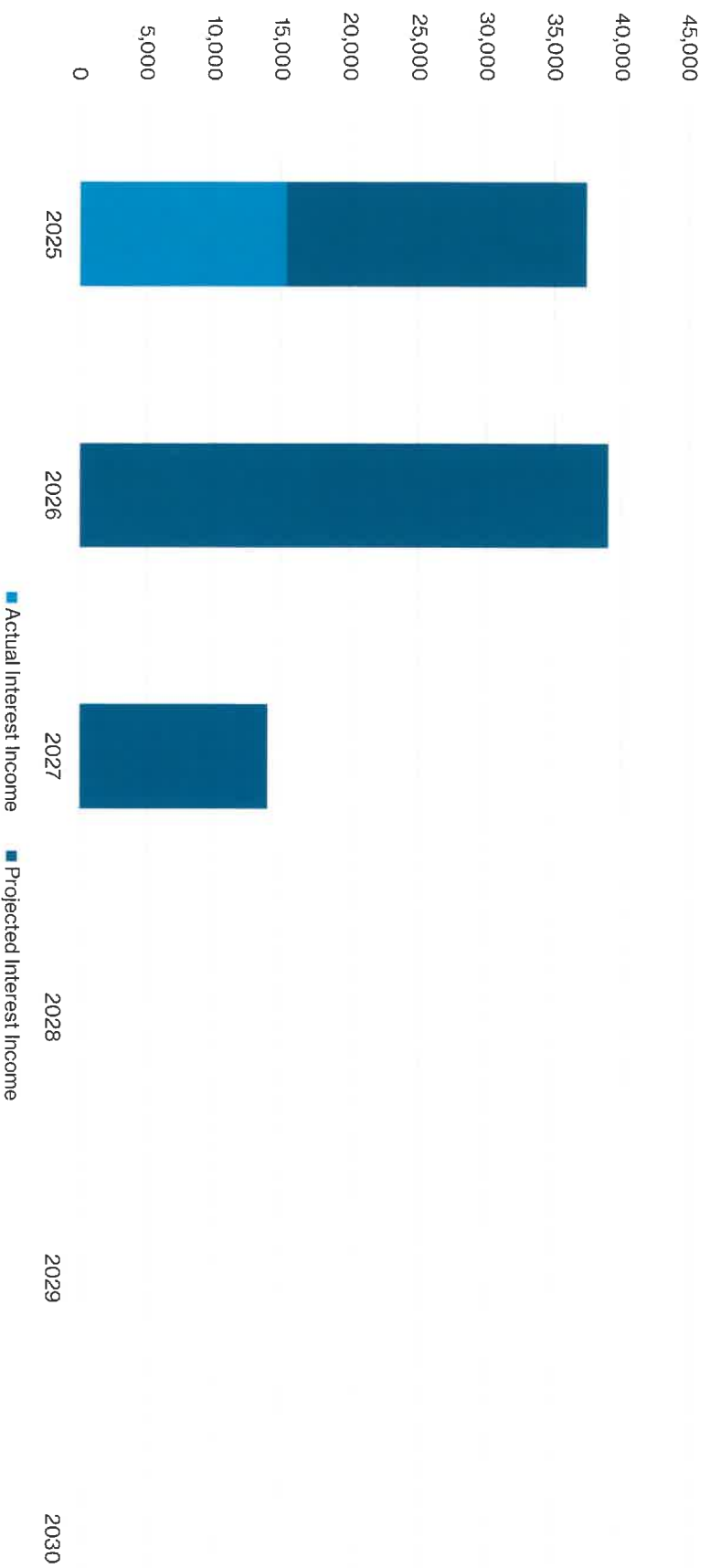


Cash Flow



SOURCE: DATA PROVIDED BY VILLAGE

Projected Interest Income



ACTUAL INTEREST INCOME REFLECTS INTEREST INCOME RECEIVED AND REALIZED GAINS/LOSSES NET OF PURCHASED ACCRUED INCOME PAID ON SECURITIES HELD IN THE CUSTODY ACCOUNT FROM 1/1/2025 TO 5/29/2025 AND DOES NOT INCLUDE INCOME RECEIVED ON CLIENT MANAGED ASSETS.

PROJECTED INTEREST INCOME REFLECTS INTEREST TO BE RECEIVED ON EXISTING SECURITY HOLDINGS AS OF 5/29/2025. PROJECTED INTEREST INCOME DOES NOT ASSUME ANY REINVESTMENT OF MATURITIES.

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